Minutes

Audit and Risk Management Committee

Tuesday 7 March 2023

By signing these minutes I certify that they were confirmed at the Audit and Risk Management Committee held on _____

_____
CR GIORGIA JOHNSON
CHAIRPERSON

Minutes of the Audit and Risk Management Committee of the Bayswater City Council which took place in the Committee Room, City of Bayswater Civic Centre, 61 Broun Avenue, Morley on Tuesday 7 March 2023.

1 OFFICIAL OPENING

The Presiding Member, Cr Giorgia Johnson, declared the meeting open at 5:00 pm.

2 ACKNOWLEDGEMENT OF COUNTRY

In accordance with the City of Bayswater's Reflect Reconciliation Action Plan November 2019- November 2020, the Presiding Member will deliver the Acknowledgement of Country.

Noongar Language

Ngalla City of Bayswater kaatanginy baalapa Noongar Boodja baaranginy, Wadjuk moort Noongar moort, boordiar's koora koora, boordiar's ye yay ba boordiar's boordawyn wah.

English Language Interpretation

We acknowledge the Traditional Custodians of the Land, the Whadjuk people of the Noongar Nation, and pay our respects to Elders past, present and emerging.

3 ATTENDANCE

In accordance with r14C(2)(b)) of the Local Government (Administration) Regulations 1996, Cr Filomena Piffaretti, Mayor, gave approval for Jillian Brazil, Independent Member, to attend this meeting via electronic means.

Members

Cr Giorgia Johnson	Presiding Member
Cr Filomena Piffaretti	Mayor
Cr Catherine Ehrhardt	Deputy Mayor (Deputising for Cr Sutherland)
Cr Josh Eveson	
Ms Jillian Brazil	Independent Member (Attending by electronic means)

Officers

Mr Jeremy Edwards	Chief Executive Officer
Mr Alan Ferris	A/Director Corporate and Strategy
Ms Amanda Albrecht	Manager Governance, Organisational Planning and Development
Mr Stuart Monks	Manager Financial Services
Ms Tami Cooper	Coordinator Risk Management
Ms Karen D'Cunha	Coordinator Governance
Ms Rebecca McKrill	Governance Officer

<u>**Observers**</u>

Mr Ian Ekins	Associate Director, Paxon Group
Mr Cameron Palassis	Executive Director, Paxon Group
Mr Duy Vo	Director, William Buck
Cr Steven Ostaszewskyj	
Cr Sally Palmer	

3.1   Apologies

Mr Andrew Cox	Independent Member
Cr Michelle Sutherland	
Mr Doug Pearson	Director Major Projects and Commercial Activities
Mr Des Abel	Director Community and Development
Mr Luke Botica	Director Works and Infrastructure
Mr Simon Cohen	Founder and Chief Information Officer, Cohesis

4   DISCLOSURE OF INTEREST SUMMARY

In accordance with section 5.65 of the *Local Government Act 1995*:

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

(a)   in a written notice given to the CEO before the meeting; or
(b)   at the meeting immediately before the matter is discussed.
The following disclosures of interest were made at the meeting:

Name	Item No.	Type of Interest	Nature of Interest
Cr Catherine Ehrhardt	8.2	Impartial	Was the subject of a reference made in a supplementary response to a question within the CAR.
Jillian Brazil	8.3	Impartial	Have previously worked for Paxon Group.

5   DELEGATED AUTHORITY BY COUNCIL

The Audit and Risk Management Committee has certain legislated powers and authority as outlined in the Terms of Reference, however no Delegated Authority has been provided by Council.

This meeting is open to the public.

6   TERMS OF REFERENCE

TERMS OF REFERENCE Audit and Risk Management Committee	
Purpose	The purpose of the Committee is to provide independent oversight so that Council can be satisfied with the performance and effectiveness of the City's financial reporting, governance systems, risk management and internal control practices.

Elected Member membership	Four Elected Members *. *minimum three required under legislation*
External Member membership	Up to two external members.
Non-Voting Members	The Chief Executive Officer or his/her nominee is to be available together with the Director Corporate and Strategy or his/her nominee, to attend all meetings to provide advice and guidance to the Committee. Other Council officers may attend meetings as and when required. The City shall provide such administrative support to the Committee as may be required from time to time.
Powers	The Committee does not have executive powers or authority implement actions in areas over which the Chief Executive Officer has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and cannot involve itself in the management processes or procedures. In discharging its responsibilities, the Committee will liaise with the Chief Executive Officer to ensure the effective and efficient management of the City's functions and compliance with legislation and, in particular, Part 6 (Financial Management) and Part 7 (Audit) of the *Local Government Act 1995* ('the Act') as well as Part 16 (Functions of Audit Committee) and Part 17 (CEO to review certain systems and procedures) of the *Local Government (Audit) Regulations 1996* ('the audit regulations') and periodic reviews of the City's financial management systems under Regulation 5 (2) of the Local Government (Financial Management) Regulations 1996 ('the financial regulations'). The Committee may request such access to members of management, employees and all relevant information as it considers necessary to discharge its duties. This includes being entitled to request access to records, data, reports and explanatory information as the Committee deems necessary to discharge its responsibilities for providing independent oversight.
Roles and Functions	The roles and functions of the Committee are to: (a) Guide and assist the City in carrying out its functions under Part 7 of the Act which covers the essential requirements for appointment of auditors and conducting audits, and in particular, oversee implementation of any action under section 7.12 of the Act which covers financial audits, supplementary audits and performance audits by the Auditor General. (b) Guide and assist the City in carrying out its functions under regulation 17 of the audit regulations and, in particular, monitor and advise the CEO when undertaking a review under regulation 17 (1) of the audit regulations or regulation 5 (2) of the financial management regulations, and review reports provided to the Committee by the CEO under regulation 17 (3) of the audit regulations and refer the results of its review to Council; (c) Support the City's auditors, both external (including the financial and performance audits conducted by the Office of the Auditor General) and internal when conducting an audit or carrying out other duties under the Act and associated regulations; (d) Perform any other function conferred on the Committee by these regulations or another written law. (e) In addition to the above functions, the Committee also has the following responsibilities: • To review the scope of the Internal Audit plans and to consider their effectiveness;

	• Support the implementation of a risk management culture. Consider reports at least annually on the City's Risk Management Framework. (f) May guide and assist the City in carrying out its functions under part 6 of the Act which deals with the annual budgeting process, financial accounting, and management and reporting of municipal and trust funds and the requirements for rates setting and land valuation general. (g) Review the quarterly performance reports of the Corporate Business Plan and annual reviews of the Corporate Strategies.
Delegated Authority	Nil.
Meetings:	Committee meetings are to be in accordance with the *City of Bayswater Standing Orders Local Law 2021*.
Meeting Frequency:	The Committee shall meet at least quarterly**. ***minimum annually under legislation*
Meeting Date and Time:	Quarterly or as required.
Location	City of Bayswater Civic Centre
Liaison Officer	Director Corporate and Strategy or nominated officer.

7   CONFIRMATION OF MINUTES

<u>**COUNCIL RESOLUTION**</u>
(OFFICER'S RECOMMENDATION)

The Minutes of the Audit and Risk Management Committee held on 6 December 2022 which have been distributed, be confirmed as a true and correct record.

Cr Josh Eveson Moved, Cr Filomena Piffaretti, Mayor Seconded

                                        CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Jillian Brazil and Cr Catherine Ehrhardt, Deputy Mayor.*

Against: *Nil.*

8   REPORTS

8.1   Project EDEN

Responsible Branch:	Information Services
Responsible Directorate:	Corporate Services
Authority/Discretion:	Information Purposes
Voting Requirement:	No Voting Required / Simple Majority
Attachments:	1. PROJECT EDEN Tech One Migration ARC Briefing [**8.1.1** - 16 pages]
Refer:	OCM 26.07.2022 Item 14.1.1

SUMMARY

This report provides the Audit and Risk Committee with an update of Project EDEN: the upgrade of the City's Enterprise Resource Planning (ERP) software.

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER'S RECOMMENDATION)

That Council notes the Project EDEN update.

Cr Catherine Ehrhardt, Deputy Mayor Moved, Cr Josh Eveson Seconded

CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson,*
Jillian Brazil and Cr Catherine Ehrhardt, Deputy Mayor.

Against: Nil.

BACKGROUND

The City's Executive Leadership Team (ELT) endorsed the Digital Strategy 2021-2031 in January 2022. One of the key themes of the strategy is systems harmonisation.

The City's ERP solution is rapidly approaching end of life with no new features from October 2023 and support for the on- premise hosted solution ceasing in October 2024.

At the Ordinary Council Meeting on 26 July 2022, Council authorised the Chief Executive Officer to continue its partnership with Technology One and on-board to the Software as a Service platform for the period 30 June 2022 to 30 June 2027.

A project governance structure was developed which incorporates:

• Roles & Responsibilities

• Program Structure & Reporting

• Timeframes for key decisions

• Risk Management Process

• Escalation Process

• Stakeholder Engagement / Communications Plan

• Work Breakdown Structure

Following the commencement of the project, a project name of 'Project EDEN' was selected. As this is a significant project, having a project name allows the project to be easily referenced by staff and gives it a profile.

EXTERNAL CONSULTATION

Mr Cohen, founder of Cohesis, has been engaged as the project director and has been working with the Director of Corporate Services, the Manager Information Services and key staff to initialise the project, develop budget requirements and create the initial briefing materials – including the attachment to this report. Mr Cohen will attend the Audit and Risk Management Committee to discuss the project.

OFFICER'S COMMENTS

Project EDEN is a large complex digital transformation project that is in-line with the City's Digital Strategy 2021-2031. The project will deliver significant outcomes for the community and City staff.

The project will be rolled out in two main phases. Phase one being the 'lift and shift'. This includes moving the current ERP from on premise to the cloud. Phase two is the upgrade which involves moving to the newest version of Technology One platform being CiAnywhere.

Communication is critical to the success of Project EDEN. This will include not only the internal communication, however regular project updates to ELT and the Audit and Risk Management Committee. An internal communications plan is being developed to support this significant transformational project.

Change management will also be significant with this project. This will be particularly important to manage and embed the change and also to maximise the benefits from the enhanced technology.

As the project progresses, a risk register will be maintained. To date the key risks identified are:

- Budget – the project is a multi-year project and annual funding is subject to Council approval as part of the budget adoption. The City's draft Long-Term Financial Plan does include an allocation for the project. At this stage it is estimated that a budget of $5.1m will be required for this project.

- Resourcing – the current workforce market may impact the City's ability to recruit the staff that will be required over the course of the project. More work is being completed on the resourcing that will be required. Many teams across the organisation are already stretched and a project of this scale could place additional pressures on those teams. Generally, across the industry, there is a shortage of consultants who can assist with the project.

LEGISLATIVE COMPLIANCE

Nil.

RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the officer's recommendation has been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Low
Reputation	Low	Low
Governance	Low	Low
Community and Stakeholder	Moderate	Low
Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low

Conclusion	This is a digital transformation project that aligns to our Digital Strategy and will impact (for the better) service delivery across all areas of the business. The project requires a significant level of investment over multiple financial years and as such appropriate levels of governance are being established.

FINANCIAL IMPLICATIONS

The 2022/23 Budget includes an allocation of $750,000 for the project. The Long-Term Financial Plan includes an allocation of funds for the future years.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance
Goal L4:   Communicate in a clear and transparent way.
               Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

CONCLUSION

Project EDEN is in the early stages and as the project progresses, further updates will be provided to the Audit and Risk Management Committee.

Tech One ERP Migration – ARC Briefing

Simon Cohen
February 2022

Contents

City of
Bayswater

1. Program Background

2. Technical Overview

3. Estimated Costs

4. Strategic Risks & Issues

5. Questions

1. Program Background

1. Program Background

City of
Bayswater

- ❖ Tech One (on Premise Solution) is end of life.

- ❖ No new features after Oct 23.

- ❖ Support ends Oct 24.

- ❖ Technology One offered a significantly reduced fee for migrating to CIA.

- ❖ City did not place EOI / Tender into the marketplace.

- ❖ Now committed to implementing Technology One.

- ❖ Majority of implementation forecasted to occur over the next 2-3 years.

- ❖ Opportunity to reduce technical debt, improve processes, digitise & automate.

- ❖ Review longer term ERP strategy during this timeframe.

1. Program Background - Continued

- ❖ A lot of preparatory work has been done.

- ❖ IS Team are working to complete as many pre-requisites as possible.

- ❖ Tech One migration (workshops) commenced Dec 2022.

- ❖ First 6-9 months – "lift" Technology One platform to the cloud (like for like)

- ❖ Then begin migration to CIA

- ❖ All branches will be affected / required to provide key resources.

- ❖ **Not purely an ICT Project.**

- ❖ **It is Organisational Transformation Project.**

- ❖ **Effective Governance, Change management & <u>ELT Support</u> is essential in ensuring success.**
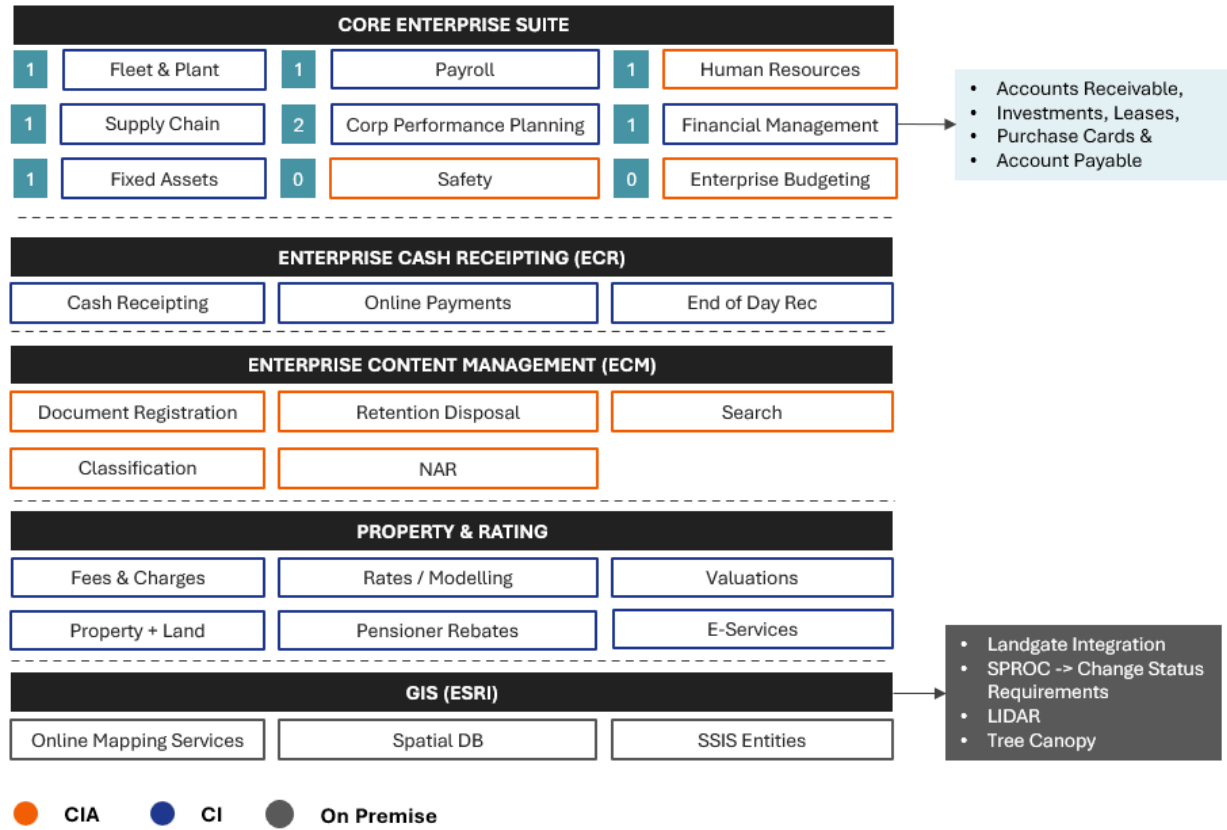
2. Technical Overview

2. Technology One - COB Ecosystem Overview & High-Level Approach

City of **Bayswater**

TechOne Solutions

CORE ENTERPRISE SUITE

1	Fleet & Plant	1	Payroll	1	Human Resources
1	Supply Chain	2	Corp Performance Planning	1	Financial Management
1	Fixed Assets	0	Safety	0	Enterprise Budgeting

- Accounts Receivable,
- Investments, Leases,
- Purchase Cards &
- Account Payable

ENTERPRISE CASH RECEIPTING (ECR)

Cash Receipting	Online Payments	End of Day Rec

ENTERPRISE CONTENT MANAGEMENT (ECM)

Document Registration	Retention Disposal	Search
Classification	NAR	

PROPERTY & RATING

Fees & Charges	Rates / Modelling	Valuations
Property + Land	Pensioner Rebates	E-Services

GIS (ESRI)

Online Mapping Services	Spatial DB	SSIS Entities

- Landgate Integration
- SPROC -> Change Status Requirements
- LIDAR
- Tree Canopy

🟠 **CIA**   🔵 **CI**   ⚫ **On Premise**

Non-TechOne Solutions

Tenderlink	Experian
Open Windows	Litmos
Pinforce	Red Office
DocAssembler	LivePro
Objective Trapeze	Ezescan
Blue Beam	Big Red Sky
Integrity	Phoenix
Event Bookings	Spreadsheet Registers
Office 365	Operating Assets

🟢 **Further Analysis**   🔵 **ERP migration potential**

🟡 **Unsure**   ⚪ **As Is**

3. Estimated Costs – Considerations

City of **Bayswater**

- Costs are extremely difficult to calculate.

- Based on insights from other councils, conservative, educated assumptions.

- Implementation engagement with Technology One has only just begun.

- Scope of contract is unclear (Like for Like).

- Some big decisions still need to be made (e.g. GIS, Assets).

- Recognises that significant external assistance will be required to assist (in addition to Tech One resources)

- Costs also recognise that internal people assigned to the project will need to be backfilled.

- Costs also include potentially related costs (e.g. website re-skin, Technology One training, Boomi Integration, Contact Centre Integration).

- **What is presented are educated estimates given what we know…**

3. Estimated Costs

City of
Bayswater

Implementation Area	Yr1	Yr2	Yr3	Yr4	
	to Jun 2023	Jul 2023 - Jun 2024	Jul 2024 - Jun 2025	Jul 2025 - Jun 2026	Totals
Core team	101,835	402,128	543,303	-	**1,047,267**
CES	-	368,322	603,494	-	**971,816**
Property & Rating	-	47,356	369,743	99,471	**516,570**
ECM	-	75,923	11,954	-	**87,877**
Mandatory Licence Costs	543,980	487,016	506,497	526,757	**2,064,250**
Other External Costs	16,800	84,000	100,800	-	**201,600**
Potentially Related Costs	10,000	130,000	60,000	-	**200,000**
Total Cost	**672,615**	**1,594,746**	**2,195,791**	**626,228**	**5,089,381**

Annual Cost By Implementation Area

Legend: Core team, CES, Property & Rating, ECM, Mandatory Licence Costs, Other External Costs, Potentially Related Costs

DU[Y %
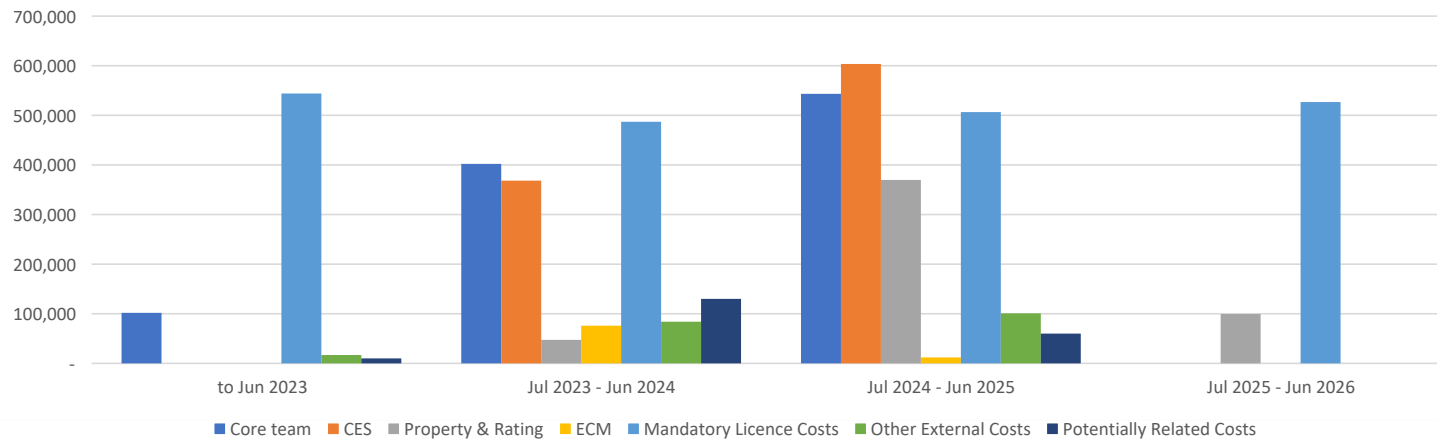
4. Strategic Risks & Issues

4. Risks & Issues - Identification

City of **Bayswater**

A significant amount of preparatory work has been performed over the past 6-9 months providing significant insight into some of the Risks and Issues that need to be resolved to support a successful migration.

Risks will be following the following naming convention: **EDEN-Rnnn**

- EDEN-**Risk nnn**

- Where **nnn** is the ID number.

Issues will be following the following naming convention: **EDEN-Innn**

- EDEN-**Issue nnn**

- Where **nnn** is the ID number.

4. Initial Risks

City of **Bayswater**

Program Area	Risk ID	Risk Description	Details	Date Raised	Probability	Impact	Frequency	Response	Owner(s)	Mitigation Actions	Comments	Status	Target Due Date	Action Owners	Date Last Reviewed
Scoping & Requirement Gathering	EDEN-R0001	Lack of scope clarity	There are many moving parts to the target solution (e.g. GIS) which have knock-on effects to downstream systems and processes	1-Nov	HIGH	HIGH	MEDIUM	Currently working through key integration options / dependencies	SC / RVD	Early Engagement with Technology One.	Meeting requested with Sonja and Richard for w/c 3rd Jan	Open	Ongoing	Simon, Richard, Lorraine	15-Jan
Costs & Budgets	EDEN-R0002	Contractual clarity / potential for total cost escalation	Understanding is that the migration is like-for-like migration but as the on-prem solution is being readied for various integrations it is unclear at what point and how much additional Tech One consulting & licences will be required.	1-Nov	HIGH	HIGH	MEDIUM	Currently going through the project initiation with Tech One	Project Board	Early Engagement with Tech One to determine what is Out of Scope.	Current phase is a lift of the on-premise solution t othe cloud. Workshops to be held in January 2023. These should help provide further clarity.	Open	Ongoing	Simon, Richard	15-Jan
Internal Resourcing	EDEN-R0003	Lack of available resources	All branches are busy and many are under-resourced. City has also suffered from losses of key people. Project has budget to hire to bring resources into the project team.	1-Nov	HIGH	HIGH	HIGH	Linnet has been seconded onto the project for a fixed 2 year period - this will provide the project with	ELT	People saying they are too busy. Knowledge drain.	This is not an easy fix but needs constant management.	Open	Ongoing	Lorraine, CEO	15-Jan
Change Management	EDEN-R0004	Lack of leadership buy-in	Has been a concern that the ELT were not across the complexity and impact of this project and see this as an IT project.	1-Nov	MEDIUM	HIGH	MEDIUM	Awareness sessions have been held to inform Managers and coordinators of the impending project and the reuqirement for a number of dependent actions to be taken.	SC, ELT	Important for ELT to stress importance of this project within own teams and for Managers / Coordinators to make resources available.	This has been happening but will no doubt require affirmation from time-time	Open	Ongoing	Simon, Richard, ELT	15-Jan

4. Initial Risks - continued

City of **Bayswater**

Program Area	Risk ID	Risk Description	Details	Date Raised	Probability	Impact	Frequency	Response	Owner(s)	Mitigation Actions	Comments	Status	Target Due Date	Action Owners	Date Last Reviewed
Communications	EDEN-R0005	Lack of internal alignment	Concerned that branches would (pro-) actively support the implemntation by allocating resources and helpingt to meet pre-requisite tasks. Also concern that branches would continue to try and implement non-core solutions without considering the impact on the overall strategy.	1-Nov	HIGH	HIGH	MEDIUM	Awareness sessions have been held to inform Managers and coordinators of the impending project and the reuqirement for a number of dependent actions to be taken.	ELT	Project Board & ELT Updates	So far everything has been done that can be done but now need to start to develop a comms plan - as we start to have things to communicate.	Open	30/06/2023	Simon	15-Jan
Strategy	EDEN-R0006	Sideline work to mature GIS/CRM potentially counters other initiatives to streamline Tech One – GIS migration path.	Important that decsions around GIS and CRM are taken in conjunction with IS to ensure a solution that meets the City's strategy.	1-Nov	MEDIUM	HIGH	MEDIUM	Ongoing conversations between Richard & Sonja	Project Board / GIS	Detailed Early Engagement to determine GIS migration path	Meetings scheduled with Sonja for when she returns from holiday	Open	30/06/2023	Simon, Richard, Sonja	15-Jan
Costs & Budgets	EDEN-R0007	Risk that the Council do not approve funding	The ELT have been made aware of the projected costs and these have been incorporated into the Long Term Financial Plan but this still needs to be fromally approved.	12-Jan	HIGH	HIGH	LOW	Appropriate Engagement needed with the ELT and council to ensure funding for the project is secured.	Program Board	Communication with ELT has already happened. Funding incorporated int othe LTFP and this Risk will be highlighted to the Audit & Risk Committee (Feb	So far everything is being done that can be done. Cost estimates are fluid as we progress internal requirements capture and work with Tech One to understand required activities.	Open	30/06/2023	Simon Cohen / Linnet Solomons	15-Jan

4. Initial Strategic Issues - continued

City of **Bayswater**

Program Area	Issue ID	Issue	Description	Date Raised	Impact	Mitigation Actions	Owner(s)	Comments	Target Due Date	Action Owners
Internal Resourcing	EDEN-I0001	IS Team Resourcing	IS Team (which will bear a significant portion of this project) is already stretched and has multiple competing requests which are mal-aligned to the implementation.	1-Dec	HIGH	Alternative IS Team Structure is being drafted to incorporate specific Project resourcing requirements. No new software should be introduced without consultation of the Project Board and IS. ELT to adopt Executive IT Procurement Policy and cloud Strategy Framework.	PROJECT BOARD			
Strategy	EDEN-I0002	City has fragmented views on application requirements.	Culture is for branches to often source their own non-core software or to not engage with IS thus preventing alignment on the wider picture.	1-Dec	HIGH	ELT to adopt Cloud Strategy Framework - currently in review with DCS	PROJECT BOARD			
Strategy	EDEN-I0003	Desire to incorporate move to Tech One e-invoicing likely to be	Needs to be considered as part of wider EA landscape	1-Dec	HIGH	Determine whether e-invoicing is included within the scope of the contract and if not determine likely	PROJECT BOARD			
3rd Party Vendor (Non Tech One)	EDEN-I0004	Banking Migration – Chart of accounts – new bank control account maybe required.	Needs further investigation. It is also related to eServices module which is ideally required to be in place before we "lift" to the cloud.	1-Dec	HIGH	Determine Banking migration timeline and schedule COA work as needed. Where possible plan ahead.	Linnet Solomons			
3rd Party Vendor (Non Tech One)	EDEN-I0005	Onboard merchant account with integrations to Tech One (Australia Post Securepay, CBA Bpoint, WestPac, Nab Transact, PayPal classic)	Needs further investigation. It is also related to eServices module which is ideally required to be in place before we "lift" to the cloud.	1-Dec	MEDIUM	Tech One have provided details of compatible merchant integrations. Task for Finance / IS to determine optimal finance (cost and transaction clearing efficiency) and technical solution.	Linnet Solomons			

5. Questions

8.2   2022 Annual Compliance Audit Return

Responsible Branch:	Governance Organisational Planning and Development
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Legislative
Voting Requirement:	Simple Majority
Attachments:	1. 2022 Compliance Audit Return Questions [**8.2.1** - 26 pages] 2. CONFIDENTIAL - Final Report Compliance Audit Return Review [**8.2.2** - 22 pages]
Refer:	Item 10.6.1.3: OCM 22.02.2022

Confidential Attachment(s) in accordance with Section 5.23(2) of the Local Government Act 1995 (WA):

(e)   a matter that if disclosed, would reveal —

(iii)   information about the business, professional, commercial or financial affairs of a person.

SUMMARY

Local governments are required to prepare and submit an Annual Compliance Audit Return each year, and that has now been completed for the reporting period 1 January 2022 to 31 December 2022.

The Compliance Audit Return (CAR) is essentially a self-assessment by each local government of how it has complied with the *Local Government Act 1995* (the Act). The CAR must be reviewed by the Audit Committee before being considered and adopted by Council. The final step is to submit it to Department of Local Government, Sport and Cultural Industries (DLGSCI) by the due date of 31 March 2023.

Ms Jillian Brazil declared that she is able to maintain confidentiality while behind closed doors in accordance with regulation 14CA sub-regulation (5).

PROCEDURAL MOTION and COMMITTEE RESOLUTION

That the meeting be closed to the public.

Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

CARRIED: 4/1

For: Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson and Jillian Brazil

Against: Cr Catherine Ehrhardt, Deputy Mayor

At 5:14pm, the meeting closed to the public and Ian Ekins and Mr Cameron Palassis withdrew from the meeting.

Mr Duy Vo from William Buck gave an overview of the internal audit and responded to questions from the Committee.

<u>**COMMITTEE RECOMMENDATION TO COUNCIL**</u>
(OFFICER'S RECOMMENDATION)

That Council adopts the completed Compliance Audit Return for the period 1 January 2022 to 31 December 2022, as included in <u>Attachment 1.</u>

Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

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CARRIED UNANIMOUSLY: 5/0
</div>

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Jillian Brazil and Cr Catherine Ehrhardt.*

Against: *Nil.*

<u>**PROCEDURAL MOTION and COMMITTEE RESOLUTION**</u>

That the meeting be reopened to the public.

Cr Filomena Piffaretti, Mayor Moved, Cr Catherine Ehrhardt, Deputy Mayor Seconded

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CARRIED UNANIMOUSLY: 5/0
</div>

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Jillian Brazil and Cr Catherine Ehrhardt, Deputy Mayor.*

Against: *Nil.*

At 5:24pm, the meeting reopened to the public and Mr Ian Ekins and Mr Cameron Palassis rejoined the meeting at 5:24pm.

Mr Duy Vo withdrew from the meeting at 5:24pm and did not return.

BACKGROUND

The *Local Government Audit Regulations 1996,* (the Regulations) prescribe the requirements for local governments to carry out an annual Compliance Audit Return, which is essentially a self-assessment for the reportable period against a series of questions that are issued by the Department of Local Government, Sport and Cultural Industries.

Regulations 13 – 15 set out the requirements for the compliance audit return to be conducted, including that it is to be reviewed first by the audit and risk management committee. The results of that review are required to be reported to Council before adoption.

The adopted CAR must be received by the Department by no later than 31 March following the reportable period to which the audit relates.

The topics in the CAR for the 2022 reportable period are similar to that of previous years. The 2021 compliance audit return was considered by Council at its Ordinary Meeting of 22 February 2022.

EXTERNAL CONSULTATION

The City's Internal Auditors William Buck were engaged to assist in the auditing process for the 2022 CAR.

OFFICER'S COMMENTS

The Compliance Audit Return for the reportable period 1 January 2022 to 31 December 2022 is shown at **<u>Attachment 1.</u>** The Audit and Risk Management Committee is required to review this completed Compliance Audit Return, and any comments will be considered in the follow up report to Council.

This year there was a delay in the department releasing the CAR with the City receiving the 2022 questionnaire in mid-January 2023.

This year's CAR is similar to previous years and contains a total of 107 questions that are identified within the following categories and comments have been included where appropriate.

The 2022 CAR has the following categories:

- Commercial Enterprises by Local Governments

- Delegation of Power/Duty

- Disclosure of Interest

- Disposal of Property

- Elections

- Finance

- Integrated Planning and Reporting

- Local Government Employees

- Official Conduct

- Other and

- Tenders for Providing Goods and Services.

Unlike the previous CAR the section relating to Local Government Elections can be marked as non-applicable.

This year the City trialled using its corporate and governance software program "Attain" to assist in capturing responses from relevant branch managers. Officers found the system made collating the responses more efficient, however there were a couple of software features that required improvement. Officers provided this information to the software developers who have made the required adjustments and it is expected these changes will significantly improve the process for future Compliance Audit Returns.

Results of the William Buck Internal Review
As part of the Internal Audit Plan 2022/23 the City's Internal Auditors were engaged to consider the processes used to comply with specific sections of the *Local Government Act 1995* (and supporting regulations), as they relate to the completion of the 2022 CAR, and to report the results to the City.

A sample of 34 out of the 107 questions were selected for testing to report on the City's Compliance Audit Return. The scope of the audit was to consider the following areas:

- Review processes used to complete the Annual Compliance Audit Return.
- Review the selected evidence to support the responses. The following areas of the CAR were selected to perform sample testing:

  CEO Recruitment Process.

  Major Land Transactions and corresponding Business Plans.

  Controls and processes involved in procurement.
- Review quality assurance process to ensure accuracy of the responses.

In their report Compliance Audit Return Review (**Attachment 2**) William Buck's internal auditors noted;

"*there appears to be support and commitment across business units interviewed to provide timely responses to CAR questions*".

"*The majority of the CAR questions sampled were complied with by the City and delegation of the CAR questions are managed effectively*".

In terms of findings and recommendations, William Buck identified one instance of non-compliance, resulting in one finding, and made two recommendations requiring management action. Management has since addressed the two recommendations.

From a process perspective, the auditors also indicated a lack of documented guidelines to ensure adequate response to the CAR questions.

During the review the auditors identified four inaccurate CAR response answers, all four responses have since been corrected.

Current practice is for the Governance team to review management responses and supporting evidence prior to finalising the CAR, this enables any errors or inaccurate responses by management to be confirmed and updated, as required prior to the submission of the CAR. However, the delay in receiving the 2022 questionnaire from the DLGSCI, meant that the Governance Team had not yet performed their review of management responses prior to the audit commencing and this resulted in the auditors identifying four inaccurate responses.

Management has agreed to develop processes to provide guidance to staff completing the CAR as well as processes informing the review of responses and evidence by the Governance Team.

Results of the Compliance Audit Return
Overall, the 2022 Compliance Audit Return for the City identifies two area of non-compliance.

Finance

Question 3: Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?

Answer: The City has not yet received the auditor's report, for the financial year ended 30 June 2022, from the Office of the Auditor General (OAG). The estimated receipt date is the end of February 2023.

As soon as the auditor's report is received, the Annual Report and Financial Statements will be submitted to the Audit and Risk Management Committee and Council for consideration.

Tenders for providing goods and services

Question 2: Subject to the Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?

Answer: The City identified one non-compliance, where the aggregate of the work was over $250,000 and should have followed the tender process. Unfortunately, due to system and reporting limitations, City officers were unable to identify this until after the spend had already occurred.

City officers will continue to monitor and manage exception reporting to flag expenditure that exceeds contract limits.

As part of the ERP review, integration between the contract management system and the financial system will be investigated.

LEGISLATIVE COMPLIANCE

• Section 7.13(i) of the *Local Government Act 1995*

• Regulations 13 - 5 of the *Local Government (Audit) Regulations 1996*

RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the officer's recommendation has been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Moderate
Reputation	Low	Moderate
Governance	Low	Moderate
Community and Stakeholder	Moderate	Moderate
Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low
Conclusion	This option meets the legislative requirements for Council to adopt the Annual Compliance Return. The Reputational and Governance risk ratings have been increased to Moderate to reflect any potential delays in submitting the Compliance Audit Return by the due date, subject to what additional information may be required by Council. Amending any of the comments will not affect the submission process, and Council may wish to simply amend some of the comments.	

FINANCIAL IMPLICATIONS

The delivery of this audit was within the budgeted 40 hours, at a cost of $4,800.00.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance
Goal L4:   Communicate in a clear and transparent way.
              Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

CONCLUSION

The questions for the 2022 CAR are similar to those of previous years, and the responses are as per **Attachment 1**. The required process is that the responses are considered by the Audit and Risk Management Committee before adoption by Council.

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Compliance Audit Return Form

Start ✔
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Details

Local Government

Bayswater, City of

Created By

Karen D'Cunha

Year of Return

2022

Status

Draft

Commercial Enterprises by Local Governments

1. Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022? *

N/A

☑ **Add comments**

Please enter comments *

No applicable activities undertaken in 2022.

2. Has the local government prepared a business plan for each major land transaction that was not exempt in 2022? *

N/A

☑ **Add comments**

Please enter comments *

No applicable activities undertaken in 2022.

3. Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022? *

N/A

☑ **Add comments**

Please enter comments *

No applicable activities undertaken in 2022.

4. Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022? *

N/A

☑ **Add comments**

Please enter comments *

No applicable activities undertaken in 2022.

5. During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority? *

N/A

☑ **Add comments**

Please enter comments *

No applicable activities undertaken in 2022.

Delegation of Power/Duty

1. Were all delegations to committees resolved by absolute majority? *

Yes

☑ **Add comments**

Please enter comments *

All delegations to Committees were resolved by an absolute majority at the Ordinary Council Meeting of 7 December 2021 and the Ordinary Council Meeting of 6 December 2022.

2. Were all delegations to committees in writing? *

Yes

☑ **Add comments**

Please enter comments *

In the Minutes of the Ordinary Council Meeting of 7 December 2021 and the Ordinary Council Meeting of 6 December 2022. All delegations are in writing in a register which is published on the City's website.

3. Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995? *

Yes

☐ **Add comments**

—

4. Were all delegations to committees recorded in a register of delegations? *

Yes

☑ **Add comments**

Please enter comments *

The delegations register can be found on the City's website.

5. Has council reviewed delegations to its committees in the 2021/2022 financial year? *

Yes

☑ **Add comments**

Please enter comments *

At its Ordinary Council Meeting of 7 December 2021

6. Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995? *

Yes

☐ **Add comments**

—

7. Were all delegations to the CEO resolved by an absolute majority? *

Yes

☑ **Add comments**

Please enter comments *

Yes, at the Ordinary Council Meeting of 25 January 2022.

8. Were all delegations to the CEO in writing? *

Yes

☑ **Add comments**

Please enter comments *

Yes. The delegations to the CEO were approved by Council in the minutes of its meeting on 25 January 2022 and are published in a register on the City's website.

9. Were all delegations by the CEO to any employee in writing? *

Yes

☑ **Add comments**

Please enter comments *

Yes, delegation memos are sent out to individuals and saved in ECM (the City's record keeping system).

10. Were all decisions by the Council to amend or revoke a delegation made by absolute majority? *

Yes

☑ **Add comments**

Please enter comments *

Yes, at the Ordinary Council Meeting of 25 January 2022

11. Has the CEO kept a register of all delegations made under Division 4 of the Local Government Act 1995 to the CEO and to employees? *

Yes

☑ **Add comments**

Please enter comments *

The City keeps a record of all delegations to the CEO and to employees, and manages this through the "Attain" Governance Software Application. The register is also published on the City's website.

12. Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year? *

Yes

☑ **Add comments**

Please enter comments *

At the Ordinary Council Meetings of 7 December 2021 and 25 January 2022.

13. Did all persons exercising a delegated power or duty under the Local Government Act 1995 keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996 regulation 19? *

Yes

☑ **Add comments**

Please enter comments *

The City keeps records of use of financial delegations using its software system Core Enterprise Suite. Other determinations are recorded on ECM, Property and Rating and the City's website (for example, planning determinations made under delegated authority).

Disclosure of Interest

1. Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter? *

Yes

☑ **Add comments**

Please enter comments *

At the Ordinary Council Meeting of 6 December 2022, the Council resolved to allow a Councillor to participate in a matter (item 10.3.2) in which they had declared an interest. The Councillor in question erroneously remained in the chambers and voted on the motion which allowed them to participate in the matter. The Councillor has self-reported this error to the Department.

2. Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting? *

Yes

☑ **Add comments**

Please enter comments *

The City minutes instances where the Council or Committee has allowed members disclosing interests to participate in the meeting. Eg Item 10.3.2 OCM 6.12.2022

3. Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made? *

Yes

☑ **Add comments**

Please enter comments *

All disclosures are recorded in the minutes of the meeting at which they are made. These are recorded in two places in the minutes, section 5. "Disclosure of Interest Summary" and also at the beginning of the item for which the declaration was made.

4. Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day? *

Yes

☑ **Add comments**

Please enter comments *

The City Manages its Primary and Annual Returns through Attain and there were no instances of non-compliance in 2022.

5. Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022? *

Yes

☑ **Add comments**

Please enter comments *

The City Manages its Primary and Annual Returns through Attain and there were no instances of non-compliance in 2022.

6. On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return? *

Yes

☑ **Add comments**

Please enter comments *

The City's governance application Attain is set up for the CEO to receive and formally receipt primary and annual returns.

7. Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995? *

Yes

☑ **Add comments**

Please enter comments *

The City manages its returns using Attain which produces this register.

8. Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28? *

Yes

☑ **Add comments**

Please enter comments *

The City publishes this register on its website

9. When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person? *

Yes

☑ **Add comments**

Please enter comments *

The City uses Attain to manage its returns and if a person ceases to be a relevant person, Governance receives a separation advice and updates the system accordingly.

10. Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return? *

Yes

☑ **Add comments**

Please enter comments *

Attain keeps a record of returns and the City also keep the hard copy for a minimum period of 5 years.

11. Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A? *

Yes

☑ **Add comments**

Please enter comments *

The City Manages it's Gift Register using Attain

12. Did the CEO publish an up-to-date version of the gift register on the local government's website? *

Yes

☐ **Add comments**

—

13. When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people? *

Yes

☑ **Add comments**

Please enter comments *

The Register has been checked and all records only relate to relevant persons.

14. Have copies of all records removed from the register under section 5.89A(6) Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure? *

Yes

☑ **Add comments**

Please enter comments *

The City has the forms stored in Attain and records go back to 2017.

15. Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report? *

Yes

☑ **Add comments**

Please enter comments *

The City's templates for selection reports on requests for quotes and tenders require employees to disclose their interests including the nature and extent of the interest.

16. Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application? *

N/A

☑ **Add comments**

Please enter comments *

There were no instances of this occurring during 2022.

17. Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered? *

N/A

☑ **Add comments**

Please enter comments *

There were no instances of this occurring during 2022.

18. Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)? *

Yes

☑ **Add comments**

Please enter comments *

The City's Code of Conduct was adopted at its Ordinary Council Meeting of 23 February 2021

19. Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995? *

No

☑ **Add comments**

Please enter comments *

There were no additional requirements adopted.

20. Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website? *

Yes

☑ **Add comments**

Please enter comments *

https://www.bayswater.wa.gov.au/city-and-council/management-and-governance/codes-of-conduct-and-model-ceo-standards

21. Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? *

Yes

☑ **Add comments**

Please enter comments *

This can be found at: https://www.bayswater.wa.gov.au/CityOfBayswater/media/Documents/City-of-Bayswater-Code-of-Conduct.pdf

Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website? *

Yes

Disposal of Property

1. Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)? *

N/A

☑ **Add comments**

Please enter comments *

22 Russell St, Morley was disposed of via a public tender.

2. Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property? *

N/A

☐ **Add comments**

—

Elections

1. Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulation 30G(1) and regulation 30G(2) of the Local Government (Elections) Regulations 1997? *

N/A

☑ **Add comments**

Please enter comments *

As 2022 was not an election year there were no gifts declared. The 2021 register is on the City's website however does not contain any records as there were no gifts declared by candidates who became elected members.

2. Did the CEO remove any disclosure of gifts forms relating to unsuccessful candidates, or successful candidates that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997? *

N/A

☑ **Add comments**

Please enter comments *

This was done in 2021 however no gifts were declared in 2022 as it was not an election year.

3. Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997? *

N/A

☑ **Add comments**

Please enter comments *

This was done in 2021 however no gifts were declared in 2022 as it was not an election year.

Finance

1. Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995? *

Yes

☑ **Add comments**

Please enter comments *

The Audit and Risk Management Committee was established by an absolute majority at the Ordinary Council Meeting of 26 October 2021.

2. Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority? *

N/A

☑ **Add comments**

Please enter comments *

The Council has not delegated any power or authority to the Committee under Part 7 of the Act.

3. Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022? *

No

☑ **Add comments**

Please enter comments *

The City has not yet received the auditor's report from the OAG. The estimated receipt date from the OAG is the end of February 2023.

4. Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters? *

N/A

☑ **Add comments**

Please enter comments *

The report is still in the drafting stage and has not yet been received.

5. Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government? *

N/A

☑ **Add comments**

Please enter comments *

The City is in the process of drafting the management letter for the 2021/22 audit findings. The completed letter will be returned to OAG at the end of February 2023.

6. Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website? *

N/A

☑ **Add comments**

FIN-AR-Publish14DaysComments *

The auditor's report for 2021/22 has not yet been received.

7. Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit? *

N/A

☑ **Add comments**

Please enter comments *

The auditor's report for 2021/22 has not yet been received.

Integrated Planning and Reporting

1. Has the local government adopted by absolute majority a strategic community plan? *

Yes

☐ **Add comments**

Please provide the adoption date or the date of the most recent review *

25/05/2021

—

2. Has the local government adopted by absolute majority a corporate business plan? *

Yes

☐ **Add comments**

Please provide the adoption date or the date of the most recent review *

11/06/2019

—

3. Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)? *

Yes

☐ **Add comments**

—

Local Government Employees

1. Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A? *

Yes

☐ **Add comments**

⎯

2. Was all information provided in applications for the position of CEO true and accurate? *

Yes

☑ **Add comments**

Please enter comments *

The CEO recruitment process was undertaken by an independent consultant, Lester Blades. Lester Blades has confirmed that all applications were vetted as part of the CEO recruitment process.

3. Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995? *

Yes

☐ **Add comments**

⎯

4. Did the CEO inform council of each proposal to employ or dismiss senior employee? *

N/A

☑ **Add comments**

Please enter comments *

There were no proposals to employ or dismiss senior employees in 2022.

5. Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so? *

N/A

☑ **Add comments**

Please enter comments *

There were no proposals to employ or dismiss senior employees in 2022.

Official Conduct

1. Has the local government designated an employee to be its complaints officer? *

Yes

☑ **Add comments**

Please enter comments *

The Chief Executive Officer is the City's Complaints Officer (as per Council Resolution of 23 February 2021)

2. Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995? *

Yes

☑ **Add comments**

Please enter comments *

A register has been kept although there were no breaches finalised by the Local Government Standards Panel during the reporting period

3. Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995? *

Yes

☐ **Add comments**

—

4. Has the CEO published an up-to-date version of the register of the complaints on the local government's official website? *

Yes

☐ **Add comments**

—

Other

1. Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2022?

Yes

☑ **Add comments**

Please provide the date of council's resolution to accept the report. *

22/02/2022

Please enter comments *

The report from an Internal Audit of the City's finance systems and associated procedures, including asset management, was endorsed by Council at its meeting of 22 February 2022.

2. Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2022?

Yes

☐ **Add comments**

Please provide the date of council's resolution to accept the report. *

23/06/2020

—

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

Yes

☑ **Add comments**

Please enter comments *

Councillors and the CEO register their gifts in Attain and none were late.

4. Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?

Yes

☑ **Add comments**

Please enter comments *

The policy can be found at https://www.bayswater.wa.gov.au/online-services/forms-and-publications/policies/2021/attendance-at-events-policy.
The policy was adopted by Council, by an absolute majority, at its Ordinary Council Meeting of 8 December 2020.

5. Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?

Yes

☐ **Add comments**

—

6. Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?

Yes

☑ **Add comments**

Please enter comments *

https://www.bayswater.wa.gov.au/online-services/forms-and-publications/policies/2021/elected-members-attendance-at-conferences,-seminar
The policy was adopted on 19 April 2011 and was last reviewed 7 December 2021.

7. Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?

Yes

☑ **Add comments**

OQ-CouncilMemberTrainingPublishComments *

Delegates reports are provided at next Council meeting following the elected member training session. An online register is also kept.

8. By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?

Yes

☐ **Add comments**

—

9. When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?

Yes

☐ **Add comments**

—

Tenders for Providing Goods and Services

1. Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, $250,000 or less or worth $250,000 or less? *

Yes

☑ **Add comments**

Please enter comments *

The Procurement Policy sets out the business rules for quotations. Where the spend is or was expected to be below $250K, we have been going out for quotations in accordance with our purchasing policy. We have not identified any areas of non-compliance.

2. Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations? *

No

☑ **Add comments**

Please enter comments *

One non-compliance has been identified. We have identified one area of work where the aggregate of the work was over $250,000. Ideally this work should have been covered by one contract, that followed the tender process. Unfortunately, due to system and reporting limitations, we were unable to identify this until after the spend had already exceeded $250K.

3. When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)? *

Yes

☑ **Add comments**

Please enter comments *

All tenders are advertised in the West Australian newspaper

4. Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract? *

Yes

☑ **Add comments**

Please enter comments *

No contracts were identified as being deliberately split to avoid reg 12.

5. If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation? *

Yes

☑ **Add comments**

Please enter comments *

Addendums were issued via Tenderlink to all parties

6. Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16? *

Yes

☑ **Add comments**

Please enter comments *

Tenders are closed via Tenderlink (locked process)

7. Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website? *

Yes

☑ **Add comments**

Please enter comments *

On-line tender register

8. Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender? *

N/A

☑ **Add comments**

Please enter comments *

No late tenders were received during the reportable period

9. Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept? *

Yes

☑ **Add comments**

Please enter comments *

Tenders were evaluated against the criteria included in the RFT document

10. Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted? *

Yes

☑ **Add comments**

Please enter comments *

All unsuccessful parties were notified in writing

11. Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22? *

N/A

☑ **Add comments**

Please enter comments *

No EOI's were issued during the reportable period

12. Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice? *

N/A

☑ **Add comments**

Please enter comments *

No EOI's were issued during the reportable period

13. Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer? *

N/A

☑ **Add comments**

Please enter comments *

No EOI's were issued during the reportable period

14. Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24? *

N/A

☑ **Add comments**

Please enter comments *

No EOI's were issued during the reportable period.

15. Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE? *

Yes

☑ **Add comments**

Please enter comments *

One panel contract was advertised during the reporting period. It was advertised in the West Australian newspaper under Local Government Tenders

16. If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation? *

Yes

☑ **Add comments**

Please enter comments *

Addendums were issued to all registered parties

17. Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application? *

Yes

☑ **Add comments**

Please enter comments *

The same procedure was used for receiving and opening submissions for the one panel contract advertised in the reporting period as for all other tenders.

18. Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG? *

N/A

☑ **Add comments**

Please enter comments *

The contract was not formally awarded until 31 January 2023, and a response will therefore be provided in the 2023 return.

19. Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications? *

N/A

☑ **Add comments**

Please enter comments *

No panel contract submissions were rejected due to lateness (all were received by the stipulated closing date and time)

20. Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept? *

Yes

☑ **Add comments**

Please enter comments *

The evaluation was conducted in accordance with the stated criteria.

21. Did the CEO send each applicant written notice advising them of the outcome of their application? *

N/A

☑ **Add comments**

Please enter comments *

The contract was not formally awarded until 31 January 2023, and a response will therefore be provided in the 2023 return.

22. Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F? *

N/A

☑ **Add comments**

Please enter comments *

Only applies to regional local governments.

Documents

There are no notes to display.

Close	Previous	Next

8.3   Financial Sustainability Review - Audit

Responsible Branch:	Governance and Organisational Planning and Development
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Executive/Strategic
Voting Requirement:	Simple Majority
Attachments:	1. CONFIDENTIAL - Financial Sustainability Review [**8.3.1** - 72 pages]
Refer:	Item 8.1 ARMC 4 August 2020 Item 8.5 ARMC 10 November 2020 Item 8.1 ARMC 9 February 2021 Item 11.1 OCM 26 April 2022

Confidential Attachment(s) in accordance with Section 5.23(2) of the Local Government Act 1995 (WA):

(f)   a matter that if disclosed, could be reasonably expected to —

(ii)   endanger the security of the local government's property;

SUMMARY

The Financial Sustainability Review, performed by Paxon Group has been completed following the Council resolution for the CEO to present an independent detailed analysis of expenditure, revenue and financial management over the past 5 years to Council to understand the current financial situation.

Ms Jillian Brazil declared that she is able to maintain confidentiality while behind closed doors in accordance with regulation 14CA sub regulation (5).

PROCEDURAL MOTION and COMMITTEE RESOLUTION

That the meeting be closed to the public.

Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

CARRIED: 4/1

For: Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson and Jillian Brazil.
Against: Cr Catherine Ehrhardt, Deputy Mayor.

At 5:24pm, the meeting closed to the public.

Mr Cameron Palassis and Mr Ian Ekins from Paxon Group gave an overview of the internal audit and responded to questions from the Committee.

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER'S RECOMMENDATION)

That Council:

1.   **Endorses the Financial Sustainability Review report, including management agreed actions and timeframes as contained in Financial Sustainability Review (Attachment 1).**

2.   **Keeps the Financial Sustainability Review (Attachment 1) confidential until such time as it has been considered by Council, after which it is recommended it is made**

> available to the public through the Ordinary Council meeting minutes and on the City's website.

3.   Notes that agreed actions are entered into the City's Audit Log Register for progress reporting.

Cr Filomena Piffaretti, Mayor Moved, Cr Catherine Ehrhardt, Deputy Mayor Seconded

<div align="right">

CARRIED UNANIMOUSLY: 5/0

</div>

For:	*Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Cr Catherine Ehrhardt, Deputy Mayor and Jillian Brazil.*
Against:	*Nil.*

PROCEDURAL MOTION and COMMITTEE RESOLUTION

That the meeting be reopened to the public.

Cr Filomena Piffaretti, Mayor Moved, Cr Catherine Ehrhardt, Deputy Mayor Seconded

<div align="right">

CARRIED UNANIMOUSLY: 5/0

</div>

For:	*Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Jillian Brazil and Cr Catherine Ehrhardt, Deputy Mayor.*
Against:	*Nil.*

At 5:36pm, the meeting reopened to the public.

Mr Ian Ekins and Mr Cameron Palassis withdrew from the meeting at 5:36pm and did not return.

BACKGROUND

2020 Review
As is usual practice, the City's audit program was developed in consultation with the CEO and approved by Council. A review into the City's financial sustainability was one area covered as part of the 2017-2019 Internal Audit Program.

The Financial Sustainability Internal Audit Review was performed by the City's Internal Auditors at the time, Paxon Group. The final auditors report – Internal Audit Review Report – Financial Sustainability (auditors report) was presented to the Audit and Risk Management Committee (ARMC) meeting on 4 August 2020.

The Financial Sustainability internal audit focused on identifying gaps within the City to ensure long-term financial sustainability. The key areas that were addressed as part of the audit were:

1.   Limitations in revenue growth
2.   Shifting responsibility for social and infrastructure programs from Federal and State Government to the City
3.   Inadequate long-term financial planning, and
4.   Under resourced financial reporting function.

In their report, Paxon auditors recommended the City adopt the following key recommendations:

#	Key Recommendations 2020
1	Rate Setting
2	Formalised Framework for Financial Planning
3	Formalised Framework for Commercial Activities
4	Cost Reduction Strategies

| 5 | Exit of Aged Care |
| 6 | Provision of Adequate Resourcing |

At the ARMC meeting on 4 August 2020, a Procedural Motion to defer the Internal Audit – Financial Sustainability (Paxon Group) item to the next meeting was carried. This was to enable the CEO to provide management responses to the Paxon Group Internal Audit – Financial Sustainability.

As part of the 10 November 2020 ARMC agenda, 29 management responses to address the audit findings and recommendations were presented. The Committee was unable to consider the report as a Special Council Meeting had been scheduled for that evening so the item was deferred to the next meeting of the ARMC, to be held in February 2021.

At the 9 February 2021 ARMC meeting, 29 management responses and action plans to address findings and recommendations were presented. The Committee recommended to note the management responses and action plans, including timeframes and that implementation of actions be monitored through the City's Audit Log. At the 23 February 2021 meeting, Council endorsed the Committee's recommendation.

Management commenced implementing the management actions to address the Financial Sustainability review findings, reporting progress of implementation to the ARMC on a quarterly basis. Since the time of the Internal Audit Review Report – Financial Sustainability was performed to the time the 2022 review was performed, management implemented 15 of the 29 agreed actions. Progress against these actions was provided to the ARMC and Council through the Audit Log. The remaining 14 actions will continue to be implemented by City Officers.

2022 Review
At the Ordinary Meeting of Council, 26 April 2022, the Council resolved as follows:

"That, following the Long-Term Financial Plan briefing given to Council on 14 March 2022 and in relation to the issues it raised pursuant to the City's long-term financial health:

1.　Council requests the Chief Executive Officer to present an independent detailed analysis of expenditure, revenue and financial management over the past 5 years to Council to understand the current financial situation.

2.　The key outcomes of this independent analysis should include, but not necessarily be limited to:
　　(a)　determination of the causes of the predicted deficit position;
　　(b)　recommendations of potential solutions for Council to consider, with a view to achieving a balanced budget in the short term; and
　　(c)　identification of priorities for reducing expenditure.

3.　The guiding principle of this independent analysis is to be the minimisation of any financial burden on residents, ratepayers and businesses and avoid significant rate increases.

4.　Council approves an allocation of up to $50,000 for the preparation of this independent analysis to be funded by savings identified by the CEO in the 2021/2022 budget.

5.　The finalisation of the review of the Long-Term Financial Plan be delayed until such time as this independent analysis has been completed."

In June 2022, the City engaged Paxon Group to perform this review. The findings of this review are outlined below.

EXTERNAL CONSULTATION

The Financial Sustainability Review was performed in consultation with Paxon Group.

OFFICER'S COMMENTS

As requested by Council at their 26 April 2022 meeting, the Financial Sustainability Review is now completed. The fieldwork was performed from August 2022 to October 2022, with detailed and extensive analysis of expenditure, revenue and budget processes over the 5-year period to 30 June 2021. Further analysis of information was performed by Paxon Group following the closing of the fieldwork, with the City providing further information as required. The City received the final report, which included the acceptance of the management actions to address the audit findings from the Paxon Group, in mid-February 2023.

The report noted six key high-level findings, each with a number of recommendations for the City to consider.

A summary of the observations requiring management action are as follows:

#	Key Finding Categories 2022
1	Integrated Planning & Reporting Framework
2	Budgeting and Variances
3	Project Management
4	Grant Applications
5	Investments
6	2020 Paxon Report

The Financial Sustainability review identified several areas that have impacted the financial sustainability of the City. Improving the City's performance in these key areas would improve the financial management and sustainability of the City.

The Financial Sustainability review audit report identifies a renewed commitment to the Integrated Planning and Reporting Framework (IPRF) including the updating of the City's Long-Term Financial Plan (LTFP) as integral to good fiscal management. An updated LTFP will ensure the short, medium and long-term effects of financial decision making are considered in line with available resourcing, alignment with strategic objectives and financial sustainability.

As part of the 2023/24 planning process, Council and the City will need to ensure service areas are adequately resourced to address the findings of the review.

Detailed auditor observations along with managements intended actions to address the recommendations are included in Confidential Attachment - Financial Sustainability Review (**Attachment 1**). Current City practice is to maintain the confidentially of audit reports, this is due to contractual obligations and ensuring the security of the local government's property is not endangered. City officers recommend the confidential attachment (**Attachment 1**) - Financial Sustainability Review be made public after Council consider the report. The reason for this is to align with the publishing of the 2020 report.

LEGISLATIVE COMPLIANCE

Local Government Act 1995 Section 7.1A

RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the officer's recommendation has been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Low
Reputation	Low	Low
Governance	Low	Low
Community and Stakeholder	Moderate	Low
Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low
Conclusion	The City commissioned the Financial Sustainability Review and a number of recommendations are included in the auditor's report for corrective action as necessary. Proposed timeframes for implementation take into consideration the level of risk to the City and resource capacity. Council and the Executive Leadership Team will be required to ensure services areas adequately resourced to address the findings of the review.	

FINANCIAL IMPLICATIONS

The delivery of this audit was within the budgeted amount of $50,000.00.

Council and the Executive Leadership Team will need to ensure service areas are adequately resourced to address the findings of the review.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance
Goal L2: Plan and deliver projects and services in a sustainable way.
Work together to deliver the best outcomes for the community by managing our resources in a financially sustainable way.

CONCLUSION

As part of the Internal Audit Function, implementation of management all actions to address audit findings are monitored through the City's Audit Log Register. On a quarterly basis management are required to provide an update on the status of implementation of the actions. Progress reporting is provided to the Audit and Risk Management Committee and then Council.

Actions deemed complete by management follow a close-out process. Internal audit will follow-up and obtain evidence that audit actions have been implemented by management before recommending close-out to the Audit and Risk Management Committee.

8.4 Risk Management Framework and Policy Review

Responsible Branch:	Governance and Organisational Planning and Development
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Executive/Strategic
Voting Requirement:	Simple Majority
Attachments:	1. Council Policy: Risk Management - Current [**8.4.1** - 1 page] 2. Council Policy: Risk Management - Proposed [**8.4.2** - 2 pages] 3. Risk Management Framework - Current [**8.4.3** - 14 pages] 4. Risk Management Framework - Proposed [**8.4.4** - 24 pages]
Refer:	Item 9.1 ARMC 12 February 2019

SUMMARY

The City is committed to the principles, framework and process of managing risk as outlined in the Australian / New Zealand International Standard for Risk Management (AS/NZS ISO 31000:2018).

Council Policy: Risk Management, outlines the City's commitment to risk management.

The Risk Management Framework outlines the City's approach to risk management and contains the operational detail.

A review of the City's Risk Management Policy and the Risk Management Framework has been undertaken against AS/NZS ISO 31000:2018 standard. The revised documents are presented to Council for consideration and adoption.

OFFICER'S RECOMMENDATION

That Council:

1. Adopts the Council Policy: Risk Management - Proposed as contained in Attachment 2 to this report.

2. Endorses the Risk Management Framework - Proposed as contained in Attachment 4 to this report.

COMMITTEE RECOMMENDATION TO COUNCIL

That Council:

1. **Adopts the Council Policy: Risk Management - Proposed as contained in Attachment 2 to this report.**

2. **Endorses the Risk Management Framework - Proposed as contained in Attachment 4 to this report.**

3. **Request the Chief Executive Officer to add document control to the footer of each page of the attachments contained within the report.**

Cr Catherine Ehrhardt, Deputy Mayor Moved, Cr Josh Eveson Seconded

CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Cr Catherine Ehrhardt, Deputy Mayor and Jillian Brazil.*

Against: *Nil.*

REASON FOR CHANGE

The Committee asked for document control to be added to the footer of each page of the attachments contained within the report to ensure this information is easy to access.

BACKGROUND

The City of Bayswater Risk Management Framework establishes the City's approach to risk management and outlines the processes in place to support effective risk management, reporting and legislative obligations.

A review of Council Policy: Risk Management and the Risk Management Framework have been undertaken to align with the ISO 31000:2018 Risk management - Guidelines.

EXTERNAL CONSULTATION

External consultation with LGIS and benchmarking with a number of other Local Governments has taken place.

OFFICER'S COMMENTS

A review of the City's Risk Management Framework (Framework) has been completed. The Framework **(Attachment 4)** has been updated to align with the changes to the Australian Standard AS ISO 31000:2018 Risk Management – Guidelines (which supersedes AS/NZS ISO 31000:2009) and includes improvements to the City's risk management practices.

The City's risk management arrangements continue to be reviewed and improved to provide an integrated and consistent approach across the City for the identification, assessment and treatment of risks.

The updated Framework provides the guidance to integrate risk management into activities and functions performed by the City and supports the City's Risk Management Policy which outlines the City's commitment and approach to managing risks.

The framework was last endorsed by Council in 2019 and prior to that 2017 after being deployed within the City since 2014. The recent amendments to the Framework will assist with improving the City's risk maturity level, and assist in meeting the City's obligations as part of the Chief Executive Officer's three yearly review of the appropriateness and effectiveness of the City's systems, in regard to risk management, internal control and legislative compliance.

Australian Standard AS ISO 31000:2018 Risk Management – Guidelines aims to deliver a clearer, shorter and more concise guide (compared to AS/NZS ISO 31000:2009) that will help organisations use risk management principles to improve planning and make better decisions.

The recently amended Risk Management Policy better defines the City's risk management approach and outcomes, as well as updating risk management terminology, and has allowed for amendments to the Framework. The main changes to the framework include:

Type of Risk	• Strategic – Linked to Strategic Community Plan • Operational – Linked to the delivery of Service • Project – Major Projects
Risk Assurance	• 3 Lines Model • Alignment to the audit process
Evaluation and Acceptance of Risk	• Appetite • Effectiveness of Control

Risk Treatment	• Quarterly Reporting Process
Management and Reporting of Risk	• Risk Rating • Appetite

The current Risk Management Framework has been provided in **Attachment 3** for comparison.

Risk Appetite

The City has documented risk tolerance statements, the statements articulate the City's attitude towards different types of risks and the boundaries that apply to risk taking.

In order to assist the City to achieve our goals, objectives and outcomes and implement our strategies, it is proposed that risk appetite and tolerance levels be reviewed. The intent of the review will ensure risk appetite and tolerance provides guidance on the City's willingness to assume, or be exposed to a level of risk in order the achieve our objectives.

Risk appetite statements will be defined by focussing on the following key elements:
1.   What are our Strategic Risks?

2.   What level of risk is the City willing to tolerate in pursuit of its strategic objectives?

The Framework will be updated to include risk appetite and tolerance once developed. A workshop with the Executive Leadership Team and an awareness session and risk workshop with the Audit and Risk Management Committee, presenting the draft Strategic Risk Register and Risk Appetite Statements for input and approval is planned in the first half of 2023.

Council Policy: Risk Management

The Risk Management Policy **Attachment 2** has been updated to align with good practice principles, the updated draft includes risk management definitions and a detailed policy statement.

The policy statement articulates the City's commitment to managing risk, implementation of the risk management framework and the high-level approach to risk management.

The current policy has been provided in **Attachment 1** for comparison.

LEGISLATIVE COMPLIANCE

Local Government (Audit) Regulations 1996

RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the officer's recommendation has been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Moderate
Reputation	Low	Low
Governance	Low	Low
Community and Stakeholder	Moderate	Low
Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low
Conclusion	The officer's recommendation seeks to update the Risk Management Framework and Council Policy: Risk Management	

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance
Goal L4:   Communicate in a clear and transparent way.
                  Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

CONCLUSION

That Council adopts the Council Policy: Risk Management and endorses the Risk Management Framework.

COUNCIL POLICY: RISK MANAGEMENT

POLICY OWNER: Manager Governance

POLICY STATEMENT: The City of Bayswater Risk Management Policy is an outline of the City's commitment to managing risks that may impact the City's strategies, goals or objectives.

POLICY DETAILS: The Risk Management Policy is enacted through: the City's Risk Management Framework; and the Corporate Risk Register which is a repository for the City's strategic and operational risk issues and various management processes.

- This Policy aims to achieve best practice in the management of risks that may affect the City's customers, people, assets, objectives or services.
- This Policy adopts the principals of Australian Standard ISO 31000:2019 Risk Management - Guidelines. This standard will guide an integrated and systematic approach to managing risk within the City.
- Risk Management will form part of the strategic, operational, project and line management responsibilities.
- The Chief Executive Officer and directors are responsible for monitoring the corporate implications of the Risk Management Policy.
- All employees of the City are recognised as having a role in Risk Management and are responsible for applying Risk Management practices in their work area.
- The City's Risk Management Framework articulates the City's risk appetite and assessment criteria.
- To effectively implement this policy a review process will be adopted to report on the achievement of policy objectives.

RELATED LEGISLATION AND OTHER REFERENCES

- *Local Government Act 1995*
- *Local Government (Audit Regulations) 1996*
- *ISO 31000:2019 Risk Management - Guidelines*

Adopted by Council:	14 May 2019
Reviewed:	
Strategic Link:	Governance and Leadership
ECM Ref:	3432561

City of
Bayswater
Policy 4399748
Risk Management

Responsible Division	Office of the CEO
Responsible Business Unit	Governance and Organisational Planning and Development
Responsible Officer	Manager – Governance and OPD
Affected Business Units	All
ECM Document Set ID	4399748

Purpose

To outline the City's commitment and approach for managing risks that may impact on the achievement of its objectives.

Definitions

Risk – AS/NZS ISO 31000:2018 defines risk as "effect of uncertainty on objectives''. A risk is often specified in terms of risk sources, potential events or circumstances and the consequences and likelihood that flow from it.

Risk Management – AS/NZS ISO 31000:2018 defines risk management as "coordinated activities to direct and control an organisation with regard to risk''.

Risk Management Framework – ISO Guide 73:2009 Risk Management - Vocabulary defines a risk management framework as a "set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization".

Policy Statement

The City is committed to the principles of managing risk as outlined in AS/NZS ISO 31000:2018 Risk Management – Guidelines by maintaining a risk management process that deals with identification, analysis, evaluation, treatment, monitoring, reviewing, recording and reporting of risk.

This policy encompasses:

- The implementation of the Risk Management Framework across the organisation in accordance with the Standard AS/NZS ISO 31000:2018 Risk Management – Guidelines; and
- To ensure the Framework is integrated into strategic and operational planning and project management.

The following applies to the City's approach to risk management:

1

City of
Bayswater

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Policy 4399748
Risk Management

- The Council, Chief Executive Officer and Directors are to provide leadership, oversight and active participation in risk management activities within their areas of responsibility, as defined within the Risk Management Framework.
- All employees are encouraged to develop an understanding and awareness of risk, as required by their role, through relevant training programs where applicable.
- The Risk Management Framework, including criteria for risk assessments, is to be used in all activities that contribute to achieving the City's objectives.
- Risks, controls and responsibilities are recorded in the City's risk register, or individual project register, and are updated as required by risk owners.
- Reporting of risk is to comply with the requirements within the Risk Management Framework, or as otherwise requested by Council or the Chief Executive Officer.

Risk Tolerance: The City accepts the taking of controlled risk, aiming to maintain risks at targeted levels within each key area of business, whilst considering the cost and value of controls implemented against their overall benefit. Innovative approaches and the development of new opportunities to improve service delivery are encouraged, provided that the risks are properly identified, analysed and evaluated ensuring exposures are acceptable, managed and reported as defined within the Risk Management Framework.

Related Legislation

Local Government Act 1995 – Section 5.41

Local Government (Audit) Regulations 1996 – Regulation 17

Related Documentation

Risk Management Framework

Document details

Relevant delegations	Nil		
Risk evaluation	Moderate		
Strategic link	Leadership and Governance		
Council adoption	May 2019	**Resolution**	10.5.2.1
Next review due	2025		
Reviewed/modified	February 2023	**Resolution**	

2

City of
Bayswater

Risk Management Framework

Risk Management Framework

City of **Bayswater**

INTRODUCTION: This document sets out the City's approach to the identification, assessment, management, reporting and monitoring of risks.

It is essential that all areas of the City adopt this framework to ensure:
- Strong Corporate Governance.
- Compliance with relevant Legislation, Regulations and Internal Policies.
- Integrated Planning and Reporting requirements are met.
- Uncertainty and its effects on objectives is understood.

Further information or guidance on risk management procedures is available from the City's Governance team.

WHY DO RISK MANAGEMENT? The City's objective is to manage risks to minimise the exposure of itself and its stakeholders while maximising the efficiency and effectiveness of its operations in accordance with best practice. Regulation 17 of The Local Government (Audit) Regulations 1996 also requires that the CEO review the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal controls and legislative compliance.

The review is to be reported to the City's Audit and Risk Management Committee every two years. As such, the City need to implement an effective risk management system that identifies risks relating to its strategic and operational plans, mitigates risk through internal controls and ensures that its legislative compliance requirements are continually met.

It is anticipated that the Risk Management Framework will add value to the City's decision making processes by guiding prioritisation and allocation of resources, improving the ability to achieve the objectives of the City, promoting forward planning.

RISK MANAGEMENT OBJECTIVES: In adopting this Risk Management framework the City aims to:
- Optimise the achievement of our vision, mission, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective Corporate Governance adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations.

RISK APPETITE STATEMENT: The City's Risk Appetite Statement articulates the City's attitude towards different types of risks and the boundaries that apply to risk taking. The purpose of taking this approach is to create a sound foundation for risk management. Setting the risk appetite explicitly articulates the attitudes (appetite) to and boundaries (tolerance) of risk the Council expects senior management to take. This provides boundaries and expectations, resulting in an organisational culture where decisions are made with consideration for risk.

Risk Management Framework

City of
Bayswater

The City's risk tolerance statements are aligned to specific categories of risk;

Strategic Direction - Moderate Risk

The City cannot be successful in achieving the objectives of its Strategic Community Plan without clear goal setting and future planning. Understanding that anticipated issues may arise from time to time, the City will make every effort to achieve or significantly progress its key deliverables.

The City will only tolerate risks in this category as long as it does not result in the following:

- A significant change in strategic objective.
- A delay in project delivery of over twelve months.
- Exceeds the capacity of the long-term financial plan.

Reputation - Low Risk

The City's elected members and employees are expected to uphold values within the City's Code of Conduct at all times.

As the City has a low risk approach to reputation, the City is not willing to accept risks in most circumstances that may result in reputation damage. For example, the City will only tolerate risks as long as it does not result in the following:

- Negative publicity in state-wide media and publications.
- A formal inquiry by the State or other integrity agencies.
- Loss of public confidence in the City's elected members or employees.

Governance - Low Risk

The City will put in place a strong governance framework with a focus on principals of good governance, informed and consistent decision making and compliance with all legislative and reporting requirements.

As the City is risk averse in its approach to governance it is not willing to intentionally accept risks in circumstances that may result in legislative non-compliance or non-compliance with the City's governance framework.

Community and Stakeholder Management - Moderate Risk

Every effort will be made to ensure that the City develops strong and positive relationships with the community and other key stakeholders. The City will ensure that all community considerations are taken into account in its decision making.

The City is only willing to accept a balanced risk of potential disruption to how the City manages its relationships with key stakeholders, whilst continuing to make decisions for the wider community. The City will only tolerate risks in this category as long as it does not result in non-compliance with community consultation requirements or policies.

Financial Management - Low Risk

To ensure that the City is well prepared for financial uncertainty it considers its budget with a long term outlook, ensuring that income streams promote long term financial sustainability (through long term financial planning, long term asset planning).

Risk Management Framework

City of **Bayswater**

The City has a low risk approach to its financial resources, so it is not willing to accept risks that may result in the disruption of its long term financial plan and its financial position. The City will only tolerate risks in this category as long as it does not result in the following:

- Individual projects don't exceed 15% over budget.
- Annual budget doesn't go into deficit.
- Initiatives are within the capacity of the long-term financial plan.

Environmental Responsibility - Low Risk

The City will act responsibly in adopting environmentally sustainable practice within the resources it has available for this purpose. To provide amenity to the community, the City is committed to preserving its natural environment.

Taking a balanced risk approach, the City will only tolerate risks in this category as long as it does not result in the following:

- Loss of tree canopy cover within property controlled by the City.
- Increased overall carbon footprint of the City.
- Intentional harm to flora or fauna.

Service Delivery - Low Risk

The City has a low risk approach to its capacity to deliver services. The City will only tolerate risks in this category as long as it does not result in the following:

- Loss of statutory services.
- Loss of discretionary services already offered.
- Delay or non-completion of new or renewal infrastructure projects beyond financial year.

Organisational Health and Safety - Low Risk

The City places high priority on providing a safe workplace for staff, volunteers and contractors. The City has a low risk approach to management of Occupational health and safety and well-being within the workplace. As such the City will only tolerate risks in this category as long as it does not result in the following:

- Injury or death to an employee.
- Injury or death to a member of the public.
- Breach of the City's policies and procedures relating to organisational well-being.

Risk Management Framework   City of **Bayswater**

THE RISK MANAGEMENT PROCESS

The City's approach to Risk Management is in accordance with industry standard *AS/NZS ISO 31000:2018 Risk Management - Guidelines*. The process of risk management is outlined in Figure 1 below.
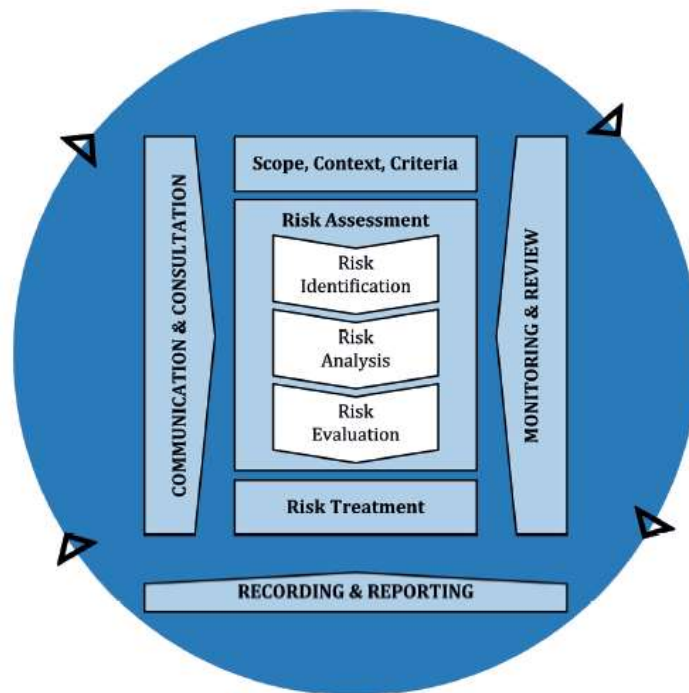
Figure 1: Risk Management Process (Source AS/NZS 31000:2018)

The main elements of the risk management process are explained as follows:

Communication and Consultation	Communication and consultation aims to bring together different areas of expertise for each step of the risk management process, ensure that relevant views are appropriately considered when defining risk criteria and when evaluating risks and provide sufficient information to facilitate risk oversight and decision making.
Establish the context	This identifies the City's objectives and defines the internal and external environment in which it operates. Understanding the external context is important in order to ensure that the objectives and concerns of external stakeholders are considered. Understanding the internal context will enable risk management to be aligned with the City's culture, structure, strategies and processes.
Risk Identification	Using the specific risk assessment context as the foundation and in conjunction with relevant stakeholders, answer the following questions, capture and review the information within each Risk Profile: What can go wrong? / What are areas of uncertainty? (Risk Description), how

Risk Management Framework   City of **Bayswater**

might this risk eventuate? (Potential Causes) and what are the current measurable activities that mitigate this risk from eventuating? (Controls)

Risk Analysis   To analyse risks the City's Risk Assessment and Acceptance Criteria is applied to determine the: adequacy of existing controls, relevant consequence categories and the likely worst level of impact (Consequence) and probability that the risk will eventuate to the impact level of consequence (Likelihood). By combining the measures of consequence and likelihood, determine the risk rating (Level of Risk).

Risk Evaluation   The City is to verify the risk analysis and make a risk acceptance decision based on: Controls Assurance (i.e. are the existing controls in use, effective, documented, up to date and relevant), existing controls rating. Level of risk, risk acceptance criteria and examination of risk versus reward/opportunity. The risk acceptance decision needs to be documented and those risks that are acceptable are then subject to the monitor and review process.

Risk Treatment   For unacceptable risks, determine treatment options that may improve existing controls and/or reduce consequence / likelihood to an acceptable level. Risk treatments may involve actions such as avoid, share, transfer or reduce the risk with the treatment selection and implementation to be based on: Cost versus benefit, Ease of implementation and Alignment to organisational values / objectives.

Monitor and   The Risk Management process should be continually monitored and
Review   reviewed to ensure that controls are effective, new information is gathered, latest changes and trends are identified, successes and failures are recorded, lessons are learned, changes in internal and external context are detected and emerging risks are captured.

Risk Management Framework

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RISK ASSESSMENT PROCESS

The Risk Management process applied throughout the City is guided by the AS/NZS 31000:2018 model. This model provides a systematic method for identifying, analysing and prioritising risks that require treatment plans and management action.

Risk Consequence

Firstly, the risk is assessed by considering the relevant consequence categories and the worst level of impact (Consequence).

Measures of Consequence							
Rating (Level)	**Health**	**Financial Impact**	**Service Interruption**	**Compliance**	**Reputational**	**Property**	**Environment**
Insignificant (1)	Negligible injuries	Less than $5,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response
Minor (2)	First aid injuries	$5,001 - $50,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non compliances	Substantiated, low impact, low news item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
Moderate (3)	Medical type injuries Lost Time Injuries <5 days	$50,001 - $500,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
Major (4)	Lost time injury >5 days	$500,001 - $5,000,000	Prolonged interruption of services – additional resources; performance affected < 1 month	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, high impact, high news profile, third party actions	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
Catastrophic (5)	Fatality, permanent disability	More than $5,000,000	Indeterminate prolonged interruption of services – non-performance > 1 month	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

Risk Management Framework

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Risk Likelihood

Secondly, the risk is assessed by considering the probability that the risk will eventuate to the impact level of consequence.

Measures of Likelihood			
Rating	**Description**	**Frequency**	**Probability**
Almost Certain	The event is expected to occur in most circumstances	More than once per year	> 90% chance of occurring
Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurring
Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurring
Unlikely	The event could occur at some time	At least once in 10 years	10% - 40% chance of occurring
Rare	The event may only occur in exceptional circumstances	Less than once in 15 years	< 10% chance of occurring

Risk Management Framework

City of **Bayswater**

Overall Risk Rating

By combining the measures of consequence and likelihood, determine the risk rating (level of risk).

Risk Matrix					
Consequence / Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Moderate	High	High	Extreme	Extreme
Likely	Low	Moderate	High	High	Extreme
Possible	Low	Moderate	Moderate	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Low	Low	Moderate

Risk Management Framework

City of Bayswater

Adequacy of existing controls

In order to assess the significance of each risk the City rates the effectiveness of existing controls. A control can include any process, policy, device, practice or other action which impacts on the consequence or likelihood of a particular risk occurring.

Existing Controls Ratings		
Rating	**Foreseeable**	**Description**
Effective	There is <u>little</u> scope for improvement.	1. Processes (Controls) operating as intended and aligned to Policies / Procedures. 2. Subject to ongoing monitoring. 3. Reviewed and tested regularly.
Adequate	There is <u>some</u> scope for improvement.	1. Processes (Controls) generally operating as intended, however inadequacies exist. 2. Nil or limited monitoring. 3. Reviewed and tested, but not regularly.
Inadequate	There is a <u>need</u> for improvement or action.	1. Processes (Controls) not operating as intended. 2. Processes (Controls) do not exist, or are not being complied with. 3. Have not been reviewed or tested for some time.

Risk Management Framework

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Bayswater

Risk Treatment
The level of risk will determine the City's response to the particular risk (Risk Treatment).

Risk Acceptance Criteria			
Risk Rank	**Description**	**Criteria**	**Responsibility**
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Director / CEO
EXTREME	Unacceptable	Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

Risk Management Framework

City of **Bayswater**

Corporate Risk Register

A corporate risk register is used to capture the City's strategic and operational risks. The corporate register is reported to the City's Audit and Risk Management Committee on a quarterly basis. Further actions to reduce risks are the responsibility for the Manager of that relevant area.

Risk #	Description of Risk	Risk Category	Existing risk rating			Current Controls	Existing Controls Rating	Revised risk rating			Further control activities	Risk Owner	Task Alert	RISK STATUS	Notation & Next Review
			Likelihood	Consequence	Rating			Likelihood	Consequence	Rating					
6.	Supplier (Vendor) Validation	Procurement and Tendering	Possible	Minor	Moderate	There is a process to create a supplier (vendor) in the payment system. However this does not necessarily imply that the supplier is preferred or has been appointed on any contractual basis. The system does not automatically populate the contract number when setting up purchase requisitions (this information has to be manually entered). The inherent risk is that once a supplier a (vendor) is created in the payment system, it could be interpreted by buyers that the supplier is preferred or on contract. Further to this, it is difficult to detect instances where several suppliers (vendors) exist in the system for similar goods or services, possibly leading to duplication or unnecessary set up costs.	Adequate	Unlikely	Minor	Low	There are recognised limitations which make system detection of duplicated suppliers (vendors) difficult. A business review of the enterprise procurement system is scheduled for late 2018/early 2019 and system enhancements may resolve some of these issues. In the interim, internal training and monitoring will be required to limit duplication of suppliers (vendors) in the system and reinforce the requirement to manually input contract reference numbers.	Manager Governance	.		

Risk # - this corresponds with the risk number allocated in the corporate risk register.

Description of Risk - The risk issue under consideration.

Risk Category - Existing risk themes are utilised to assist in the categorisation of related risks.

Existing Risk Rating - Risk rating completed at last review**.**

Current Controls - The internal controls the City has in place to mitigate risk.

Existing Controls Rating - Review of the effectiveness of the internal controls.

Revised Risk Rating - Overall residual risk rating considering the current controls in place.

Further Control Activities - These are future actions planned in order to bring the level of risk down to the City's accepted risk appetite.

Risk Owner - This is the relevant officer responsible for ensuring that the risk issue is appropriately managed.

Task Alert - Target date for completion of further control activities.

Notation and Review - for progress comments.

Risk Management Framework

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Roles and Responsibilities

<u>**Council**</u>
- Review and approve the City's Risk Management Policy and Risk Assessment & Acceptance Criteria.
- Appoint / Engage External Auditors to report on financial statements annually.
- Establish and maintain an Audit & Risk Management Committee in terms of the Local Government Act.

<u>**Audit & Risk Management Committee**</u>
- Support Council to provide effective corporate governance.
- Oversight of all matters that relate to the conduct of External Audits.
- Must be independent, objective and autonomous in deliberations.
- Make recommendations to Council on External Auditor appointments.

<u>**Executive Leadership Team**</u>
- Appoint Internal Auditors as required under the Local Government (Audit) regulations.
- Liaise with Council in relation to risk acceptance requirements.
- Approve and review the appropriateness and effectiveness of the Risk Management Framework.
- Drive consistent embedding of a risk management culture.
- Analyse and discuss emerging risks, issues and trends.
- Document decisions and actions arising from 'risk matters'.
- Own and manage the Risk Profiles at City Level.

<u>**Governance Team**</u>
- Oversee and facilitate the Risk Management Framework.
- Support reporting requirements for Risk matters.

<u>**Directorates**</u>
- Drive risk management culture within work areas.
- Own, manage and report on specific risk issues as required
- Assist in the Risk & Control Management process as required.
- Highlight any emerging risks or issues accordingly.
- Incorporate 'Risk Management' into staff meetings, by regularly discussing and reviewing:
  - New, emerging and / or existing risks.
  - Adequacy of Controls.
  - Progress of any outstanding issues and / or actions.

<u>**Employees**</u>

- To manage risks for which they are accountable.
- Responsible for escalating/communicating risks to their manager.
- Required to act in a manner that does not place at risk the safety of themselves, other employees or community members.

Risk Management Framework   City of **Bayswater**

Risk Management Policy

The City has in place a Risk Management Policy which describes our commitment and objectives around management and risks for managing uncertainty in the City's strategies, goals and objectives, and achievement of effective governance and organisational resilience.

The City's Commitment to Risk Management

This Risk Management Framework, the Corporate Risk Register, Risk Management Policy and any subsequent risk-based audits will be reviewed by the Audit & Risk Management Committee on a bi-annual basis. A review of processes and documentation relating to the City's risk management systems is to be formally reviewed every three years, with the next full review due February, 2022.

This framework will remain in force unless otherwise determined by Council.

Author:	Risk Management Advisor
Endorsed:	
Review:	

City of
Bayswater

Risk Management Framework

DRAFT

Risk Management Framework

Acknowledgement

Ngalla City of Bayswater kaatanginy baalapa Noongar Boodja baaranginy, Wadjuk moort Noongar moort, boordiar's koora, boordiar's ye yay ba boordiar's boordawyn wah.

The City of Bayswater acknowledges the Traditional Custodians of the land, the Whadjuk people of the Noongar Nation, and pays its respects to elders past, present and emerging.

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Document custodian:	Manager Governance and Organisational Planning and Development
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Risk Management Framework

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1   Introduction

The City of Bayswater (the City) recognises that risk management is fundamental to the City achieving its strategic and operational objectives, and that it plays an integral role in day-to-day management and decision making at all levels within the City. The City is committed to embedding risk management practices across the organisation to support the delivery of goals, objectives and outcomes in the Strategic Community Plan, Corporate Business and Annual Service Plans and to assist it in meeting its legislative obligations.

The Risk Management Framework (Framework) is a key component of the City's governance arrangements. It is the structure upon which the risks are identified and managed. It allows risk management practices to be applied consistently right across the City, which enables Council to confidently make decisions that are timely, informed and cognisant of the factors that may impact the success and delivery of its strategic, operational and project goals, objectives and outcomes.

Risk management activities and processes within the City are aligned to the AS/NZS ISO 31000:2018 Risk management – Guidelines.

Figure 1: Relationship between the risk management principles, framework and process
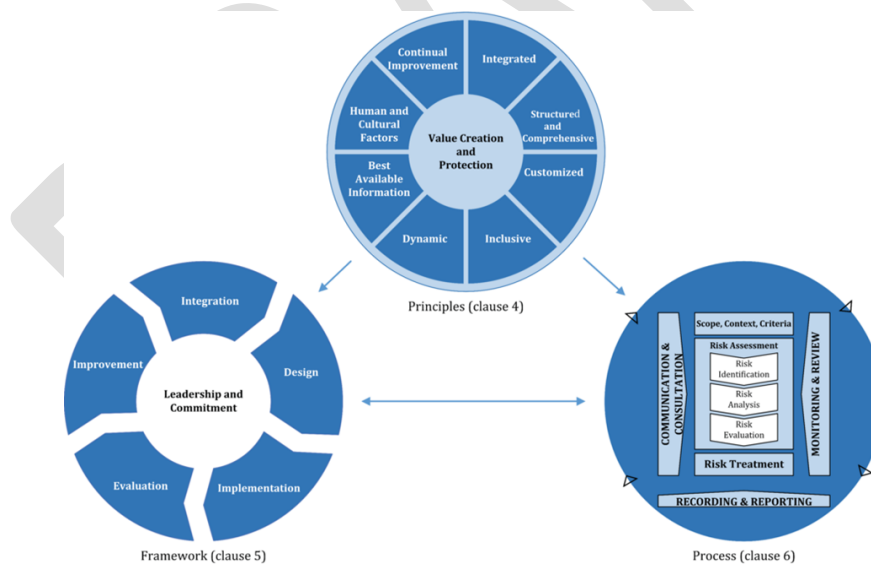
The objectives of this Framework are:

1. To align risk with the City of Bayswater Strategic Community Plan and Corporate Business Plan;

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2. Support the City in identifying, analysing and documenting risks to strategic, operational and project objectives (Risk Registers);

3. To establish an integrated and effective approach to risk management;

4. Provide accountability for the management and reporting of risk; and

5. Support the City's risk reporting and legislative obligations.

The Framework will be reviewed every two years.

2 Risk Appetite

In order to assist the City to achieve our goals, objectives and outcomes and implement our strategies, risk appetite statements are developed. Risk appetite is the amount of risk that an organisation is willing to accept or retain.

Risk appetite statements are defined by focussing on the following key elements:

1. What our Strategic Risks?

2. What risk is the City willing to take in pursuit of its strategic objectives?

Risk Appetite statements are then set against each strategic risk. Defined risk appetite statements against each strategic risk provides guidance on the nature and extent of risk the City is prepared to take. (Refer Appendix A – Strategic Risk Appetite)

3 Strategic Management Model

Risk management activities are a key part of all business processes. In particular, there is a strong relationship between the risk management process and the cycle of corporate and operational planning activities, as seen in Figure 2 below. As the vision, strategy and business objectives are established for each City service, so too should related risks be identified and assessed. When strategic and corporate plans and budgets are prepared; City branches identify and assess risks to their goals and objectives, leading to a ranking of risks, and finally, to the establishment of appropriate risk treatments and controls. It is important to remember that risk management is not a once a year process, risk management is embedded in everyday business management and planning.

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Figure 2: Alignment between the City's risk management approach and the Integrated Planning and Reporting Framework.

4   Risk Assurance

The City adopts a "three lines" model when managing its risks (Figure 3). This model ensures roles, responsibilities and accountabilities for decision making are structured and provide assurance that risks are being managed effectively.

Figure 3: Illustrates the risk management relationship with other assurance activities.

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Risk Management Framework
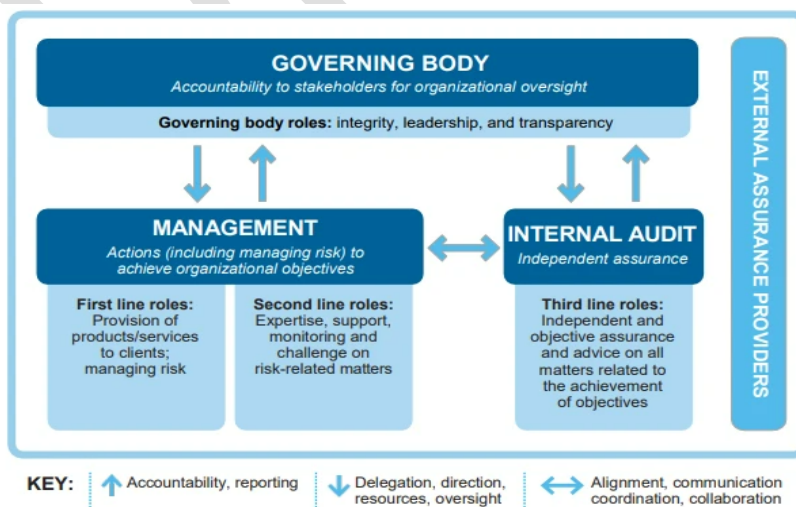
First Line: The first line owns the risks attributable to their area of responsibility and are accountable for the appropriate management of risk and the effectiveness of risk controls. It is imperative that management understand and accept their accountability for owning and managing their risks. This accountability cannot be delegated to another function, such as the Risk Management team.

Second Line: The focus of the second line is on managements testing of 1st line controls (independent of the operational unit) ensuring first line controls are in place, properly designed, operating as intended and governance of controls is effective. As part of this assessment, controls are reviewed and improvements recommended to operational units and overall trends reported to senior management.

Risk Management does this by performing internal control assurance reviews with the intent to assess that controls are operating in a manner that provides reasonable assurance that the organisation's objectives and goals will be achieved.

Control assurance reviews generally focus on critical controls, critical controls are often associated with risks where the consequences might be significant or severe if the controls were to fail.

Control Assurance Reviews are performed at the request of the ELT, Branch Managers or as result of the Office of the Auditor General (OAG) publishing a performance or focus audit that impacts local government.

Findings identified as part of the review process are reported to the ELT and ARMC as required. Management action to address the findings is recorded and monitored in through the City's Performance Reporting Process. Progress reporting is provided to the ELT and ARMC.

Third Line – Internal Audit: Internal audit forms the organisation's third line. An independent internal audit function will, through a risk-based approach to its work, provide assurance to the ELT and ARMC. This assurance will cover how effectively the organisation assesses and manages its risks and will include assurance on the effectiveness of the first and second lines. It encompasses all elements of the Framework. Internal audit should use a risk-based approach in developing and executing the internal audit plan in order to focus on the greatest threats to the organisation.

External Auditor/Regulator: External auditors and regulators reside outside the City's structure and may perform independent assessments on the whole or some part of the 1st, 2nd or 3rd lines.

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5 Roles and Responsibilities

Risks are managed by those accountable for the delivery of the services of the City. The risk management function does not itself manage risks but manages the Framework, provides advice to operational management and coordinates reporting of risk status. The table below details specific roles and responsibilities.

Table 1. Roles and Responsibilities

Body or Position	Risk Roles and Responsibilities
Council	1. Adopt and review Risk Management Policy and Framework 2. Review the appropriateness of risk appetite 3. Oversight of the Audit and Risk Management Committee
Audit and Risk Management Committee	1. Guide and assist the City in carrying out its functions under Part 6 Financial Management and Part 7 Audit of the *Local Government Act 1995,* and relating to other audits and other matters related to financial management. 2. Review the Chief Executive Officer's Report on: (1) the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal control and legislative compliance as required by Regulation 17 the *Local Government (Audit) Regulations 1996* and; (2) the appropriateness and effectiveness of the financial management systems and procedures of the City under regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.
Chief Executive Officer	1. Overall responsibility for risk management. 2. Ensures establishment of a risk management process that is implemented and maintained in accordance with the Risk Management Policy and Framework.

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Risk Management Framework

Body or Position	Risk Roles and Responsibilities
	3. Ensures reviews are undertaken at least once every three years on the: • appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal control and legislative compliance and the appropriateness (as required by Regulation 17 the *Local Government (Audit) Regulations 1996*. • effectiveness of the financial management systems and procedures of the City (as required by regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996).* 4. Ensures results of reviews are reported to Council through the ARMC.
Directors	1. Promotes a positive risk culture. 2. Ensures inclusion of appropriate risk management in all planning activities. 3. Manages the strategic risk portfolio including raising new risks as they arise and ensuring mitigation strategies are appropriate and effective. 4. Provides appropriate direction for reported risk and associated control activities. 5. Provides feedback on the appropriateness and effectiveness of risk management plans, frameworks and procedures.
Branch Managers/Risk Owners **(1st line)**	1. Provide leadership through a solid understanding of the City's risk management documentation (such as the Policy and Framework).

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Risk Management Framework

Body or Position	Risk Roles and Responsibilities
	2. Ensure all planning activities use the City's risk management documentation consistently and effectively.
	3. Monitor use and effectiveness of risk management within their areas of responsibility including appropriateness of documentation and outcomes.
	4. Support attendance to risk-based training.
	5. Ensure risks are reported appropriately with regard to tolerances and targets.
Risk Management **(2nd Line)**	1. Leading the risk management function. 2. Developing and implementing an enterprise risk management framework that is fit for purpose. 3. Risk reporting to the ARMC. 4. Supporting ELT and Managers to manage their risks through: • Provision of risk management advice and guidance to staff; • Maintenance of the Framework and Policy.
Internal Audit **(3rd Line)**	1. Develops a risk-based internal audit program in conjunction with the CEO and Internal Audit Function. 2. Completes internal audit reports detailing observations and making recommendations where appropriate, for risk mitigation and system improvements. 3. Provides audit reports to the relevant audience.
All Employees	1. Identify and raise potential risks within their area of control. 2. Apply effective management of risk. 3. Escalate all risk information to Branch Managers.

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Body or Position	Risk Roles and Responsibilities
	4. Be aware of the City's risk management documentation (such as the Policy and Framework) and how to apply them as applies to their role.

6 Risk Management Process

The Risk Management process to be followed within the City is shown in Figure 4 below and is in accordance with the AS/NZS ISO 31000:2018 *Risk Management - Guidelines*.

Figure 4: Risk Management Process
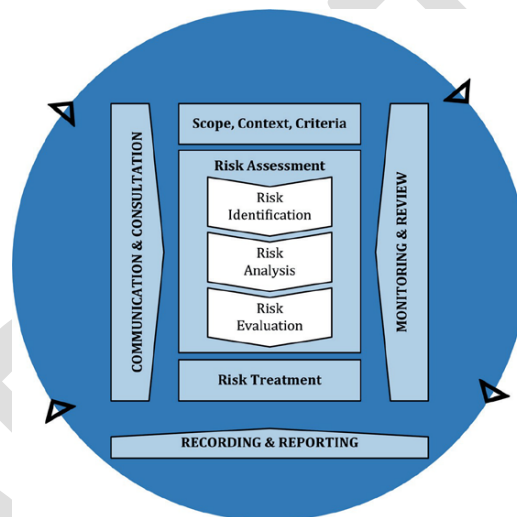
Communication and Consultation

Effective internal and external communication and consultation throughout the risk management process allows all stakeholders to understand the basis on which decisions are made and the reasons actions are required.

Scope, Context and Criteria

Scope

Risks are assessed at the following levels:

Strategic: Strategic risks are the risks that affect or are created by the City's business strategy and strategic outcome. The City's Strategic Risks are documented in the City's Strategic Risk Register. The review of the City's Strategic Risk Register is aligned with the City's strategic and business planning process.

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Operational: Operational risks are risks that will prevent Branches from delivering their annual business plans and services to the community. Branches assess and review their risks in accordance with this Framework. Branch operational risks are considered at the City's strategic and business planning process. All operational risks are linked to the City's Strategic Risk Profile, this enables to the evaluation of risk against the applicable appetite statement.

Operational risks include service, fraud, misconduct, integrity, compliance and business continuity risks.

Project: Project risks are the risks related to a specific project or lifecycle/phase of a project.

<u>**Context**</u>

When conducting a risk assessment external and internal context should be considered.

External context are factors which are outside the City's control, and may include the following:

- Community expectations;

- Federal and State legislation;

- Political change and funding;

- Partnership/relationship management; and

- Global shifts including economic change, environmental change, social change, technological change, natural disasters and short- and long-term health impacts.

Internal context are factors which are inherent in the operations of the City and are ultimately within the City's remit to control or mitigate. The following internal factors to be considered may include:

- Strategic objectives;

- Policies and procedures;

- Systems and technology;

- Budget allocation;

- Organisational culture; and

- Internal relationships.

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Risk Assessment

Once the scope, context and criteria are established, risks need to be assessed.

The risk assessment stage includes:

- risk identification
- risk analysis
- risk evaluation.

The assessment stage is followed by treatment. An overview of the risk assessment and treatment stages are set out below.

Figure 5: Risk assessment and treatment stages overview

Risk identification	Identify risks	
Risk analysis	Identify current internal controls	
	Assess Likelihood	Assess consequence
Risk evaluation	Assess risk level	
Risk treatment	Develop treatment (where required)	
	Assess post-treatment likelihood	Assess post-treatment consequence
	Develop post-treatment risk level	

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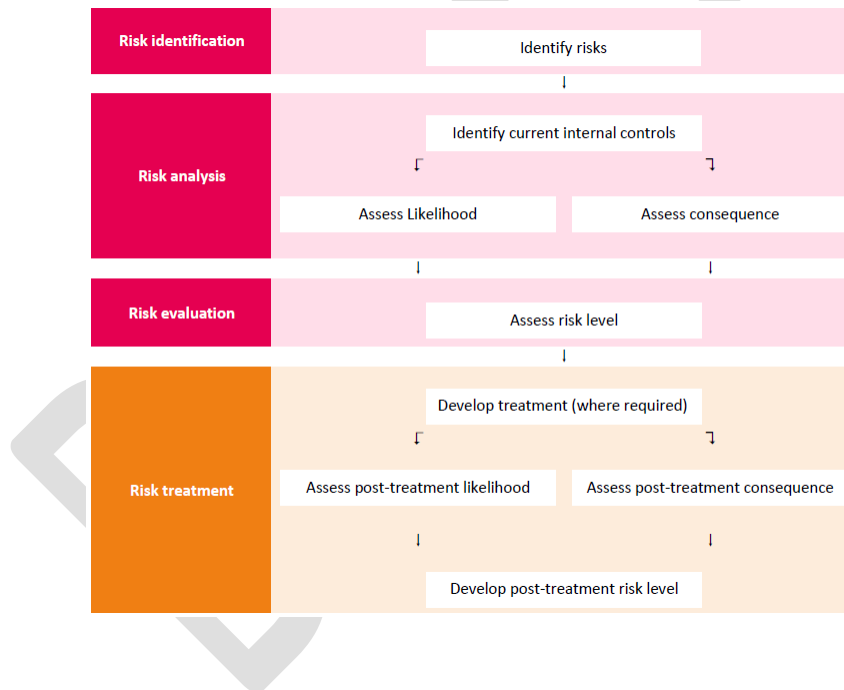
Risk Identification

Risk identification involves:

"… finding, recognising and describing risks that might help or prevent the City achieve its objectives."

Relevant, appropriate and accurate information is important in identifying risks.

The risk identification process identifies unwanted events, undesirable outcomes, emerging threats as well as existing and emerging opportunities (by utilising the what, why, when, and how questions).

Describe what the risk is and specifically where control may be lost. Risks can also be described as an event. The risk description should not be confused with outcomes following an event, or the consequences of an event. One way to identify and describe risks is to consider who did what and what the result was i.e. the Actor, Action, Outcome method.

Risk Analysis

Risk analysis is:

"…a detailed consideration of uncertainties, resources, consequences, likelihood, events, scenarios, controls and their effectiveness."

An analysis of each risk to determine the residual risk rating includes considering:

- the **effectiveness of existing controls** intended to mitigate the risks

- the **consequence** for the city if the risk did occur

- the **likelihood** of the consequence level occurring

Using the control effectiveness table (table 2), consequence table (table 3) and likelihood table (table 4) risks are analysed and assigned a residual risk rating (table 5). It is critical that every branch uses the same risk analysis process/matrix to allow for a proper comparison of risks across the City.

a) Effectiveness of Existing Controls

A control is any action that either reduces the likelihood of the event occurring or reduces the potential consequences arising from the event. For each risk identified, there may be a single control or multiple controls in place to address the risk.

There are three key categories for controls:

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Risk Management Framework

Preventative – Controls that aim to reduce the likelihood of the risk occurring (i.e. policies and procedures, training);

Detective – Controls that aim to identify failures in the current control environment (i.e. audits and investigations, performance reviews); and

Corrective – Controls that aim to reduce the consequence and/or rectify a failure after it has been discovered (i.e. business continuity plans, insurance, disaster recovery plans).

Controls must be documented, implemented, tested and audited to provide assurance that the controls in place are effective. Implementation of effective controls will ensure the residual risks are within the defined risk appetite.

When identifying, implementing and evaluating controls to address Work Health and Safety risks, the Hierarchy of Control must be used. Elimination of the hazard is always the most effective control measure. Refer to 0005 Management Practice Hazard Management and 0018 Procedure Hazard Management for further information on controlling WHS risks.

The following table provides guidance in assessing the effectiveness of control.

Table 2. Control Effectiveness

Collective Rating	Detailed Description
Good Practice/Excessive	No control gaps. Controls may be reducing residual risk too far below risk appetite.
Satisfactory	Some control weaknesses / opportunities for improvement identified. Controls are effective and reducing the residual risk at or below risk appetite.
Some improvement opportunity	Adequate level of control in most areas. However, some minor to moderate control weaknesses identified. Controls are reducing residual risk to risk appetite but may not be effective.
Unacceptable risk exposure	Significant control gaps that result in the controls not influencing the risk level. Controls do not reduce residual risks to risk appetite and/or are ineffective.

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b) Determine the Residual Risk Rating

There are three components to this step:

1. **Consequence** - determine relevant consequence categories (Table 3) and rate the 'probable worst consequence' if the risk eventuated with existing controls in place. This is not the worst-case scenario but rather a qualitative judgement of the worst scenario that is probable or foreseeable.

   An event can have multiple consequences and can be rated in severity from insignificant to severe. When analysing the consequence of a risk event, the level of impact (1 to 5) in relation to each of the consequence categories defined in Table 3 Consequence must be considered.

2. **Likelihood** - Determine how likely it is that the 'probable worst consequence' will eventuate with existing controls in place. Table 4 below provides guidance on assessing the likelihood.

Table 4: Likelihood

Rating	Descriptor
Almost Certain	The event is already occurring or is expected to occur
Likely	The event is likely to occur
Possible	The event might occur
Unlikely	The event is not usually likely to occur
Rare	The event is only expected to occur in exceptional circumstances

3. **Risk Rating** - Ascertain the risk rating by cross referencing the consequence and likelihood ratings (refer Table 5 – Risk Matrix)

Risk Evaluation

Once risks have been analysed, they need to be evaluated against the City's risk appetite and tolerance. The evaluation is used to determine if further action is required to reduce identified residual risks to an acceptable level.

> The purpose of risk evaluation is to:
>
> *"… support decisions. Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required."*

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The evaluation considers the residual risk and should conclude with one of the following outcomes:

Table 6: Management of Risk

Outcome	Action
Avoid	Not to proceed with the activity.
Accept	Retaining the risk by informed decision.
Share	Sharing the risk through contracts or insurance.
Mitigate/Treat	Reduce the likelihood by improving management controls or reduce the consequence by implementing strategies to minimize the consequences (i.e. contingency planning).

Management of Risk

The acceptability and management of risks must be reviewed against the established risk appetite. As part of the risk acceptance process, controls rated as 'some improvement opportunity' or 'unacceptable risk exposure' require control improvement strategies (treatments) to be considered.

- Risks that are equal to or below strategic risk appetite are recommended to be accepted.

- Risks that are well below strategic risk appetite are recommended to be reviewed for control removal.

- Risks that are above risk appetite should have additional controls introduced to reduce risk.

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Risk Management Framework

Table 7: Risk Acceptance Criteria

Residual Risk Rating							
EXTREME		HIGH		MEDIUM		LOW	
Is the Risk level within the established risk appetite							
Yes	No	Yes	No	Yes	No	Yes	No
Acceptability							
Acceptable with existing controls	Unacceptable with existing controls	Acceptable with existing controls	Unacceptable with existing controls	Acceptable with existing controls	Unacceptable with existing controls	Acceptable with existing controls	Unacceptable with existing controls
Action							
Risk requires: 1. Active monitoring 2. Reporting to ELT/ARMC to ensure risk remains consistent with City's objectives and appetite	Risk requires: 1. Active management 2. Escalation to ELT 3. Risk treatment must be established 4. Reporting to ELT/ARMC to ensure risk remains consistent with City's objectives and appetite	Risk requires: 1. Active monitoring 2. Ensure risk remains consistent with City's objectives and appetite 3. Risk status reported to ELT/ARMC	Risk requires: 1. Active management 2. Risk treatment plan must be established 3. Risk status reported to ELT/ARMC	Risk requires: 1. Regular monitoring 2. Ensure controls do not substantially change 3. Annual reporting to ELT	Risk requires: 1. Existing control effectiveness to be reviewed. 2. Risk treatment plan MUST be established, implemented and monitored. 3. Annual reporting to ELT	Risk requires: 1. Ensure existing controls do not substantially change	Risk requires: 1. Existing controls effectiveness to be reviewed

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Risk Treatment

The aim of risk treatment is to:

".. select and implement options for addressing risk."

After finalising the risk assessment, the risk treatment process is undertaken. The evaluation of the risk and the risk appetite will determine if the residual risk is at an acceptable level or if treatment is required. Risk treatments can include enhancing existing controls, implementing new controls, or avoiding the risk altogether by no longer undertaking the activity, program or service.

The objective of treating risks is to reduce the residual risk identified in the assessment to an acceptable level.

Monitoring and Review

Monitoring and review is:

"… to assure and improve the quality and effectiveness of process design implementation and outcomes."

The implementation of risk treatments is actively monitored until the new or improved controls are in place. Risk owners will be responsible for ensuring the controls are implemented in a timely manner and remain effective. When a new or improved control has been implemented the risk, owner is to review the control in practice over time to ensure it continues to be effective.

The City's monitoring, review and reporting process is outlined in the table below

Table 8: Monitoring, review and reporting process

Risk	Monitoring and Review	Reporting Escalation
Strategic	ELT will review the Strategic Risk Register on an annual basis as part of the Business Planning process. Annual strategic risk reporting will be provided to the ARMC. Quarterly strategic risk progress reporting will be introduced once strategic risks and risk appetite indicators are established.	Escalation of strategic risks will be reported in accordance with the Risk Evaluation process by the Risk Management Team

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Risk Management Framework

Risk	Monitoring and Review	Reporting Escalation
Operational	Branch Managers are responsible for reviewing their operational risks on an annual basis as part of the business planning process or when there is a change in circumstances and ensure that controls/treatment plans are on track with intended progress.	Escalation of operational risks will be reported in accordance with the Risk Evaluation process by the Risk Management Team
Project	The Project Manager is responsible in assessing the risks associated with the project.	Escalation of project risks will be reported in accordance with the Risk Evaluation process by the Risk Management Team
Safety	Branch Managers are responsible in ensuring safety hazards identified are addressed. Review of risks is conducted by the Work, Health and Safety Advisor in conjunction with Branch Managers.	Escalation of safety risks will be reported in accordance with 0003 Management Practice Incident Management Reporting and Investigation and 0004 Procedure Incident and Hazard Reporting and must be reported to the Work Health and Safety Advisor.
Contract	Branch Managers have the responsibility in ensuring that risk assessment is applied at the procurement-planning phase.	Escalation of contract risks will be reported in accordance with the Risk Evaluation process and must be reported to the Manager Business Services.

Recording and Reporting

Risk management process and its outcomes should be:

"… documented and reported through appropriate mechanisms."

Risk reporting is provided to the ELT and where applicable ARMC as per Table 5 Risk Acceptance Criteria, reporting provides an update on the management of risk and control.

Fraud, misconduct, integrity and business continuity risks will be reported to the ARMC on an annual basis (or as often as required) as per the applicable framework.

Progress report against the implementation of Risk Treatment Plans will be provided as part of the Quarterly Performance Reporting Process.

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Risk Management Framework

Appendix A

Table 3: Consequence

DESCRIPTION	PEOPLE	FINANCIAL LOSS	REPUTATION	SERVICE DELIVERY	ENVIRONMENT	GOVERNANCE AND COMPLIANCE
Insignificant **(1)**	• Reportable incident	• A financial loss / cost / revenue / penalty / variance of <$5,000	• Minor news / media impact, normal level of complaints, easily resolved issue; or • No impact on staff; or • No discernible impact on stakeholder confidence	• Temporary disruption / delays, easily cleared backlog • Impact managed through routine operations; or • Negligible interruption to support infrastructure; or • Negligible impact on the City's key objectives	• Transient impact on the environment.	• Minimal regulatory impact; or • Minor internal breach of policy or process requiring attention; or • Non - compliance with no subsequent reports; or • Improvement action
Minor **(2)**	• First aid injuries	• A financial loss / cost / revenue / penalty / variance of between $5,000 - $50,000	• One-off negative metro media coverage; or isolated customer complaints; or • 10-20% of media stories are negative for a period of up to 7 days; or • increase in staff turnover • 10-15% increase in turnover of full-time ongoing permanent employees for rolling 12-month period; or • Limited discernible impact on stakeholder confidence	• Some key services disrupted, minor setbacks that are easily remediated. • Additional management intervention to manage impact; or • Interruption to infrastructure; or • Minor impact on the City's key objectives	• Contained reversible damage using existing resources	• Minor regulatory breaches/non-compliance; or • Breach of policy, process requiring internal investigation; or • Disciplinary action; or • Significant Audit item reported to Minister
Moderate **(3)**	• Medical treatment injuries (MTI)	• A financial loss / cost / revenue / penalty / variance of between $50,000 - $150,000	• Substantiated issue, public embarrassment, manageable news / media profile; or • 20-50% of media stories are negative for a period of up to 7 days; or • 15%-20% increase in turnover of full-time ongoing permanent employees for rolling 12-month period; or • Publicly reported / acknowledged negative impact on stakeholder confidence	• Significant adjustment to resource allocation; or • Loss of support infrastructure; or • Moderate impact on the City's ability to meet key objectives; or • Some key deliverables delayed, some program delay / cancellation	• Clean-up required, additional resources may be required, external agency involvement	• Moderate regulatory beaches/noncompliance resulting inspection/reports; or • Report to CCC/PSC as meets reporting criteria, internal investigation
Significant **(4)**	• Lost time injuries (LTI)	• A financial loss / cost / revenue / penalty / variance of between $150,000 - $5,000,000	• Day to day disruption, local news / media profile, effort and expense required; or • Greater than 50% of media stories being negative for a period of up to 30 days; or • 20%-30% increase in turnover of full-time ongoing permanent employees for rolling 12-month period	• Impact cannot be managed with current resources; or • Long-term loss of support infrastructure; or • Major impact on the City's ability to achieve key strategic objectives.	• Uncontained, major but recoverable contamination, coordinated response from external agencies, significant resources required.	• Major regulatory breaches/non-compliance; or • City / City Officer receives a fine issued by a regulator; or • CCC oversight or investigation; or • Qualified audit opinion on Financial Statements; or • Fraud and Corruption (deemed serious misconduct)
Severe **(5)**	• Fatality; or • Permanent disability	• A financial loss / cost / revenue / penalty / variance of between >$5,000,000	• Widespread multiple / news / media profile, significant damage requiring external investigation and intervention; or • Greater than 50% of media stories being negative for a period of more than 30 days; or • >30% increase in turnover of full-time ongoing permanent employees for rolling 12-month period	• Impact cannot be managed with current resources; or • Ongoing loss of support infrastructure; or • City not able to achieve key objectives; or • Severe delays, cancellations, routine activities terminated, immediate intervention required.	• Uncontained, extensive contamination, potentially irreversible. External intervention and considerable resources required to manage	• Breach involving external investigation and / or third-party actions; or • An officer of the City facing criminal prosecution or the maximum level of fines able to be imposed by a Regulator on an individual; or • City receives an enforceable undertaking from the regulator; or • Breaches of conditions that have funding impacts on the city; or • CCC public enquiry into the City; or • Systemic fraud and corruption (deemed serious misconduct)

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Risk Management Framework

Table 5: Risk Matrix

DESCRIPTION	PEOPLE	FINANCIAL LOSS	REPUTATION	SERVICE DELIVERY	ENVIRONMENT	GOVERNANCE AND COMPLIANCE	Almost Certain (5)	Likely (4)	Possible (3)	Unlikely (2)	Rare (1)
			CONSEQUENCE				LIKELIHOOD				
Insignificant (1)	• Reportable incident	• A financial loss / cost / revenue / penalty / variance of <$5,000	• Minor news / media impact, normal level of complaints, easily resolved issue; or • No impact on staff; or • No discernible impact on stakeholder confidence	• Temporary disruption / delays, easily cleared backlog • Impact managed through routine operations; or • Negligible interruption to support infrastructure; or • Negligible impact on the City's key objectives	• Transient impact on the environment.	• Minimal regulatory impact; or • Minor internal breach of policy or process requiring attention; or • Non - compliance with no subsequent reports; or • Improvement action	5 Medium	4 Low	3 Low	2 Low	1 Low
Minor (2)	• First aid injuries	• A financial loss / cost / revenue / penalty / variance of between $5,000 - $50,000	• One-off negative metro media coverage; or isolated customer complaints; or • 10-20% of media stories are negative for a period of up to 7 days; or • increase in staff turnover • 10-15% increase in turnover of full-time ongoing permanent employees for rolling 12-month period; or • Limited discernible impact on stakeholder confidence	• Some key services disrupted, minor setbacks that are easily remediated. • Additional management intervention to manage impact; or • Interruption to infrastructure; or • Minor impact on the City's key objectives	• Contained reversible damage using existing resources	• Minor regulatory breaches/non-compliance; or • Breach of policy, process requiring internal investigation; or • Disciplinary action; or • Significant Audit item reported to Minister	10 High	8 Medium	6 Medium	4 Low	2 Low
Moderate (3)	• Medical treatment injuries (MTI)	• A financial loss / cost / revenue / penalty / variance of between $50,000 - $150,000	• Substantiated issue, public embarrassment, manageable news / media profile; or • 20-50% of media stories are negative for a period of up to 7 days; or • 15%-20% increase in turnover of full-time ongoing permanent employees for rolling 12-month period; or • Publicly reported / acknowledged negative impact on stakeholder confidence	• Significant adjustment to resource allocation; or • Loss of support infrastructure; or • Moderate impact on the City's ability to meet key objectives; or • Some key deliverables delayed, some program delay / cancellation	• Clean-up required, additional resources may be required, external agency involvement	• Moderate regulatory beaches/noncompliance resulting inspection/reports; or • Report to CCC/PSC as meets reporting criteria, internal investigation	15 High	12 High	9 Medium	6 Medium	3 Low
Significant (4)	• Lost time injuries (LTI)	• A financial loss / cost / revenue / penalty / variance of between $150,000 - $5,000,000	• Day to day disruption, local news / media profile, effort and expense required; or • Greater than 50% of media stories being negative for a period of up to 30 days; or • 20%-30% increase in turnover of full-time ongoing permanent employees for rolling 12-month period	• Impact cannot be managed with current resources; or • Long-term loss of support infrastructure; or • Major impact on the City's ability to achieve key strategic objectives.	• Uncontained, major but recoverable contamination, coordinated response from external agencies, significant resources required.	• Major regulatory breaches/non-compliance; or • City / City Officer receives a fine issued by a regulator; or • CCC oversight or investigation; or • Qualified audit opinion on Financial Statements; or • Fraud and Corruption (deemed serious misconduct)	20 Extreme	16 High	12 High	8 Medium	4 Low
Severe (5)	• Fatality; or • Permanent disability	• A financial loss / cost / revenue / penalty / variance of between >$5,000,000	• Widespread multiple news / media profile, significant damage requiring external investigation and intervention; or • Greater than 50% of media stories being negative for a period of more than 30 days; or • >30% increase in turnover of full-time ongoing permanent employees for rolling 12-month period	• Impact cannot be managed with current resources; or • Ongoing loss of support infrastructure; or • City not able to achieve key objectives; • Severe delays, cancellations, routine activities terminated, immediate intervention required.	• Uncontained, extensive contamination, potentially irreversible. External intervention and considerable resources required to manage	• Breach involving external investigation and / or third-party actions; or • An officer of the City facing criminal prosecution or the maximum level of fines able to be imposed by a Regulator on an individual; or • City receives an enforceable undertaking from the regulator; or • Breaches of conditions that have funding impacts on the city; or • CCC public enquiry into the City; or • Systemic fraud and corruption (deemed serious misconduct)	25 Extreme	20 Extreme	15 High	10 High	5 Low

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Risk Management Framework

Strategic Risk Appetite

KRA	Strategic Risk	Risk Appetite Statement	Risk Appetite

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7　Definitions

Consequence: The outcome of an event affecting organisational objectives.

Control: The measure that maintains and/or modifies a risk.

Inherent risk: Level of risk with no controls in place. Risks are initially analysed, considering the likelihood and the impact of the risk without considering the mitigating controls in place.

Likelihood: Chance of something happening.

Operational risk: Operational risks are risks that will prevent the Branch from delivering to their Business Plan objectives.

Residual risk: Level of risk with controls in place. The residual risk rating for a particular risk is based on its potential impact and the likelihood of the risk occurring considering the controls that are in place.

Risk: The effect of uncertainty on objectives. An effect is a deviation from the expected, and it can be positive, negative or both and can address, create or result in opportunities or threats.

Risk analysis: The process to comprehend the nature of risk and to determine the level of risk.

Risk assessment: The overall process of risk identification, analysis and evaluation.

Risk appetite: The amount of risk that an organisation is willing to pursue, retain or take.

Risk criteria: The reference to evaluate the significance of risk.

Risk evaluation: The process of comparing the results of the risk analysis with the risk criteria to determine whether additional action is required.

Risk identification: Recognising and defining the risks that might help or prevent an organisation from achieving its objectives

Risk owner: The person with the accountability and authority to manage the risk.

Risk profile: The description of any set of risks.

Risk treatment: Options for addressing risk.

Strategic risk: Risks that affect or are created by the City's business strategy and strategic outcome.

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8.5   **City of Bayswater Integrity Framework**

Responsible Branch:	Governance and Organisational Planning and Development
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Executive/Strategic
Voting Requirement:	Simple Majority
Attachments:	1. City of Bayswater Integrity Framework [**8.5.1** – 20 pages]

SUMMARY

In late 2019, the Public Sector Commission launched an integrity strategy model for Western Australian public authorities and encouraged the public sector to embrace and implement the strategy.

City officers have prepared a draft City of Bayswater Integrity Framework outlining the policies, mechanisms and responsibilities that will help the City to deliver our Strategic Community Plan 2021-2031 with a high level of honesty, objectivity, ethics and accountability.

The Integrity Framework is underpinned by the City's values and vision for the future.

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER'S RECOMMENDATION)

That Council endorses the City of Bayswater Integrity Framework.

Cr Filomena Piffaretti, Mayor Moved, Cr Catherine Erhardt, Deputy Mayor Seconded

                                              CARRIED UNANIMOUSLY: 5/0

For: ***Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Cr Catherine Ehrhardt, Deputy Mayor and Jillian Brazil.***

Against: *Nil.*

BACKGROUND

As part of the launch of an integrity strategy model for Western Australian public authorities, the Public Sector Commission (PSC) released a range of integrity framework resources for all public authorities. These comprehensive resources, including a template and guide, help authorities develop integrity frameworks, or evaluate and strengthen an existing framework.

Whilst local governments are not compelled to develop their own Integrity Framework the Commission recommends all public authorities consider developing and implementing one.

Using the templates provided by the PSC, the City of Bayswater Integrity Framework (Framework) has been developed. The intent of the Framework is to identify and coordinate the approach to promoting integrity and preventing misconduct, assisting oversight and informing stakeholders about the City's approach to integrity. Thereby assisting the City met our requirements under regulation 17 of the Local Government (Audit) Regulations 1996 (WA) which requires the CEO to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

(a) risk management; and

(b) internal control; and

(c) legislative compliance.

EXTERNAL CONSULTATION

The City has adopted the WA Government Integrity Strategy in developing the City of Bayswater Integrity Framework. The City recognises the work of the WA Government in developing and implementing the Integrity Strategy for WA Public Authorise 2020-2023. The City also consulted with the City of Joondalup. The City of Joondalup, worked with the Local Government Integrity Working Group (LGIWG) to develop their Integrity Framework and Action Plan. LGIWG and the City of Joondalup, hope that by sharing integrity-based information, documents and best practices, integrity within the sector will be enhanced.

OFFICER'S COMMENTS

The City of Bayswater Integrity Framework (Framework) **(Attachment 1)** is based on the Integrity Strategy for WA Public Authorities 2020-2023 and focuses on the following four key improvement areas with actions and controls to promote integrity and help prevent misconduct and corruption.

1.   Plan and act to improve integrity.

2.   Model and embody a culture of integrity.

3.   Learn and develop integrity knowledge and skills.

4.   Be accountable for integrity.

Integrity involves developing and maintaining a professional and respectful workplace. It involves ethical leadership, active management and supervision, the right people, effective processes and confident professional reporting.

Workplace integrity is about creating a workplace that fosters the development of high professional standards, and demonstrates the values of the organisation.

An ethical and professional workplace is the best safeguard against risks to integrity, including improper conduct, misconduct and corruption.

Therefore, the Framework must align to the City's Risk Management Framework, Fraud and Corruption activities and Code of Conduct (for Elected Members and Employees). Integrity actions and initiatives require a planned and coordinated approach together through the Governance and Organisational Planning and Development and People, Culture and Safety branches.

Supporting the implementation of the Framework, an Integrity Action Plan (Action Plan) will be developed. The Action Plan follows the PSC Integrity Framework Maturity Self-Assessment Tool. The assessment tool assists public authorities to evaluate their approaches to promoting integrity and reducing misconduct risks, as well as identifying any gaps in the current approaches that could be actioned/improved.

City staff will finalise the actions to take place and agree on action milestones. Once complete the Action Plan and ongoing implementation of actions will be reported to the Audit and Risk Management Committee.

LEGISLATIVE COMPLIANCE

The Public Sector Commissioner intends to instruct public sector bodies under the Public Sector Management Act 1994 to have an integrity framework in place by June 2023.

Regulation 17 Local Government (Audit) Regulations 1996 (WA)

RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the officer's recommendation has been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Low
Reputation	Low	Low
Governance	Low	Low
Community and Stakeholder	Moderate	Low
Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low
Conclusion	The City of Bayswater Integrity Framework will promote integrity and reduce misconduct risks.	

FINANCIAL IMPLICATIONS

The City of Bayswater Integrity Framework will be implemented within existing resource allocations. Future costs as part of the implementation of the Action Plan will be considered as part of the annual business planning process.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance
Goal L4:   Communicate in a clear and transparent way.
                Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

CONCLUSION

The City has a commitment to embed and improve integrity, and to ensure appropriate and effective systems and processes are established to meet the City's expectations to mitigate misconduct.

City of
Bayswater

Integrity Framework
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Acknowledgement

Ngalla City of Bayswater kaatanginy baalapa Noongar Boodja baaranginy, Wadjuk moort Noongar moort, boordiar's koora koora, boordiar's ye yay ba boordiar's boordawyn wah.

The City of Bayswater acknowledges the Traditional Custodians of the land, the Whadjuk people of the Noongar Nation, and pays its respects to elders past, present and emerging.

Document details

Document custodian:	Manager Governance and Organisational Planning and Development
Document author:	Coordinator Risk Management
Business unit:	Governance and Organisational Planning and Development
Directorate:	Office of the CEO
Affected business areas:	Internal and Council
ECM document set ID:	4399624

Revision history

Rev	Date	Description	Prepared by	Approved by
1	Dec 22	First Draft	Coordinator Risk Management	

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1   Introduction

The City of Bayswater (the City) delivers a wide variety of services, programs and facilities for its community and there is a rightful expectation that these are delivered and managed in an efficient and effective way.

As custodians of public funds and personal information, the City must establish and maintain the trust of its community in the use of those funds and information, to deliver an overall benefit for the entire community. This trust is established and maintained by ensuring those that work in the City (being elected members, employees, contractors, suppliers and volunteers) operate with integrity and behave in an ethical, transparent and accountable manner.

Integrity is a cornerstone of good governance and organisations that act with integrity, incidences and impacts of misconduct, fraud and corruption are not only minimised, but organisational benefits can be achieved such as improved productivity and efficiency; positive working relationships; and effective collaboration and engagement. The City's Integrity Framework (Framework) is aligned to the City's Strategic Community Plan (and specifically its theme and goal area of Leadership and Governance) and aims to guide the organisation in providing the highest level of integrity for its community. It also considers factors and conditions for implementation that influence within, and outside of, the City's operations. The City commits to ensuring all elected members, employees, contractors, suppliers and volunteers understand and operate within the Framework and that the elements contained within are continuously enhanced and reviewed so that integrity forms part of the City's day-to-day business, decision-making and operations.

Jeremy Edwards
Chief Executive Officer

2   Integrity Model

Defining Integrity

The Integrity Strategy for WA Public Authorities 2020-2023 published by the Public Sector Commission, provides the following:

"Integrity is a non-negotiable to assure Western Australians that public authorities act in the interest of the community each and every day through the decisions we make and the actions we take".

Integrity is important in ensuring the WA Government (including local government) is trusted and accountable for its actions. It is achieved by:

- Serving the public interest.

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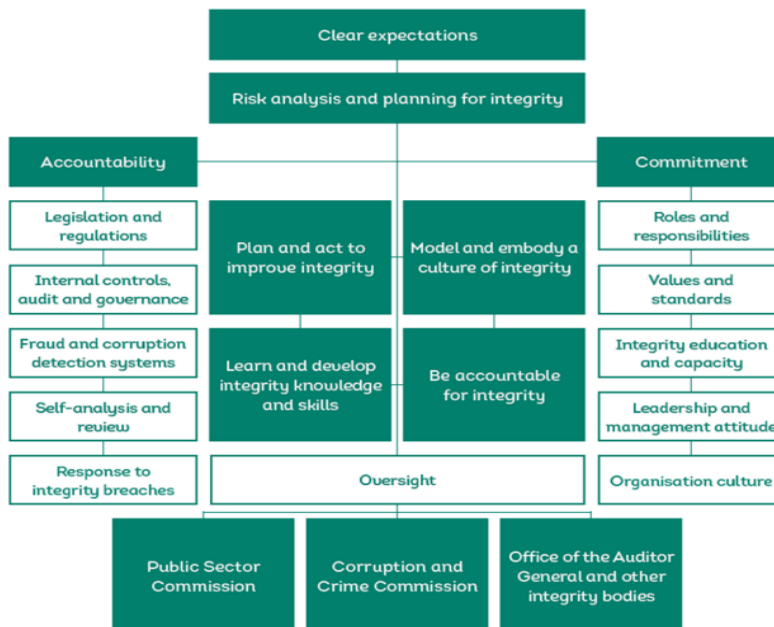Integrity Framework   DRAFT

- Using powers responsibly, for the purpose and in the manner for which they were intended.

- Acting with honesty and transparency, making reasoned decisions without bias by following fair and objective processes.

- Preventing and addressing improper conduct, disclosing facts without hiding or distorting them.

- Not allowing decisions or actions to be influenced by personal or private interests.

The City's primary values as included in section 4 define the minimum standards of conduct and integrity to be observed by the City of Bayswater elected members, employees, contractors and suppliers.

Integrity Model for the City of Bayswater

The Integrity Model for the City of Bayswater provides an integrated representation of the

City's Integrity Framework. Overall, City integrity is reliant on the two key ideologies of

Commitment and Accountability that must be exercised continually by all components of the

Organisation.

Figure 1 – City of Bayswater Integrity Model

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3   Plan and Act to Improve Integrity

The ability to plan and act to improve integrity is the foundation of the City's Integrity Framework. It is where the City identifies, develops and implements its approach to managing integrity based on identified risks.

Roles and Responsibilities

Every employee and elected member are responsible for integrity and has a role to play. The table below details specific roles and responsibilities.

Body or Position	Integrity Role
Council	1. Adopt and review the City's Integrity Framework 2. Approve the City's Code of Conduct 3. Designate a senior employee as complaints officer in accordance with section 5.120 of the Local Government Act 1995 (currently the Chief Executive Officer) 4. Receive reports from the Audit and Risk Management Committee in relation to integrity risks, audit activities and other integrity controls.
Audit and Risk Management Committee	1. Advise Council on all matter relating to the City's integrity risks. 2. Receive and review regular reports on integrity risk performances 3. Receive and review internal audits associated with integrity risks 4. Oversee the implementation of the City's Integrity Framework
Elected Members	1. Model leadership and conduct that align with the City's commitment to integrity.

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Body or Position	Integrity Role
Chief Executive Officer	1. Responsible for the implementation and enforcement of integrity policies for the City. 2. Drives a culture of integrity through the active demonstration of the City's values and by communicating the importance of meeting integrity standards. 3. Provides leadership in the prevention, detection and response to misconduct. 4. Notify the Corruption and Crime Commission (for major misconduct) or the Public Sector Commission (for minor misconduct) or any suspected incidences of misconduct as required by section 28 of *the Corruption and Crime Commission Act 2003*, including requirements relating to confidentiality. 5. Ensure the City complies with the *Public Interest Disclosure Act 2003*, including requirements relating to confidentiality. 6. Ensures the City complies with Division 9 of the *Local Government Act 1995* including requirements relating to confidentiality. 7. Provide reports and advice to the Audit and Risk Management Committee and Council on integrity matters.
Directors	1. Demonstrate commitment to integrity through the active demonstration of City values and by building an accountable workplace culture. 2. Reinforce the requirement for integrity by employees and ensure that there are mechanisms in place to: • Identify and assess integrity risks.

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Body or Position	Integrity Role
	• Proactively identity and communicate branch specific risks. • Promote employee awareness of integrity. • Endure that report of misconduct are dealt with appropriately. • Actively participate in integrity reporting at Leadership meetings. 3. Ensure confidentially is maintained in all investigations and any findings that are made.
Director Corporate and Strategy	1. Notify the Corruption and Crime Commission (for major misconduct) or the Public Sector Commission (for minor misconduct) or any suspected incidences of misconduct by the CEO, as required by section 28 of *the Corruption and Crime Commission Act 2003*, including requirements relating to confidentiality.
Governance & OPD Branch	1. Oversee the development and review of the Integrity Framework. 2. Manage strategic and operational risk registers that include integrity risks. 3. Promote a culture of integrity through collaboration, training and other activities. 4. Conduct activities that promote integrity awareness. 5. Manage the investigation of all reports of misconduct relating to Elected Members 6. Ensure confidentiality is maintained in all investigations and any findings that are made.

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Body or Position	Integrity Role
Internal Audit	1. Plan and conduct audits that address integrity risks. 2. Receive reports of alleged misconduct. 3. Report in writing any suspected fraudulent activities or corrupt practices identified during an internal audit to the Chief Executive Officer. 4. Monitor and report on the status of implementation of management action to address audit findings. 5. Ensure confidentiality is maintained in all investigations and any findings that are made.
People, Culture and Safety Branch	1. Ensure appropriate training on Code of Conduct. 2. Ensure compliance with legislative provisions, policies and procedures related to integrity matters 3. Deliver ethical training and awareness to employees, volunteers and contractors. 4. Manage the investigation of all reports of misconduct relating to employees. 5. Ensure confidentiality is maintained in all investigations and any findings that are made. 6. Ensure that appropriate disciplinary action is taken when there is evidence of misconduct in accordance with the City's policies and procedures. 7. Ensure that appropriate pre-employment screening is carried out for new employees and existing employees who are promoted to positions of trust.
Branch Managers and Principals	1. Demonstrate commitment to integrity through active demonstration of City values and by building an accountable workplace culture.

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Body or Position	Integrity Role
	2. Commit to follow a robust and unbiased recruitment and selection process and only to recruit and engage individuals who are closely aligned with our City values.
	3. Report any suspected act of misconduct in accordance with the City's misconduct reporting process.
	4. Ensure specific behaviours relating to integrity are addressed in the annual performance review.
	5. Ensure all employees complete the Code of Conduct training.
	6. Ensure that all employees are aware of the City's policies and procedures and understand their responsibilities.
	7. Implement controls to minimise actions of misconduct and integrate integrity risks management into all aspects other the service functions.
	8. Ensure confidentiality is maintained in all investigations and any findings that are made.
All Employees	1. Ensure an awareness and understanding of City Integrity Framework and the employee's role within the framework.
	2. Abide by the Integrity Framework and any misconduct controls.
	3. Actively support and contribute towards any integrity risk management initiatives.
	4. Report any instances of misconduct through the City's reporting processes.
	5. Ensure awareness, understanding and support of all City policies, management practices and procedures relevant to their role.

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Body or Position	Integrity Role
	6. Ensure confidentiality is maintained in all investigations and any findings that are made.

Legislative and Regulations

The Local Government Act 1995 is the key legislative instrument which provides the City of Bayswater the power to make policies, plans and strategies, and local laws, which are generally used to establish and maintain the quality of life and amenity in keeping with community expectations.

The City's legislative, policy and planning instruments are available on the City's website.

The City is also responsible for administering a number of State and Commonwealth Acts and regulations.

The City also has obligations under State legislation to report matters related to integrity including, but not limited to:

- Corruption, Crime and Misconduct Act 2003.

- Financial Management Act 2006.

- State Records Act 2000.

- Industrial Relations Act 1979.

Risk Analysis and Planning for Integrity

Risk Management Policy and Framework

The City's Risk Management Policy describes the commitment to understanding and managing the City's risk environment, fostering a positive risk culture and taking measures to ensure risks are contained to acceptable levels.

The policy and framework are aligned with the Australian Standard/International Organisation for Standardisation (AS/NZS ISO) *31000:2018 Risk management – guidelines.*

The City's Risk Management Framework supports and expands on the Risk Management Policy. The Framework provides the guidance to integrate risk management into activities and functions performed by the City.

Internal Controls, Audit and Governance

Policies, Protocols, Procedures and Processes

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Integrity Framework   DRAFT

To ensure policies, protocols, procedures and processes are current, the City's policies, procedures and processes assign responsible Directorates and review dates. The City's Policy Register is available on the City's website. Business critical processes and procedures are documented in the internal process documentation system Promapp.

Controls relating to integrity risks include but are not limited to:

Instrument	Control Owner
Code of Conduct Employees Elected Members	People, Culture and Safety Governance & OPD
Delegations	Governance & OPD
Fraud and Corruption Control Plan	Governance & OPD
Declaring and managing conflicts of interest	Governance & OPD
Offer, acceptance and provision of gifts, benefits and hospitality	Governance & OPD
Managing official and/or confidential information	Business Services
Recordkeeping plan	Business Services
Discipline and investigations	People, Culture and Safety
Integrity risk management (e.g. risk management policy and procedures, strategic and operational risk registers, internal audit charter)	Governance & OPD
Human resource management (e.g. recruitment and selection policy, secondary employment policy, employee integrity/screening policy, leave management policy)	People, Culture and Safety

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Integrity Framework   DRAFT

Instrument	Control Owner
Financial management	Financial Services
(e.g. financial management manual, use of purchasing cards policy, procurement policy)	Business Services
Information and communications technology management	Information Services
(e.g. acceptable use of IT equipment policy, cyber security policy)	

Audit

The internal audit functions are maintained in line with the *Local Government Act 1995*, *Local Government (Audit) Regulations 1996* and *Local Government (Financial Management) Regulations 1996*. These functions are described in the City's Audit and Risk Management Committee Charter.

The internal audit function helps maintain and improve organisational effectiveness by providing risk-based and independent assurance advice to the Chief Executive Officer and Audit and Risk Management Committee.

The internal audit function also assists the Chief Executive Officer achieve business objectives by systematically collecting and reporting information through the Audit and Risk Management Committee. This includes risk exposure and management, internal controls, compliance, and organisation performance.

The internal audit function also ensures the appointment of external auditors to undertake reviews of risk management, internal control and legislative compliance.

A risk-based internal audit plan is prepared annually by the internal audit function. The plan sets audit topics and identifies resources required for the year in alignment with the City's objectives and key risks. It is presented to the Audit and Risk Management Committee. The Chief Executive Officer may vary the plan and change priorities.

The Committee provides advice to the Council on the effectiveness of the risk management and governance frameworks, and external accountability obligations.

The Committee has two independent members.

Governance Framework

The City's Governance Framework has been prepared to ensure our compliance with all relevant legislation, including the *Local Government Act 1995.*

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Integrity Framework   DRAFT

The Governance Framework:

- provides clear guidelines for the roles of the Council, Chief Executive Officer, and employees and ensures that all responsibilities are properly allocated and discharged by those accountable;

- develops a culture of best practice in relation to governance processes;

- enables processes throughout the City by setting guidelines; and

- provides an induction tool for new employees.

Fraud and corruption detection systems

The City's Fraud and Corruption Control Policy objective is to communicate the City's zero tolerance approach and response actions to fraudulent and corrupt conduct within the performance of its functions and interactions with contractors and suppliers, the community and all other stakeholders of the City.

The Policy establishes the City's approach to preventing, detecting and responding to reports of suspected fraud, corruption and misconduct.

The Fraud and Corruption Control Plan outlines the systems and activities the City has in place for detecting fraud, corruption, integrity breaches and other errors and irregularities.

4   Model and Embody a Culture of Integrity

Values and Culture

The City's values are guiding principles to help us choose how we work every day. They help us select the right way of working and support us in making sound decisions.

Values set the tone for our City's culture and when aligned with the standards in the Code of Conduct ensures we act ethically and with integrity. We all need to make sure our actions always reflect our values.

The City's values are:

Accountability - We do what we say we will do, the right way and on time. Working together we take responsibility and pride in delivering quality service in an efficient way.

Excellence - We are a 'can do' organisation where we are responsive, efficient, professional, friendly and positive, continually striving for service excellence.

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Integrity Framework   DRAFT

Respect - We respect and care, promoting a positive, safe and inclusive workplace where

people contribute and feel part of team, valued, listened to and acknowledged.

I**nnovation** - We challenge the status quo through embracing change and thinking outside the

box to broaden our horizons.

Integrity is supported when elected members and employees model the City's values.

A positive culture promotes openness and honesty, makes accountability and responsibility clear and encourages debate on important issues. It is also more likely that the organisation will retain high calibre employees who want to work and participate in the activities of the City.

The City fosters and cultivates a culture of integrity through:

- Encouraging an open culture where ethical dilemmas, public integrity concerns, and errors can be discussed freely, and, where appropriate, with employee representatives, and where leadership is responsive and committed to providing timely advice and resolving relevant issues.

- Providing clear rules and procedures for reporting suspected breaches of conduct standards, and ensure, in accordance with fundamental principles of procedural fairness, protection against all types of unjustified treatments as a result of reporting misconduct and integrity violations, in good faith and on reasonable grounds.

- Providing alternative channels for reporting suspected breaches of conduct standards, including when appropriate the possibility of confidentially reporting to a body with the mandate and capacity to conduct an independent investigation.

- Communicating the City's Codes of Conduct (at pre-employment and during employment) and Public Interest Disclosures processes.

- Undertaking Employee Surveys to determine perceptions of observance to values and standards of integrity.

- Publishing registers on the City's website for public inspection in accordance with the *Local Government Act 1995*. These include, but are not limited to the Gifts Register, Minor Breaches Register, Complaints Register, Declarations of Interest Register and Electoral Gifts Register.

Leadership and Management Attitude

From the perspective of integrity, there is a continuing need to give life to the City's primary values and standards of behaviour; to create an environment that supports ethically sound

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Integrity Framework   DRAFT

behaviour and decision-making; and to instil a sense of shared integrity responsibility and accountability among elected members and employees. Ineffective oversight by formal and informal leaders, especially when coupled with weaknesses in other internal integrity systems and controls, presents real integrity risks for any public authority.

A "do it right" climate must be created and continually reinforced and communicated from the highest level of the organisation, being elected members and the City's Leadership Team (the Chief Executive Officer, Directors and Branch Managers). In turn, all other leaders in the City (formal and informal) must also demonstrate and reflect the highest standards of integrity for other employees to follow.

Effective leadership and supervision can have a significant impact on the performance and integrity of teams and help to detect and prevent misconduct at the City.

Matters related to integrity should be continually promoted and discussed at regular meetings between leaders and employees so that ethical standards of behaviour can not only be reinforced, but also for integrity issues or concerns to be highlighted so that clarification or any further educational instruments or processes can be investigated and implemented.

5   Learn and Develop Integrity Knowledge and Skills

Integrity Education and Capacity

Integrity education and capacity equips officers with the knowledge and tools to behave with integrity in every interaction and relationship in the workplace and outside of it.

The table below provides the City's integrity education and training plan.

Audience	Message	Mechanism
Job applicants	Vision and values Code of conduct Integrity expectations	In job descriptions Applicant packs Website/jobs board materials
New starters (including temporary staff, volunteers and contractors)	Vision and values Code of conduct Policies and procedures Reporting pathways	Induction Litmos training May require acknowledgement of code and policies
All employees	How to manage complaints How to have difficult conversations	In-house training, may from time to time be run by external service providers

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Integrity Framework   DRAFT

Audience	Message	Mechanism
	How to recognise red flags	
	PID awareness	
	Risk awareness	
Elected members	Code of conduct	Induction
	Policies and procedures	In-house training, may from time to time be run by external service providers
	Reporting pathways	

6   Be Accountable for Integrity

Response to Integrity Breaches

To protect integrity and build public trust, authorities must deal with, and appropriately respond to, behaviour that does not align with expectations and standards.

The City does not tolerate corrupt or other improper conduct, including mismanagement of public resources, in the exercise of the public functions of the City, by its elected members and employees, contractors, suppliers or volunteers. In view of this it actively promotes and supports disclosures being made by elected members, employees and members of the public, as to corrupt or other improper conduct that is happening or may happen.

The City will take all reasonable steps to provide protection to elected members, employees, contractors, suppliers and volunteers who make disclosures from any detrimental action in reprisal for the making of a disclosure or misconduct report and also does not tolerate any of its elected members or employees engaging in acts of victimisation or reprisal against those who make a disclosure.

The City's Codes of Conduct contain principles and minimum requirements to ensure compliance with relevant legislation and standards. In addressing matters, the City may take investigative and disciplinary action in line with relevant City policies.

Where complaints against elected members, committee members or candidates are upheld they will be included in the City's Complaints Registers, available on the City's website. The Chief Executive Officer has a statutory obligation to notify the Public Sector Commission and Department of Local Government, Sport and Cultural Industries (minor misconduct), Corruption and Crime Commission (serious misconduct) and Western Australia Police (criminal conduct).

Where relevant, any reports and discipline processes are used as opportunities to improve practices and strengthen controls.

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Self-assessment and Review

The City will self-assess and review the framework on a biennial basis examining ways to

continuously improve it by:

- Making judgements informed by data and evidence about what is currently working and what is not.

- Identifying gaps between the current and desired future state.

- Deciding the best way to address any gaps and get to the desired future state based on operating context, risks and resourcing.

- Development of an Integrity Action Plan.

The City also uses available tools (e.g. Integrity Snapshot Tool, Integrity and Conduct Annual

Collection, Integrity in Financial Management Self-Assessment Checklist, Compliance

Program, Local Government and Public Sector Inquiry Reports and the like) to assess what is

currently in place and the maturity of its approach to integrity.

7   Oversight

Oversight agencies and their particular role relevant to local government:

The Department of Local Government, Sport and Cultural Industries aims to help to improve the capacity of local governments to respond to community demands and expectations, and improve levels of accountability and legislative compliance.

Ombudsman WA is an impartial and independent agency that receives, investigates and resolves complaints about State Government agencies, local governments and universities, and undertakes major investigations with all the powers of a standing Royal Commission.

Corruption and Crime Commission assesses, investigates and exposes serious misconduct in the Western Australian public sector; as well as encouraging public sector agencies to implement practices that minimise their risk of serious misconduct. Public Sector Commission works to promote and maintain integrity, conduct and ethics in the Western Australian public sector; as well as assessing minor misconduct.

Office of the Auditor General supports accountability and continuous improvement in the public sector through an informed Parliament and community. Its mission is to serve the public interest through independent auditing and reporting on State and local government finances and performance.

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Integrity Framework   DRAFT

Framework oversight - The Chief Executive Officer, with the support of the Executive Leadership Team, is responsible for oversight of the Integrity Framework. The following processes are in place to provide the Council and Chief Executive Officer with assurance that the approach to practicing, managing and accounting for integrity is sound, and the framework is working as intended:

- Integrity matters included in the Executive Leadership Team agenda as required.

- Regular reporting to the Executive Leadership Team:

    o Regular review of the conflicts of interest, secondary employment, and gifts and benefits register.

    o Regular reporting on the staff development and training plan as it relates to integrity matters.

    o Progress reporting from internal audit provided to ensure audit corrective actions are implemented.

    o Progress reporting on risk management matters as they relate to integrity.

- Council/Audit and Risk Management Committee:

    o Annual Compliance Audit Return.

    o Regular reporting on internal audit coverage and annual work program.

    o Regular reporting on identifying and management of misconduct and integrity matters affecting the City or local government sector.

    o Policy documents as they relate to integrity matters.

    o Monitors the effectiveness of the City's Risk Management Framework including integrity risks.

    o Three yearly reviews of the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal controls and legislative compliance and report to the Council the results of those reviews.

    o Three yearly reviews of the appropriateness and effectiveness of the City's financial management systems and procedures of the City and report to the Council the results of those reviews.

8   Relevant City of Bayswater Documents

The following key City of Bayswater documents are relevant to the Integrity Framework:

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Integrity Framework   DRAFT

- Strategic Community Plan

- Governance Framework

- Code of Conduct – Elected Members

- Code of Conduct for Employees

- Risk Management Framework

- Audit and Risk Committee Terms of Reference and Charter

- Public Registers

- Risk Management Policy

- Fraud Corruption and Misconduct Control Policy

- Elections Caretaker Policy

- Attendance at Events Policy

- Customer Service Charter

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8.6 **Quarterly Performance Review - Audit - Qtr. 2 - 2022/23**

Responsible Branch:	Governance and Organisational Planning and Development
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Executive/Strategic
Voting Requirement:	Simple Majority
Attachments:	1. Audit Function Dashboard – Quarter 2. 2022/23 [**8.6.1** – 3 pages] 2. Audit Register – Overdue/Complete - Quarter 2. 2022/23 [**8.6.2** – 6 pages]

Confidential Attachment(s) in accordance with Section 5.23(2) of the Local Government Act 1995 (WA):

(f) *a matter that if disclosed, could be reasonably expected to —*

(ii) *endanger the security of the local government's property;*

SUMMARY

The Quarterly Performance Review – Quarter 2 (Oct – Dec) – Audit provides an update to the Audit and Risk Management Committee (ARMC) progress in implementing the annual internal audit program and the implementation of agreed internal and external audit recommendations.

Quarter 2 reporting period opened with 81 actions and closed with 84 actions.

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER'S RECOMMENDATION)

That Council receives the confidential attachments Audit Function Dashboard – Quarter 2. 2022/23 and Audit Register by Exception.

Cr Josh Eveson Moved, Jillian Brazil Seconded

CARRIED UNANIMOUSLY: 5/0

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Cr Catherine Ehrhardt, Deputy Mayor and Jillian Brazil.*

Against: *Nil.*

BACKGROUND

The Quarterly Performance Report – Audit provides an update to the ARMC on audits completed, progress in implementing the annual internal audit program and the implementation of agreed internal and external audit recommendations.

This report is supported by the Audit Function Dashboard – Quarter 2. 2022/23 **(Attachment 1)** and the Audit Register – Overdue/Complete - Quarter 2. 2022/23 **(Attachment 2)**. The dashboard provides a high-level snap shot of key information relating to all audit actions. The detailed Audit Register presents actions by exception only, these are actions that are overdue and/or complete this quarter. The Audit Register provides further details on the implementation of agreed internal and external audit observations.

EXTERNAL CONSULTATION

Consultation has occurred with the City's outsourced Internal Auditors – William Buck.

OFFICER'S COMMENTS

Annual Internal Audit Program

The approved Annual Internal Audit Program 2022/23 includes the following three audits:

- Customer Complaint Handling, Escalation and Resolution
- Compliance Audit Return Review
- Regulation 17 Review

The Compliance Audit Return review is complete. The outcomes of this audit are presented as part of this agenda. The Regulation 17 review is scheduled to commence April 2023.

Audit Register

Management agreed actions to address auditor observations are recorded in the City's Audit Register. On a quarterly basis management provide progress updates on the status of implementation of agreed actions.

Quarter 2 reporting period opened with 81 actions, 7 actions closed and 10 actions were added, closing the period with 84 open actions.

Status	No.
Period Open	81
Actions Added	10
Actions Complete	7
Period Close	**84**

Ten new actions have been added to the Audit Register from previously completed audits as follows:

- Customer Complaint Handling, Escalation and Resolution (3 actions)
- Audit Log Review - Re-opened actions (7 actions)

Of the 84 open actions, 33 are not yet due and 51 are overdue. One overdue action is rated as Extreme and 15 are rated as High.

Audit Name	Original Actions	Previously Closed	Closed this Period	Open	Overdue	Not Yet Due
City Property Leasing	-	-	0	6	3	3
Corporate Record Keeping & Performance Reporting	-	-	0	4	4	0
Finance	-	-	1	10	5	5
Financial Sustainability	-	-	2	19	19	0
Regulation 17 Review	-	-	0	5	4	1
Tender Evaluation & Procurement	-	-	1	14	12	2
Payroll Reconciliation	-	-	1	2	0	2
OAG IS 2020	-	-	0	3	3	0
OAG Financial 2020	-	-	0	1	0	1
2022/23 Audit Reporting						

Swimming Pool Inspections	13	12	0	1	1	0
Customer Services Complaints/Compliments	3	0	0	3	0	3
OAG IS 2021	17	5	1	11	0	11
OAG Financial 2021	7	1	1	5	0	5
Total	**40**	**18**	**7**	**84**	**51**	**33**

Overdue actions have increased this quarter, from 46 Qtr. 1 to 51 Qtr. 2. For fourteen actions management have requested amended due dates. Management have advised whilst amended due dates are requested, significant progress has been made in implementing the actions.

	Qtr. 4	Qtr. 1	Qtr. 2
Number of overdue actions	45	46	51

Seven (7) actions were completed by management this quarter.

	Qtr. 4	Qtr. 1	Qtr. 2
Number of complete actions	36	20	7

Overdue and completed management action progress comment detail is provided in the Audit Register, the register presenting actions by exception only, these are actions that are overdue and/or complete this quarter. All actions open and not yet due are reported and monitored by the Executive Leadership Team.

LEGISLATIVE COMPLIANCE

Local Government Act 1995 Section 7.1A - A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.

RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the officer's recommendation has been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Moderate
Reputation	Low	Low
Governance	Low	Low
Community and Stakeholder	Moderate	Moderate
Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low
Conclusion	Receiving updates on the City's Audit Log Register reduces the City's risk exposure by providing Council with up-to-date information about the City's progress against agreed actions.	

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance
Goal L2:   Plan and deliver projects and services in a sustainable way.
   Work together to deliver the best outcomes for the community by managing our resources in a financially sustainable way.

CONCLUSION

Actions arising from the City's internal and external audits are recorded and monitored within the City's Audit Log Register. Progress on the implementation of actions is reported on a quarterly basis to the Audit and Risk Management Committee.

Audit Function Dashboard – All Actions – Quarter 2.

Status of Actions by Quarter
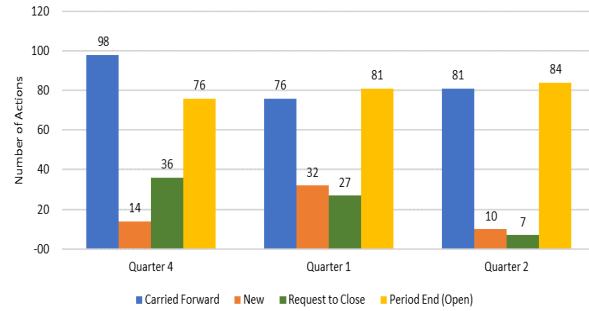
Quarter 2 opened with 81 actions, 10 new actions were added, 7 actions closed. Closing the period with 84 open actions.

Status of Actions Qtr. 2 (91)

- Not Yet Due (not reported)
- Overdue (reported)
- Complete (reported)
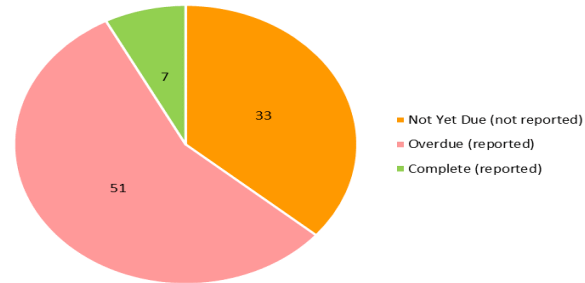
91 actions were managed during Qtr. 2 reporting. Management *closed* 7 actions this quarter, leaving 84 actions open, open actions are made up of Overdue and Not Yet Due actions. 51 actions are *Overdue* and 33 actions *Not Yet Due*.

Open Actions by Risk Rating (84)
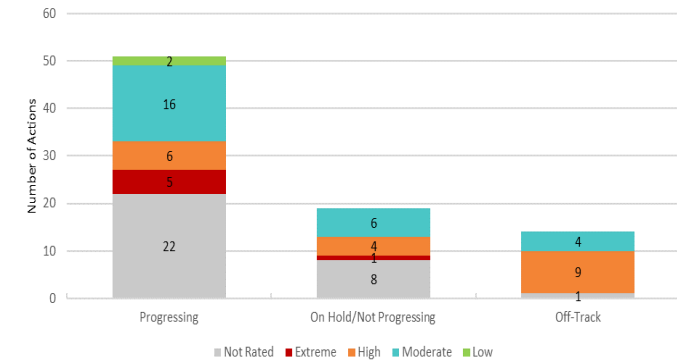
Open Actions by Type (84)
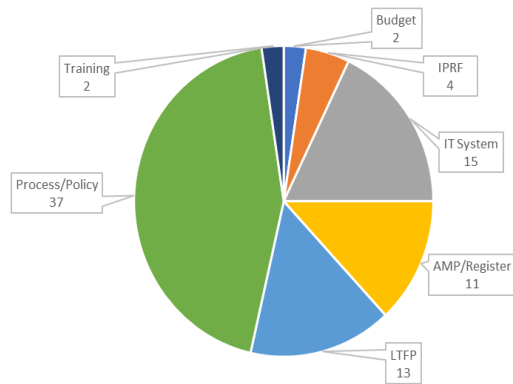
Open Action Status by Branch (84)

Page 134
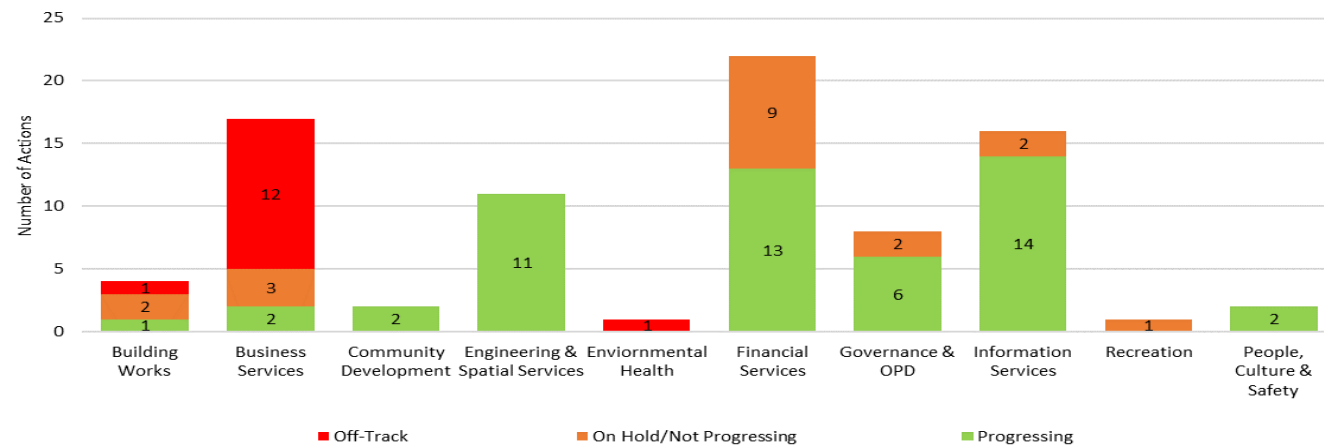
Audit Function Dashboard – Not Yet Due – Quarter 2.

Status of Actions Not Yet Due (33)
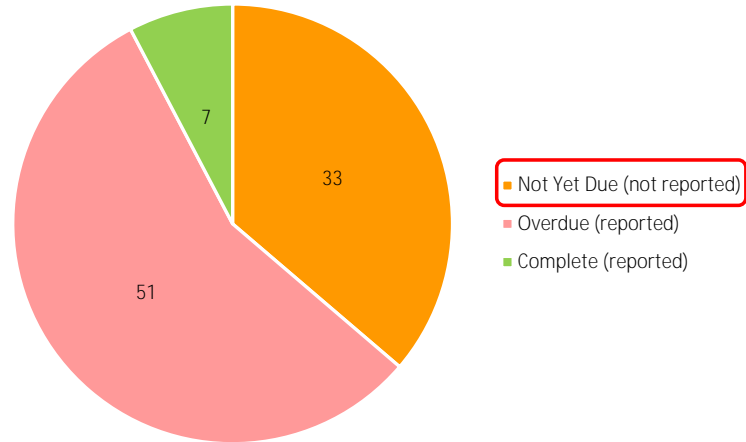
There are 33 actions Not Yet Due at the end of Quarter 2 reporting. As depicted in the graphs, most actions are progressing as intended with no actions flagged as off-track. The action rated as 'extreme' and flagged as 'on-hold/not progressing' relates to aged care divestment project. Management is monitoring this action.

Implementation of actions Not Yet Due reported and monitored to the Executive Leadership Team.

Not Yet Due Actions by Branch (33)
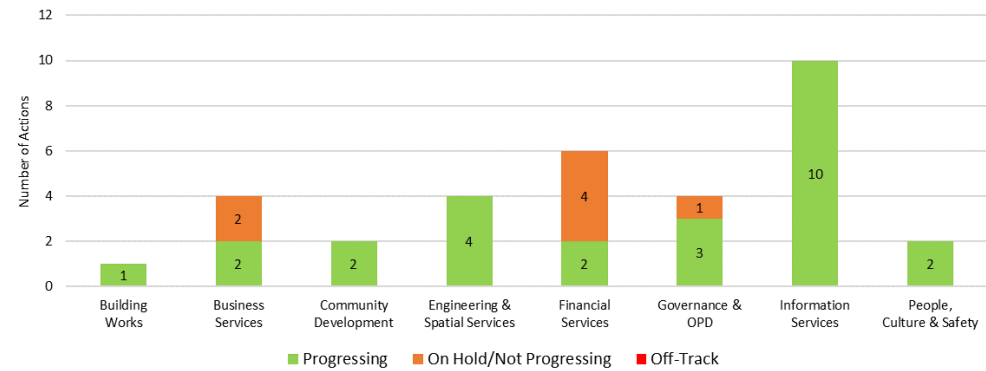
Audit Function Dashboard – Exception – Quarter 2.

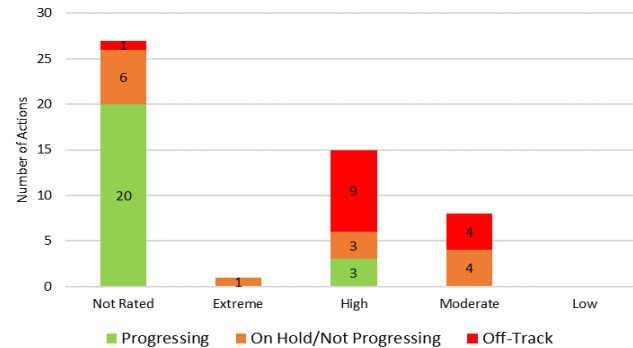There are 51 actions overdue at the end of Quarter 2 reporting.

Seven (7) actions have been marked as complete this quarter. Details on actions by exception (overdue and complete) is provided in Attachment 2 – Audit Register.
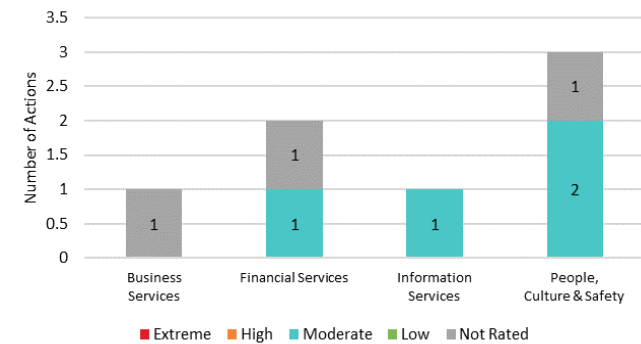

Overdue Actions (days) by Branch (51)
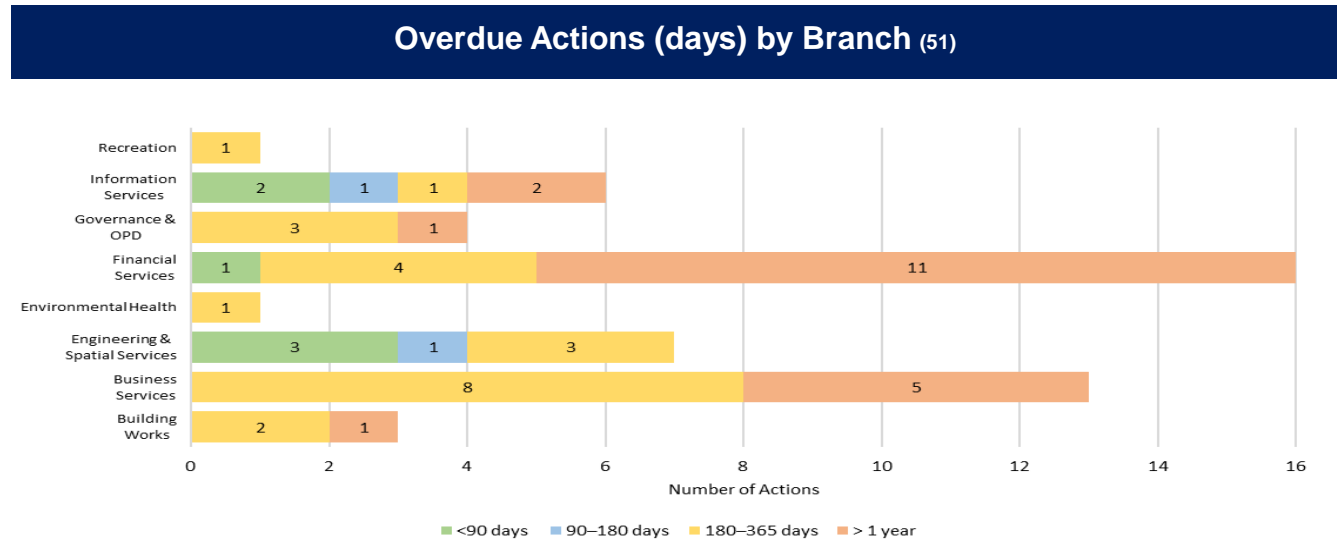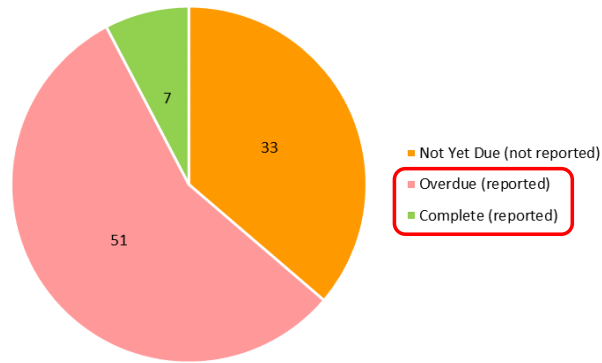
Overdue Actions (days) by Risk Rating (51)
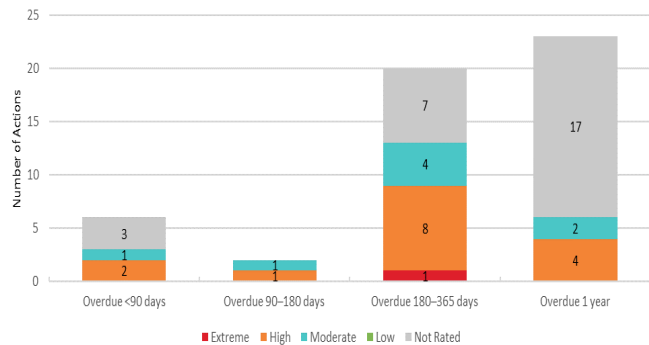
Status of Overdue Actions (51)

Complete Actions by Branch (7)

Audit Register - Overdue/Complete - Quarter 2 (Oct-Dec) 2022/23

Progressing   ●
On-Hold/Not Progressing as Intended   ●
Off-Track   ●

Audit Name	Parent Action	Rating	Issue Type	Issue Title	Audit Finding/Recommendation	Management Action	Branch	Approved start date	Due Date	Amended Due Date	Status	Progress Comment	% Complete	Days Overdue
INTERNAL AUDITS														
City Property Leasing	IA05.17	High	Process	Documented procedures to review, approve and evaluate peppercorn leases against objective criteria	End to end procedures for assessment of applications furnished for peppercorn leases should be documented and get approved.	**Agreed Action:** Review and detail the existing EOI process including: - Advertising procedures - Ensure all relevant parties are reached - Update what information is provided - Details on leasing categories - What information is requested.	Building Works	13-Apr-2021	30-Sep-2021	31/12/2022 30/06/2023	●	No further progress on this particular action as review of the lease management practice is yet to be completed.	80%	457
City Property Leasing	IA05.12	High	Process	Insurance Procedures	It is recommended that procedures for insurance arrangement by the lessees should be documented and approved. The procedures should include following up the lessees on the compliance of insurance conditions, periodical review and assessment of the nature, amount and type of insurances required. Further, the procedures should also include follow up for the renewals, escalation report internally and linking the non-compliances to the property rating system.	**Agreed Action:** Develop a management practice which details the process for insurance policies including lists of all insurances required, escalation procedures and impacts of non-compliance (may involve a review of delegation)	Building Works	13-Apr-2021	01-Jul-2022	30-Jun-2023	●	No further progress on this particular action as review of the lease management practice is yet to be completed.	70%	183
City Property Leasing	IA05.14	High	Process	Process for determination of the fair market value of the rental	Process for the determination of fair market value of rentals should be documented to provide uniform and explicit guidance for the process, roles and responsibilities, triggers necessitating rental reviews, panel of valuators to be used, approvals of the valuations, timely revision of rentals and implementation of revision in line with the covenants of the lease agreements	**Agreed Action:** Develop a process for determining the fair market value (suggested that it be included in the property management framework) and is to include the process for new lease valuations and process for rent review valuations.	Building Works	13-Apr-2021	30-May-2022	30-Jun-2023	●	No further action on this action as review of the lease management practice is yet to take place.	20%	215
Corporate Record Keeping and Performance Reporting	IA01.03	Not Rated	AMP	Asset Management Plans	Tasks and targets in the Asset Management Plan need to be reviewed and updated, after which they should be monitored and reported against more rigorously.	Tasks and Targets considered within draft (Asset Plan – Transport, Recreation, Property). Once documentation is endorsed these plans will inform annual budgets and set programs for work. A reporting and review component is included in the draft plan.	Engineering & Spatial Services	01-Nov-2018	31-Dec-2020	31/12/2022 31/12/2022	●	Transport & Recreation: Desktop review to be completed once valuation audits are finalised in February. Current format does not include 10 year programs and additional work will be required. Property: Information audit and condition survey underway. Desktop review to be done in February. Significant work will be required to prepare a 10 year works program, but discussion has started. Supporting Finance with building revaluation information preparation. AM Plan Desk top review can be completed by 30 Sept 23. Works programs will not be complete by Assets team in time for budget and LTFP. Fleet and equipment and ICT AM Plans are not done by Assets Team, but are progressing.	33%	730
Corporate Record Keeping and Performance Reporting	IA01.03	Not Rated	AMP	Asset Management Plans	Asset consumption, sustainability and renewal ratios should all be reported in the updated asset documents.	Tasks and Targets considered within draft (Asset Plan – Plant and Equipment). Once documentation is endorsed these plans will inform annual budgets and set programs for work. A reporting and review component is included in the draft plan.	Engineering & Spatial Services	01-Nov-2018	31-Dec-2020	31/12/2022 31/12/2023	●	Assets team can report on Transport and Recreation asset's Asset Consumption ratio once valuation audit has been completed in February. Current AMPs calculate required renewal as annual depreciation due to no project level 10 yr. renewal programs. Asset team also does not track actual/planned renewal expenditure by asset class. Asset renewal funding ratio and asset sustainability ratio relies on these figures. The same applies for Buildings with the exception it still does not have a mature asset system to support annual depreciation. Fleet and equipment and ICT AM Plans are not done by Assets Team, but the above will also apply to them.	33%	730
Corporate Record Keeping and Performance Reporting	IA01.03	Not Rated	AMP	Asset Management Plans	a. Tasks and targets in the Asset Management Plan need to be reviewed and updated, after which they should be monitored and reported against more rigorously. b. All asset planning documents need to be revised, updated and regularly reviewed.	**Agreed Action:** Develop ICT Asset Management Plan and develop process to feed into budget process	Information Services	01-Nov-2018	31-Dec-2020	31/12/2022 31/03/2023	●	An audit of the City's IT infrastructure assets was initiated to inform purchasing/leasing strategies and the ICT Management Plan	60%	730
Corporate Record Keeping and Performance Reporting	IA01.03	Not Rated	AMP	Asset Management Plans	All asset planning documents need to be revised, updated and regularly reviewed.	The draft 2019 Asset Management Strategy has been modelled on IPWEA standards and will replace the 2013 Asset Management Plan. The Asset Management Strategy was addressed in a workshop to Council in February 2019 which introduced the purpose and methodology behind the strategy, outlining the City's assets, current replacement and depreciation costs and focus areas for the plan (this action: Plant and Equipment). Following on from the workshop the Asset Management Policy	Engineering & Spatial Services	01-Nov-2018	31-Dec-2020	31/12/2022 31/12/2023	●	Schedule for document review will be prepared for March 2023. Asset Management Policy to be reviewed in 23/24.	33%	730
Finance	IA01.02	High	AMP	Approval and implementation of asset management plans needed	i. Draft asset management plans should be approved and the City should ensure compliance with the asset management policy. ii. The City should also consider to prepare, approve and implement asset management plans for Plant and Equipment and Information Communication and Technology.	Council adopted an overall asset management strategy on 25/5/2021. Asset management plans for each class of asset (transport, recreation and property) have been developed and are reviewed annually. The plant and equipment and ICT asset plans are also part of the strategy but are currently in development.	Engineering & Spatial Services	01-Jun-2021	31-Dec-2022	31-Dec-2023	●	Transport & Recreation: Desktop review to be completed once valuation audits are finalised in February. Current format does not include 10 year programs and additional work will be required. Property: Information audit and condition survey underway. Desktop review to be done in February. Significant work will be required to prepare a 10 year works program, but discussion has started. Supporting Finance with building revaluation information preparation. AM Plan Desk top review can be completed by 30 Sept 2023 if renewal modelling is included. Works programs using the modelling results will not be complete by Assets team in time for budget and LTFP. Fleet and equipment and ICT AM Plans are not done by Assets Team, but are progressing. Schedule for document review will be prepared for March 2023.	66%	0
Finance	IA01.04	High	IT System	Inadequate Controls over FMS COB (Fleet Management System)	i. A procedures manual should be drafted of current processes followed. ii. The administration rights to this information technology asset should be transferred to the Information Technology Department to ensure independency between the end user and staff who have the authority to effect system changes. iii. The system should be made part of the Disaster Recovery and Business Continuity Planning Process. iv. Training should be implemented to ensure back-up employees are trained to run the system. v. Procedure ensuring recovery of assets from the outgoing employees should be implemented. vi. Process of periodical physical reconciliation to the asset register should be implemented.	The fleet management system is not linked to the City's core enterprise systems and as only a limited number of people have access to the FMS, the City sees minimal risk associated with the existing controls for that system. As with other peripheral systems, integration will be considered as part of the of the digital systems review, however the priority is the ERP system. The City does accept that there needs to be comprehensive documentation of the FMS procedures and that work will be completed during 2022.	Engineering & Spatial Services	01-Jun-2021	30-Sep-2022	30-Sep-23	●	Fleet and equipment AM Plans are not done by Assets Team, but are progressing.	33%	92

Audit Register - Overdue/Complete - Quarter 2 (Oct-Dec) 2022/23

Progressing 🟢

On-Hold/Not Progressing as Intended 🟠

Off-Track 🔴

Audit Name	Parent Action	Rating	Issue Type	Issue Title	Audit Finding/Recommendation	Management Action	Branch	Approved start date	Due Date	Amended Due Date	Status	Progress Comment	% Complete	Days Overdue
Finance	IA01.03	High	Asset Register	Inadequate Controls over assets under the capitalisation threshold	c. Inadequate controls over assets under the capitalisation threshold: The accounting policy for fixed assets, disclosed in note 11 of the audited financial statement 2019-2020 requires that "Assets for which the fair value as at the date of acquisition is under $5,000 are not recognised as an asset for financial reports in accordance with the Financial Management Regulation 17A (5). These assets are expensed immediately". To ensure the security, control or for insurance purposes, asset records and registers are generally maintained as also specified under section 9.1.5 of the Local Government Accounting Manual. The following are our observations in this regard: i. We noted that a register of furniture and fixtures below the capitalisation threshold was not maintained. Although this register is not mandatory, it is essential for physical controls on the movement of assets. Periodical physical stock taking, and reconciliation procedures does not exist. ii. A portable and attractive assets register is not maintained under regulation 17B of the Local Government (Financial Management) Regulations 1996, and the relevant requirement is reproduced below for ready reference. "17B. CEO to take steps to protect excluded portable and attractive assets. A CEO must take all reasonable steps to prevent the theft or loss of — (a) a non-consumable asset that is susceptible to theft or loss due to its portable nature and attractiveness for personal use or resale; and (b) an asset referred to in regulation 17A(5)."	Agreed Action: Update IT asset register to include assets <$250.	Information Services	01-Jun-2021	31-Dec-2022		🟢	The portable and attractive assets have been included in scope of the recent ICT asset audit to reconcile their deployment	80%	0
Finance	IA05.01	Moderate	Process	Register for bank accounts web portal access not maintained:	Although no discrepancies in revocation of access were identified, procedures for granting, modification and revocation of bank access portals should be documented and approved. A register of banks web portal access should also be maintained.	The City can obtain records of all web transactions from the banks at any time and a register of all current and revoked authorised access is already maintained by the City. It is acknowledged that there should better documentation of the associated procedures.	Financial Services	01-Jun-2021	31-Dec-2022		🟠	In-progress. No further action implemented due to staff turnover. Prior to Qtr. 3 reporting a review of the audit finding and action taken to date will occur. A risk assessment will consider any future management action the City will take to address the audit findings.	25%	0
Finance	IA09.01	Moderate	Process	Corporate Credit Card Practice document requires approval:	The document should be reviewed, approved and implemented to ensure that staff are aware of the relevant processes to be followed.	We will finalise the review of the Policy and implement the corresponding management practice.	Financial Services	01-Jun-2021	01-Jul-2022	31-Mar-2023	🟠	In-progress. No further action implemented due to staff turnover. Prior to Qtr. 3 reporting a review of the audit finding and action taken to date will occur. A risk assessment will consider any future management action the City will take to address the audit findings.	75%	183
Financial Sustainability	IA04.25	Not Rated	AMP	Asset Planning Documents	Asset management plans should be finalised without delay for: a) property; b) recreation.	Agreed Action: Develop Plant and Equipment Asset Management Plan	Engineering & Spatial Services	01-Jun-2021	31-Dec-2022	31-Mar-2023	🟢	Transport & Recreation: Desktop review to be completed once valuation audits are finalised in February. Current format does not include 10 year programs and additional work will be required. Property: Information audit and condition survey underway. Desktop review to be done in February. Significant work will be required to prepare a 10 year works program, but discussion has started. Supporting Finance with building revaluation information preparation. AM Plan Desk top review can be completed by 30 Sept 2023 if renewal modelling is included. Works programs using the modelling results will not be complete by Assets team in time for budget and LTFP. Fleet and equipment and ICT AM Plans are not done by Assets Team, but are progressing. Schedule for document review will be prepared for March 2023.	33%	0
Financial Sustainability	IA04.26	Not Rated	AMP	Life-cycle Management - Plant and equipment	Asset management service plans should be completed for all the asset classes of the City; and records should be kept of the decisions taken when assets reached their 'service condition intervention level'.	Agreed Action: Develop Asset Management service plans for plant and equipment.	Engineering & Spatial Services	01-Jun-2021	31-Dec-2022	31-Mar-2023	🟢	Current asset management system (and as a consequence the asset management plans also) does not effectively use condition information and needs to be addressed. A frameworks for determining service condition intervention levels needs to be established as part of reviewing 10 year renewal works programs.	66%	0
Financial Sustainability	IA04.09	Not Rated	LTFP	Commercial Activities	For the City to diversify its Revenue risk, it should consider measures in extending its Commercial Activities program. A framework should be developed which includes the following key elements: a) Determination on how proposed commercial activity will provide long-term benefit to the City's ratepayers (from both financial and service delivery perspectives); b) Incorporating commercial decisions into its Strategic and Long-Term Planning; c) Undertaking business cases for proposed commercial activities that demonstrate the community and financial benefit to the City, with predetermined metrics to ensure suitability; and d) The use of financing for such initiatives if and where required.	A project to investigate this further will be considered for listing in the revised Corporate Business Plan as part of the current review.	Recreation	01-Jun-2021	31-Mar-2022	30-Jun-2023	🟠	This item is on-hold awaiting the allocation of additional resources	10%	275
Financial Sustainability	IA04.26 IA04.25	Not Rated	AMP	Life-cycle Management - ICT assets	1. Asset management service plans should be completed for all the asset classes of the City; and records should be kept of the decisions taken when assets reached their 'service condition intervention level'. 2. Asset management plans should be finalised without delay for...d) Information and Communication Technology (ICT).	Agreed Action: Asset Management service plans are to be developed for ICT assets.	Information Services	01-Jun-2021	31-Dec-2022		🟠	An audit of the City's IT infrastructure assets was initiated to inform purchasing/leasing strategies and the ICT Management Plan	60%	0
Financial Sustainability	IA04.20	Not Rated	IPRF/Business Planning	Integrated Planning and Reporting	Based on the review cycle for the Strategic Documents (see section 5.1.3 above) the following documents must be updated without delay: a) "Strategic Community Plan - 2017-2027"; b) "Corporate Business Plan 2019-2023"; and c)"Long-Term Financial Plan 2017-18 to 2026-27." Based on the fact the Strategic Documents are not integrated at present, a review of all these documents is essential to ensure a clear and cohesive vision for the City.	Agreed Action: Review and update the Strategic Corporate Documents, namely Strategic Community Plan and Corporate Business Plan	Governance & OPD	01-Jun-2021	01-Jul-2022	30-Jun-2023	🟢	The first business planning workshop for 2023/24 was held with Council on 14 November 2023, where Council identified priorities for the business planning year. This process will lead to the development of the Corporate Business Plan for 2023/24 to 2027/28. This will be ready for adoption by 30 June 2023.	20%	183
Financial Sustainability	IA04.20	Not Rated	IPRF/Business Planning	Integrated Planning and Reporting	A specific policy document should be introduced which sets principles for the integrated planning and review process. Guidance is provided in the suite of documents published by the DLGSC (see section 5.1.4 above).	Agreed Action: Review and implement the City's approach to IPRF.	Governance & OPD	01-Jun-2021	01-Jul-2022	30-Jun-2023	🟢	City officers are working to implement new processes internally to ensure integration in business planning. Once these processes have been developed, a high level policy setting out the principles of Integrated Planning and Performance Reporting will be drafted. The policy is not considered to be a top priority. The development of the processes and the Corporate Business Plan are the main focus for Q3 and Q4 2022/23.	30%	183
Financial Sustainability	IA04.07	Not Rated	Budget	Services of a Private Nature	The formal integration of financial data across directorates should be investigated to allow for efficient sharing of financial data. This will also assist with achieving resourcing efficiency within Finance. Finance should play a role in collaboration with the responsible directorate in setting the amount of service charges for service of a private nature to ensure: a) Full cost recovery takes place; and b) A fair profit margin is recovered in the service fee.	Services of a private nature are minimal for the City, however rates will be reviewed along with the fees and charges review.	Financial Services	01-Jun-2021	31-Dec-2021	~~31/03/2022~~ 31/03/2023	🟠	In-progress. No further action implemented due to staff turnover. Prior to Qtr. 3 reporting a review of the audit finding and action taken to date will occur. A risk assessment will consider any future management action the City will take to address the audit findings.	25%	365

Audit Register - Overdue/Complete - Quarter 2 (Oct-Dec) 2022/23

Progressing ●
On-Hold/Not Progressing as Intended ●
Off-Track ●

Audit Name	Parent Action	Rating	Issue Type	Issue Title	Audit Finding/Recommendation	Management Action	Branch	Approved start date	Due Date	Amended Due Date	Status	Progress Comment	% Complete	Days Overdue
Financial Sustainability	IA04.04	Not Rated	Budget	Service Charges/Fees and Charges	The City should undertake a formal review of all current fees and charges levied for service delivery to ensure as a bare minimum that full cost recovery takes place.	A review of the fees and charges will commence with the development of the 2021/22 Budget in January 2021. Once the information is collated, the Finance team will complete its review by December 2021.	Financial Services	01-Jun-2021	31-Dec-2021	31/03/2022 31/03/2023	●	In-progress. No further action implemented due to staff turnover. Prior to Qtr. 3 reporting a review of the audit finding and action taken to date will occur. A risk assessment will consider any future management action the City will take to address the audit findings.	25%	365
Financial Sustainability	IA04.21	Not Rated	LTFP	Contrasting Financial Perspectives	Council should strengthen their focus on the long-term vision of the City's future. Council should participate in the proposed annual planning and reporting cycle to be introduced to help ensure the Strategic Documents remain relevant. City management should be more pro-active in communicating their vision of the City's future to Council; and Internal stakeholders, at least, should be provided with the opportunity to provide input to draft Strategic Documents prior to its approval by Council.	The administration will concurrently update long-term financial planning documents, while short-term planning is being undertaken. Up-to-date long-term financial implications will be provided to decision makers to demonstrate the implications of variances to the LTFP. Providing the above information to Council during budget development will provide the tools required to effectively plan in the short and long term concurrently.	Financial Services	30-Jun-2020	30-Jun-2021	30/06/2022 30/06/2023	●	As the City's imbeds the IPRF and planning process and with the finalisation of the LTFP the City will be more proactive and strategic in this space. The finalisation of the LTFP is in progress and it is anticipated it will be complete by 30 June 23	75%	549
Financial Sustainability	IA04.02	Not Rated	LTFP	Accumulation of Reserves	The City cannot afford to apply 'tunnel vision' in its approach to budget compilation. The integrated planning and reporting structure for the City should steer budget preparation. In particular, the LTFP which should include "robust forecast budgets for the four years accompanying the Corporate Business Plan".	A major review of the City's Long-Term Financial Plan (LTFP) is currently underway and the review will consider these recommendations.	Financial Services	30-Jun-2020	30-Jun-2021	30/06/2022 30/06/2023	●	As the City's imbeds the IPRF and planning process and with the finalisation of the LTFP the City will be more proactive and strategic in this space. The finalisation of the LTFP is in progress and it is anticipated it will be complete by 30 June 23	75%	549
Financial Sustainability	IA04.05	Not Rated	LTFP	Differential General Rates	The City should consider undertaking a formal cost/benefit analysis of utilising differential rating as a legitimate tool to assist in increasing rate revenue and supporting the financial sustainability of the City.	Differential Rating is being considered as part of the development of the Rating Strategy.	Financial Services	30-Jun-2020	30-Jun-2021	30/06/2022 30/06/2023	●	The Rating Strategy will be developed to support the LTFP. This action is progressing and is anticipated it will be drafted by 30 Dec 23	75%	549
Financial Sustainability	IA04.24	Not Rated	LTFP	Cash Flow	The City should expand its liquidity focus to include the risk of liquidity shortfalls in the medium to long-term. Thus, for expenditure beyond creditor and payroll requirements. Cash flow should be made on an annual basis to facilitate the roll forward of both the LTFP and Corporate Business Plan, which should be reviewed annually.	Cash flow is considered as part of the budget development process and expected cash flows are outlined in the Cash Flow Statement in the City's statutory budget. It is recommended the LTFP include a Cash Flow Statement and be captured as part of this review.	Financial Services	30-Jun-2020	30-Jun-2021	30/06/2022 30/06/2023	●	This action is linked to LTFP and Rating Strategy.	75%	549
Financial Sustainability	IA04.02	Not Rated	LTFP	Accumulation of Reserves	The City should consider reviewing the benefits of amending its current general rate to a rate which is equivalent to neighbouring councils. Obviously, such an increase should occur: a) Within the legal parameters for setting rates as included in section 6.34 of the Local Government Act 1995; and b) As balanced with the financial capacity of ratepayers to accept rate increases and the political will of Council to approve such increases. It is imperative to demonstrate to ratepayers and Council the need to apply a higher rate base, amongst others, to help accumulate reserves (intergenerational equity) and to fund current and future programs.	A major review of the City's Long-Term Financial Plan (LTFP) is currently underway and the review will consider these recommendations.	Financial Services	30-Jun-2020	30-Jun-2021	30/06/2022 30/09/2023	●	This action will be informed by the LTFP and AMP.	75%	549
Financial Sustainability	IA04.02	Not Rated	LTFP	Accumulation of Reserves	The City should seek to develop and formalise the integration framework between Council and Management in terms of the annual and long-term financial planning process. To develop this framework the areas to consider Councils and management must have a mutually-inclusive perspective of community expectations, irrespective of when those expectations will materialise, to help ensure the City's financial sustainability. Specific activities to help ensure this: a) Understanding the long-term perspective disclosed in the Strategic Documents steers the annual budget process (and not vice versa); b) Annual planning and reporting cycle; c) Facilitation of the integration of the Strategic Documents; and d) Integration of the annual budget across Directorates and elected members. Council should participate in the proposed annual planning and reporting cycle to be introduced to help ensure the Strategic Documents remain relevant.	A major review of the City's Long-Term Financial Plan (LTFP) is currently underway and the review will consider these recommendations.	Financial Services	30-Jun-2020	30-Jun-2021	30/06/2022 30/09/2023	●	This action will be informed by the LTFP and AMP.	75%	549
Financial Sustainability	IA04.01	Not Rated	LTFP	Rate Setting	The City should follow a balanced approach when setting rates, however rates cannot be set based on the funding needs for the ensuing financial year only. It is imperative the City obtains traction at present for the creation of intergenerational equity. The City should consider: a) Making optimal use of the legal parameters for setting rates as per the Local Government Act 1995, including: i) Section 6.33 - differential general rates; and ii) Section 6.34 – limits on revenue or income from general rates (estimated general rate amount may not be more than 110% of the amount of the budget deficiency); b) Balance such increases with the financial capacity of ratepayers to accept rate increases and the political will of Council to approve such increases. It is imperative that Council demonstrates to ratepayers that any proposed changes to the Rate Setting platform provides direct benefit to the community by adequately funding community services both from recurrent and future spending, which allows the accumulation of reserves (intergenerational equity).	A report was presented to the 6 October 2020 Budget Review and Expenditure Committee meeting. The Committee's recommendation to Council was for the CEO to prepare a rating strategy which includes a) Differential rating; b)Uniform rating; and c) Waste Avoidance and Resources Recovery Levy. It was noted at the committee meeting that imposing a specified area rate (SAR) would be unreasonable given owners were not advised they could be charged an SAR at time of purchase. A further report is planned to be presented to the 8 December 2020 Budget Review and Expenditure Committee meeting providing additional information pertaining to Differential and Uniform rating methodologies. The Financial Services team is currently in the process of drafting a rating strategy based on the direction provided by Council.	Financial Services	30-Jun-2020	30-Jun-2021	30/06/2022 30/06/2023	●	This action is linked to LTFP and Rating Strategy.	75%	549
Financial Sustainability	IA04.11	Not Rated	LTFP	Cost Recovery	These following suggested measures will help assist the financial sustainability of the City: a) All services provided by the City exclusively for the benefit of the community or other government tiers should be identified, quantified, and appropriately included in annual budgets and long-term financial plans; and b) The City should consider recovering the cost of providing services to the community or other government tiers from the beneficiaries of these services.	The review of the City's LTFP will consider existing and future services along with funding options.	Financial Services	30-Jun-2020	30-Jun-2021	30/06/2022 30/06/2023	●	As the City continues to develop the business planning and budget process and with the finalisation of the LFTP, strategic planning and decision making in this space will improve.	75%	549
Financial Sustainability	IA04.13	Not Rated	LTFP	Outdated LTFP	The project plan for the review of the LTFP should be approved and implemented without delay. A detailed recommendation for the update of the LTFP was included in section 5 of this Report.	The LTFP review is underway with a project update to be presented to the Budget Review and Expenditure Committee on 8 December 2020.	Financial Services	30-Jun-2020	30-Jun-2021	30/06/2022 30/06/2023	●	The LTFP is in progress, it is anticipated it will be finalised by 30 June 23.	75%	549
Financial Sustainability	IA04.02	Not Rated	LTFP	Accumulation of Reserves	Paxon endorses the "Cash-Backed Reserves Policy", as recommended for Council's approval. However, to help ensure the financial sustainability of the City, the mere approval and implementation of the policy in isolation will be insufficient. The City should consider increasing its revenue base by means other than rate revenue, including better diversification of investments, grant funding and broadening commercial activities	A major review of the City's Long-Term Financial Plan (LTFP) is currently underway and the review will consider these recommendations.	Financial Services	30-Jun-2020	30-Jun-2021	30/06/2022 30/06/2023	●	The LTFP is in progress, it is anticipated it will be finalised by 30 June 23.	75%	549
Financial Sustainability	IA04.02	Not Rated	LTFP	Accumulation of Reserves	The City should, as a priority, start accumulating reserves now to fund future expenditure - both capital and operational. Future service delivery to the community will demand capital expenditure (for example: asset purchases) and ensuing operational expenditure (for example: asset maintenance & replacement); and new operational expenditure for services without cost recovery	A major review of the City's Long-Term Financial Plan (LTFP) is currently underway and the review will consider these recommendations.	Financial Services	30-Jun-2020	30-Jun-2021	30/06/2022 30/06/2023	●	The LTFP is in progress, it is anticipated it will be finalised by 30 June 23.	75%	549
Regulation 17 Review	IA03.07	Not Rated	Process	Independent Probity Reviews	The City has developed a procurement policy demonstrating the City's commitment to the principles of transparency, probity and good governance in procurement practices and also provides guidance in ensuring full compliance with applicable legislation. The different delegations, thresholds and guidelines to be followed and reference to relevant legislations are highlighted on the procurement policy. Procurement function is hybrid in nature, whereby procurement oversight is central, and the actual buying activities are managed within each operation area based on the procurement policy terms and guidelines. Management confirms that probity checks are done internally as part of the contract and tender evaluation process. AAG recommends that the City consider doing independent probity reviews as a means of strengthening procurement processes.	**Agreed Action:** Consider implementing a process for Independent Probity reviews to be carried out	Business Services	01-Apr-2020	30-Jun-2021	30/06/2022 30/09/2022 31/12/2022 31/03/2023	●	A report has been prepared for the February ELT meeting, the report will consider the need for independent probity reviews for major city undertakings.	75%	549

Audit Register - Overdue/Complete - Quarter 2 (Oct-Dec) 2022/23

Progressing   🟢

On-Hold/Not Progressing as Intended   🟠

Off-Track   🔴

Audit Name	Parent Action	Rating	Issue Type	Issue Title	Audit Finding/Recommendation	Management Action	Branch	Approved start date	Due Date	Amended Due Date	Status	Progress Comment	% Complete	Days Overdue
Regulation 17 Review	IA03.08	Not Rated	Process	Internal Control Policy	The City's Online Services on its website has a search functionality with different document types, including policies, guides and checklists, and forms that are published information. The City undertook a policy review in 2019 to identify the currency of the City's policies. Management acknowledges that some management guidelines are due for review, and a review of such management guidelines is scheduled for 2020. Management has not performed a details review of policies and procedures and their currency. However, we observed that there is no specific policy on internal controls and how internal controls will be addressed. AAG recommends that the City consider developing a policy or framework specifically for internal controls, to clearly lay out the City's commitment and approach to internal controls and the mechanism on how internal controls are addressed.	**Agreed Action:** Develop and implement an approach that informs the management and review of corporate documents (policies and management practices).	Governance & OPD	01-Apr-2020	31-Jul-2021	~~30/06/2022~~ ~~31/12/2022~~ 31/03/2023	🟠	The Audit and Risk Committee has agreed to a schedule to review all existing Council policies. This schedule is risk based. City officers intend to now look at Management Practices and develop a schedule for the review of these documents. Officers have identified a need for a Corporate Document Framework, which will set out the purpose of various corporate documents, and at what level decision-making relating to these documents needs to be made. This work is not a top priority but will be completed in either Q3 or Q4 of 2022/23.	50%	518
Regulation 17 Review	IA03.03 IA03.04 IA03.06	Not Rated	IPRF/Business Planning	Risk Register	The City to improve on the contents and useability of the current Corporate Risk Register by incorporating risks from all branches of the City including strategic and operational risks, and use the risk register as a monitoring tool for risk reporting. The City to implement an enterprise risk management approach where risk owners update a centralised system with risk mitigation control actions undertaken, and Governance team monitors and reports on progress, and organisation-wide exercises are regularly held to identify emerging risks and sustain a culture matching the risk appetite statement of the City. As part of improving the City's risk management process, implement a fully-fledged risk treatment process covering the tracking of risk treatment actions by certain deadlines and responsible owners, and reporting its status on a regular basis via an updated risk register for the respective branches.	**Agreed Action:** Review and update Risk Management Framework. Framework to include defined roles and responsibilities in relation to the risk monument process. Develop risk registers for the organisation and manage as per framework requirements.	Governance & OPD	01-Apr-2020	01-Jul-2022	30-Jun-2023	🟢	The City's Risk Management Framework which includes management of risk processes is scheduled to be presented to the February 23 ARMC. Operational risk reviews will commence following the adoption and will align with the annual business planning process.	75%	183
Regulation 17 Review	IA03.11	Not Rated	Process	Fringe Benefit Tax Policies and Procedures	The AAG audit established that the City did not have formalised policies and procedures available for Fringe Benefit Tax (FBT). As such it is recommended that the City develop relevant policies and procedures for the calculation, eligibility, reporting and record keeping for Fringe Benefits Tax.	The City has established practices in place around the administration of FBT Legislation, including the Fringe Benefits Tax Assessment Act 1986 which dictates the majority of requirements that the City must comply with.	Financial Services	01-Apr-2020	31-Jan-2022	~~30/06/2022~~ 31/12/2022	🟠	In-progress. No further action implemented due to staff turnover. Prior to Qtr. 3 reporting a review of the audit finding and action taken to date will occur. A risk assessment will consider any future management action the City will take to address the audit findings.	25%	334
Swimming Pool Inspections	IA01.01	High		User access controls to swimming pool database	a) Management should remove access from staff members who do not require access and restrict access to the register to the staff who are directly dealing with swimming pools. User access should be reviewed and updated on a regular basis. b) Alternative controls, such as monthly monitoring of changes made per employee, approval by a second person before changes are processed and blocking inspection and new inspection booking date should be considered if access cannot be restricted.	**Agreed Action:** Access to be restricted.	Environmental Health		30-Jun-2022	~~31/12/2022~~ 30/06/2023	🔴	IT are continuing to work on restricting access to the system. The matter is more complex than originally expected and requires each user profile within the organisation to be modified in order to restrict access.	50%	184
Tender Evaluation and Procurement	IA07.09	High	IT System	Approved documented procedures not in place for contract management.	Draft procedures for procurement and contract management should be approved.	**Agreed Action:** Finalise draft Procurement and Contract Management procedures.	Business Services	07-Dec-2021	31-Jan-2022	~~30/06/2022~~ ~~30/09/2022~~ ~~31/12/2022~~ 31/03/2023	🔴	The system has now gone live and we have detailed operating manuals from the vendor. The Procurement Management Practice is scheduled to go to the February ELT Meeting.	75%	334
Tender Evaluation and Procurement	IA07.11	High	IT System	Contract management is not an active and ongoing process.	It is recommended that the contract management process should be improved to transform it into an active and ongoing management practice in line with the requirements of the contract management policy. Contracts should be managed throughout the period of contract to timely identify, record, escalate and action the issues identified as a result of review.	**Agreed Action:** Update Contract Management processes to ensure that they actively support the ongoing monitoring and management of contracts.	Business Services	07-Dec-2021	30-Nov-2021	~~31/10/2022~~ 31/03/2023	🔴	Work has been deferred due to the release of our new on-line tender register, but as that has now been released we will go back to content development of the CMS and documentation of the associated procedures	75%	396
Tender Evaluation and Procurement	IA07.12	High	IT System	Insurance management process require improvements.	Insurance management process should be improved as follows: i. Completeness of the insurance register should be ensured, and periodical reviews should be introduced for this purpose. Register should be automated as part of the new contract management system implementation. ii. Insurance renewals follow up mechanism should be introduced. iii. Review mechanism, ensuring the adequacy of limits/insurance coverage of the insurance policies received initially on award of contract and subsequently as part of renewal process, should be introduced. iv. Processes around identifying the type, nature and extent of coverage and scrutinising acceptable exclusions should be implemented.	**Agreed Action:** Document the process for ensuring that adequate and appropriate insurance is obtained and renewed during the course of contracts.	Business Services	07-Dec-2021	30-Nov-2021	~~30/09/2022~~ ~~31/12/2022~~ 31/03/2023	🔴	This work will be picked up in the next few weeks, deferred due to other projects	75%	396
Tender Evaluation and Procurement	IA07.13	High	IT System	Bank Guarantee management process require improvements.	i. Process for the bank guarantees management should be documented and get approved to ensure the: a. Adequacy of coverage. b. Compliance of the record keeping requirements. c. Timely renewal in case the need arises. d. Timely invoking the bank guarantees. e. Return of guarantees. f. Definition of the roles and responsibilities. ii. The amount of bank guarantee to be obtained should be linked to a formal risk assessment process. iii. Central oversight for the bank guarantee management process should be developed.	**Agreed Action:** Document the process for ensuring that bank guarantees are obtained and managed for contracts.	Business Services	07-Dec-2021	01-Jul-2022	~~31/03/2023~~ 30/06/2023	🔴	Focus is currently still on the changes required for the new SPA Act	10%	183
Tender Evaluation and Procurement	IA07.14	High	IT System	Contractors Induction and Contractors staff screening process require improvements.	i. The validity period for the OSH inductions should be introduced and recertifications should be introduced in case of long-term contracts and/or renewals/extensions. This will ensure that contractors are updated on the recent OSH requirements. ii. Possibility of developing automated reports in the work metrics systems should be considered. This will ensure that the inductions/recertifications are tracked and timely completed. iii. Process should be improved to ensure that all the employees of the contractors should also complete the induction timely. This will help ensuring the timely execution of contracts and better risk management for the OSH. iv. Records of site inductions to the contractors by the project managers should be saved in the record keeping system. This will help in managing the risk and responsibilities for the OSH incidents. v. Procedures should be implemented to ensure that OSH incidents raised by the contractors are made part of the COB OSH system. vi. Procedures for managing the inductions should be documented. vii. Lessons learned from the past OSH incidents should be diarised. It should be ensured that recommendations arising out of the past OSH incidents should be made part of the contract management system with a documentary trail to be retained. This will ensure that identified risks are managed.	**Agreed Action:** Continue to develop the process for ensuring that contractors meet their WHS obligations.	Business Services	07-Dec-2021	31-Mar-2022	~~30/06/2022~~ ~~31/12/2022~~ 30/06/2023	🔴	We are currently exploring the Donesafe app with the vendor	50%	275
Tender Evaluation and Procurement	IA07.15	High	Process	Consideration for devising and implementing Quality Assurance procedures required.	A formal quality management process for the contracts should be introduced.	**Agreed Action:** As part of the management of contracts, the City will consider a set of performance requirements for contracts. Contract Managers will be required to monitor contracts against these performance requirements.	Business Services	07-Dec-2021	31-Mar-2022	~~31/12/2022~~ 31/03/2023	🔴	A report has been drafted for ELT proposing contract performance metrics based on the Western Power model	75%	275

Audit Register - Overdue/Complete - Quarter 2 (Oct-Dec) 2022/23

Progressing 🟢
On-Hold/Not Progressing as Intended 🟠
Off-Track 🔴

Audit Name	Parent Action	Rating	Issue Type	Issue Title	Audit Finding/Recommendation	Management Action	Branch	Approved start date	Due Date	Amended Due Date	Status	Progress Comment	% Complete	Days Overdue
Tender Evaluation and Procurement	IA07.16	High	Process	Process for payment certifications by the project team require re-enforcement.	Process for the payment certifications for the projects should be formally documented and linked to project monitoring process used by the project managers. This will ensure a formalised approach to payment certifications linked to quantitative and qualitative aspects of the contract delivery.	**Agreed Action:** A management guideline will be developed to ensure that there is a consistent approach to this process.	Business Services	07-Dec-2021	31-Mar-2022	30/06/2022 30/09/2022 31/12/2022 31/03/2023	🔴	Amendments to the City's template Project Plan are being proposed to ELT to address this and other issues in one document, rather than having a separate MP	75%	275
Tender Evaluation and Procurement	IA07.17	High	Process	Asset receiving process for projects requires improvements.	Asset receiving process for the projects should be improved. The improvements should also account for the assets delivered at the contract site before the delivery of invoice to the COB.	**Agreed Action:** Develop and implement process to ensure goods received are reconciled against approved PO's prior to making payment	Business Services	07-Dec-2021	30-Nov-2021	30/03/2022 31/03/2023	🟠	On hold due to coverage issues, will be picked up in February 2023	90%	396
Tender Evaluation and Procurement	IA07.21	Moderate	IT System	Improvements required in records management for procurement and contract management.	It is recommended that the records management system for the procurement and contract management system should be improved to ensure that timely retrieval and providing a single view of all the procurement and contract management documents for a particular transaction end to end.	**Agreed Action:** Investigate API integration with ECM for CM System	Business Services	07-Dec-2021	01-Jul-2022	31/12/2022 30/06/2023	🔴	The City is moving to Sharepoint and we are currently exploring the implications of that	50%	183
Tender Evaluation and Procurement	IA07.05	Moderate	Process	Compliance with the OAG recommendations on Contract Extensions and Variations regarding the tender register.	i. Tender database management process should be documented and get approved. ii. The custodian of contract/tender register should be specified in the contract management policy. iii. Management should ensure that implementation of the new contract management system should include a register of all contracts with all key contract information including: • Extensions. • Variations.	**Agreed Action:** A Management Practice will be developed to formalise the requirements for keeping the registers up to date.	Business Services	07-Dec-2021	31-Dec-2021	30/06/2022 30/09/2022 31/12/2022 31/03/2023	🔴	The draft management practice is queued to go to ELT	75%	365
Tender Evaluation and Procurement	IA07.05	Moderate	IT System	Compliance with the OAG recommendations on Contract Extensions and Variations regarding the tender register.	i. Tender database management process should be documented and get approved. ii. The custodian of contract/tender register should be specified in the contract management policy. iii. Management should ensure that implementation of the new contract management system should include a register of all contracts with all key contract information including: • Extensions. • Variations.	**Agreed Action:** Document system configuration requirements for CM System. System configuration should include a register of all contracts with all key contract information including: Extensions and Variations.	Business Services	07-Dec-2021	31-Dec-2021	30/03/2022 31/12/2022 31/03/2023	🔴	The new Open Windows system has the functionality to pick up contract extensions and variations. The custodian of the contract register has now been added in the Contract Management Policy.	75%	365
Tender Evaluation and Procurement	IA07.08	Moderate	Process	Improvements required in the risk management for procurement and contract management.	A formal and approved, operational risk management structure with defined roles and responsibilities should be implemented in the area of procurement and contract management.	**Agreed Action:** Develop Procurement Plan to assist in the management of the risks associated with procurement.	Business Services	07-Dec-2021	30-Nov-2021	28/02/2022 30/09/2022 31/12/2022 31/03/2023	🔴	This is being dealt with at the same time as IA07.16. Amendments to the City's template Project Plan are being proposed to ELT to address this and other issues in one document, rather than having a separate MP	75%	396
EXTERNAL AUDITS														
OAG IS Audit 20 OAG IS Audit 21	EA04.09 EA11.21	Extreme	IT System	Network Security	**2020 Finding** - Network Security (Moderate) We found that there is insufficient physical or logical separation between key segments of the City's network. This results in many critical systems residing on the same network as other users and computers. **2021 Finding** - Network Security (Significant) We found that the network segmentation is in place, however it is not appropriately segregated.	**Agreed Action:** Assess the City's network security risks. Based on the outcome of the assessment implement control to manage segregation between networks segments.	Information Services	30-Apr-2021	01-Jul-2022	30-Jun-2023	🟢	This action is progressing. The Technology One ERP program kicked off in December 2022 and an initial 802.1X proof of concept project was initiated	30%	183
OAG IS Audit 20 OAG IS Audit 21	EA04.15 EA18.21	Moderate	Process	IT Recovery Disaster Testing	**Finding 2020** - 15 - IT Disaster Recovery Testing (Low) We established that the City does not have a formalised process to ensure that IT We established that the City does not have a formalised process to ensure that IT disaster recovery plans are adequately tested. Appropriate testing of IT DRPs is essential to verify the plan can be relied upon to restore or recover key IT systems following a major incident or disruption. The tests also help confirm that key staff are familiar with the plan and their specific roles and responsibilities in a disaster situation.. **Finding 2021** - 18 Disaster Recovery Plan (Moderate) The City could not demonstrate that they have an adequate Disaster Recovery Plan to recover from serious IT/Cyber incidents. In addition, disaster recovery testing is ad-hoc and not performed on a regular basis.	**Agreed Action:** Review and update the Disaster Recovery Plan and schedule tests to ensure backup protocol is effective	Information Services	30-Apr-2021	30-Sep-2021	28/02/2022 30/09/2022 30/04/2023	🟢	This action is progressing. Initial scoping has been completed towards the DR plan. This must be aligned with the business continuity work.	35%	457
OAG IS Audit 20 OAG IS Audit 21	EA04.11 EA13.21	Moderate	IT System	Unsupported Operating Systems	**2020 Finding** We found a number of the City's IT systems are running unsupported operating systems (Windows 7, Windows 2000, Windows 2003, Windows Server 2008 R2). **2021 Finding** The City is working towards decommissioning and upgrading unsupported operating systems. We acknowledge that the risk of legacy systems has been identified and recorded, and that some systems are turned off when not in use.	**Agreed Action:** Decommission unsupported operating systems. Where a system is unable to be decommissioned ensure risks are known and managed.	Information Services	01-Jul-2021	30-Sep-2022	28/02/2022 30/09/2023	🟠	This work is yet to be programmed	0%	92
COMPLETE ACTIONS														
Payroll Reconciliation	IA06.06	Moderate	Process	Process for defining employee deductions require improvements.	**Recommendation:** Evidence of review of supporting documents for deductions, in the form of reviewer signatures, should be retained in the payroll records.	**Re-opened - Agreed Action:** Deduction change forms to be signed by reviewer	People, Culture & Safety	6-Dec-22	30-Jun-2023		🟢	This is currently occurring and practices have been updated	100%	
Tender Evaluation and Procurement	IA07.03	Not Rated	Process	Improvement Required in the Process for Maintenance of Tender Register.	**Requirement** of Regulation 17 (1A) of the Local Government (Functions and General) Regulations 1996 should be complied with and complete Tender Register should be published on the website of the City.	**Re-opened - Agreed Action:** Publish Tender Register on the City's website	Business Services	6-Dec-22	30-Jun-2023		🟢	This action is complete	100%	
OAG - Annual Financial Audit 21	EA02.21	Moderate	Process	Staff Farewells and Recognition MP	**2021:** The Local Government Act 1995 section 5.50 (payments to employees in addition to contract or award) requires local governments to have a policy in place in relation to employees whose employment with the local government is finishing. The policy should: • set out the circumstances in which an employee will be paid an amount in addition to their contract or award (paragraph 1); • be adopted and published on the local government's official website (paragraph 5). The City developed a Staff Farewells and Recognition Management Practice in January 2021. The Management Practice allows the City to provide a farewell function for departing employees with more than 2 years of service and gift for departing employees with more than 5 years of service. This Management Practice replaces the previous Staff Farewells and Presentations Policy and is not published on the City's website.	**2021 Agreed Action:** The Staff Farewell and Recognition Management Practice relates to farewell functions and the provision of modest gifts to long serving employees. It is not a form of payment. The City also has a Redundancy Management Practice which sets out the circumstances under which additional benefits or payments may be made, including that any payment must be published in accordance with section 5.50(2) of the Local Government Act 1995. The City does not currently have a Council adopted Policy for payments made under section 5.50 of the Local Government Act 1995 and will prepare a policy for consideration by Council.	People, Culture & Safety	12-Sep-22	31-Dec-2022		🟢	Policy *Payments to Employees in Addition to a contract of Award* (section 5.50), has been approved by ELT and is scheduled to go to the March Policy Committee meeting, and then Council at the end of March.	100%	
Financial Sustainability	IA04.23	Not Rated	Process	Policies	The City should consider the introduction of policies which deal with payments under section 5.50 of the Local Government Act 1995 (Payments to employees in addition to contract or award). The City does have several financial policies, but policies for essential financial matters are outstanding.	**Agreed Action:** The City will develop a policy to address s 5.50 of the Local Government Act	People, Culture & Safety	01-Jun-2021	01-Jul-2022	31-Dec-2022	🟢	Policy *Payments to Employees in Addition to a contract of Award* (section 5.50), has been approved by ELT and is scheduled to go to the March Policy Committee meeting, and then Council at the end of March.	100%	

Audit Register - Overdue/Complete - Quarter 2 (Oct-Dec) 2022/23

Progressing 🟢

On-Hold/Not Progressing as Intended 🟠

Off-Track 🔴

Audit Name	Parent Action	Rating	Issue Type	Issue Title	Audit Finding/Recommendation	Management Action	Branch	Approved start date	Due Date	Amended Due Date	Status	Progress Comment	% Complete	Days Overdue
OAG IS Audit 21	EA02.21	Moderate	Process	Remote Access Management	We identified the following issues with the City's remote access management: • multi factor authentication (MFA) is not required for Citrix remote access. We acknowledge that work is in progress to update the Citrix environment • from a sample of 12 remote access requests, the City was unable to provide appropriate evidence that access had been authorised and approved for 10 requests • one active remote access account which has not been used for more than 6 months.	**Agreed Action:** Implement multifactor authentication for Citrix remote access. Processes to ensure access is approved to be implemented. Ongoing monitoring of accounts to be implemented.	Information Services	1-Jul-21	31-Dec-2022		🟢	The legacy Citrix infrastructure has been decommissioned. Reconciliation work on sanctioned remote access is progressing.	100%	
Financial Sustainability	IA04.23	Not Rated	Process	Policies	The City should consider the introduction of policies which deal with budget variations The City does have several financial policies, but policies for essential financial matters are outstanding.	It is recommended the budget variations either be included in the Strategic Policy or a new policy developed. This will be considered as part of the next policy review.	Financial Services	01-Jun-2021	30-Jun-2021	30-Sep-2022	🟢	As part of the delivery of the Annual Budget, Council approves the threshold for variations. Monthly budget adjustment are reported and approved by Council. This is part of the financial management reporting process.	100%	
Finance	IA04.01	Moderate	Process	Prepayments Recording Processes	It is recommended that management should ensure that prepayments are identified and recorded as a prepaid asset and recognise the expense monthly. This will ensure that monthly internal and reporting to the Council are complete and more accurate.	**Agreed Action:** Develop Finance Manual	Financial Services	01-Jun-2021	31-Dec-2023		🟢	As part of the end of month process, any material accruals are considered for adjustment in the financial statements.	100%	

8.7   Quarterly Performance Review - Risk Management - Qtr. 2 - 2022/23

Responsible Branch:	Governance and Organisational Planning and Development
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Executive/Strategic
Voting Requirement:	Simple Majority
Attachments:	1. CONFIDENTIAL - JLT Public Sector Top Cyber-Security Controls Review 2022 – City of Bayswater [**8.7.1** - 32 pages] 2. Fraud Risk Management – Better Practice Guide [**8.7.2** - 64 pages]

Confidential Attachment(s) in accordance with Section 5.23(2) of the Local Government Act 1995 (WA):

(f)   a matter that if disclosed, could be reasonably expected to —

(ii)   endanger the security of the local government's property;

SUMMARY

The Quarterly Performance Report – Risk Management provides a quarterly update on the below items:

- Risk Management

- Fraud and Corruption Control

- Business Continuity

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER'S RECOMMENDATION)

That Council:

1.   Notes the Confidential (Attachment 1) JLT Public Sector Top Cyber-Security Controls Review 2022 – City of Bayswater.

2.   Notes the Quarterly Performance Report – Risk Management.

Cr Josh Eveson Moved, Cr Filomena Piffaretti, Mayor Seconded

CARRIED UNANIMOUSLY: 5/0

For: Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Cr Catherine Ehrhardt, Deputy Mayor and Jillian Brazil.

Against: Nil.

BACKGROUND

The Quarterly Performance Report – Risk Management provides an update to the Audit and Risk Management Committee (ARMC) on the status of risk management within the City.

EXTERNAL CONSULTATION

Consultation occurred with key internal stakeholders.

OFFICER'S COMMENTS

Risk Management

Strategic Risk Management

With the review of the Risk Management Framework complete, work will commence on the establishment of the Strategic Risk Register.

Strategic risks are risks that affect or are created by the City's strategy and strategic objectives/outcomes. Strategic risks are generally corporate, high-level, long-term risks, that may affect the future direction of the City.

It is proposed that a workshop be held with the Executive Leadership Team and Council to set the strategic risks and risk appetite within the first half of 2023.

Operational Risk Management

Service risk assessments with Managers scheduled to commence Quarter 3 - 2022/23.

LGIS Cyber-Security Controls Review

The City was selected to participate in the LGIS Cyber Risk Pilot Program. The sector wide approach to identifying and managing this emerging risk followed the Office of the Auditor General's report on the sector identifying significant issues and vulnerabilities. As the City is a local government mutual indemnity scheme member, LGIS funded this risk management initiative in recognition of the significant exposures the sector has in this area.

The Cyber Risk Pilot assessed the City's cyber-practices against the Australian Signals Directorate Essential Eight (8) Maturity Model.

As detailed in the confidential report JLT Public Sector Top Cyber-Security Controls Review 2022 – City of Bayswater **(Attachment 1)**, 83% of the City's controls were assessed to be:

> *Adequate controls are in place across all or most categories of the specified area. While some controls may require attention or development, implementation has been largely achieved to an acceptable level. Score: 80% - 100%*

Eight controls were rated that required further improvement. As part of the operational risk review process, the City's Executive Leadership Team will consider further treatment options.

Fraud and Corruption Control

The Office of the Auditor General (OAG) published the Fraud Risk Management – Better Practice Guide **(Attachment 2)** June 2022.

The City was not a participant in this review, however as per current practice, to ensure the City adopts good practice in the industry, a review of the City's fraud risk management practices against the OAG's Better Practice Principles has been completed.

The Better Practice Guide highlights the importance of a fraud and corruption risk management program and the current state of fraud control in the Western Australian public sector. The Better Practice Guide provides guidance to those responsible for developing and implementing an entity's fraud risk management program.

The City has recently reviewed and updated the Risk Management Framework and developed the City of Bayswater Integrity Framework, both documents clearly sets out the relevant policies and processes in place for managing fraud and corruption risks. A review of the City's approach to managing fraud and corruption is scheduled for review first half of 2023.

Integrity Framework

The Integrity Framework represents the City's commitment to effective management of fraud and corruption risks and promotion of a culture of integrity.

Features of the Framework include:

- policies and processes for dealing with fraud and corruption, gifts and benefits, conflict of interest, and misconduct are consolidated and clarified;

- mandatory training, for all employees as part of our induction process, on ethical and accountable decision-making; and
- risk workshops (including fraud), held in all branches, on identifying risks, controls and treatment actions within business planning and reporting processes.

Risk Management

The Better Practice Guide recommends a fraud control system that uses an effective fraud risk management program.

The City's Risk Management Framework approach covers all categories of risk including fraud and corruption risks.

Continued education of risk management requirements will increase the identification of fraud and corruption risk and prevention activities.

Fraud and Corruption Prevention

Whilst the City has some detection activities and strategic controls in place to prevent fraud and corruption occurring, including a comprehensive Annual Internal Audit Plan, Risk Management and Control Assurance reviews, additional improvements are required. Improvements will ensure the City is more fraud resistant/resilient through preventative and detection processes, in addition to improving reporting avenues to strengthen our ability to respond to fraud.

As part of the implementation of the Integrity Framework, management have committed to develop an Integrity Action Plan. The Action Plan follows the Public Sector Commissions Integrity Framework Maturity Self-Assessment Tool, and assists public authorities to evaluate their approaches to promoting integrity and reducing fraud and misconduct risks.

The Action Plan will include actions to be implemented that will strengthen integrity and conduct controls relating to fraud risks. The Action Plan, once finalised will be reported to the ARMC.

Business Continuity

Business continuity risks will be assessed as part of the Service risk assessment process, the City's Business Continuity Plan (BCP) will then be updated.

Risk management is closely linked to business continuity. The risk management process defined in AS/NZS ISO 31000:2018 Risk Management - guidelines establishes the scope, needs and priorities for managing risk, which includes the response to the event.

Risk management and BCP need to be considered as part of an integrated whole. The BCP should be one of the required outcomes of the risk management activities of the City while acknowledging that the identification, analysis and evaluation of risk continues to be an important step in developing the BCP itself.

An unanticipated or worst-case event, regardless of its magnitude, has the potential to cause major disruption to the City. Through preparedness and appropriate action, the impacts of disruptions

can be managed to the extent that they are reduced to, or maintained at, a level that can be accepted, making it easier to plan the City's strategic future. The BCP provides the capability for City to adequately plan for and manage these business disruptions, as an important control in the risk management process.

LEGISLATIVE COMPLIANCE

Not Applicable

RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the officer's recommendation has been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Low
Reputation	Low	Low
Governance	Low	Low
Community and Stakeholder	Moderate	Low
Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low
Conclusion	Receiving risk management quarterly reporting supports the ARMC assist the Council to fulfil its governance and oversight responsibilities in relation to risk management.	

FINANCIAL IMPLICATIONS

Nil.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance
Goal L2:   Plan and deliver projects and services in a sustainable way.
                Work together to deliver the best outcomes for the community by managing our resources in a financially sustainable way.

CONCLUSION

This report provides the ARMC a quarterly update on the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal controls and legislative compliance through management and monitoring of risk.

Western Australian
Auditor General's Report

Fraud Risk Management – Better Practice Guide

Report 20: 2021-22
22 June 2022

**Office of the Auditor General
Western Australia**

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Fraud Risk Management
– Better Practice Guide

Report 20: 2021-22
June 2022

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THE PRESIDENT   **THE SPEAKER**
LEGISLATIVE COUNCIL   **LEGISLATIVE ASSEMBLY**

FRAUD RISK MANAGEMENT – BETTER PRACTICE GUIDE

This report has been prepared for submission to Parliament under the provisions of section 23(2) and 24(1) of the *Auditor General Act 2006.*

Better practice checklists regularly feature in my Office's performance audit reports as a means of providing guidance to help the Western Australian public sector perform efficiently and effectively. This is the third comprehensive stand-alone better practice guide we have produced.

CAROLINE SPENCER
AUDITOR GENERAL
22 June 2022

Contents

Auditor General's overview

Fraud and corruption are ever present and growing threats to businesses, including the Western Australian public sector. As well as loss of funds, fraud and corruption can result in loss of confidence in government institutions. The community needs to have faith that the public sector is serving them well for democracy to work.

The social contract between taxpayer and Government is threatened when public money is misappropriated or other wrongdoing occurs. It strikes at the core of trust, accountability and transparency in Government.

Good governance is important to protect our power, water, justice and transport infrastructure, as well as our health, education and regulatory systems from ineffectiveness, inefficiency and of course failure to deliver what people need when they need it.

It is therefore critical that all levels of the Western Australian (WA) public sector commit to good governance to safeguard public assets from fraudulent or corrupt activity. To do this, every WA public sector entity must understand, in detail, the risks that occur generally within the public sector environment and the specific risks relevant to the activities they undertake.

A common motivator for most people who join the public sector is a desire to do a good job. To assist with this we develop and share guidance on better practice. The purpose of this Better Practice guide is to raise the standard of fraud and corruption control across the WA public sector. Parts 1 and 2 of this guide are aimed at decision makers, highlighting the importance of a fraud and corruption risk management program and the current state of fraud control in the WA public sector. Part 3 is aimed at guiding those responsible for developing and implementing an entity's fraud risk management program.

The guide follows the establishment of our Forensic Audit team as set out in my report of December 2021, its purpose being to uplift fraud resilience within the WA public sector. As has always been the case, public sector entities are responsible for the prevention and detection of fraud and corruption. This guide is intended to empower entities to do more to discharge their governance responsibilities by better controlling their risks of fraud and corruption.

We encourage entities to use this guide along with the tools and other available resources to manage the risk of fraud against their entity. While fraud risks cannot be eliminated, a robust and well-resourced fraud risk management program can minimise the likelihood and consequences of fraud events.

We thank the Commonwealth Fraud Prevention Centre for their generous support in helping develop this guide as well as McGrathNicol Advisory for their guidance. We also extend our appreciation to the State entities that provided valuable feedback on the draft guide.

Part 1: Introduction

1.1 About this guide

This Better Practice Guide aims to help Western Australian (WA) public sector entities to manage their fraud and corruption risks. It outlines why fraud and corruption risk management is important (Part 2) and provides practical guidance on the process of developing a fraud and corruption risk management program (Part 3).

The guide refers to a range of tools which are included in the appendices and available on our website (www.audit.wa.gov.au). The online tools will be updated as required.

1.2 Who should use this guide

This guide is intended for use by WA public sector entities (entities) and may be applicable to other organisations.

Parts 1 and 2 are intended for directors general, chief executive officers, managers and other key decision makers. Part 1 outlines the high-level principles entities should apply to fraud and corruption risk management and Part 2 highlights the importance of entities implementing an effective fraud and corruption risk management program.

Part 3 is for those tasked with fraud risk management within an entity. It aims to step them through the process of developing, executing and monitoring an entity's fraud and corruption risk management program.

Ultimately, preventing and detecting fraud and corruption is the responsibility of every person in the WA public sector, and as such, this guide may be relevant for all public sector employees.

1.3 What is fraud and corruption

Fraud and corruption involve a benefit being obtained through dishonesty and/or an abuse of position to the detriment of another person or entity (Figure 1). They can pose a risk to an entity's finances, reputation, and service delivery. More seriously, they go to the heart of trust and confidence in Government. In this guide, we use the term fraud to include corruption.
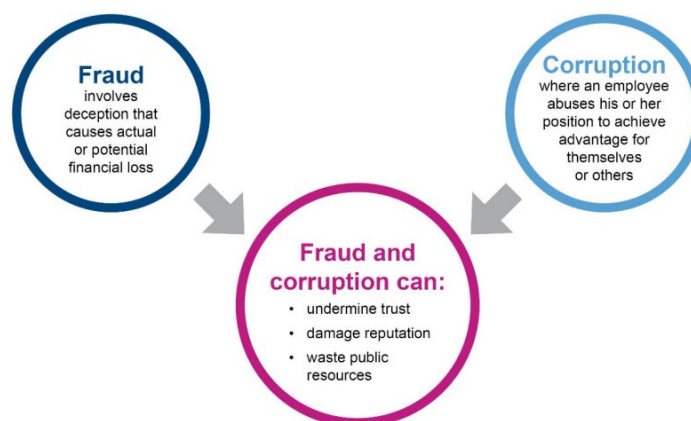
Source: OAG using information from the Victorian Auditor General's Office – *Fraud and Corruption Control* report, March 2018
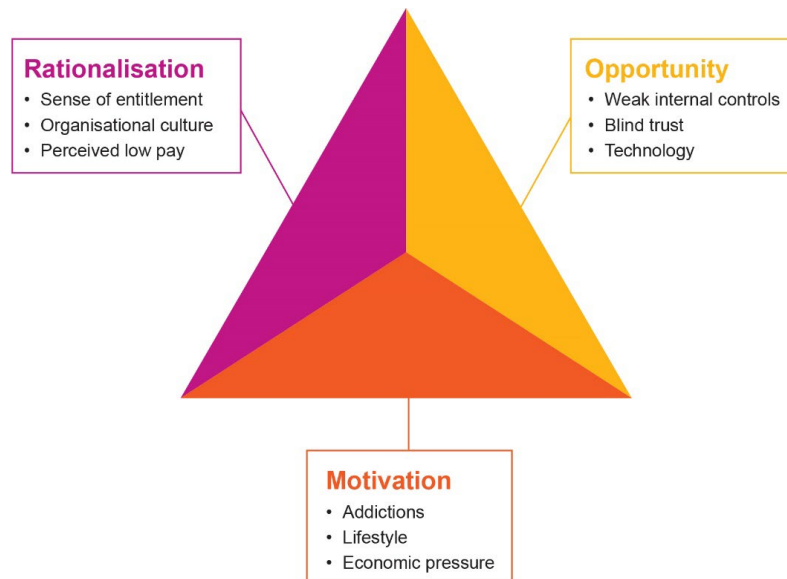
Figure 1: Definitions of fraud and corruption

Not all fraud can be prevented – every organisation, public or private, is vulnerable. A robust and rigorous fraud control system, with appropriate prevention and detection processes, can reduce the risk of fraud occurring and minimise losses.

To effectively fight fraud an entity must first acknowledge that fraud occurs and then seek to understand how and why it occurs. The fraud triangle (Figure 2) outlines 3 key elements that are generally present when fraud has occurred in an entity:

- **Opportunity** – a vulnerability within systems or processes is identified and exploited.

- **Motivation** – also referred to as pressure, is the reason someone commits fraud.

- **Rationalisation** – how someone justifies their fraudulent behaviour to themselves.

With the right mix of motivation, opportunity and rationalisation even the most trusted employee can be tempted to commit a fraudulent act.

Rationalisation
- Sense of entitlement
- Organisational culture
- Perceived low pay

Opportunity
- Weak internal controls
- Blind trust
- Technology

Motivation
- Addictions
- Lifestyle
- Economic pressure

Source: OAG adapted from Other People's Money[1]

Figure 2: The fraud triangle

A fraudster's personal motivation and the ability to rationalise their behaviour is largely beyond an entity's control although, entities will benefit from being alert to and aware of behavioural red flags in respect of their staff and suppliers. The most effective way for an entity to manage its risk of fraud is by controlling the opportunity – implementing or enhancing controls aimed at preventing fraud or detecting it quickly if it does occur.

1.4 Fraud control principles

To build a robust and effective fraud risk management program requires 10 essential principles. Each of the following principles link to 1 or more stages of a better practice fraud risk management program as set out in this guide.

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[1] *Other People's Money: A Study in the Social Psychology of Embezzlement*, Dr Donald Cressey, Free Press 1953.

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Strong leadership	An entity's leadership must model a commitment to fraud control, establishing a strong 'tone at the top' culture to demonstrate their personal commitment to operating with integrity and encouraging a 'finding fraud is good' mindset.
Recognise fraud as a business risk	Entities must acknowledge they are vulnerable to fraud. Fraud should be viewed and treated in the same way as an entity's other enterprise risks.
Adequate control resourcing	Entities should invest in appropriate levels of fraud control resourcing including specialist information system security management personnel.
Clear accountability for fraud control	Entities should establish clear personal accountabilities for fraud control at the governance, executive management and management levels.
Implement and maintain an effective fraud control system	An effective fraud control system (FCS) can reduce the opportunity for fraud. It needs to align with better practice guidance, be fully implemented, monitored and updated periodically.
Periodic assessment of fraud risks	Fraud risk assessments should be carried out periodically or whenever a significant change that affects the entity occurs.
Effective awareness raising program across the entity	To ensure employees recognise red flags for fraud, entities should establish an effective awareness program.
Open channels to report suspicions of fraud	To encourage whistle-blowers to come forward entities should support: • active reporting of fraud through accessible anonymised reporting channels • ensure that the entire workforce is aware of organisational expectations for reporting detected or suspected cases of fraud • ensure they have robust whistle-blower protection policies and procedure that includes assurance that victimisation of those who, in good faith, make such reports will not be tolerated.
Implement a fraud detection program	An effective fraud detection program that includes detection measures such as data analytics and post-transactional review are important.
Consistent response to fraud incidents	Rapid and robust response to suspected fraud events with effective investigation procedures will drive decisive action and result in better outcomes for detected fraud incidents. A strong and consistent response to all fraud events will send a strong message to the workforce that the entity will not tolerate fraud, no matter how minor.

Source: OAG

Table 1: Foundation principles for fraud control

1.5 Acknowledgements

We would like to express our appreciation to the entities and their employees who contributed to the development of this guide.

We also acknowledge and express our appreciation to the Commonwealth Fraud Prevention Centre (CFPC) and Standards Australia, who willingly shared their original intellectual property in the development of this guide, and McGrathNicol Advisory, who were engaged to provide technical expertise.

Part 2: Why develop a fraud risk management program

2.1 Overview

In this part of the guide, we outline why entities should develop a fit for purpose fraud risk management program. In summary:

- there are WA government requirements to implement integrity measures to protect the financial and reputational position of entities

- the financial, reputational and human impact on an entity and its employees when fraud occurs can be significant

- entities' fraud control maturity is not meeting best practice.

Fraud risk management has a critical role in preventing and promptly detecting fraud to minimise loss, retain trust in entities and protect employees.

2.2 Public sector requirements

Entities are required to consider their risks and implement protections.

Treasurer's Instruction (TI) 825 requires all WA State government entities to develop and implement a risk management program. The TIs state, where possible, entities' policies and procedures should be consistent with Australian Standards including:

- AS ISO 31000:2018 – *Risk management - Guidelines* (risk standard)

- AS 8001:2021 – *Fraud and corruption control* (fraud control standard).

Similarly, Regulation 17 of the Local Government (Audit) Regulations 1996 requires local government CEOs to review their entity's systems and procedures, including for risk management, to ensure they are effective and appropriate for the entity's needs.

In addition to these requirements, the Public Sector Commission encourages all entities to commit to implementing its *Integrity Strategy for WA Public Authorities 2020-2023.* This strategy includes the *Integrity Snapshot Tool* which enables entities to self-assess their current integrity position and help identify areas for improvement.

This guide is intended to aid all entities in the application of the above Australian Standards and is not a replication of them. Entities should obtain a copy of the above from Standards Australia or from an authorised distributor to ensure a full and proper understanding of the content and their compliance with them.[2]

2.3 Impact of fraud in the WA public sector

The Association of Certified Fraud Examiners Report to the Nations 2022, estimated that fraud losses in businesses, government and not-for-profits are approximately 5% of their

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[2] Reproduced by Office of the Auditor General (WA) with the permission of Standards Australia Limited under licence CLF0622OAGWA.

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annual turnover.[3] If this estimate is an accurate reflection of actual fraud losses within the WA public sector, the impact on the people of WA, and the services to them, is considerable.

Fraud within the WA public sector is typical of instances in other jurisdictions and sectors where investigations regularly find deficiencies within entities' controls. These deficiencies may have been identified earlier if the entities had a robust and rigorous fraud risk management program in place.

The following is a short summary of some detected fraud events within the WA public sector in the last 15 years and the practical impact on service delivery. These incidents demonstrate that the WA public sector remains vulnerable to fraud by members of its own workforce as well as external fraudsters.
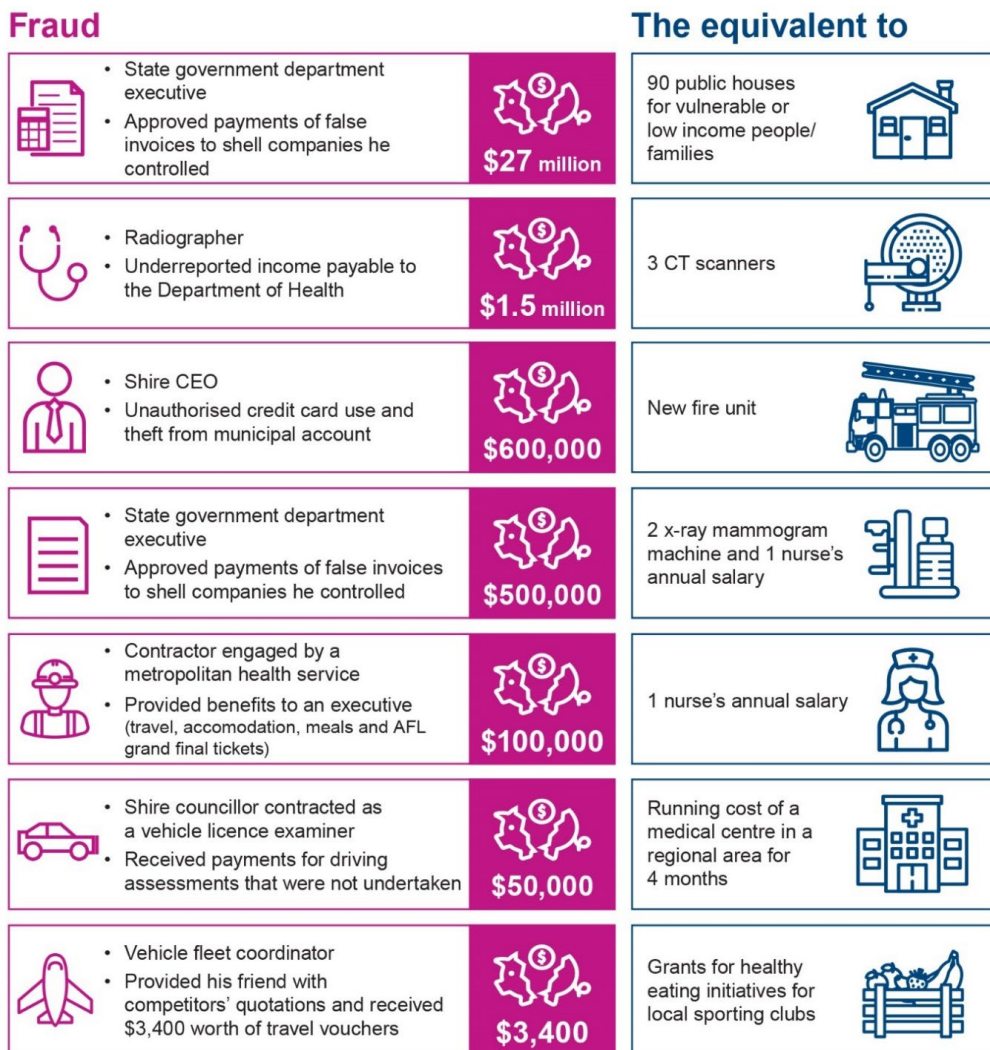
Source: OAG

Figure 3: Examples of known fraud in the WA public sector

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[3] Association of Certified Fraud Examiners, *Occupational Fraud 2022: A Report to the Nations.*

The impact of fraud goes beyond financial and service delivery losses and includes:

- **Human impact**: Those who rely on government services (such as the elderly, the vulnerable, the sick and the disadvantaged) are often the ones most harmed by fraud, increasing the disadvantage, vulnerability and inequality they suffer.

- **Reputational impact**: When it is handled poorly, fraud can result in an erosion of trust in government and industries, and lead to a loss of international and economic reputation. This is particularly true when fraud is facilitated by corruption.

- **Industry impact**: Fraud can result in distorted markets where fraudsters obtain a competitive advantage and drive out legitimate businesses, affecting services delivered by businesses and exposing other sectors to further instances of fraud.

- **Environmental impact**: Fraud can lead to immediate and long-term environmental damage through pollution and damaged ecosystems and biodiversity. It can also result in significant clean-up costs.[4]

- **Organisational impact**: The impact of fraud on employees can be significant. It can lead to low morale, mistrust, inefficient additional oversight and ultimately staff leaving due to the entity's damaged reputation. It can also result in reduced efficiency and effectiveness of the entity's activities.

2.4 Status of fraud control maturity across the sector

In 2021, we conducted a high-level review of State government entities' fraud risk management. As reported in our *Forensics Audit Report – Establishment Phase*, we found many entities fell well short of better practice. We reported similar results in our 2013 report, *Fraud Prevention and Detection in the Public Sector,* and in our 2019 report, *Fraud Prevention in Local Government*. Significant work is required across the public sector to raise the standard of fraud risk management to a satisfactory level.

As part of our 2021 review we asked: "Has the entity completed an assessment of its fraud and corruption risks?" Set out at Table 2 is an analysis of the findings of that review.

Responses			
Assessment completed	**Assessment in progress**	**Assessment not completed**	**Total**
71	12	11	92

Source: OAG

Table 2: Number of entities who have completed an assessment of their fraud and corruption risks

We selected a sample of 12 entities for more detailed analysis. This further analysis highlighted several key themes as set out in Table 3 below:

Theme	Summary	Why it matters
Lack of a risk framework	Some entities did not have an overall risk framework that could be applied in the context of fraud risk.	An overall risk framework ensures consistency in approach to all the entity's identified risks.

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[4] Commonwealth Fraud Prevention Centre, *The total impacts of fraud* (accessed 17 May 2022).

Theme	Summary	Why it matters
Entity size not an indicator of quality	Several larger entities provided insufficient details to show they had undertaken a fraud risk assessment. This suggests that inadequate resourcing is not the sole cause of poor fraud risk assessments being conducted.	The public sector collectively provides a diverse range of services and entities should apply a fit for purpose approach to their fraud risk assessment.
Lack of collaboration	Our analysis suggested a lack of collaboration with risk and process owners in the identification and analysis of the entity's fraud risks.	Collaboration is important because different employees bring different perspectives and experience.
No fraud risk register	Many entities did not have a fraud risk register, despite this being a requirement of their fraud control program.	Entities cannot efficiently monitor and review fraud risks if they have not been documented. The appropriate way to document an entity's fraud risks is in a fraud risk register.
Failure to assess fraud risk	It was clear from our analysis that a significant proportion of entities had not assessed their fraud risks. In many cases entities mistook a fraud control framework for a fraud risk assessment.	Entities must ensure they have a sound understanding of fraud risks that could impact their organisation – this can only be done by implementing a comprehensive process to identify, analyse and evaluate specific fraud risks that could impact the entity.
Data analytics not targeted	Entities had not identified and assessed relevant fraud risks prior to undertaking data analytics to identify fraudulent transactions.	Data analytics is a useful tool for the prevention and detection of fraud, but it requires discipline for it to be efficient and effective. Entities risk implementing inefficient and costly data analytics that are not effective for fraud risks specific to their entity.
Excessive generalisation	Fraud risks that were identified were excessively general rather than being linked to specific processes.	Entities must properly identify and define their vulnerabilities to enable implementation of effective controls.
Risk register limited to strategic risks	Fraud had been identified as an overall strategic risk; however, we saw little evidence that specific fraud risks were identified for individual business units or that a comprehensive fraud risk assessment had been undertaken across all parts of the organisation.	

Source: OAG

Table 3: Themes identified from survey of entities' fraud control maturity

Part 3: How to develop a fraud risk management program

3.1 Overview

To effectively manage fraud risks, entities should develop and implement a robust and effective fraud risk management program. The program should be tailored to an entity's objectives, environment and risk profile and cover:

- the 3 areas where fraud vulnerabilities can be found (based on AS 8001:2021 – *Fraud and corruption control*) – section 3.2

- the 6-stage process to manage risks (based on AS ISO 31000:2018 *Risk management – Guidelines)* – section 3.3.

The diagram below is a simple illustration of the fraud risk management program.
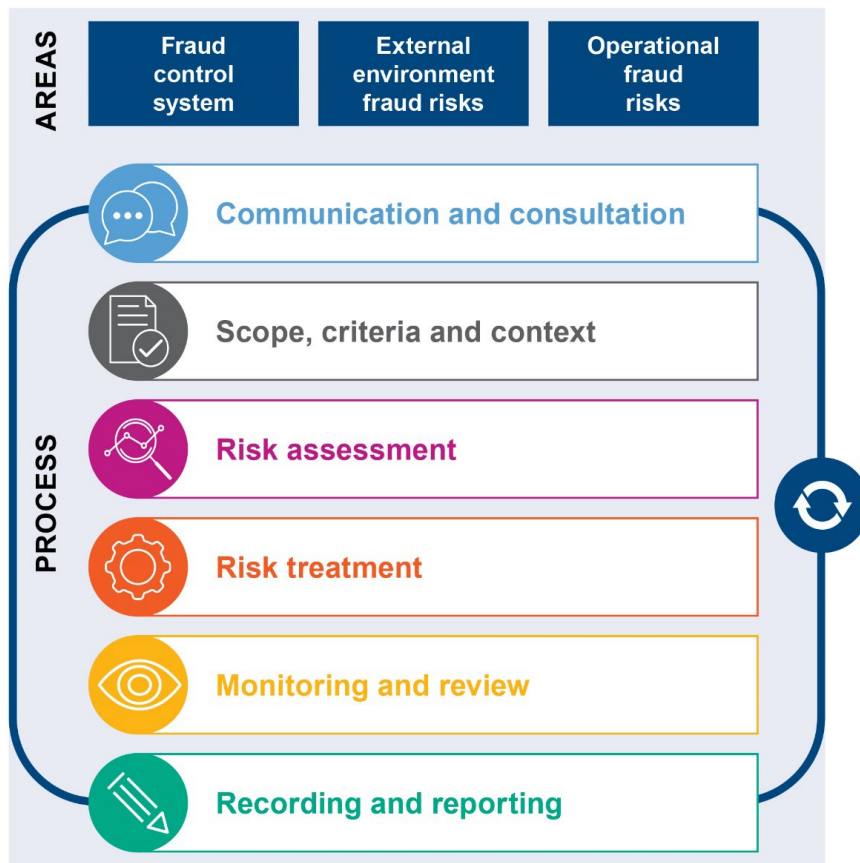
Source: OAG based on AS 8001:2021 and AS ISO 31000:2018

Figure 4: Risk management process including 3 areas of fraud risks to consider

3.2 Where to look for fraud vulnerabilities

In accordance with AS 8001:2021, effective management of fraud risk requires a comprehensive examination of an entity's overall fraud control system (FCS), external threats and operational (or internal) activities.

Our survey of State government entities found that most entities who had taken steps to manage their risk of fraud only considered 1 of the 3 vulnerability areas and none provided evidence that they had considered all 3.

The following is a brief overview of the 3 areas of fraud vulnerability. Whilst we have focused the fraud risk management process that follows at 3.3 on operational risks, it can be applied to the other 2 areas of fraud vulnerability.

A fraud control system is the tools and techniques used to mitigate an entity's fraud risks. When considering fraud risks, analysing the existing control environment is important to assess how closely it aligns to better practice.

AS 8001:2021 – *Fraud and corruption Control* Clause 2.10 identifies 4 elements for an FCS: foundation, prevention, detection and response, examples of these are included in the table below:

FCS elements	Overview
Foundation	Adequate resourcing to implement a multi-faceted approach to managing fraud risks. Examples include specialist resourcing, awareness training, risk management, information security management systems.
Prevention	Prevention controls are the most common and cost-effective way to mitigate fraud. Examples include an integrity framework, internal controls, workforce screening, physical security.
Detection	Detection controls can help to identify when fraud has occurred but are not as cost-effective as preventative measures. Examples include post-transactional review, data analytics, whistle-blower management.
Response	Response controls can assist the entity to respond to a fraud incident after it has occurred and are the least cost-effective, however can significantly reduce the impact of present and future frauds. Examples include investigation, disciplinary procedures, crisis management, recovery.

Source: OAG based on AS 8001:2021 – *Fraud and corruption control* Clause 2.10

Table 4: Elements of a fraud control system

Entities may not have formally documented their FCS, but it is likely they have several existing controls.

Designing and implementing a robust fraud risk management program will inevitably strengthen an entity's FCS. It is for this reason it is recommended an entity assess their FCS against better practice prior to undertaking the fraud risk management process.

The fraud control standard (Clause 2.10) sets out an approach to developing and implementing an entity's FCS and a structure for documenting it. Appendix 3 is a tool for entities to benchmark their current FCS maturity against the fraud control standard.

Updating the fraud control system documents throughout the fraud risk management process assists entities to monitor their increased maturity.

External threats come from outside an entity and are largely beyond their control. The fraud control standard recommends entities consider the 6 external factors that can impact an organisation, known as the PESTLE model. The model is explained in the table below and a complete tool is provided in Appendix 4:

PESTLE factor	**Overview**
Political	To identify the political situation of the country, State or local government area in which the entity operates, including the stability and leadership of the government, whether there is a budget deficit or surplus, lobbying interests and local, regional, national or international political pressure.
Economic	To determine the economic factors that could have an impact on the entity including interest rates, inflation, unemployment rates, foreign exchange rates and monetary or fiscal policies.
Social	To identify the expectations of society by analysing factors such as consumer demographics, significant world events, integrity issues, cultural, ethnic and religious factors, and consumer opinions.
Technological	To identify how technology, including technological advancements, social media platforms and the role of the internet more broadly, is affecting or could affect the entity.
Legal	To identify how specific legislation, including industry specific regulations, and case law are affecting or could affect the entity's future operations.
Environmental	To identify how national and international environmental issues are affecting or could affect the entity.

Source: OAG based on AS 8001:2021 – *Fraud and corruption control,* Clause 2.9

Table 5: External factors that can impact an entity

Operational fraud risks are the fraud risks associated with an entity's day-to-day operations. There will be risks that are common to all entities (e.g. procurement, payroll, asset management) and those that are entity specific (e.g. property development, grant administration, major projects). Operational risks will also include changes in function or activity (e.g. new government initiative, creation of a relief fund in response to a natural disaster). The following section, Fraud risk management process, is focused on managing your operational fraud risks and discusses this in more detail. We also provide further tools in the appendix to assist with better managing them.

3.3 Fraud risk management process

In this section we have mapped out the 6 stages in the risk management process as summarised in Figure 4 above. It is not a linear process; each stage will connect to others at different times throughout the risk management cycle.

We describe the stages and introduce several tools which can be used to assist in developing an effective fraud risk management program. The complete tools are included in the appendices and are available on our website. These tools are not an exhaustive list, there are many tools available (free and for a fee) and entities should determine which ones best suit their needs.

Communication and consultation

To effectively identify fraud risks within an entity's processes and systems, it is essential that the people who best know and run or control the business processes and business area are adequately engaged throughout the fraud risk management process. Entities should also consider if subject matter experts need to be engaged, such as information system security specialists.

Communication and consultation are intended:

"…to assist stakeholders in understanding risk, the basis on which decisions are made and the reasons why particular actions are required."[5]

Employees can feel challenged when asked to respond to questions or contribute to discussions about fraud risks – they may feel that considering this issue with them or in their presence is, in effect, calling their integrity into question. Those tasked with the fraud risk management program should keep the people they need engaged and at ease throughout the process to ensure the best outcome.

Communication and consultation	Better practice
Promote awareness and understanding of fraud risks	• Implement multimodal training programs specific to fraud risks – "What is a fraud risk" • Effectively communicate to employees that the objective is to protect the integrity of the entity and employees
Bring different expertise together throughout the process using effective mechanisms	• Engage different levels of expertise and experience to bring various perspectives • Use a variety of communication methods such as emails, workshops, one-on-one interviews and surveys to obtain a wide range of feedback and opinions
Build a sense of inclusiveness and ownership for process owners (e.g. one-on-one interviews, focus groups)	• Use fraud risk workshops to obtain "buy in" from process operators and owners • Invite all relevant employees, regardless of seniority, to attend a workshop
Obtain sufficient knowledge from relevant stakeholders of business processes to facilitate fraud oversight and decision making	• Facilitate fraud risk workshops to discuss and map business processes and internal controls • Ask attendees to consider "what could go wrong?" in processes they engage with or manage • Identify areas of fraud risk in a process map that requires internal controls
Engage with relevant stakeholders to obtain feedback and information to support decision-making	• Structure emails and/or surveys that focus on fraud risks for specific processes • Adopt appropriate modes of communication

Source: OAG

Table 6: Better practice examples of the communication and consultation stage

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[5] AS ISO 31000:2018 *Risk management - Guidelines* Clause 6.2.

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One way to enhance communication is by meeting one-on-one to facilitate a better understanding of relevant risk and control issues.

To help with communication and consultation, entities should prepare a communication plan that outlines the intended methods, people and timelines for consultation. This also forms the basis of reporting to any oversight committees on the progress of projects in the fraud risk management program. Examples of methods of communication and consultation are provided in Appendix 5.1.

Scope, context, and criteria

Establishing the scope, context and criteria for the fraud risk assessment is done using the communication and consultation processes outlined above. They will differ for each entity and will be determined by the size and complexity of the process being assessed.

> *"…Scope, context and criteria involve defining the scope of the process and understanding the external and internal context."*[6]

Case study 1: Example of scope, context and criteria for a risk assessment of selected parts of the Procure to Pay process

Factor	Procure to Pay
Scope	• The specific parts of the Procure to Pay process to be assessed are: supplier selection, onboarding vendors, purchase validation (business case, receipt of goods/services) and release of payment.
	• We will engage with the finance business unit and operational staff responsible for purchase orders and validation of receipt of goods/service.
	• The entity's risk assessment policy dated 31 January 2020 will be applied in conjunction with the approved fraud risk assessment program dated 30 June 2021.
	• As the entity's procurement staff are across the State, we will need to engage in a number of online meetings with potential site visits.
	• Timeline:
	o engagement with procurement staff by 30 June 2022
	o identification of risks by 31 October 2022
	o completion of risk register and mapping of risks by 31 December 2022
	o first review to Internal Audit and Risk Committee (IARC) by 28 February 2023
	o second review to IARC by 30 April 2023
	o submission to Board for approval by 31 May 2023.

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[6] AS ISO 31000:2018 *Risk management - Guidelines* Clause 6.3.

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Context	Internal factors include:
	• the strategic objectives of the entity are: community focused delivery of services, sound business practices and quality services. A list of the specific goods, services or works to be procured are provided in Annexure A
	• the existing employee level in the Procure to Pay process is sufficient, however, their experience is inadequate. No training has been delivered in identifying indicators of potential fraud
	• there is no assessment of fraud controls within vendors
	• the entity has policies and processes in respect of independence for supplier selection panels and purchase validation.
	External factors include:
	• increasing fraud trends targeting procurement and finance teams (i.e. business email compromise – fake emails impersonating an internal senior person or a vendor)
	• recent known scams in the public domain that have been uncovered.
Criteria	• The below risk criteria are taken from the entity's risk assessment policy dated 31 January 2020.
	• The entity rates likelihood risk on a scale from extremely unlikely to almost certain. Within the Procure to Pay process, rare is conceivable but unlikely, unlikely is conceivable and has occurred in the past but unlikely in the next year.
	• The entity rates consequence risk on a scale from negligible to catastrophic across the following loss factors: financial, reputational, legal, service delivery.
	• Within the Procure to Pay process, negligible has no negative consequence, low disrupts internal non-management process and has no external financial loss, moderate requires corrective action by senior management, potential disciplinary action and minor financial impact etc.

Entities will need to develop a scope, context and criteria for all activities and processes they perform. The CFPC's *Fraud Risk Assessment Leading Practice Guide* provides a strategic profiling tool in support of its recommendation that entities responsible for multiple activities and processes prioritise the areas of the entity that are at higher risk for fraud.

Scope, context and criteria	Better practice
Define the scope of the activity being assessed for fraud risk including objectives and decisions to be made prior to commencing any fraud risk assessment	• Clearly document the scope and objective of the process that is being assessed for fraud risks
	• Circulate a document that sets out the scope to all employee participating in the fraud risk assessment
	• Break down complex processes into manageable scopes

Scope, context and criteria	Better practice
Establish the context of the fraud risk activity	• Understand the external environment • Understand the internal operating environment • Reflect the specific environment of the activity to which the fraud risk management process is to be applied
Align the fraud criteria with an overarching risk management framework used to assess all business risks for consistency	• Review the entity's existing risk management framework prior to commencing to ensure up-to-date and fit-for-purpose • Align consequence and likelihood criteria and the risk rating matrix with existing framework
The fraud risk assessment criteria should reflect the organisation's values, objectives and resources and be consistent with policies and statements about risk management	• Review the entity's existing risk management policy to understand the entity's risk appetite

Source: OAG

Table 7: Better practice examples of the scope, context and criteria stage

Appendix 5.2 provides a guide on how you could outline your scope, context and criteria.

Risk assessment

Once the scope, context and criteria are established, entities need to assess their fraud risks.

If an entity has a detailed risk assessment approach, then it is logical and likely more efficient to apply that for fraud risks as well.

AS ISO 31000:2018 *Risk Management - Guidelines* sets out 3 sub-phases in the risk assessment stage:

• risk identification

• risk analysis

• risk evaluation.

The assessment stage is followed by treatment. An overview of the risk assessment and treatment stages is set out below.
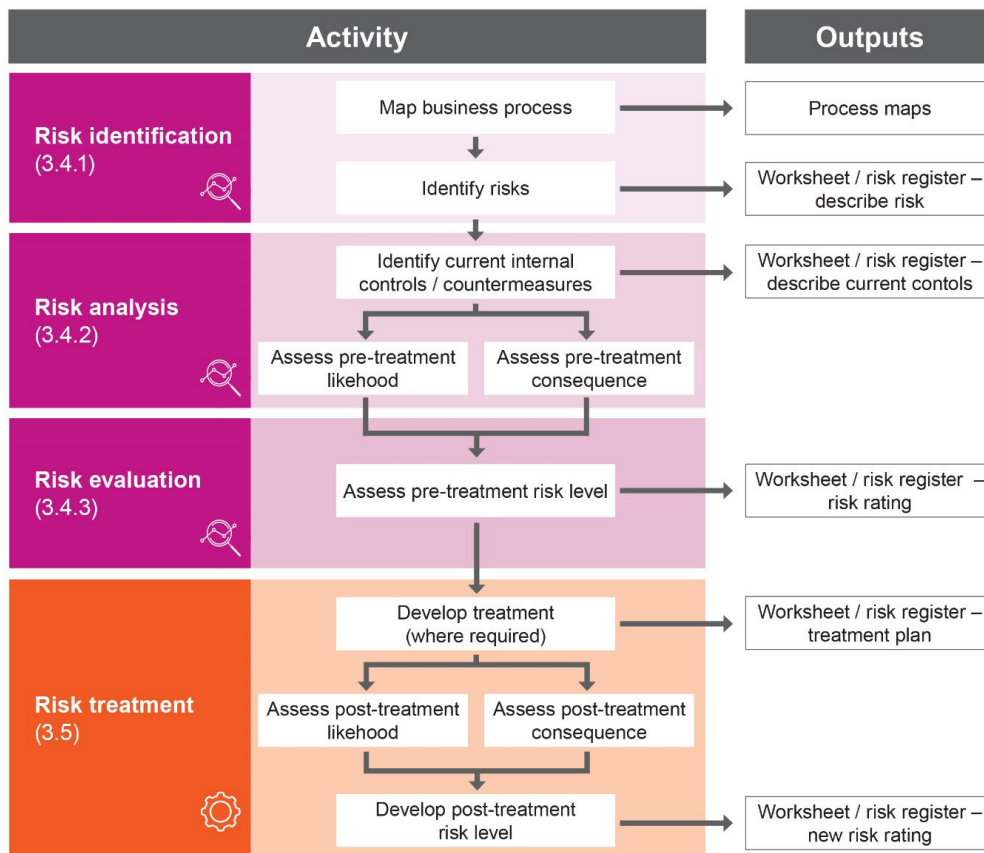
Source: OAG based on AS ISO 31000:2018 *Risk Management - Guidelines* Clause 6.4 and 6.5

Figure 5: Risk assessment and treatment stages overview

Identifying risks

Think like a fraudster. Discover what you don't know.

> Risk identification involves:
>
> *"… finding, recognising and describing risks that might help or prevent an organisation achieve its objectives."*[7]

It is important to avoid the temptation to be defensive and dismiss risks before they have been properly analysed and evaluated.

Identifying fraud risks should be viewed as a creative process. Brainstorm the various fraud schemes that have and could be committed within or against the entity. An effective way to identify fraud risks is to map the process that is being assessed and identify vulnerabilities within the process. Below is an example of an accounts payable process map, sometimes referred to as a flow chart. The coloured circles represent identified fraud risks in the accounts payable (AP) process.

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[7] AS ISO 31000:2018 *Risk management - Guidelines* Clause 6.4.2.

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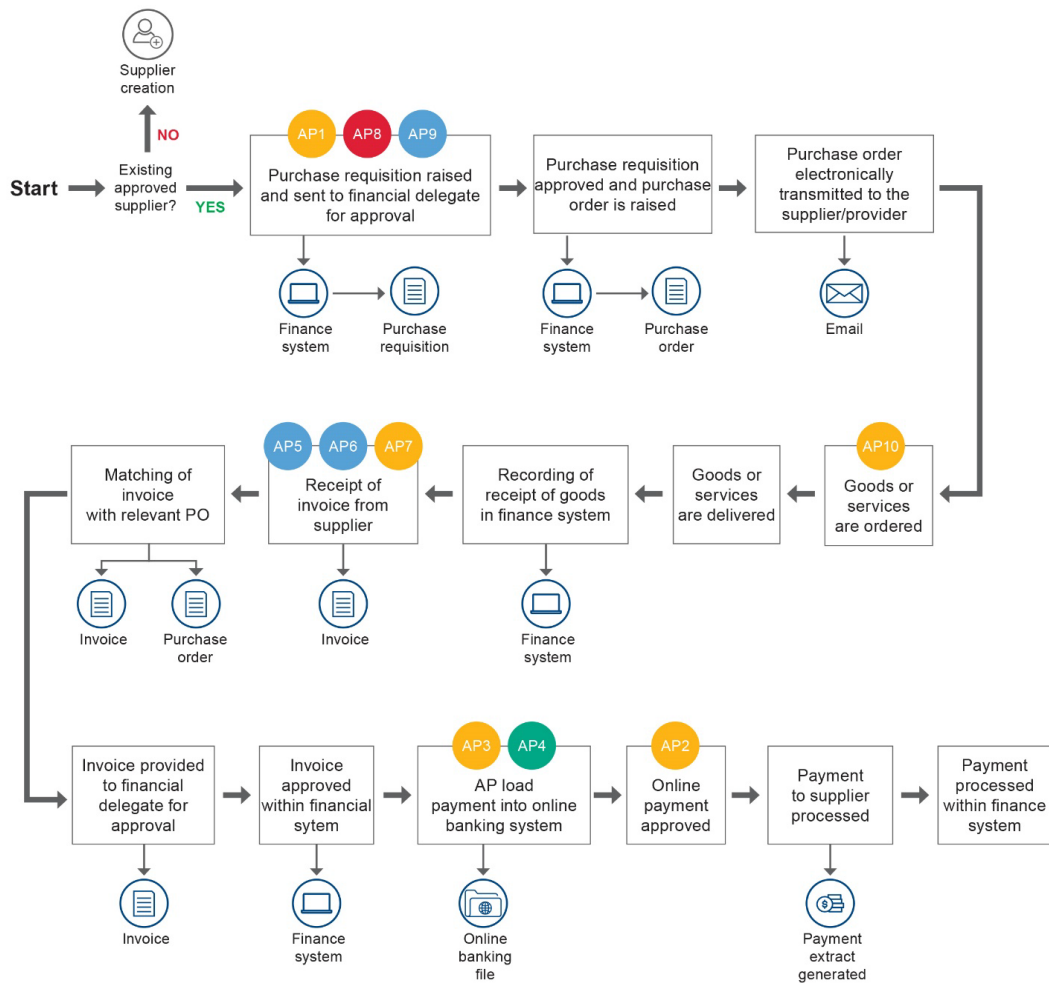
Source: OAG

Figure 6: Accounts payable process map

A fraud risk assessment should consider common methods used by fraudsters and look for vulnerabilities within the entity's processes and activities. This will involve challenging assumptions about, and existing processes within, an entity to identify gaps and thinking of creative ways to circumvent internal controls.

Common frauds are a good place to start but entities should not stop there. Risk identification needs to be realistic but at the same time entities should remember that even the most far-fetched fraud scheme can occur when the right balance of motivation, rationalisation and opportunity are present. Asking hypothetical questions about how fraud could be perpetrated in a structured and controlled way will put the fraud risk assessment process on the right path.

Finally, a good fraud description will allow you to understand ways to prevent or detect the fraud. One way to identify and describe your fraud risks is to consider who did what and what the result was, also described below as the Actor, Action, Outcome method[8]:

---

[8] Commonwealth Fraud Prevention Centre, *Fraud Risk Assessment – Leading Practice Guide.*

- actor – accounts payable (AP) officer

- action – submits and processes fictitious invoice

- outcome – payment of invoice results in money going to AP officer's bank account.

Fraud risks that have been identified should be adequately documented on a fraud risk worksheet. Fraud risk worksheets can function as an aid to the risk assessment but also as a fraud risk register and an implementation worksheet.

Appendix 5.3 includes:

- an example of a fraud risk worksheet

- risk assessment and treatment process overview

- key questions you could ask when trying to identify fraud risks

- the CFPC's Actor, Action, Outcome method of describing fraud risks

- an example diagrammatic presentation of assessed fraud risks

- a short summary of fraud risks that are commonly found in the public sector environment. The summary is not intended to be an exhaustive list. The examples in section 2.3 would also be useful in this exercise.

Analysing fraud risks

Once the potential fraud risks within the business unit or process have been identified the next step is to analyse the risks.

> Risk analysis is:
>
> *"… a detailed consideration of uncertainties, resources, consequences, likelihood, events, scenarios, controls and their effectiveness."*[9]

Fraud risk analysis requires input from employees within the business unit(s) being assessed and any additional subject matter experts who can add value to the process.

An analysis of each risk includes considering:

- **the likelihood** of the risk occurring

- **the consequence** for the entity if it did occur

- **resourcing constraints** impacting controls

- **the effectiveness of existing controls** intended to mitigate the risks.

The entity should use its established risk analysis matrix to analyse the likelihood, consequences, and strength of existing controls to assign a risk rating to each fraud risk. It is critical that every business unit within an entity use the same risk analysis matrix to allow for a proper comparison of risks across the entity.

Figure 7 below is an example of a risk assessment matrix that shows the likelihood combined with the consequences risks results:

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[9] AS ISO 31000:2018 *Risk management - Guidelines* Clause 6.4.3.

Figure 7: Example of a risk assessment matrix

Sometimes an entity undertaking a fraud risk assessment can overestimate the effectiveness of internal controls. One technique to fully assess their effectiveness is to conduct a walk-through of the relevant process or activity and determine if the controls are currently operating effectively. Applying a sceptical approach to the controls and adopting the mindset of a determined fraudster can help to assess if a control can be overridden or avoided. Internal audit resources can also be helpful in this assessment.

Risk analysis	Better practice
Consider uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness	• Detailed documentation of the analysis including reasoning for decisions for example if a risk is determined to be HIGH for consequence document why and what inputs were used
Events can have multiple causes and consequences and affect multiple objectives	• Deep dive analysis to identify all causes, both internally, externally and potential consequences
Scrutiny of existing controls	• Sufficiently analyse and test existing controls including walk-throughs and penetration testing • Consider engaging specialists to identify gaps in existing system controls

Table 8: Better practice examples of the risk analysis stage

Evaluating fraud risks

Once an entity's fraud risks have been analysed, they need to be evaluated against the entity's risk appetite and tolerance. This should be defined in the entity's risk management policy and framework. The evaluation is used to determine if further action is required to reduce identified residual risks to an acceptable level.

Entities' risk appetites and tolerances vary and depend on factors such as the circumstances of a particular program, the cost-benefit of implementing controls to reduce the risk of fraud, resources or other constraints and reputational risk. Risk tolerance is not static and should be determined on a case-by-case basis for each risk identified.

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> The purpose of risk evaluation is to:
>
> *"… support decisions. Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required."*[10]

It is important that the evaluation of fraud risks involves detailed input from the process and risk owners and includes senior employees who can consider the cost of countering fraud against the entity's risk tolerance. The evaluation considers the residual fraud risk and should conclude with one of the following outcomes[11]:

- avoid the risk

- accept the risk

- remove the risk source

- change the likelihood

- change the consequences

- share the risk

- retain the risk.

These conclusions, and links to any supporting documentation, should be included in the fraud risk assessment worksheet.

Risk evaluation	Better practice
Evaluate results from risk assessment	- Comparing the results of the risk analysis with the established risk criteria to determine if and where additional action is required
Record and communicate evaluation results	- Risk evaluation outcomes are recorded, communicated and then validated at appropriate levels of the organisation

Source: OAG

Table 9: Better practice examples of the risk evaluation stage

Risk treatment

After finalising the risk assessment, the risk treatment process is undertaken. An entity's evaluation of the risks and its risk appetite will determine if the residual risk is at an acceptable level or if treatment is required. Risk treatments can include enhancing existing controls, implementing new controls, or avoiding the risk altogether by no longer undertaking the activity, program or service.

An entity needs to consider how to mitigate the residual fraud risks that remain above the entity's tolerance level. The objective of treating the fraud risk is to reduce the residual risk identified in the assessment to an acceptable level.

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[10] AS ISO 31000:2018 *Risk management - Guidelines* Clause 6.4.4.

[11] AS ISO 31000:2018 *Risk management - Guidelines* Section 6.5.2.

> The aim of risk treatment is to:
>
> *".. select and implement options for addressing risk."*[12]

An overview of the risk treatment process has been set out in Figure 5.

Some treatments may enhance existing controls or introduce new controls. Fraud controls are specific measures, processes or functions that are intended to prevent or detect fraud events or to enable the entity to respond to them. These would be suitable to address the following outcomes:

- accept the risk

- change the consequence

- change the likelihood

- change both the consequence and likelihood

- share the risk

- retain the risk.

Subject to the entity's risk appetite and tolerance, not every risk will require the development and implementation of treatments.

Risk treatment	Better practice
Determine appropriate risk treatments	• Select risk treatment options with the entity's objectives, risk criteria and available resources • Balance the potential benefits against cost, effort or disadvantage of implementation
Document implementation plan	• Document the treatment plan outlining the responsibilities, resources and other relevant implementation information in the fraud risk worksheet
Risks that do not have a treatment option	• If no treatment options are available or if treatment options do not sufficiently modify the fraud risk, the risk is recorded and kept under ongoing review
Remaining risk is documented	• Inform decision makers and other stakeholders of the nature and extent of the remaining risk after treatment • Document the remaining risk and subject to monitoring, review and, where appropriate, further treatment
Consider beyond economic consequences	• Justification for risk treatment is broader than solely economic consequences and considers the entity's obligations, voluntary commitments and stakeholder views

Source: OAG

Table 10: Better practice examples of the risk treatment stage

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[12] AS ISO 31000:2018 *Risk management - Guidelines* Clause 6.5.

A useful way to examine your controls is to ensure they are specific, measurable, achievable, relevant and timed (SMART). This model and examples of internal controls that may be applied with a view to change the consequence, likelihood or both are provided at Appendix 5.4.

Monitoring and review

Entities should actively monitor the implementation of fraud risk treatments, because until the new or improved controls are in place, the fraud risk will remain above this tolerance level. Fraud risk owners will be responsible for ensuring the controls are implemented in a timely manner and remain effective. When a new or improved control has been implemented the entity should review the control in practice over time to ensure it continues to be effective.

Further, it is essential that entities have a program to continuously monitor and review their fraud risks. Sometimes only small changes to a business process or function can alter the inherent fraud risk rating, result in the emergence of new fraud risks, or impact the effectiveness of existing controls.

Monitoring and review is:

"… to assure and improve the quality and effectiveness of process design implementation and outcomes."[13]

Monitoring and review	Better practice
Monitoring and review takes place during all elements of fraud risk management program	• Monitoring and review includes planning, gathering and analysing information, recording results and providing feedback
Monitoring and review progress is reported	• Results of monitoring and review are incorporated throughout the entity's performance management, measurement, and reporting activities

Source: OAG

Table 11: Better practice examples of the monitoring and review stage

Recording and reporting

As noted earlier, fraud risks identified through a fraud risk assessment can be integrated into the entity's broader enterprise risk register. Whether entities combine all risks into a single source risk register or maintain a separate fraud risk register, they must be documented and reported. Entities should report to appropriate oversight committees and management including any audit committees which are responsible for overseeing the entity risk management and internal controls.

Risk management process and its outcomes should be:

"… documented and reported through appropriate mechanisms."[14]

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[13] AS ISO 31000:2018 *Risk management - Guidelines* Clause 6.6.

[14] AS ISO 31000:2018 *Risk management - Guidelines* Clause 6.7.

The fraud risk assessment worksheet details several key processes and outcomes that should be documented including the methodology for the risk assessment, the results and the response.

Recording and reporting	Better practice
Detailed recording of fraud risk assessment process	• Worksheets include adequate information that demonstrates reason for decisions made and actions taken
Ongoing monitoring and periodic review of the fraud risk management process and its outcomes is planned, and responsibilities clearly defined	• Updates provided to senior management and those charged with governance on progress • Monitoring through audit committee • Documented responsibilities for undertaking fraud risk management are outlined in the entities' FCS

Source: OAG

Table 12: Better practice examples of the recording and reporting stage

Conclusion

Fraud is a pervasive and growing issue within Australia. Fraud can be initiated by employees or close associates of an entity and, increasingly, by parties with no apparent connection to the entity. It can also involve collusion between internal and external parties.

Historically, the approach of many Australian entities to fraud risk management has been wholly reactive. Entities that embrace adequate and proportionate approaches to managing fraud risks will increase their chance of reducing fraud events.

We encourage entities to use this guide along with the tools and any other available resources when applying AS ISO 31000:2018 – *Risk management - Guidelines* and AS 8001:2021 – *Fraud and corruption control* to manage the risk of fraud against their entity. While fraud risks cannot be eliminated, a robust and well-resourced fraud risk management program can minimise the likelihood and consequences of fraud events.

Appendix 1: Glossary

Term	Definition
Better practice guide (BPG)	A fraud risk assessment better practice guide (this report).
Bribery	Offering, promising, giving, accepting or soliciting of an undue advantage of any value (either financial or non-financial) directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties.
Cloud computing	The practice of using a network of remote servers hosted on the internet to store, manage, and process data, rather than a local server or a personal computer.
Close associate	A person with a close connection with the organisation other than an employee (e.g. director, consultant, contractor).
Collusive tendering	The act of multiple tenderers for a particular contract colluding in preparation of their bids – also often referred to as bid rigging.
Conflict of interest	A situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity.
Corruption	Dishonest activity in which a person associated with an entity (e.g. director, executive or employee) acts contrary to the interests of the entity and abuses their position of trust in order to achieve personal advantage or advantage for another person or entity.
Cryptocurrency	A digital currency in which transactions are verified and records maintained by a decentralised system using cryptography, rather than by a centralised authority.
Data theft	Also known as information theft. The illegal transfer or storage of personal, confidential, or financial information.
Enterprise risk	Risks arising from the general operation of an entity that can impact on the entity's ability to meet its objectives (refer also definition of 'risk' below).
FCS	Fraud Control System - a framework for controlling the risk of fraud against or by an entity.
Fraud	Dishonest activity causing actual or potential gain or loss to any person or entity including theft of moneys or other property by persons internal and/or external to the entity and/or where deception is used at the time, immediately before or immediately following the activity.
Identity fraud	Also known as identity theft or crime. It involves someone using another individual's personal information without consent, often to obtain a benefit.
Internal control	Internal control is a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance that information is reliable, accurate and timely.
Malware	Malicious software intentionally designed to cause disruption to a computer, server, client, or computer network, leak private information, gain unauthorised access to information or systems, deprive user's access to information or which unknowingly interferes with the user's computer security and privacy.

Term	Definition
Nepotism and/or Cronyism	Where the appointee is inadequately qualified to perform the role to which he or she has been appointed. The appointment of friends and associates to positions of authority, without proper regard to their qualifications.
OAG	The Office of the Auditor General.
PESTLE model	Consideration of 6 external environmental factors that can impact an entity, namely the political, economic, social, technological, legal and environmental factors.
Phishing and/or Spear-phishing	Cyber-intrusion. Theft of intellectual property or other confidential information through unauthorised systems access.
Ransomware	Form of malware designed to encrypt files on a device, rendering any files and the systems that rely on them unusable.
Risk	The effect of uncertainty on objectives. An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats.
Risk appetite	The level of overall risk an entity is prepared to accept in pursuing its objectives.
Risk tolerance	The level of risk an entity is prepared to accept in relation to specific aspects of its operation – the practical application of the concept of 'risk appetite' to specific risk categories (relevantly to the subject of this guide, this can include application of an entity's risk appetite to the concept of fraud risk).
Social engineering	A broad range of malicious activities accomplished through human interactions (e.g. psychological manipulation of people into performing actions or divulging confidential information).

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Appendix 2: References

Reference
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Appendix 3: Fraud control system benchmarking tool

An important component of the periodic assessment of the efficacy of an entity's FCS is to determine whether an entity's FCS aligns with the requirements and guidance set out in the standard, in effect, a benchmarking of the entity's fraud control program against the requirements and guidance of the standard. An organisation's performance against each element of the standard can be assessed in accordance with a 5-element rating scheme as set out below.

Alignment with AS 8001:2021 – *Fraud and corruption control best practice model*	Rating
Meeting better practice	5
Approaching better practice	4
Minimum acceptable level	3
Inadequate but some progress made towards better practice	2
Inadequate – no progress towards achieving better practice	1

The following are the relevant steps required to prepare and deliver an FCS benchmarking project:

Step 1	Consult and collaborate across the entity in a consideration of the FCS benchmarking model and determine which, if any, elements of the model are not relevant to the entity's own circumstances, make necessary adjustments to the model in preparation for analysis.[15]
Step 2	Gather all entity documentation pertaining to the control of fraud risk within the entity – this would include:
	• current FCS documentation
	• current governing body charter
	• most recent fraud risk assessment
	• the entity's disciplinary procedures
	• recent analysis of awareness raising activities within the entity
	• most recent external environmental scan analysis

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[15] e.g. requirements and guidance of AS 8001:2021 Section 3.6 *Performance Based Targets* may not be relevant to public sector entities and could therefore be removed from the model.

	- internal audit charter - any recent internal audit reports in relation to fraud risk management - all integrity related documentation - current workforce screening policy - current cybersecurity / information system management policies - a summary of the last 5 years fraud incidents covering results could provide insight into common activities, themes and weaknesses. Details such as number of events per year, fraud theme (procurement, CC etc), quantum, fraud substantiated Y/N, vulnerability identified, how vulnerability treated, date vulnerability treated - reports of analysis of internal control efficacy including pressure testing transactions.
Step 3	Consult broadly across the entity to arrive at a realistic and reliable assessment of the entity's current performance against each relevant element of AS8001:2021. Consultation would include: - if a relevant policy or procedure is currently in place or is proposed - the frequency of review of all relevant policies and procedures - if there is adequate resourcing to ensure that the FCS is properly and effectively administered - the culture within the entity in terms of adherence to the key elements of the FCS.
Step 4	Collaborate with relevant system and process owners to arrive at a rating on a scale of 1 to 5 for each element of the FCS being assessed in terms of its current alignment with AS 8001:2021.
Step 5	Consult broadly within the organisation in relation to initiatives currently in train for implementation in the future, collaborate with relevant system and process owners to arrive at a rating on a scale of 1 to 5 for each element of the FCS being assessed in terms of its future alignment with AS 8001:2021 on the assumption that the initiative is fully implemented.
Step 6	Enter scores into the model and review the output chart.
Step 7	Present to the relevant oversight committee within the entity.
Step 8	Implement remedial action required for the entity to better align with the better practice model per AS 8001:2021.
Step 9	Monitor the ongoing efficacy of the FCS in light of this analysis over time.

Presentation of the benchmarking analysis

The outcome of this analysis can be usefully presented in a variety of tabular or graphical formats. The way in which the benchmarking analysis results are presented will depend on the needs of the entity. One particularly visual way of presenting the outcomes of the benchmarking analysis is by way of a 'spider-web' diagram as shown below.

A Microsoft Excel tool is provided on our website with detailed instructions to assist in the preparation of this analysis and production of the spider web diagram is detailed below.

The spider web diagram is particularly useful for presenting current and future state alignment of an entity's FCS with AS 8001:2021 and for showing improvement over time. For example, if a spider web diagram depicting the current and anticipated alignment of the entity's FCS with AS 8001:2021 is presented to each meeting of the relevant oversighting committee (e.g. an audit committee) the committee would be able to efficiently monitor progress against action items initiated to address identified gaps.
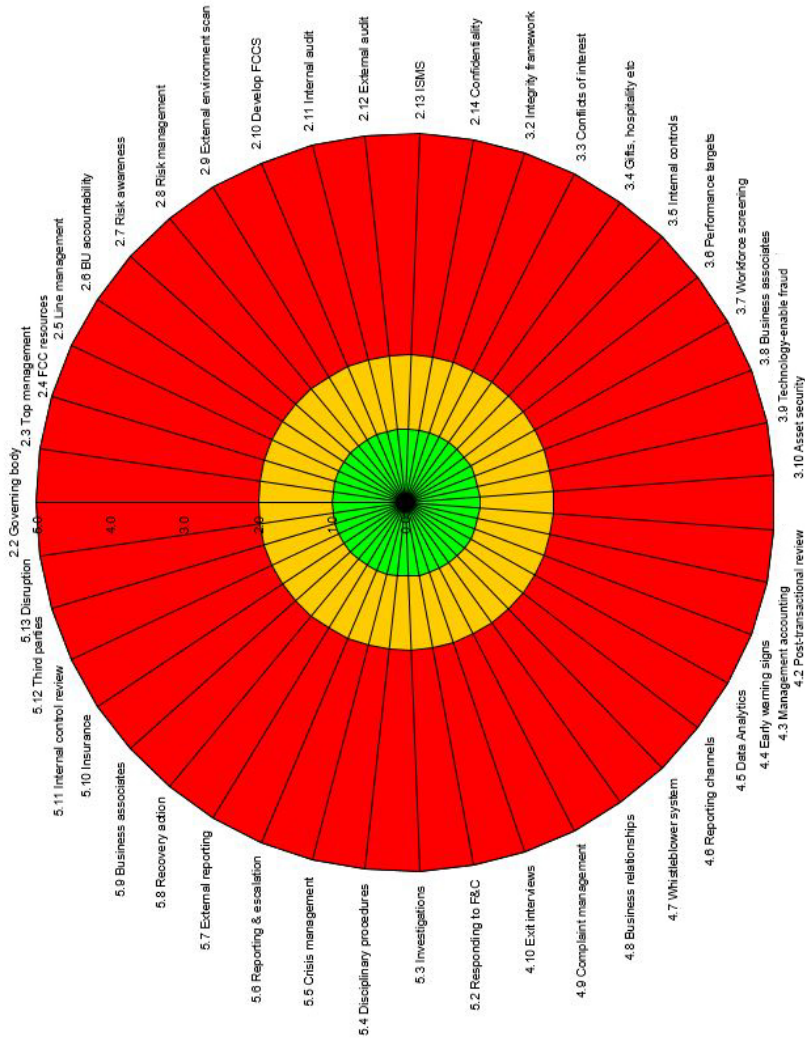
The green area	Represents the entity's current alignment with the requirements and guidance of AS 8001:2021.
The amber area	Represents the entity's anticipated future alignment with the requirements and guidance of AS 8001:2021 once initiatives currently in train are fully implemented. Theoretically, the amber area should progressively turn to green over the projected implementation timeframe.
The red area	Represents the current 'gap' between either the current alignment (green) or anticipated future alignment (amber) with the requirements and guidance of AS 8001:2021.

Appendix 4: External threat assessment tool

Assessment of external threats using the PESTLE model requires a rigorous 7-step process as follows:

Step 1: Consult and collaborate across the entity, make necessary adjustments to the worksheet in preparation for analysis.

Step 2: Gather all documentation pertaining to external threats in the environment in which the entity operates or is considering operations.

Step 3: Consider the most recent fraud risk assessment conducted in relation to the entity's operation.

Step 4: In collaboration with risk and process owners, consider the six PESTLE factors that could impact the entity's fraud risks.

Step 5: Identify external factors that need to be addressed by the entity to more effectively control fraud risks.

Step 6: Develop risk treatments for risks that need to be further mitigated and adjust in fraud risk assessment and fraud control system.

Step 7: Review external threats periodically.

The following is an example worksheet for assessing external threats against an entity using the PESTLE model.

PESTLE factor	Example questions to consider	External threat assessment	Action to be taken (risk assessment, risk treatments, fraud control system)
Political			
To identify the political situation of the country in which the organisation operates, including the stability and leadership of the government, whether there is a budget deficit or surplus, lobbying interests and international political pressure.	1. Has there been a recent change in government (at local, state or federal level)? 2. Is there any anticipated change in government funding foreshadowed? How will a change in funding impact the entity's fraud exposure (e.g. an increase in funding for grants or a decrease in funding for administration)? 3. Is there any legislative change anticipated in relation to employment law that may impact the entity's ability to manage its fraud exposure?	Insert text	Insert text

PESTLE factor	Example questions to consider	External threat assessment	Action to be taken (risk assessment, risk treatments, fraud control system)
	4. Is there a likely increase or reduction in government mandated regulation? 5. If yes, will that give rise to an increase in the entity's fraud exposure (either internally or externally initiated fraud)? 6. Are there any other political factors the entity should consider?		
Economic			
To determine the economic factors that could have an impact on the organisation, including interest rates, inflation, unemployment rates, foreign exchange rates and monetary or fiscal policies.	1. Are all economies in which the entity operates currently stable? 2. If there are indications of instability in an economy in which the entity operates, to what degree will this impact the risk of fraud within or against the entity? 3. Are there any key economic decisions (either recently implemented or in contemplation) likely to have an impact on the entity's fraud exposure (e.g. rising interest rates, a change in taxation rates)? 4. Is there currently significant pressure on wages and salaries that could act to reduce disposable income of the general population and to what degree could that impact on the entity's fraud exposure? 5. Is there likely to be a change in employment levels in the economy in the next three to five years?	Insert text	Insert text

PESTLE factor	Example questions to consider	External threat assessment	Action to be taken (risk assessment, risk treatments, fraud control system)
	6. Is there likely to be a change in working arrangements that may increase the risk of fraud within the entity (e.g. remote working, flexible working arrangements)? 7. Are there any other economic factors the entity should consider?		
Social To identify the expectations of society by analysing factors such as consumer demographics, significant world events, integrity issues, cultural and ethnic and religious factors, and consumer opinions.	1. Has there been a marked decline in integrity standards within the broader community or is this anticipated going forward? How could these changes impact the entity's fraud exposures in the future? 2. Is it likely that the entity will only be able to attract adequate human resource is by offering work arrangements that are not sustainable for the entity? 3. Are there any other social factors they should consider?	Insert text	Insert text
Technological To identify how technology, including technological advancements, social media platforms and the role of the internet more broadly, is affecting or could affect the organisation.	1. Does the entity have a heavy reliance on technology internally? 2. Does the entity have a heavy reliance on technology to interact with external parties including business associates, customers, clients	Insert text	Insert text

PESTLE factor	Example questions to consider	External threat assessment	Action to be taken (risk assessment, risk treatments, fraud control system)
	and the general public?		
	3. Does the entity embrace leading edge cyber-security?		
	4. Does the entity have strict policies governing the use of its IT equipment by the workforce for personal purposes?		
	5. Does the entity have strong controls over the use of technology in the course of remote working?		
	6. Does the entity closely monitor developments in technology-enabled fraud?		
	7. Are there any other technological factors that the entity should consider?		
Legal			
To identify how specific legislation, including industry specific regulations, and case law are affecting or could affect the organisation's future operations.	1. Does the entity have a strong compliance function?		
	2. Does the entity have a strong sense of its own duties of integrity when interacting with external parties (i.e. is there a risk of the entity itself being accused of fraudulent or other illegal conduct)?		
	3. Are there indicators of significant change in the regulatory landscape affecting the entity?		
	4. Is the entity aware of its vicarious liabilities in relation to the conduct of members of its own		

PESTLE factor	Example questions to consider	External threat assessment	Action to be taken (risk assessment, risk treatments, fraud control system)
	workforce?		
	5. Are there any other legal factors that the entity should consider?		
Environmental			
To identify how local, national and international environmental issues are affecting or could affect the organisation.	1. Does the entity operate in circumstances where there is a likelihood of a high environmental impact?		
	2. If so, does this give rise to any raised risk of manipulation of financial or non-financial reporting?		
	3. Are there any other environmental factors that the entity should consider?		

Appendix 5: Tools to support the fraud risk management process

A5.1 Communication and consultation tool

Fraud risk owners can sometimes encounter problems with those responsible for developing, implementing and maintaining fraud controls relating to their risks. This may be because a control owner is experiencing staffing or funding constraints or they lack the requisite expertise. In these circumstances the person tasked with performing the fraud risk program can assist through:

- requesting progressive pieces of work

- fostering productive linkages between parties responsible for fraud control

- providing expert advice to stakeholders

- seeking strategic support from the senior staff to formulate solutions to impediments at the operational or program level.

The table below describes some methods for communication and consultation across an entity.

Structured one-on-one discussion with the process / risk owners	Speak with relevant business units – the people who work with the systems and processes every day. Meet one-on-one to facilitate an enhanced understanding of relevant risk and control issues.
Convene focus groups with process and risk owners and stakeholders	Facilitate detailed discussion of fraud risks with focus groups along with one-on-one meetings as an effective way to identify risks, internal controls that should mitigate those risks, whether they are operating as intended (think like a fraudster), assessing risks and developing effective risk treatments.
Seek input on fraud risk matters from across the entity	Invite the entire workforce to provide their input in relation to the entity's fraud exposures in an online survey.
Regular reporting to the project management committee	A project to manage fraud risk should be subject to a rigorous program of two-way communication between the oversight committee and the practitioner/team tasked with the project.
External communication and consultation	The project committee and the team responsible for delivering the project should consider the benefits of communication and consultation with parties external to the entity such as regulators, subject matter experts and peer organisations.
Reporting to the audit and risk committee	It is important for an audit and risk committee to be informed of developments in relation to fraud risks because they are responsible for overseeing the entity's risk management and internal controls.

A5.2 Scope context and criteria tool

Factor	Definition	Fraud risk assessment "XX Process"
Scope	The boundaries within which the fraud risk assessment will take place.	• The specific parts of the XX process to be assessed for fraud risks. • The business units and operational teams involved in the processes to be assessed. • Tools to be used in the fraud risk assessment. • Logistical considerations, milestones and timelines for completing the fraud risk assessment.
Context	The internal and external factors influencing the environment the entity operates in.	Internal factors may include: • The strategic objectives of the entity and how this influences the XX process. • The existing employee level in the XX process and their experience, as well as their level of training in identifying indicators of potential fraud. External factors include: • Increasing fraud trends targeting XX process. • Recent known scams in the public domain that have been uncovered.
Criteria	Likelihood and consequence criteria aligned to an entity's existing risk framework that can be used to rate fraud risks identified in the fraud risk assessment.	• Likelihood criteria is a rating scale (i.e Extremely unlikely to Almost certain) set by the entity to identify the expected frequency of a fraud risk in the XX process being realised, both with no internal controls in place (inherent) and existing controls in place (residual). • Consequence criteria is a rating scale (Low – Catastrophic) across a number of defined loss factors (i.e. financial damage, reputational damage, legal damage), to identify the expected impact of a fraud risk in the XX process being realised both with no internal controls in place (inherent) and existing controls in place (residual). • What is acceptable frequency / consequence.

A5.3 Risk assessment tools

A5.3.1 Example fraud risk assessment worksheet

A fraud risk assessment worksheet can be used to document all relevant information for each risk identified and assessed. Having applied the worksheet for this purpose it can also then be used as a risk register (alternatively, identified and assessed fraud risks could be included in the entity's enterprise risk register).

Fraud Risk (Short Title)

AP 1 | Corruption in procurement (kickbacks)

Risk Level

Pre-treatment	Post-treatment
Very High	High

Description of Risk

Procurement employee obtains a benefit from a supplier on the understanding that the employee will award work to the supplier.

Current Internal Controls	Rating	Overall Ratings	Proposed Treatment (If Applicable)	Rating	Priority
					Responsibility
Documented policies and procedures for procurement transactions >$50,000 are in place.	Partially Effective	**Pre-treatment**	Training and awareness initiatives for staff.	Effective	High
		Internal Control — Partially Effective		HJG	
Conflict of interest declaration forms are required to be completed by all staff.	Effective	Consequence — Major	Regular review of the conflict of interest declaration register.	Effective	Medium
		Likelihood — Likely		HJG	
Independent evaluation of tender bids are undertaken	Ineffective	**Post-treatment**	Documented evaluation reports to be prepared and submitted to those charged with governance.	Effective	High
		Internal Control — Effective		HJG	
Missing control: There is no regular transaction review of purchases over $50,000.	Ineffective	Consequence — Moderate	Finance to review regular reports (i.e. monthly) with expenditure broken down by vendor.	Effective	Medium
		Likelihood — Possible		HJG	
Due diligence is performed on successful vendors.	Partially Effective		Due diligence checks should include open source information background checks on Directors.	Effective	Low
				HJG	
An independent party reviews any vendor complaints from the tender process.	Partially Effective				

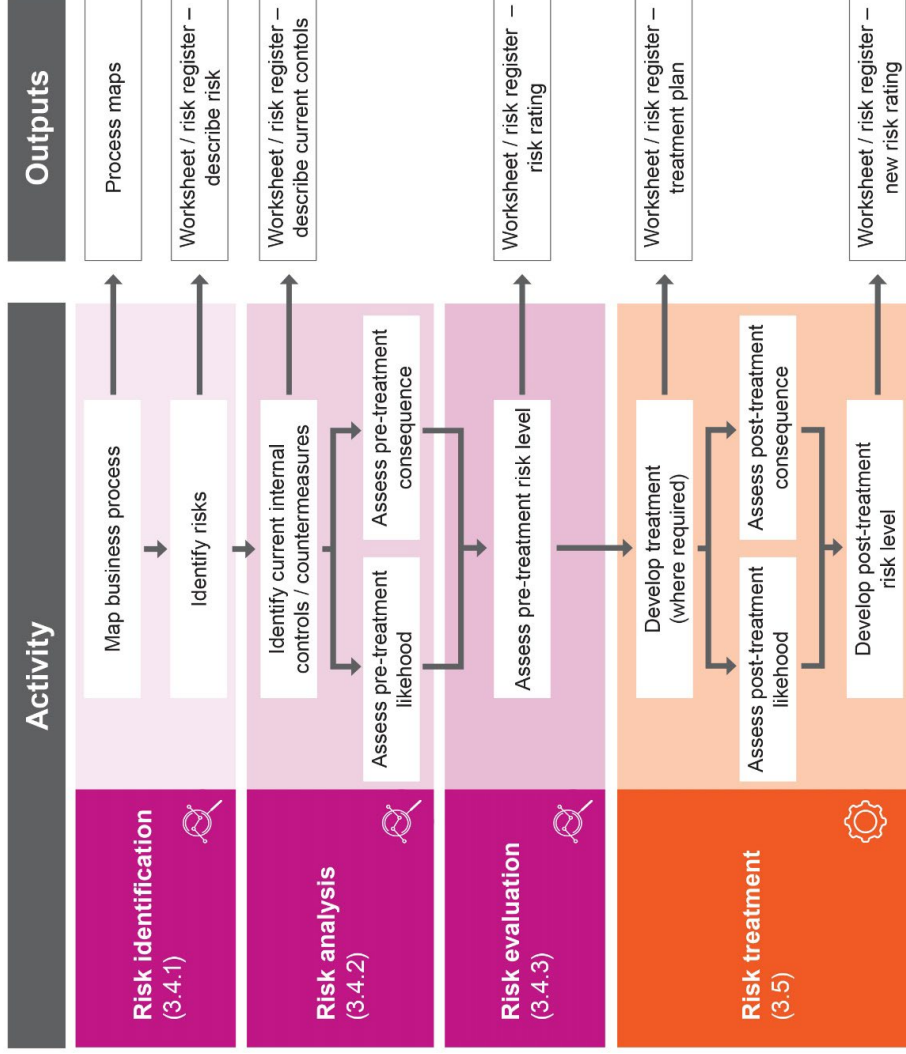| Risk Owner	Department	System Business Unit	Division	Entered By	Date Assessed
HJG	Procurement	Accounts Payable	Finance	JNH	13 May 22

The following is a short summary of the information that would be recorded on each risk assessment sheet (note that much of the information referred to in the following table will not have been prepared in the risk identification stage when the fraud risk worksheet is first created. The worksheet is intended to build over time as the entity works its way through the identification, analysis, evaluation and treatment development phases).

As noted above, each identified risk should be recorded on a separate risk assessment worksheet. The risk assessment worksheet can then be used as the entity's register of fraud risks. Alternatively, identified and assessed fraud risks can be recorded in the entity's enterprise risk register.

Data field	Information to be recorded (for each risk)
Fraud Risk Number	A reference number unique to each risk – the risk number is used in all outputs of the risk assessment process.
Fraud Risk (Short Title)	Short description of the risk that is generally used to identify the risk being discussed in relevant outputs.
Description of Risk	A more detailed outline of the risk consistent with the short title.
Risk Owner	The individual or position within the business unit who has primary responsibility for the business systems relevant to the identified fraud risk.
Department	The department to which the business unit belongs (see below).
System Business Unit	The business unit that has most control of the business systems and processes relevant to the identified risk.
Entered By	The individual or position who entered the fraud risk particulars into the risk assessment worksheet.
Date Assessed	The date on which the worksheet was populated.
Current Internal Controls	A short active title / description of each existing internal control (e.g. "System controls only allow limited authorised users to change bank accounts") and a short statement as to how the internal control mitigates the risk.
Current Internal Controls Rating	A rating on an appropriate scale (i.e. "Ineffective", "Partially Effective" or "Effective") of the effectiveness of each internal control on mitigating the risk.
Proposed Treatment (If Applicable)	Treatments the entity proposes to take to strengthen the existing internal control framework and reduce the risk rating to an acceptable level.
Proposed Treatment (If Applicable) Rating	A rating on an appropriate scale (i.e. "Ineffective", "Partially Effective" or "Effective") of the effectiveness of each treatment on mitigating the risk.
Proposed Treatment Priority	The proposed priority of the treatment.
Overall Ratings – Pre-treatment Internal Control	A rating on an appropriate scale (i.e. "Ineffective", "Partially Effective" or "Effective") of the overall effectiveness of the existing internal control framework on mitigating the risk.

Data field	Information to be recorded (for each risk)
Overall Ratings – Pre-treatment Likelihood	A rating on an appropriate scale (i.e. "Almost Certain" to "Rare") of the likelihood of a risk being realised with the existing internal control framework.
Overall Ratings – Pre-treatment Consequence	A rating on an appropriate scale (i.e. "Extreme" to "Negligible") of the consequence of a risk being realised with the existing internal control framework.
Overall Ratings – Post-treatment Internal Control	A rating on an appropriate scale (i.e. "Ineffective", "Partially Effective" or "Effective") of the overall effectiveness of the post-treatment internal control framework on mitigating the risk.
Overall Ratings – Post-treatment Likelihood	A rating on an appropriate scale (i.e. "Almost Certain" to "Rare") of the likelihood of a risk being realised with the post-treatment internal control framework.
Overall Ratings – Post-treatment Consequence	A rating on an appropriate scale (i.e. "Extreme" to "Negligible") of the consequence of a risk being realised with the post-treatment internal control framework.
Overall Risk Rating Pre-treatment	A rating on an appropriate scale (i.e. "Very High" to "Low") of the fraud risk level by reference to the risk matrix (taking into account the assessed effectiveness of pre-existing internal controls).
Overall Risk Rating Post-treatment	A rating on an appropriate scale (i.e. "Very High" to "Low") of the fraud risk level by reference to the risk matrix taking into account the assessed effectiveness of the post-treatment internal control framework.

Source: OAG based on AS ISO 31000:2018 *Risk management - Guidelines* Clause 6.4 and 6.5

A5.3.2 Risk assessment and treatment process overview

Activity

Outputs

Risk identification (3.4.1)
- Map business process → Process maps
- Identify risks → Worksheet / risk register – describe risk

Risk analysis (3.4.2)
- Identify current internal controls / countermeasures → Worksheet / risk register – describe current contols
- Assess pre-treatment consequence
- Assess pre-treatment likehood

Risk evaluation (3.4.3)
- Assess pre-treatment risk level → Worksheet / risk register – risk rating

Risk treatment (3.5)
- Develop treatment (where required) → Worksheet / risk register – treatment plan
- Assess post-treatment consequence
- Assess post-treatment likehood
- Develop post-treatment risk level → Worksheet / risk register – new risk rating

A5.3.3 Key fraud risk identification questions

Some key questions to ask when trying to identify fraud risks are listed below.

Key questions that need to be asked in identifying fraud risks
If I wanted to steal from this entity, knowing what I know about the current business systems process and internal controls, how would I do it?
If I wanted to get some sort of improper financial or non-financial advantage out of my position, how would I do it?
What do I know about this process that nobody else knows or checks?
Who has sole control over specific systems or processes that nobody else has visibility over?
What forms of payment does this process have – is it cash, card, EFT etc?
How can this process be made easier for the process owner at the expense of the entity?

A5.3.4 Commonwealth Fraud Prevention Centre's 'Actor, Action, Outcome' method of describing fraud risks [16]

An effective method for describing fraud risk is to consider the actor, action and outcome. The level of detail is important when describing fraud risks. Without sufficient detail it becomes difficult to consider the factors (i.e. actors and actions) that contribute to the fraud risk and how fraud controls will specifically address these contributing factors.

An example of a poorly defined fraud risk from the invoice payment process provided would be "Fraud in the invoice payment process".

The following are more accurately defined fraud risks from the same example:

- "a service provider (Actor) submits a falsified invoice (Action) to receive a payment for services not provided (Outcome)"

- "a service provider (Actor) coerces an official to approve and/or process a falsified invoice (Action) to receive a payment for services not provided (Outcome)"

- "an official (Actor) manipulates the finance system (Action) to divert an invoice payment to their own bank account (Outcome)".

Judgement should be applied in striking a balance between capturing sufficient detail and documenting a manageable number of fraud risks. This could be achieved by combining similar risks and clearly documenting the various contributing factors (actors and actions).

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[16] Commonwealth Fraud Prevention Centre 'Fraud Risk Assessment – Leading Practice Guide'.

The description can help with an entity's assessment of its fraud risks and how it considers ways in which to control it. Some of these controls may already exist and some may be new.

For example, an entity might limit the opportunity for an accounts payable officer to submit and processes a fictitious invoice that pays into an employee's account by:

- splitting the authorising powers (submit and process)
    - o segregation of duties between invoice entry and payment authority
- validating the invoice details (fictitious invoice)
    - o third party verification of goods/services being received
    - o check supplier details in your supplier master file are an exact match to public records (e.g. Australian Business Register)
- cross-checking internal records (employee account)
    - o compare bank accounts in supplier payment file against employee bank accounts.

Entities can link each of the above controls back to distinct parts (actor, action, outcome) of the fraud description.

A5.3.5 Example diagrammatic presentation of assessed fraud risks

It can be useful to present identified and assist fraud risks in diagrammatic form.

The following example shows the relative ratings of likelihood and consequence and the resulting overall risk rating for ten accounts payable related fraud risks. Diagrammatic analysis is also useful to show the projected change in risk rating as a result of implementation of a treatment plan introducing new or revised internal controls / fraud controls. The change in rating in relation to risk PR-1 is due to the introduction of new or revised internal controls that will reduce the consequence of the risk if it did occur (although in this example the likelihood remains unchanged).

Accounts payable

Risk rating
- 🔴 Very high
- 🟠 High
- 🔵 Medium
- 🟢 Low

AP 1   Corruption of the procurement process (kick-backs)
AP 2   Fraudulent alteration of EFT upload file
AP 3   Fraudulent change to existing vendor masterfile record (internal)
AP 4   Fraudulent change to existing vendor masterfile record (external)
AP 5   False invoicing (internal)
AP 6   False invoicing (external)
AP 7   Double invoicing (initiated by supplier/vendor)
AP 8   Collusive tendering (external)
AP 9   Serious/unresolved conflict of interest
AP 10   Fraudulent use of the corporate purchasing card (personal benefit)

Likelihood axis:
5 – Almost certain
4 – Likely
3 – Possible
2 – Unlikely
1 – Rare

Consequence axis:
1 – Insignificant
2 – Minor
3 – Moderate
4 – Major
5 – Catastrophic

A5.3.6 Example public sector fraud risks

The following is a short summary of fraud risks that are commonly found in the public sector environment. This summary is not intended to be an exhaustive list, but it can be used as a 'thought provoker' in the identification of operational risks types facing the entity being assessed.

Accounts payable fraud	
False invoicing (creation of a fictitious vendor)	A fictitious vendor is created in the finance system to which payments for false invoices are made for goods/services not ordered and not delivered (typically fraud of this type involves personnel within the entity but it can be perpetrated at times by external parties acting alone or by external parties operating in collusion with a member of the target entity's workforce)
Fraudulent change to vendor master file	Fraudulent change to the entity's vendor master file (i.e. change of bank details to divert legitimate vendor payments to an account controlled by the perpetrator) – this can be done by a person internal to the entity, a person external to the entity or by collusion between internal and external persons
Online banking fraud	Manipulation of vendor or other payments in the online banking system immediately prior to execution of the payment file in the entity's online banking system – the fraudulent manipulation of the online payment file is concealed by making false entries in the entity's accounting records
False invoicing (existing vendor)	Manipulation and processing of fraudulent payments for invoices apparently rendered by a legitimate vendor but, in fact, fraudulently generated and issued by the perpetrator who is generally a member of the entity's own workforce
Duplicate payments for the invoices already settled	More than one payment is made for the same invoice – this can be initiated inadvertently by a vendor who issues the same invoice twice in error but the vendor then fails to report the double receipt and fraudulently converts the duplicate payment

Procurement and tendering	
Corruption of the procurement process (involving personnel within the entity)	Corruption involving an employee of the entity and a vendor in the selection of a winning bid or tender often involving bribery / kickbacks but often motivated by personal or family association between the bidder and the entity's employee without direct financial reward – corruption can involve provision of a confidential bid price, contract details or other sensitive information to gain an advantage for one tenderer over other tenderers
Bid rigging (excluding personnel within the entity)	Collusive tendering between multiple bidders for the same contract for mutual advantage (no involvement of the entity's personnel)

Procurement and tendering

Conflicts of interest	Undeclared association between an employee of an entity and a tenderer giving rise to an actual or perceived bias in awarding of a contract
Improperly receiving hospitality, gifts and benefits	An employee receiving or soliciting hospitality, gifts or benefits from a vendor or potential vendor hoping to gain a commercial advantage in doing so – depending on the circumstances, this behaviour may constitute fraud

Falsification and manipulation of claims for work-related expenditure

Use of the entity's funds for personal expenditure	Claiming employee expenses for business-related expenditure not incurred or incurred for personal use or benefit (supported by false or inflated receipts / invoices)
Double-dipping	Claiming multiple reimbursements for the same expenses or claiming for expenses paid personally using receipts for purchases already made via another of the entity's reimbursement systems

Diversion of incoming funds

Accounts receivable fraud	Redirection of incoming receipts to a spurious account followed by write-off of accounts receivable balance
Unauthorised discounts	Processing unauthorised discounts for early payment of invoices where the discount value is fraudulently transferred to the employee's own bank account
An authorised application of unknown receipts	Funds can be received by an entity where the source of the funds is unknown and the funds are allocated to a suspense account pending rectification – a possible fraud involves the transfer of part of the balance of the suspense account to an employee's own benefit with a manipulation of the accounting system to conceal the theft
Inflating invoice value	Inflating the value of an invoice raised by the entity with receipts in payment of the invoice directed to a spurious account controlled by the staff member concerned who then redirects the correct (reduced) value of the invoice to the entity's correct account
Vendor overpayment	Deliberately overpay a vendor in payment of an invoice for goods or services validly received, claim a refund for the overpayment and then direct the remittance to a spurious bank account
Theft of cash all funds received	Fraudulently failing to record receipt of cash received and then misappropriate for own benefit

Payroll	
Timesheet fraud	Fraudulent submission of falsified timesheets for casual employees who did not work with diversion of resulting remuneration generated to own account
Fraudulent alteration of remuneration rates	Alteration of remuneration rates (salaries or hourly rates) in the payroll system in relation to the employee making the change or for another employee in exchange for personal benefit
Ghost employee fraud	Fabrication of fictitious employees on the payroll with remuneration paid to own account
Fraudulently failing to record personal leave	An employee taking personal leave (annual, long-service, sick or carer's leave) without recording the leave in the HR system
Worker's compensation fraud	Worker's compensation fraud – fraudulent claims for injuries not sustained

Assets and Inventory	
Asset theft	Theft of the entity's assets, including computers and other IT related assets
Information theft	Theft or abuse of proprietary or confidential information (customer information, intellectual property, pricing schedules, business plans, etc)
Unauthorised private use of employer property	Use of employer property for personal use or benefit
Cash theft	Theft of petty cash

Manipulation of financial reporting	
Fraudulent manipulation of an entity's financial reporting	Fraudulent manipulation of financial reports in order to make it appear that a business entity has performed better (in financial or non-financial terms) than it has actually performed – this can be motivated by a need to demonstrate a certain level of personal performance in order to secure a performance bonus but may also be driven in the public sector by the need to meet political expectations

Cyber-borne attack	
Business email compromise	Emails impersonating vendors or an executive instructing payment to be made to a spurious bank account or a change to existing bank details
Phishing emails	Emails designed to dupe employees into providing personal information (i.e. by clicking on a link or opening an attachment)
Malware	Installing malware onto a computer or computer system within the entity which then issues fraudulent instructions (e.g. to change the bank account of a vendor in the vendor masterfile or change the payroll bank account of one or more employees)

A5.4 Risk treatment tools

A5.4.1 SMART principle for co-designing fraud controls[17]

Think about the fraud risk you have described and ways in which you might be able to prevent, monitor or detect the exploitation.

The following table outlines the 'SMART' principle which can be applied to help co-design controls with key risk stakeholders.

Specific	The control should have a clear and concise objective. They should also be well defined and clear to anyone with a basic knowledge of the work. Consider: who, what, where, when and why.
Measurable	The control and its progress should be measurable. Consider: • What does the completed control look like? • What are the benefits of the control and when they will be achieved? • The cost of the control (both financial and staffing resources).
Achievable	The control should be practical, reasonable and credible and should also consider the available resources. Consider: • Is the control achievable with available resources? • Does the control comply with policy and legislation?
Relevant	The control should be relevant to the risk. Consider: • Does the control modify the level of risk (through impacting the causes and consequences)? • Is the control compatible with the entity's objectives and priorities?
Timed	The control should specify timeframes for completion and when benefits are expected to be achieved.

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[17] Commonwealth Fraud Prevention Centre 'Fraud Risk Assessment – Leading Practice Guide'.

A5.4.2 Example internal controls that may be effective in controlling fraud risks

The following is a short summary of internal controls that experience has shown may be effective in controlling fraud risks in each of the categories contemplated in A5.3.6 above.

Once again, this is not intended as an exhaustive list and is intended to promote consideration of current and possible internal controls within each WA public sector entity when undertaking a targeted fraud risk assessment. It is anticipated that these internal controls may be effective in controlling fraud by:

- preventing a fraudulent transaction from being processed

- quickly detecting a fraudulent transaction after it has been processed thereby preventing any further transactions and minimising loss

- assisting an entity to respond to fraud incidents that have been detected.

The internal controls set out below can be used to:

- identify internal controls already in place during the risk analysis phase of the risk assessment

- identify internal controls that may be useful in further mitigating fraud risk in the risk evaluation phase of the risk assessment.

Accounts payable fraud
• Separate procurement and payment functions
• Separate handling (receipt and deposit) functions from record keeping functions (recording transactions and reconciling accounts)
• Require reconciliation to be completed by an independent person who does not have record keeping responsibilities
• Monitor the entity's financial activity, compare actual to budgeted revenues and expenses
• Require procurement and accounts payable employees to take leave of a minimum duration (e.g. two weeks at a time) with another member of the team performing their role in their absence
• If the entity is so small that duties cannot be separated, require an independent check of work being done supplemented by appropriate and effective data analytics and other reviews appropriate to the entity's situation

Procurement and tendering

- Implement a tendering / contracting panel made up of independent personnel (i.e. unconnected to the procurement processes), to oversight the awarding of contracts

- Standard contract conditions and specifications to be used with variations to be approved by senior management

- Use evaluation criteria as agreed by the contract panel prior to tendering

- Contract terms and conditions should be those of the purchasing department and not subject to change without the written approval of senior management

- Clear audit trails with written records including formal authorisation of changes to original documentation

- Independent post-transactional review of a substantial sample of tendering and contracting transactions with a particular focus on high-risk transaction types

- Splitting of contacts should not be permitted unless authorised by senior management

- Management reviews of the reasonableness and competitiveness of prices

- Ensure contractors with a poor performance record are removed from the approved supplier's list

Falsification and manipulation of claims for work-related expenditure

- Limit the number of entity issued purchasing cards and users

- Set account limits with purchasing card providers (value, items that can be purchased etc.)

- Require employees with entity issued purchasing cards to submit itemised, original receipts for all purchases followed by lodgement of hard copy supporting documentation

- Independent rigorous examination of credit card transactions each month including detailed review of relevant receipts, invoices and other supporting documentation

Falsification and manipulation of claims for work-related expenditure

- Periodic review of a sample of hardcopy supporting documentation

- Monitor the entity's financial activity, compare actual to budgeted revenues and expenses

- Require an explanation of significant variations from budget

Diversion of incoming receipts

- Send official notification to all regular providers / suppliers with particulars of the entity's bank account with statement that this is the only account to which refunds should be remitted

- Independent post-transactional view of a sample of invoices rendered to identify any manipulations

- Independent post-transactional review of emails between accounts payable / accounts receivable personnel within the entity and customers / clients to determine if there is any indication of manipulation of invoices raised or payments made

Payroll

- Payroll system procedures and training

- Segregation of duties preventing payroll batch file payments or payroll master file changes without two approvers

- Limited system administrator access to the payroll system

- System controls to prevent changes to pay rates or salaries without approval

- Changes to payroll masterfile (e.g. particularly for bank account numbers) only available to employees via an HR 'kiosk' in the HR system – system unable to process a change of bank account number outside of the HR kiosk

- HR system to automatically generate a confirmation email to the employee where there has been a change of masterful data

- Rigorous approval process for creation of new employees in the payroll system

Payroll

- Timely notification process from HR to Payroll of employees due to resign from the entity

- Periodic review of payroll system audit logs

- Management review of variance reports from previous payroll run to confirm reasons for significant differences

- Employee background checks for new hires with access to the payroll system – this should include criminal record screening and specific questions about any previous integrity concerns / disciplinary findings etc.

- Mandatory password changes for those with access to the payroll system to a suitable strength and complexity

- Physical security of computers used by payroll staff with direct system access

- Electronic timesheet systems and approval process for overtime

Assets and inventory

- Physical security of desirable assets (i.e. laptops, IT equipment)

- Password protection and remote wiping capability in the case a laptop is lost or stolen

- Regular stocktakes of assets and inventory and updating asset registers

- Security of cash (i.e. petty cash) and gift vouchers in locked tins or a safe

- Tracking systems for assets and approval process for transfer of location

- Maintain vehicle logs, listing the dates, times, mileage or odometer readings, purpose of the trip, and name of the employee using the vehicle

Manipulation of financial reporting

- Active engagement with entity's external auditor in relation to the annual audit (i.e. working collaboratively with the auditor to identify any manipulation of the financial reporting)

- Analysis to identify unusual activity

- Detailed review of journal and other adjustments to the general Ledger with a focus, as a minimum, on high value transactions

Cyber-borne attack

- BitLocker protection of all IT assets to ensure security of data

- Access to databases/systems require unique user logon identification and password authentication

- Document authorisation that is needed to establish accountability and issue, alter, or revoke user access

- Prohibit shared user logon IDs and passwords, and user logon IDs and passwords

- Set database user access permissions that are based on the principles of privilege and separation of duties

- Restrict access to servers and office locations which contain sensitive and confidential data by physical security to authorised personnel

- Access to databases/systems require unique user logon identification and password authentication

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	Auditor General's 2021-22 reports	
Number	**Title**	**Date tabled**
19	Forensic Audit – Construction Training Fund	22 June 2022
18	Opinion on Ministerial Notification – FPC Sawmill Volumes	20 June 2022
17	2022 Transparency Report – Major Projects	17 June 2022
16	Staff Rostering in Corrective Services	18 May 2022
15	COVID-19 Contact Tracing System – Application Audit	18 May 2022
14	Audit Results Report – Annual 2020-21 Financial Audits of State Government Entities Part 2: COVID-19 Impacts	9 May 2022
13	Information Systems Audit Report 2022 – State Government Entities	31 March 2022
12	Viable Cycling in the Perth Area	9 December 2021
11	Forensic Audit Report – Establishment Phase	8 December 2021
10	Audit Results Report – Annual 2020-21 Financial Audits of State Government Entities	24 November 2021
9	Cyber Security in Local Government	24 November 2021
8	WA's COVID-19 Vaccine Roll-out	18 November 2021
7	Water Corporation: Management of Water Pipes – Follow-Up	17 November 2021
6	Roll-out of State COVID-19 Stimulus Initiatives: July 2020 – March 2021	20 October 2021
5	Local Government COVID-19 Financial Hardship Support	15 October 2021
4	Public Building Maintenance	24 August 2021
3	Staff Exit Controls	5 August 2021
2	SafeWA – Application Audit	2 August 2021
1	Opinion on Ministerial Notification – FPC Arbitration Outcome	29 July 2021

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8.8 **Quarterly Performance Review - Corporate - Qtr.2 - 2022/23**

Responsible Branch:	Governance and Organisational Planning and Development
Responsible Directorate:	Office of the CEO
Authority/Discretion:	Executive/Strategic
Voting Requirement:	Simple Majority
Attachments:	1. 2022 12 14 Q2 FINAL AGENDA [**8.8.1** - 30 pages]

SUMMARY

This report provides an update on the implementation of services, Corporate Business Plan actions, Informing Strategies actions, Corporate and Strategic Measures and the CEO KPIs for quarter 2 (Oct – Dec) 2022/23.

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER'S RECOMMENDATION)

That Council notes the Quarterly Performance Review - Corporate Qtr. 2 (Oct – Dec) 2022/23.

Cr Josh Eveson Moved, Jillian Brazil Seconded

<div align="right">

CARRIED UNANIMOUSLY: 5/0
</div>

For: *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Cr Catherine Ehrhardt, Deputy Mayor and Jillian Brazil.*

Against: *Nil.*

BACKGROUND

Quarterly Reporting

Section 5.56 of the Local Government Act 1995 (WA) requires all local governments to effectively plan for the future. Regulations, Standards and Guidelines further explain this requirement and set out the framework for local government Integrated Planning and Reporting (IPR), comprising a ten-year Strategic Community Plan (SCP), a four-year Corporate Business Plan (CBP), supporting resource plans and regular reporting. The intent of the framework is to ensure the priorities and services provided by the City are aligned with community vision, needs and aspirations.

Under the Integrated Planning and Reporting Framework (IPRF), it is required that local governments report every year on their performance to their community. The measurement and reporting process not only demonstrates accountability to their community, but also provides an opportunity to assess in-year implementation progress, thus supporting achievement and continuous improvement.

This report supports the annual reporting process and continuous improvement. Quarterly reports are provided for the following:

• Services

• Corporate Business Plan actions

• Informing Strategies actions

• Corporate and Strategic Measures

• CEO KPIs

Informing Strategies

In the December agenda a separate report was provided on the annual progress of a number of Informing Strategies and a schedule was approved for quarterly and more detailed reporting on the implementation of these during the 2023/24 financial year. At this meeting feedback was received from Committee members on the practicality of these reports and a request was made to refine and re-focus future reporting.

In view of this request, City officers are reviewing the approach to reporting on the implementation of informing strategies and plans, and as such no further 'in-depth' implementation progress reports on informing strategies and plans have been submitted for consideration this quarter.

This provides the opportunity to address the feedback and review the approach, process and format for detailed reporting on informing strategies in line the IPRF guidelines. The revised approach and format will be submitted for consideration, together with quarter 3 reports, at the next meeting.

This report does, as noted above, provide a quarterly update on in-year progress with Informing Strategies.

EXTERNAL CONSULTATION

No external consultation was undertaken to prepare this report.

OFFICER'S COMMENTS

The following information is current as at 31 December 2022 (the end of Q2).

City Services

Service reporting provides a high-level overview of how the service is progressing and assists in identifying improvements in service delivery and contribute towards achievement of our vision.

There are currently 35 services reported against. All services are tracking as intended to implement their 2022/23 Branch Plans.

Status of Implementation	No.
On-Track	35
On-Hold	0
Off-Track	0

Corporate Business Plan (CBP) Actions

The 4-Year Corporate Business Plan is the City's medium-term planning document that contains actions which have been developed in response to the vision, goals and outcomes of the City's Strategic Community Plan.

Monitoring and reporting against the Corporate Business Plan is undertaken through the quarterly reporting process. There are currently 23 actions management provide progress reporting against.

Status of Implementation	No.
On-Track	20
On-Hold	3
On-Track	0

CBP Action	Status	Progress Comment: Q2

Develop remaining Parking Management Strategies for Town Centres.	Q2 On-Hold	Noranda is the only town centre without an endorsed Parking Management Plan. The City intended to develop the plan as a part of the Noranda District Centre Precinct Plan, which was not funded in the FY2022/2023 budget. Therefore, this project is not progressing further at this time.
Develop and implement a streetscape upgrade plan for Noranda.	Q2 On-Hold	No funding has been allocated to this projected. The City intended to develop the plan as a part of the Noranda District Centre Precinct Plan, which was not funded in the FY2022/2023 budget. Therefore, this project is not progressing at this time.
Prepare a Structure Plan and built form policies for each town centre: Maylands; Morley; Noranda; Bayswater.	Q2 On-Hold	Noranda is the only town centre without an endorsed Precinct Plan. The City requested a budget allocation to develop a Precinct Structure Plan for the Noranda Town Centre as a part of the 22/23 budget process, however no funds were allocated. The City received funding for a precinct plan in the area surrounding the new Morley train station. The City is currently in discussions with DPLH to partner on the plan, to ensure consistency between both agencies and to pool resources.

Informing Strategies

Progress of implementation of Council adopted plans and strategies actions during the quarter is provided by management. There are currently 25 plans and strategies and progress is reported as follows:

Status of Implementation	No.
On-Track	22
On-Hold	2
Off-Track	1

Strategy	Status	Progress Comment: Q2
Destination Marketing Strategy	Q2 On-Hold	Funds are not allocated to implement this strategy in 2022/23 the City is working with businesses to assist them to use the Destination Marketing strategy style guides to promote their own businesses.
The Platform Youth Action Plan 2019 - 2023	Q2 On-Hold	The City is progressing with a focus on: • Priority 1 Health and Wellbeing and • 2.3 Establish partnerships with a local business to deliver work experience. (The deliverables for the plan are on hold whilst the City fills a vacant position, forecast to be mid-March, with a focus on delivering Youth Week in April 2023)

Local Housing Strategy/ Local Planning Strategy 2012	Q2 Off-Track	The City has been focusing on the development of the Local Planning Strategy, this supersedes the Local Housing Strategy. The City is no longer actively implementing this strategy.

Corporate Business Plan (CBP) and Strategic Community Plan (SCP) Measures

Reporting progress towards the achievement of the objectives in the Strategic Community Plan and the Corporate Business Plan is an integral part of the City's Integrated Planning and Reporting Framework. The City uses the Annual Report to inform the community of its achievements and progress. Quarterly progress reporting is collected where possible and used to assist in the development of the Annual Report. A copy of the quarterly report is attached.

CEO Key Performance Indicators (KPI's)

CEO KPI's are set by Council. For the 2022/23 year there are 8 CEO KPI's. Council will consider these at the CEO Review Committee. A copy is included in the Attachment.

LEGISLATIVE COMPLIANCE

The Local Government Act 1995

RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the officer's recommendation has been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Low
Reputation	Low	Low
Governance	Low	Low
Community and Stakeholder	Moderate	Low
Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low
Conclusion	Accepting this progress report presents low risk and reduces risk long-term by keeping Council informed of progress against the Corporate Business Plan 2019-23 and Strategic Community Plan 2021-2031	

FINANCIAL IMPLICATIONS

Nil.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance
Goal L2:   Plan and deliver projects and services in a sustainable way.
                Work together to deliver the best outcomes for the community by managing our resources in a financially sustainable way.

CONCLUSION

This report provides an update on the implementation of actions against the Strategic Community. Plan (SCP), Corporate Business Plan (CBP), Service Plans and Council adopted Plans and Strategies for quarter 2 (Oct – Dec) 2022/23.

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Service	Service Description	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
C4.1.1	Aged Persons Homes	To provide financial and operational oversight of the management agreements for the City's aged care sites until such time as they are divested. Sub-service/s for this service are: Aged Services	Business Services	●	Progress has been made with the Mertome Gardens site - Hall and Prior have agreed to a variation to the management agreement which will resolve the tenancies and the City has met with them re the State Government advocacy. Juniper is continuing to operate all other sites under the terms of the Heads of Agreement.	30%
C1.1.1	Asset Management and Mapping	The provision of location-based services namely spatial, infrastructure assets, land/property and real time emergency management. Sub-service/s for this service are: Spatial Management Corporate Mapping Infrastructure Asset Management Land Tenure Management GPS Emergency Duress Systems	Engineering and Spatial Services	●	Infrastructure Asset Management: Valuation audits are still ongoing and have arranged to meet with auditors in early February. Consider emergency repairs to current asset system or purchase of a new system as an interim to TechOne Strategic AM system. Preparing for Building revaluation with a building report to combine all building information in the organisation. Spatial Information Management: In January ESRI be assisting us to step through the current custom system and document the workings and architecture as part of a knowledge transfer exercise. New 3 yearly licensing has been applied to various GIS platforms. Landgate has confirmed that we no longer can sell maps as an income source as it is in breach of license agreement. Surveying System: New equipment purchased with new GPS/Rover unit still to be purchased that will require review of service agreements and tower surveying services possibly no longer required. Digital Mobile Radio and GPS Enabled Emergency Duress System: Vendor discussions has highlighted some improvements to management practices that will be formalised in the new year. Land Tenure: Ongoing service of maintaining various data sets. Future improvements to be investigated.	50%
C1.1.1	Building Approvals	Provide assessment and processing of building permits within prescribed timeframes to ensure that buildings are constructed or demolished to required standards. Sub-service/s for this service are: Statutory Building	Environmental Health and Statutory Building	●	225 building permits were assessed between October and December 2022.167 swimming pools were inspected between October and December 2022.	54%
C1.1.1	Building Services	To manage and maintain City owned buildings and associated infrastructure in line with the City's Asset Management Plan and lease agreements. Sub-service/s for this service are: Building Services and Maintenance	Building Works	●	Ongoing scheduled maintenance (General and Preventative) being completed in line with service agreements/contracts. Over 50% of Capex projects have been completed with several being deferred due to escalation of costs within the current building industry therefore referred to Budget review for additional funding and/or re scheduling, or deferring projects.	50%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Service	Service Description	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
L3.1.1	Communications and Marketing	The purpose of the Communications and Marketing Branch is to provide high quality, external communications and marketing, including managing the City's brand. Sub-service/s for this service are: Strategy Development Media Management Social Media Communications / Publications Design and Marketing	Communications and Marketing	●	Implemented communications plans to manage reputational risk for Bedford North Scheme Amendment, Underground Power for Maylands and Drake Street Cycle Path. Completed LG Reform communications (internal and external). Delivered an extensive media launch of the City Bayswater Skate Park and the City's Art Awards event. Prepared 24 media releases, responded to 4 media enquiries, produced 95 Facebook posts, 71 Instagram posts, 28 LinkedIn posts and responded to 58 messages. Produced 1 Bayswater Beat, 5 e-newsletters, 1 Year in Review and 5 CEO catch ups and 4 speeches. Completed 97 design projects. Created and implemented guidelines for managing comments on social media. Created a brand style guide for Maylands Waterland.	50%
C1.1.1	Community Care and Aged Services	Support aged and vulnerable providing programmes and connections at the Morley and Bayswater Community Centres and through collaborative partnerships. Sub-service/s for this service are: Community Centre Coordination Active Aging Programs Volunteers	Community Development	●	The Community Centre planning for the new year is now complete with schedules updated. Work is progressing on a branding audit of centres, and re-branding of centre collateral. The City is progressing four priority areas of the active aging programs, and recruiting new volunteers. Improved communications with volunteers and members through monthly combined volunteer meetings introduced. Quarterly newsletters, suggestion boxes and twice yearly surveys been reinstated.	50%
C1.1.1	Community Development	Facilitate, educate and enable community capacity building and services to communities, and in particular vulnerable and marginalised community members. Connect and support our local communities through advocacy and engagement. Sub-service/s for this service are: Access and Inclusion Reconciliation Youth Services Homelessness Community Grants Culture Community Bus	Community Development	●	Access and Inclusion and Reconciliation minor committees are on track and progress reporting on track.	50%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Service	Service Description	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
L1.1.1	Community Engagement	Embedding a culture of engagement and building the organisation's capability in the practice of community engagement, as well as through the direct delivery of engagement initiatives. Sub-service/s for this service are: Community Engagement	Community Engagement	●	Community Engagement Projects that the CE Team have advised / assisted on this quarter include the following: Aboriginal engagement plan, Bedford North scheme amendment and design guidelines, Chisholm College traffic management, Sports club leaseholder project, Trial of mobile security cameras, Crime Prevention and Safety Plan, Drake Street Cycle Path, Events projects x3 as well as the Events Strategy, IDAC Project, Low Cost Urban Road Safety (LCURS) x 3 projects, Play space upgrades x 3, Safe Routes to School x 4 projects, NRUP underground power, SUPP underground power, Ward boundary review, Chaplaincy funding review, Community centre evaluation.

Several key projects required intensive support. The engagement team was significantly involved with planning and delivery of the Drake Street Cycle Path face-to-face engagement. This project had a high risk to service delivery, and required substantial collaboration. Similarly, the two contentious Underground Power projects required continuous high-level support. Large undertakings such as the Crime and Safety Plan, Bedford North scheme amendment, and three simultaneous LCURS rollouts necessitated a significant investment of time from the engagement team. | 50% |
| C1.1.1 | Community Events | Manage City led community events, support the planning and delivery of community led events within the City, as well as building capacity and relationships to expand community led events and cultural arts. Sub-service/s for this service are: City Led Events Community Led Events Grant Management | Community Development | ● | Delivery of City led events between October to December 2022: Avon Descent Finish Line Festival with an estimated 5,000 attendees. Community Art Awards with new category 1,600 attendees and participations in the event and exhibition combined. The Carols by Candlelight attracted an estimated 3,000 attendees and included more community focussed stalls and City information services i.e.. Hub Connectors, Library services and FOGO. The City sponsored the North of Perth Music Festival with an estimated 1800 participations. The Christmas Banner Competition attracted 360 entries and estimated 150 attendees at the exhibition. School scholarships were awarded to five local students at end of year school award ceremonies. There were an estimated 600 attendees. The events plan was scheduled to return to Council for review, and due to staff resourcing this is likely to return to Council in July, with the Calendar of Events Review in March. | 50% |

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Service	Service Description	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
C1.1.1	Community Safety	Provide 24/7 compliance, enforcement, emergency management and security services to mitigate hazards and contribute to community safety. Sub-service/s for this service are: Community Ranger Security Services Parking Enforcement Emergency Management Call Centre/Administration	Rangers and Security	●	Response provided to spate of graffiti damage committed on numerous premises in Morley commercial precinct. Visible patrols, community engagement and education undertaken. Offending has now ceased. Responded to spate of rock throwing incidents inonalds, Morley which generated comprehensive community concern. Undertook visible patrols in collaboration with police. Offenders identified and offending has ceased. Reduced red tape by creating efficiencies in the alfresco permit application process. Provided information session to DLGSC staff regarding proposed centralised animal registration system. Utilised Town of Bassendean surveillance camera trailer and deployed it in hot spot areas gaining reduction in crime at each location. Local Emergency Management Committee considered a request to amalgamate with Town of Bassendean Local Emergency Management Committee. Officers represented the City at the Australian Security Industry Association Ltd. (ASIAL) conference to observe and examine the latest security trends and products. Officers represented the City at 40th Anniversary of Neighbourhood Watch function at Government House. The RFQ process resulted in a consultant being selected to develop the City's Community Safety and Crime Prevention Plan. Animal registration reminders were sent to households encouraging owners to register cats and dogs. 660 blocks were inspected as part of there City's fire season response. Non compliant blocks have been addressed by way of education and enforcement.	50%
L3.1.1	Customer Service	Provides a front line, first point of contact for customers (both internal and external) wanting to engage with the City for a wide range of business purposes. Sub-service/s for this: External Customer Management Business Support	Community Development	●	Customer Services delivered this quarter include frontline services and business support. Key deliverables this quarter include: - Walk-in customers Served - 7,640 - Visitors signed in - 690 - External telephone calls answered - 16,030 - First call resolution of external telephone calls by Customer Service team - 27% - Landgate Electronic Advice of Sales checks processed - 420 - Plan search request processed - 120 - Payments receipted - 2,020 - Waste Service requests - 2,820 - Knowledge Management System Records created - 160 - Animal registrations and renewals processed - 820 - Snap Send Solve requests processed - 190	50%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

- 🟢 On-Track
- 🟠 On-Hold
- 🔴 Off-Track

SCP Alignment	Service	Service Description	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
L2.1.1	Depot Administration	Manage the city's depot assets in accordance with, asset management priorities and relevant industry standards. Sub-service/s for this service are: 1. Depot operations 2. Administration Support 3. Customer Request Management 4. Business Development and Improvement	Parks and Gardens	🟢	Services identified in branch plan are being delivered as planned.	50%
V2.1.1	Economic Development	To encourage new development to occur and to support prospective and existing City businesses. Sub-service/s for this service are: Business Investment and Economic Growth	Development and Place	🟢	The City has met with a number of developers including; Mirvac, Parcel Group, Juniper Aged Care and Satterley Group in the past quarter to promote development and investment within the City. As a part of these meetings the City has been promoting City owned sites for potential joint venture partnerships. The City is also currently reviewing the car parking plans and cash-in-lieu of car parking and parking dispensation policies to make parking more flexible and less onerous on new developments. A report on the next steps of the Morley Streetscape Detailed Design work was presented to Council at the October OCM. Council requested a further workshop to discuss the matter which will occur early in 2023.	35%
C1.1.1	Engineering Services	Provide and maintain road Infrastructure in accordance with relevant Engineering and Industry Standards. Sub-service/s for this service are: Engineering Design Engineering Administration Engineering Works	Engineering and Spatial Services	🟢	Engineering capital projects are progressing well. The City commenced and completed some major Engineering projects such as the Camboon /Wolseley R/B and 40 % of the annual resurfacing program along with the resurfacing of the major arterial roads of Coode St from Walter Rd to Beaufort St and the section of Beaufort St to Grand Prom were completed as well. Maintenance programs are also progressing well. Design services are practically at a full complement of staff with a recent position being filled from within the branch leaving their position to now be filled. The City has undertaken consultation for the next stages of the City's Low Cost Urban Road Safety Program(LCURS) and quotes for the installation of treatments for the first two stages were finalised with a view to appointing a contractor in the new year. The Maylands Underground Power program received approval from the State Government and the City has forwarded information to all residents within the area of works with the anticipated program that Western Power has proposed to commence work in late February 2023.	50%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Service	Service Description	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
C1.1.1	Environmental Health	Monitor and manage public health and to ensure prescribed legislative requirements are being met. Sub service/s for this service are: Environmental Health	Environmental Health and Statutory Building	●	128 food premise inspections were undertaken and 8 public buildings were assessed between October and December 2022. The Branch was down Officers during this period, however measures are in place to meet targets by the end of the financial year.	36%
E4.1.1	Environmental Sustainability	Lead and manage the City's strategic, capital and operational programmes to protect, build resilience and improve the City's natural environment, liveability, urban form and sustainability for current and future residents of the City of Bayswater. Sub-service/s for this service are: Water Quality Monitoring Contaminated Sites Environment area maintenance Carbon reduction	Sustainability Environment and Waste	●	Three water quality sampling runs (Bayswater and Bassendean) completed (Jul, Aug, Sep 2022) cover the Bayswater main drain, and City of Bayswater's geographical areas within the greater Bennett Brook Catchment. Continued maintenance (ongoing) over of natural areas (including some living streams) and reserves via operating and capital budgets (SEW). City of Bayswater, ongoing commitment and funding for water quality monitoring arranged by DBCA at Eric Singleton Bird Sanctuary, with monthly sampling occurring. Implementation of Emissions Reduction Energy Plan.	50%
L4.1.1	Financial Services	Provides overall strategic and operational responsibility and advice for the City's financial process and planning, budgets, rates and investments. Sub-service/s for this service are: Rating Service Accounting Services Cash Management	Financial Services		No report this quarter.	

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Service	Service Description	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
L4.1.1	Governance and Council Support	Provides support and guidance to the Executive, Council and City officers to support good governance and decision-making and legislative compliance. Sub-service/s for this service are: Council support and services Governance Policy Development	Governance and OPD	●	Processes for Council Meetings and agenda briefing forums are being refined. The 2023 meeting schedule was adopted by Council at its meeting on 22 November 2023 and for the first time incorporated both Council and Committee Meetings, Agenda Briefing Forums, Council Briefings and meetings of external bodies to enable for better forward planning. Testing on the online petitions module has now been completed and the module will be rolled out early Q3. The risk based policy review schedule was accepted by the Policy Development and Review Committee on 28 November, and will be presented to Council at its meeting of 31 January 2023. A report on improving transparency was presented to Council at its meeting of 6 December 2022, and Council resolved to improve transparency by making the officer's recommendation and Council resolution on confidential items public where possible and to provide an annual report at Council's December Meeting to release information from confidential reports throughout the year that is no longer confidential. A status update was presented to the Audit and Risk Committee of 6 December 2022 on the City's progress on the proposed reforms to the Local Government Act 1995. The City will continue to work on the reform proposals to ensure compliance can be met when required.	50%
L2.1.1	Human Resources	Provide support and solutions to ensure the City has adequate people capacity and capability to deliver quality services to the Community. We provide a legislative compliant workplace which is safe, engaging and rewarding.. Sub-service/s for this service are: Human Resources Payroll Organisational Development Work Health and Safety	People, Culture and Safety	●	Team have developed the template and are preparing the stats for the first ELT meeting in January	

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
SCP Alignment	**Service**	**Service Description**	**Branch**	**Status Q2**	**Progress Comment: Q2**	**% Complete Q2**
L4.1.1	Information Services	Support for the City's line of business applications, improved technologies and IT infrastructure. Ensure the City's data and information are secure, protected and highly available. Sub-service/s for this service are: Information Services Administration Information and Communications Technology Business Systems and Cyber Security	Information Services	●	Technology One ERP program kicked off in December 2022. Significant effort towards a regular and routine cyber security reporting program of work	50%
L3.1.1	Library Services	Provide vibrant, inclusive libraries that support community harmony, lifelong learning and creativity Provide City access and customer service in local areas. Sub-service/s for this service are: Library and Customer Service Administration Morley Public Library Bayswater Public Library Maylands Public Library	Community Development	●	Library services delivered this quarter include content collect, frontline services and programs. Key deliverables this quarter include: - Items loaned - 84,860 - Public PC sessions - 6,430 - WiFi sessions commenced - 4,525 - New Library memberships processed - 890 - Activity session attendances - 5,290 - Corporate Customer Service - (rates payments, animal registrations/renewals, waste services etc) processed - 3,310 New services/initiatives delivered: -- Sensory story time commenced. A sensory storytime with an interactive approach to storytelling activities that support children with autism or sensory processing challenges. - Digital Mentor programme expanded to include workshops - e.g. Word for Beginners; Emails for Beginners. - Program of activates to support Mental Health Week Online Annual Library use and outcomes survey completed	50%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
SCP Alignment	**Service**	**Service Description**	**Branch**	**Status Q2**	**Progress Comment: Q2**	**% Complete Q2**
L4.1.1	Organisational Planning and Development	Facilitates business planning, reporting and improvement within the organisation. Sub-service/s for this service are: Integrated planning Performance reporting Organisational improvement projects	Governance and OPD	●	Services Plans for 2022/23 have been costed and finalised with Executive. These will be used as the basis for service plans for 2023/24. Commenced business planning for 2023/24 with Council, Executive and Managers. Workshops and meetings held throughout October and November. Executive have commenced work to review all Informing Strategies and Plans, and identify the priority actions for 2023/24. This work will be incorporated in services plans for 2023/24. The Annual Report for 2021/22 has been circulated to Council and Executive for review and comment. Once the Financial Statements have been finalised by the Auditors, this will be submitted to Council for consideration. Quarterly performance reporting for Q3 and Q4 2021/22 and Q1 2022/23 has been presented to the Audit and Risk Management Committee, and is now up to date. Quarterly performance reporting for Q2 2022/23 is underway. The new OPD Coordinator has commenced in the role, and is being onboarded.	50%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
SCP Alignment	Service	Service Description	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
E2.1.1	Parks and Gardens	Supporting our community by providing quality green spaces, protecting and enhancing the urban forest and considering the natural environment. Sub-service/s for this service are: 1. Park Infrastructure 2. Park Projects 3. Landscape Design 4. Sports Ground Maintenance 5. Parks Maintenance 6. Civic Gardens Maintenance 7. Streetscapes Maintenance 8. Tree Care 9. Spraying 10. Golf Course Maintenance 11. Irrigation	Parks and Gardens	●	Services and projects identified in branch plan are being delivered as planned. Highlights as follows: Hosted Women's U19 Cricket National Championship at Hillcrest Reserve.	50%
V2.1.1	Place Management and Town Centre Activation	To improve the amenity, function, safety, economic effectiveness and visitation of public spaces and town centres in collaboration with community groups and businesses. Sub-service/s for this service are: Place Management Major Town Centre Events Town Centre Soft Activation	Development and Place	●	The City is currently working with consultants Porter's to develop a workshop/ briefing for Councillors on the Morley Activity Centre Streetscape detailed design project for early 2023. The City is finalising the documents for the Seed Funding grants which are scheduled to be advertised early in 2023. It is noted that no funding was provided for Major Town Centre events in 2022/23 so no action is being taken on these events this financial year.	25%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Service	Service Description	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
E1.1.1	Planning Approval	Ensure planning applications are assessed providing recommendations and approvals. Sub-service/s for this service are: Development approvals Subdivision referrals Design review panel assessments	Development and Place	●	• The City assesses development applications (DAs) within two weeks of lodgement to ensure issues are identified early in the process and applicants are informed of the DA's progress and pathway. • Where a DA meets the fastrack criteria, it is determined within two weeks. • Progression of an online portal for the lodgement of development applications as part of the roll out of eServices across the City. • Updated software for plan assessment which improves officer efficiency with the introduction of new intuitive capabilities. • Online tracking of DAs where applicants can track applications online via the City's website. • A spatial tracking tool for residents to search DAs lodged near them. • The Development Control Unit (DCU) is an internal group of specialist technical officers in their respective service areas who regularly meet to discuss and provide early feedback on DAs. The DCU membership has been expanded to include officers from other service areas in light of the priority focus areas of economic development, trees, sustainability and environment in DA assessments. This improves communication and accelerates early identification and options/resolution of issues. • Applicants are also extended an invitation for their DAs to be reviewed by the DCU prior to application lodgement to assist in the identification of key issues, opportunities and considerations prior to consideration by the Design Review Panel, Development Assessment Panel and/or Development WA.	50%
L2.1.1	Plant, Fleet and Equipment	Manage the city's fleet and depot assets in accordance with, asset management priorities and relevant industry standards. Sub-service/s for this service are: Fleet, Plant and Equipment	Engineering and Spatial Services	●	The City's Plant and Fleet area are still experiencing difficulty with hiring of staff and have managed with contract labour. The strategic project of producing a ten year plant replacement program is now 100% complete . The analysis of FBT for vehicles is 100 % complete . The finalising of a Fleet Management practice is 100 % complete and was presented to ELT for approval. ELT has approved the document with some minor changes with the document to be distributed to HR for implementation has requested for further analysis of associated fleet costs and a report to be presented back to at the end of February of 2023. The Fleet section continue to evaluate opportunities of purchasing electric equipment when plant is due to be replaced.	50%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Service	Service Description	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
L2.1.1	Procurement	Ensure that the City's tendering and procurement meet the regulatory and policy requirements, and reflect sector best practice. Sub-service/s for this service are: Tendering Procurement Contract management	Business Services	●	The new CMS has been deployed and is being rolled out across the operational areas, subject to capacity between other projects. All contract renewals have now been completed, with the exception of some vendor agreements (library services) which are being renegotiated. The IT software licence agreements still need to be taken up in the CMS, which will be done as time permits.	40%
C1.1.1	Project Services	Plans, develops, supports, implements and coordinates responses to major projects (State and City led) within the City. Responsible management of land and property in ownership or in the control of the City. Sub-service/s for this service are: State Projects City Projects Leisure Planning and Facilitation	Project Services	●	Play Space Strategy Review completed. Community Capital Request works completed. 21/35 capital projects completed (includes the new City of Bayswater Skate Park at Wotton Reserve. October 2022 to March 2023 Summer sport season ground bookings completed. Ten+ customer ground booking enquiries administered per day.	50%
C3.1.1	Commercial Activities	Responsible management of land and property in ownership or in the control of the City. Sub-service/s for this service are: Commercial Leases, Licences and Agreements	Recreation and Commercial Activities	●	The Morley Sport and Recreation Centre situation has been a major of focus in the commercial activities in quarter 2. Officers regularly met with BlueFit to negotiate responsibility for the unplanned ongoing operating deficit. Negotiations have hit a major milestone with a report to Council planned for the January 2023 Ordinary Council Meeting. Other Qtr actions included the pending lease end of the Waves cafe and sourcing a new tenant for the RISE cafe and office area. With the resignation of the Economic Development Officer late in the quarter there is no allocation of resources for commercial activities. Plans are being developed to address this situation moving forward.	50%
C3.1.1	Property (Community)	Responsible management of land and property in ownership or in the control of the City. Sub-service/s for this service are: Community Leases, Licences and Agreements	Building Works	●	Minister for Lands consent to the proposed new leases or lease renewals has been sought and approved. Accordingly leases have been sent to tenants for execution. Currently planning for 2023/2024 lease expirations and renewals.	50%
L3.1.1	Records Management	To ensure that the City's electronic document management and record keeping systems are compliant with State Records legislation, audit recommendations and sector best practice. Sub-service/s for this service are: Records management	Business Services	●	All tracking as required - additional funds have been requested in the 2023/24 budget for digitisation of hard copy records (building plans).	50%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
SCP Alignment	**Service**	**Service Description**	**Branch**	**Status Q2**	**Progress Comment: Q2**	**% Complete Q2**
C1.1.1	Recreation Facilities	Recreation Services facilitate recreation activities and programs for the community at Bayswater Waves, the RISE and Maylands Waterland. The service offering balances commercial operation with subsidised services not provided by the market to maximise social, health and financial outcomes to the City. Sub-service/s for this service are: Bayswater Waves The Rise Maylands Waterland	Recreation and Commercial Activities	●	Strong visitation continues at Bayswater Waves, The RISE and Maylands Waterland. With the warmer Summer weather, aquatic visitation at Waves has significantly increased from qtr 1 with further growth expected for qtr 3. This will be tempered by the final stage of refurbishment due to commence 1 February 2023. Dry program utilisation has not grown as quickly over the quarter with the lingering effects of the COVID pandemic and the pending refurbishment prompting higher than usual suspensions of memberships. Given that members are suspending, rather than cancelling, this abnormally should correct itself at completion of refurbishment works. The RISE visitation remains strong with record participation numbers through core programs and Maylands Waterland is exceeding visitation expectations which has caused a number of operational issues related to waste, parking and plant capacity to deal with bather load.	50%
L4.1.1	Risk Management and Audit	Provides support and guidance to the Executive, Council and City officers to support good governance and decision-making and legislative compliance. Sub-service/s for this service are: Risk Management Internal Audit Insurance	Governance and OPD	●	Internal Audit Charter presented to Dec ARMC. Processes continue to be reviewed, changes implemented has seen an improvement in the reporting of audit actions to the ARMC. The Risk Management Framework review is complete, the updated Framework and Policy will be presented to the February ARMC. The review of the Fraud and Corruption Control Plan has commenced. The plan will complement and align to the Risk Management Framework and Integrity Framework. Reporting of insurance incidents has been included in the new WHS reporting system, Done safe. A review of the controls relating to the management of fleet and the number of incidents resulting in insurance claims is in-progress.	50%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Service	Service Description	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
SERVICE PROGRESS REPORTING - QTR. 2 - 2022/23						
E1.1.1	Strategic Land-Use Planning	To develop and review the local planning framework (scheme, policies, strategy, precinct plans) in accordance with State and Local requirements, providing parameters to Development Approvals and provide planning advice to community. Sub-service/s for this service are Local Planning Strategy/Town Planning Scheme	Development and Place	●	The City is currently finalising the scope of works for the Morley Station Precinct Structure Plan with the Department of Planning, Lands and Heritage. It is anticipated that the request for tender will be advertised early in the new year. 2 modified parking policies and the draft Payment in Lieu of Parking Plan were adopted for advertising at the December OCM and are set to be put out for public comment in February. The City has advertised an expression of interest for a mobile food vehicle operator to establish a semi-permanent presence at Riverside Gardens and is set to appoint a successful applicant this week. The WAPC has required further modifications to the LPS, to update it to include 2021 census data prior to advertising. These updates are currently being made.	30%
E4.1.1	Waste Management	To provide a quality waste collection and management service to residents and the community. To maximise recovery of waste to minimise landfill costs, emissions and environmental impact. Sub-service/s for this service are Collection Service Waste Education	Sustainability Environment and Waste	●	Total households with the FOGO service at the end of the quarter is 28,553. This is 96% of the agreed total (29,816) for the Better Bins Plus Go FOGO project. There is only 6 months remaining for this project and we are slightly behind schedule, mainly due to staff turnover at multiple levels in the team. The new Waste Education Officer will be prioritising this project and there are several properties in the final stages of the transition. The DWER has been made aware of these concerns and will be in contact with the City to discuss options. The waste education program is continuing to encourage residents to adopt correct waste sorting behaviours and overall sustainable habits. The SEW team participated in a Sustainability Symposium at Chisholm Catholic College in Dec. Year 9 students attended presentations and project specific workshops related to Sustainability, Environment and Waste. The program was a success and the event model will be tailored to meet the needs of other schools within the City. Plans to operate a Household Hazardous Waste drop off at Baywaste are continuing. Talis Consultants have been engaged to assist with the licence amendment for the site. Once the licence amendment is complete, construction of the sheds can begin. The City's current contract with Cleanaway is due to expire 30 June 2023. The City would like to negotiate a shorter extension (1+1 or a 2+1), however Cleanaway have advised they will not agree to anything less than the original 5 year term. The terms of the waste collection services proposed by EMRC are still being reviewed and a report outlining the key services will be provided to Council at the Feb OCM.	50%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Title	CBP Action	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
CORPORATE BUSINESS PLAN PROGRESS REPORTING - QTR. 2 - 2022/23						
L1.1.1	Community Perception Survey	Undertake a community perception survey every two years	Community Engagement	●	Discussions with Economic Development Officer around the business survey. Discussions with Governance team around scheduling and budgeting for the Community Perception Survey.	0%
C1.2.1	Community Recreation Plan	Develop and implement a Community Recreation Plan.	Project Services	●	Community Sport and Recreation Facility Funding outcome for Hillcrest changing due February 2023. Federal Funding Grant agreements for Lightning Park Spectator Shelter and Noranda Soccer Changerooms being drafted	40%
C1.1.1	Maylands Waterland redevelopment	Implement the approved future option for the Maylands Waterland site.	Project Services	●	As per Q1	100%
L3.1.2	Staff Satisfaction Survey	Undertake annual staff satisfaction surveys	People, Culture and Safety	●	Staff satisfaction surveys are completed every two years. This is due to allowing the City to address issues raised in the survey before another survey is undertaken. This has been the case for the last few years	0%
B2.1.4	Bayswater Town Centre pedestrian friendly	Investigate a pedestrian friendly shared place in the Bayswater Town Centre.	Development and Place	●	This will be implemented with Development WA and PTA as part of the redevelopment of the Bayswater Station and the surrounding precinct. The City is working with Evolve (DevWA and PTA's consultants) on detailed road and public realm design of these two agencies.	50%
C1.3.1	CPTED in Town Centre developments	Apply Crime Prevention Through Environmental Design principles in Town Centre developments.	Development and Place	●	CPTED principles are applied through projects as they arise particularly as a part of precinct planning and development application assessments.	50%
B3.2.1	Facilitate shopping precincts	Facilitate the development of shopping precincts.	Development and Place	●	The City is currently implementing the upgrading of the Bedford Shopping Precincts. New alfresco spaces have been installed in front of businesses including the new small bar Djangos.	60%
B3.1.2	Local Planning Strategy & new TPS	Develop and implement a Local Planning Strategy and develop a new town planning scheme.	Development and Place	●	In November 2023 the WAPC required further modifications to the LPS, to update it to include 2021 census data prior to advertising. These updates are currently being made.	40%
B2.1.3	Parking Management Strategies for Town Centres	Develop remaining Parking Management Strategies for Town Centres.	Development and Place	●	Noranda is the only town centre without an endorsed Parking Management Plan. The City intended to develop the plan as a part of the Noranda District Centre Precinct Plan, which was not funded in the FY2022/2023 budget. Therefore this project is not progressing further at this time.	75%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Title	CBP Action	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
					CORPORATE BUSINESS PLAN PROGRESS REPORTING - QTR. 2 - 2022/23	
E2.1.3	Public Art Strategic Plan	Develop and implement a Public Art Strategic Plan.	Development and Place	●	The City is developing the Strategy in house a draft document is currently being prepared. It is anticipated to be presented to Council in early 2023.	20%
L1.1.1	Simplify Processes	Investigate opportunities to simplify processes and reduce red tape in all areas of the City's business.	Development and Place	●	Development and Place continually seek opportunities to improve its processes and procedures to reduce red tape to the customer.	50%
B1.1.1	Streetscape upgrade for Morley & Bayswater	Develop and implement a streetscape upgrade plan for Morley and Bayswater.	Development and Place	●	The City is currently working with consultants Porter's to develop a workshop/briefing for Councillors on the Morley Activity Centre Streetscape detailed design project for early 2023.	30%
B1.1.2	Streetscape upgrade for Noranda	Develop and implement a streetscape upgrade plan for Noranda.	Development and Place	●	No funding has been allocated to this projected. The City intended to develop the plan as a part of the Noranda District Centre Precinct Plan, which was not funded in the FY2022/2023 budget. Therefore this project is not progressing at this time.	0%
E2.1.1	Strengthen Morley City Centre	Strengthen the Morley City Centre as a pedestrian friendly environment to meet the requirements of a Strategic Metropolitan Centre.	Development and Place	●	The City is currently working with consultants Porter's to develop a workshop/briefing for Councillors on the Morley Activity Centre Streetscape detailed design project for early 2023.	30%
B3.1.1	Structure Plans & built form policies for each town centre	Prepare a Structure Plan and built form policies for each town centre: Maylands; Morley; Noranda; Bayswater.	Development and Place	●	Noranda is the only town centre without an endorsed Precinct Plan. The City requested a budget allocation to develop a Precinct Structure Plan for the Noranda Town Centre as a part of the 22/23 budget process, however no funds were allocated. The City received funding for a precinct plan in the area surrounding the new Morley train station. The City is currently in discussions with DPLH to partner on the plan, to ensure consistency between both agencies and to pool resources.	75%
E2.1.2	Town Centre Activation Plans	Implement Town Centre Activation Plans.	Development and Place	●	Respoke are currently constructing the sculptural lighting for the Morley activity centre.
Additionally, the Bert Wright Park concept plan is currently being modified to incorporate more landscaping and to ensure it can still be delivered given the rising costs. This is currently being drafted by the City's Landscape Architect. Creative Maylands metagraphic has now been installed.	80%
C2.1.1	Aged Care asset review	Review of Aged Care assets.	Business Services	●	The legal work has begun, and the business plan for the s 3.58 requirements will go to the next meeting of the Afed Care Asset Divestment Committee.	40%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

CORPORATE BUSINESS PLAN PROGRESS REPORTING - QTR. 2 - 2022/23						
SCP Alignment	Title	CBP Action	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
L3.1.3	Implementation of Strategies	Provide an annual report to on the implementation of approved strategies.	Governance and OPD	●	The Audit and Risk Management Committee were presented with the Annual Review of Strategies due for review during Q3 and Q4 2021/22 and Q1 2022/23 at the meeting held 6 December 2022, and this work program is back to schedule. A new review schedule has been approved by the Committee for 2022/23, and the next group of Strategies due for review in Q2 2022/23 will be presented to the Committee in February 2023.	50%
L2.2.1	Processes & Systems	Develop, review and implement processes and corporate systems to be more responsive to community needs and contemporary customer interaction.	Information Services	●	Digital signature software deployed in line with the City's digital transformation strategy. ERP project commenced in December 2022.	
L3.1.1	Elected Member Training	Co-ordinate ongoing training programs for elected members.	Governance and OPD	●	Councillor Johnson completed CEO Performance Review Training on 29 November 2022. This will be noted in a Delegate's Report to OCM 31 January 2023. No other Councillors have attended training during the quarter.	50%
N1.1.1	Environmental Liveability Framework (ELF) development & implementation	Develop and implement a City of Bayswater Environmental liveability framework including biodiversity, climate change and urban forest.	Sustainability Environment and Waste	●	The preparation of the 5 year plan is ongoing. To be delivered end of Q4.	50%
N2.1.1	Waste collection practices & FOGO	Review waste collection practices, investigate and implement alternative waste treatment technologies including Food Organics and Garden Organics (FOGO).	Sustainability Environment and Waste	●	FOGO is being rolled out to last Multi Unit Dwellings.	95%
N2.1.2	Waste education for community	Deliver waste education to the community in partnership with other stakeholders.	Sustainability Environment and Waste	●	Waste Recovery Education Officer providing ongoing community education at City events. Waste Education to be provided at Clean-up Australia Day event.	25%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Strategy	Strategy Actions 2022-2023	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
INFORMING STRATEGIES ACTION PROGRESS REPORTING - QTR. 2 - 2022/23						
C4.1.1	Access and Inclusion Plan	Provide high-level update of strategy actions/outcomes implemented this quarter	Community Development	●	Delivered the 2021/22 DAIP Report to the Department of Communities, and completed 28 strategies for year two of the plan. In the reporting period, the City delivered on an additional 14 delivereable in outcome areas 1,2,3,4 and 7	25%
L2.1.1	Advocacy Strategy	Provide high-level update of strategy actions/outcomes implemented this quarter	CEO	●	Progress reported in CEO's KPIs	
C4.1.1	Age Friendly Strategy 2021-2025	Provide high-level update of strategy actions/outcomes implemented this quarter	Community Development	●	The City is progressing with a focus on 4 priorities this quarter; Priority 1 Transportation:2.1 Review the City's existing Community Bus Hire Program and explore opportunities to maximise participation of older residents. Priority 2 Respect and Social Inclusion: 5.2 Investigate opportunities to partner with local businesses and community groups to showcase stories that celebrate 'ageing' in the City of Bayswater. Priority 3 Respect and Social Inclusion: 5.5 Support and actively promote initiatives that raise awareness of elder abuse and broaden the conversation in the community Priority 4 Community Support and Health Services: 8.4 Redevelop 'Older Adults' web pages on the City's website to link users to My Aged Care, NDIS and other Government funded initiatives.	25%
C1.1.1	CCTV Strategy 2019-2028	Provide high-level update of strategy actions/outcomes implemented this quarter	Rangers and Security	●	CCTV trailer borrowed from Town of Bassendean to trial effectiveness as a crime prevention resource. CCTV used to identify suspects and reduce rock throwing and graffiti offences in Morley area. Trial of Licence Plate recognition technology in parking enforcement being undertaken.	50%
E4.1.1	Collective Local Biodiversity Strategy	Provide high-level update of strategy actions/outcomes implemented this quarter	Sustainability Environment and Waste	●	Ongoing environmental restoration of natural areas. Plants ordered for winter 2023 revegetation. Success in securing grant for samphires restoration program.	50%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Strategy	Strategy Actions 2022-2023	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
INFORMING STRATEGIES ACTION PROGRESS REPORTING - QTR. 2 - 2022/23						
L1.1.1	Community Engagement Strategy	Provide high-level update of strategy actions/outcomes implemented this quarter	Community Engagement	●	As part of our commitment to inclusivity, CE Champions meetings have featured topics around diversity and inclusion of our lesser heard groups. A guest speaker came and their materials were promoted through various teams in the organisation. These meetings have been responsive to the needs of the attendees and the organisational climate. As such, a training session was held on the subject of Risk, including a case study on a highly contentious project. As part of our dedication to strengthening organisational excellence and investing in staff learning, 5 staff members have been trained this quarter in engagement basics and as project administrators on Engage Bayswater. Areas identified for improvement in the previous quarter's evaluation of engagement by the community were informativeness and ease of use. The standout area of improvement this quarter is promotion. The qualitative feedback in relation to promotion was conflicting, and revealed the difficulty of addressing this issue. The general slide in weighting towards Acceptable in this quarter is reflective of trends in three key projects (LCURS, Bedford North Scheme Amendment and Drake Street Cycle Path).	50%
C1.1.1	Community Recreation Plan	Provide high-level update of strategy actions/outcomes implemented this quarter	Project Services	●	Community Sport and Recreation Facility Fund application submitted to Department of Local Government Sport and Culture in relation to funding for a Skate and BMX strategy. Development of concept plan and community engagement planning for Riverside Gardens and Hinds Reserve redevelopment. Community group and leaseholder audit conducted in November 2022 for the purposes of updating club information, identifying opportunities for improved club development service and program delivery, and auditing leaseholders to assess performance against their lease KPI's	25%
C4.1.1	Cultural Plan 2019-2024	Provide high-level update of strategy actions/outcomes implemented this quarter	Community Development	●	The City is progressing with a focus on Priority 1. Partner/Collaborate – Opportunities: Consider a range of temporary cultural experiences – self-paced, pop-ups, flash mobs, hands-on activities.	25%
V2.1.1	Destination Marketing Strategy	Provide high-level update of strategy actions/outcomes implemented this quarter	Development and Place	●	Funds not allocated to implement this strategy in 2022/23 the City is working with businesses to assist them to use the Destination Marketing strategy style guides to promote their own businesses.	0%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Strategy	Strategy Actions 2022-2023	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
INFORMING STRATEGIES ACTION PROGRESS REPORTING - QTR. 2 - 2022/23						
E4.1.1	Emission Reduction and Renewable Energy Plan	Provide high-level update of strategy actions/outcomes implemented this quarter	Sustainability Environment and Waste	●	Sustainability Officer being onboarded to manage project will be delivered Q3	25%
E4.1.1	Environmental Liveability Framework 2021-45	Provide high-level update of strategy actions/outcomes implemented this quarter	Sustainability Environment and Waste	●	Currently developing 5 year strategy.	50%
V2.1.1	Interim Economic Development Plan (currently taking place of the Economic/ Business Framework	Provide high-level update of strategy actions/outcomes implemented this quarter	Development and Place	●	The City has met with a number of developers including; Mirvac, Parcel Group, Juniper Aged Care and Satterley Group in the past quarter to promote development and investment within the City. As a part of these meetings the City has been promoting City owned sites for potential joint venture partnerships. The City is also currently reviewing the car parking plans and cash-in-lieu of car parking and parking dispensation policies to make parking more flexible and less onerous on new developments. A report on the next steps of the Morley Streetscape Detailed Design work was presented to Council at the October OCM. Council requested a further workshop to discuss the matter which will occur early in 2023. A detailed update on the progress on the Strategy was provided to Councillors	35%
E3.1.1	Local Bike Plan	Provide high-level update of strategy actions/outcomes implemented this quarter	Engineering and Spatial Services	●	The final draft has been reviewed and will be forwarded to Councillors during January 2023 with a view to be advertised for final feedback from the community.	85%
C4.1.1	Local Homelessness Strategy	Provide high-level update of strategy actions/outcomes implemented this quarter	Community Development	●	The City in preparing a report on the Homelessness Strategy in March	25%
V2.1.1	Local Housing Strategy/ Local Planning Strategy 2012	Provide high-level update of strategy actions/outcomes implemented this quarter	Development and Place	●	The City has been focusing on the development of the Local Planning Strategy which supersedes the Local Housing Strategy. The City is no longer actively implementing this strategy.	0%
C1.1.1	Low Cost Urban Road Safety Program (replacing Citywide Traffic Management Implementation Plan)	Provide high-level update of strategy actions/outcomes implemented this quarter	Engineering and Spatial Services	●	LCURS stage 1 including Embleton and Bayswater precincts design complete and arranging contractor for implementation of treatments. LCURS stage 2 of the 6 precinct 2 have collated public comments and the remaining 4 to be initiated by August 2023.	60%
V2.1.1	Morley Activity Centre	Provide high-level update of strategy actions/outcomes implemented this quarter	Development and Place	●	The City is focusing on the development of the Morley Activity Centre Streetscape detailed design project. The City has appointed Porters consultants to undertake the work. A proposed cross section for the plan was presented to Council at the October OCM. The matter was deferred to a Councillor workshop to be held in early 2023.	30%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

SCP Alignment	Strategy	Strategy Actions 2022-2023	Branch	Status Q2	Progress Comment: Q2	% Complete Q2
INFORMING STRATEGIES ACTION PROGRESS REPORTING - QTR. 2 - 2022/23						
C1.1.1	Play Space Strategy 2019-29	Provide high-level update of strategy actions/outcomes implemented this quarter	Project Services	●	Community engagement completed for Birkett and Feredy Reserve Play space redevelopments	50%
C1.1.1	Public Health and Wellbeing Plan 2019-24	Provide high-level update of strategy actions/outcomes implemented this quarter	Environmental Health and Statutory Building	●	The City delivered a range of public health initiatives for the community, which were inclusive of people with disabilities. Health and Wellbeing events were also held for Indigenous residents.	88%
C4.1.1	Reconciliation Action Plan	Provide high-level update of strategy actions/outcomes implemented this quarter	Community Development	●	The City is progressing to deliver the 35 deliverables of the Reconciliation Action Plan	25%
C4.1.1	The Platform Youth Action Plan 2019 - 2023	Provide high-level update of strategy actions/outcomes implemented this quarter	Community Development	●	The City is progressing with a focus on Priority 1.Health and Wellbeing 2.3 Establish partnerships with a local business to deliver work experience. (The deliverables for the plan are on hold whilst the City fills a vacant position, forecast to be Mid-March, with a focus on delivering Youth Week in April 2023)	25%
V2.1.1	Town Centre Activation Plans Bayswater Morley Maylands Noranda	Provide high-level update of strategy actions/outcomes implemented this quarter	Development and Place	●	Respoke are currently constructing the sculptural lighting for the Morley activity centre. Additionally, the Bert Wright Park concept plan is currently being modified to incorporate more landscaping and to ensure it can still be delivered given the rising costs. This is currently being drafted by the City's Landscape Architect. Creative Maylands metagraphic has now been installed.	60%
V2.1.1	Town Centre Parking Management Plans for Bayswater, Maylands and Morley	Provide high-level update of strategy actions/outcomes implemented this quarter	Development and Place	●	The City has a budget of $10,000 to implement further action in Maylands. Based on feedback from the Maylands Community Reference group the City is investigating parking options along Whatley Crescent with the recent closure of the Caledonian Avenue crossing opening more informal parking which can be formalised. Additionally, the City has commenced discussions with the Our Lady Queen of Martyrs Catholic Church about potential options to use their site in the future.	25%
E4.1.1	Urban Forest Strategy	Provide high-level update of strategy actions/outcomes implemented this quarter	Sustainability Environment and Waste	●	Preparing implementation plan for the 2023 season	25%
E4.1.1	Waterwise Bayswater 2020-2030	Provide high-level update of strategy actions/outcomes implemented this quarter	Sustainability Environment and Waste	●	Waterwise Bayswater plan currently being implemented. Contractor selected for design of Bowded and Rudloc reserve Iconic proposal.	25%

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

Action Type	Title	SCP and CBP Measure	Branch	Frequency	Value	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Progress Indicator Q2	Notes Q2
— CITY OF BAYSWATER- PERFORMANCE MEASURE REPORTING - QTR. 2 - 2022/23											
CBPM	Public Health Plan	Environmental Health - Number of targets achieved from the City's Public Health and Wellbeing Plan	Environmental Health	Quarterly	No.	38	61			●	Of the 69 actions within the plan - 61 (88.3%) have been addressed. 38 (55%) are fully complete and require no further action, 23 (33.3%) have been actioned and are ongoing, 7 are on-track (10.1%) and 1 is no longer applicable due to a budget cut (provision of immunisation clinics).
CBPM	Attendance at City managed events	Number of attendees at City managed events	Community Development	Quarterly	No.	7000	11,765			●	Total number of participations at City led community events in this quarter were approx. 11,765, with the main summer events calendar part way through.
CBPM		Financial Services - Financial Health Score (Department of Local Government, Sport and Cultural Industries)	Financial Services	Annual						●	This is an annual measure. The 21/ 22 Financial Health Score is currently being prepared and will be reported in the Q3 report.
CBPM	Cycleways and Footpaths	Engineering Services - Kilometres of cycleways and footpaths created or upgraded.	Engineering and Spatial Services	Annual	Kms	TBC				●	Works commenced on the construction of the Crimea concrete path from Morley Drive to Fedders St.
CBPM	City's volunteers	Number of volunteers in the City or percentage of residents who volunteer (Level of volunteerism by City residents (Volunteering WA))	Community Development	Quarterly	No.	41	68			●	The total number of volunteers registered in this quarter is 68, with four (4) in process and the City advertising to recruit new volunteers including accessing student placements for the homelessness hub, and an intern from the McCusker Foundation.
CBPM	Engagement Activities	Number of engagement activities with the business community.	Development and Place	Quarterly	No.	0	4			●	The City has met with a number of developers including; Mirvac, Parcel Group, Juniper Aged Care and Satterley Group in the past quarter to promote development and investment within the City. As a part of these meetings the City has been promoting City owned sites for potential joint venture partnerships.
CBPM	Town Centres - Structure Plans	Progress towards implementing structure plans for town centres.	Development and Place	Quarterly	%	80%	80			●	Noranda is the only town centre without an endorsed Structure Plan. The structure plan was not funded in the FY2022/2023 budget. Therefore this project is not progressing at this time.
CBPM	Industry Awards	Number of industry awards applied and outcome	Communications and Marketing	Quarterly	No.	0	0			●	The responsibility for the application of industry awards is now the full responsibility of individual branches and is no longer supported by the Communications Team (due to resources being re-allocated to the Social Media function). This data will be collated and reported in the 3rd quarter.

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

CITY OF BAYSWATER- PERFORMANCE MEASURE REPORTING - QTR. 2 - 2022/23											
Action Type	Title	SCP and CBP Measure	Branch	Frequency	Value	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Progress Indicator Q2	Notes Q2
CBPM	Participation in engagement	Number of participants in community engagement	Community Engagement	Quarterly	No.	13,000	18,200			●	The City has had 18,200 unique visitors to the engage Bayswater website in the quarter. This is over 5,000 more than the previous quarter, and almost double the same period in the FY 21/22. Over 1,400 people participated in engagement tools such as surveys. There were 258 new registrations to the site, up from 122 in same period in the FY 21/22. This increase represents interest from community members in strengthening their relationship with the City. The graph below shows a more sustained interest over the quarter, compared to the peaks and troughs of this time last year. Drawing a lot of traffic this quarter were the Art Awards, Low Cost Urban Road Safety Program and Ward Boundary and Representation Review. The Low Cost Urban Road Safety Program utilised the interactive mapping tool very effectively. Hundreds of road hazards were pinpointed by local road users. There were also several face-to-face sessions, drawing around 150 people. Drake Street door-knocking was highly successful - a 75% response rate had been achieved from residents directly impacted by the cycle path. The community relied heavily on project FAQs to better understand the Bedford North scheme amendment, Underground Power and Ward Boundary Review. There was also strong interest in Wotton Skate Park updates, reflecting excitement about its official opening. The news items and videos both attracted equally robust views around the 100 mark.
CBPM	Environmental Strategies	The number of environmental strategies developed and outcomes achieved.	Sustainability, Environment and Waste	Quarterly	No.	1	1			●	FOGO in operation across 98% of the City. Service rolled out to all SUDs. Rollout to MUDs is in progress. Construction of HHW shed to occur
CBPM	Water Usage and Management	Water usage and management	Sustainability, Environment and Waste	Quarterly	No.	-	1			●	Continued revegetation and Ecozoning including Arbor Park, Bardon Park and Newington
CBPM	Waste Targets	Progress towards meeting State government targets for waste, particularly with regard to the introduction of Food Organics and Garden Organics (FOGO).	Sustainability, Environment and Waste	Annual	%			95%		●	Ongoing rollout to MUDs continuing currently review bulk waste proposal.
SCPM	Tree Canopy	Parks and Gardens - Percentage of tree canopy cover - (working towards Council's aspirational target of 20% cover)	Parks and Gardens	Quarterly	No.	3,000	0			●	Progressing planning stage for 2023 winter planting program.
SCPM	Public/Play Space Development	Parks and Gardens - Number of public/play spaces developed	Parks and Gardens	Quarterly	No.	1	0			●	Public consultation stage completed for Birkett and Feredy Reserve redevelopments. Other projects identified in branch plan are progressing through various stages as planned.

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

Action Type	Title	SCP and CBP Measure	Branch	Frequency	Value	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Progress Indicator Q2	Notes Q2
CITY OF BAYSWATER- PERFORMANCE MEASURE REPORTING - QTR. 2 - 2022/23											
SCPM	Businesses Operating/Employment Opportunities	Number of businesses operating in the City Number of employment opportunities in the City	Development and Place	Annual	No.		2,125			●	An audit of the City's businesses was last undertaken in 2021.
SCPM	Events and initiatives	Community and Civic Events - The number of people attending City-led events	Community Development	Quarterly	No.	0	5			●	The City has not led any Citizenship Ceremonies since August 2022, with a planned larger Australia Day Citizenship event in January. The City approved five (5) community event grants for Round 1, 2022/23 in November being the; Bayswater Christmas Twilight Markets/Bayswater Easter Twilight Markets, WA Multicultural Women's Day, Cultural Performance and Dumpling Tasting, Celebrating Chinese New Year 2023 and Stay Connected, and the Maylands Sport and Recreation Club Summer Celebration.
SCPM	Annual Grant Program	Number or grant applications/outcomes against the annual grant program to support community groups to lead community events and initiatives	Development and Place	Quarterly	No.	0				●	Seed funding to commence in early 2023. The City is currently preparing the documents to be released in February 2023.
SCPM	Events and initiatives	Number of events and initiatives focused on town centres.	Development and Place	Quarterly	No.	3	6			●	The City partnered with businesses across the City to host a variety of events for PrideFest including Drag Story Time, Pride in the Park, Meet the City's LGBTQI Reps, An Intersex Workshop, Pride Roller Derby and Extravaganza Bingo night.
SCPM	General Waste	Waste Management -Tonnes of general waste to landfill per year (report by quarter)	Sustainability, Environment and Waste	Quarterly	Tonnes	3,693.64	3871.02			●	Quantities include the fortnightly residential collections, bulk general waste, MUDs (front lifts), MRF residual waste tonnages and public litter bins. It excludes the waste delivered to Baywaste and any forms of green waste/FOGO as this material is recovered.\n\nTotal Landfill Q2 (Domestic Waste, Bulk Verge and Constitute) = 3,871.02 tonnes
SCPM	Satisfaction with the Facilities and Services (Community Perceptions Survey Data)	Percentage of the community satisfied with facilities and services for older adults (Community Perceptions Survey Data)	Community Engagement	Annual	%		77.20%			●	Community Perceptions Survey will commence in Q4
SCPM	Satisfaction with the Footpaths and Cycleways. (Community Perceptions Survey Data)	Percentage of the community satisfied with footpaths and cycleways. (Community Perceptions Survey Data)	Community Engagement	Annual	%		73%			●	Community Perceptions Survey will commence in Q4
SCPM	Satisfaction with the Streetscapes and Building Design and Scale. (Community Perceptions Survey Data)	Percentage of the community satisfied with streetscapes and building design and scale. (Community Perceptions Survey Data)	Community Engagement	Annual	%		73.10%			●	Community Perceptions Survey will commence in Q4
SCPM	City-led programs	The number of City-led community programs connecting people to opportunities to participate	Community Development	Quarterly	No.	23	30			●	Through the Community Centres, the City continued to deliver 12 regular weekly programs through the Morley Community Centre, and 11 regular programs through the Bayswater Community Centre. In this period there were 2,979 participations by older adults across both centres. The Community Bus Outings continued between October and December, with seven (7) community centre outings, and 15 outings by community groups.

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

● On-Track
● On-Hold
● Off-Track

Action Type	Title	SCP and CBP Measure	Branch	Frequency	Value	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Progress Indicator Q2	Notes Q2
		CITY OF BAYSWATER- PERFORMANCE MEASURE REPORTING - QTR. 2 - 2022/23									
SCPM	City's volunteers	Community Care and Aged Services - The number of hours the City's volunteers contributed	Community Development	Quarterly	Hours	7000	2000			●	Number of hours taken from VIRA, City's volunteer management system for the quarter.
SCPM	City-led programs	Library Services - The number of City-led community programs connecting people to opportunities to participate	Community Development	Quarterly	No.	26	54			●	**Adult Programs** - Number of programs (individual programs not number of sessions) - 32 - Programme attendance – 1,027 **Adult Program highlights for the quarter** - Mental Health Week – Libraries partnered with Environmental Health to host a range of activity sessions aimed at supporting community members to manage their stress and improve wellbeing. - National Recycling Week – Libraries hosted events that focus on ways to reduce waste by reusing and recycling. Events included a Clothing Swap, making beeswax wraps and a Rubbish Truck Storytime. - Delivery of a series of weekly lunchtime talks with the Maylands Historical Peninsula Association. - Plant Swap – to complement the Seed Library housed at the Bayswater Library. **Children and Youth Programs** - Number of programs (individual programs not number of sessions) - 22 - Programme attendance – 4,136 **Children and Youth Program highlights include:** - Morley Study Hub – creating a dedicated study space for secondary school students preparing for end of year exams. - Sensory Storytime – an alternative Storytime for children who find regular Storytime sessions overwhelming. Particularly beneficial for children on the autism spectrum or who have sensory processing issues. - PrideFEST at the Libraries with Drag Queen Storytime at the Maylands Library. - Summer Reading Quest - Children were invited to make Christmas cards for Housebound Library Members.
SCPM	Libraries	The number of visits to City-run libraries	Community Development	Quarterly	No.	54,290	53,455			●	Bayswater Library - 13,300 Maylands Library - 18,030 Morley Library - 22,125
SCPM	Recreation Centres	The number of visits to City-run recreation centres - Waves and The RISE	Recreation	Annual	No.	Waves 139,081 RISE 50,053	Waves 179,733 RISE 59,394 MWL 1,065			●	Without any dedicated counting mechanism to track entry a number of assumptions have been made to estimate number of visits. Visitation is tracking in line with budgeted outcomes at both Bayswater Waves and The RISE. MWL was open for this quarter and visitation can only be captured through booking numbers with assumptions of an estimated 15 people per booking. As this is a public open space numbers cannot be captured for the non bookable areas of the park.
SCPM	Satisfaction with the City as a place to live (Community Perceptions Survey Data)	Percentage of community satisfied with the City as a place to live (Community Perceptions Survey Data)	Community Engagement	Annual	%		94.80%			●	Community Perceptions Survey will commence in Q4

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● On-Track

● On-Hold

● Off-Track

CITY OF BAYSWATER- PERFORMANCE MEASURE REPORTING - QTR. 2 - 2022/23											
Action Type	Title	SCP and CBP Measure	Branch	Frequency	Value	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Progress Indicator Q2	Notes Q2
SCPM	Annual Grant Program	Number or grant applications/outcomes against the annual grant program to support community groups to lead community events and initiatives	Community Development	Annual	No.	10	9			●	The City distributed $21,320 in funding to community groups, with five (5) community grants awarded for community events. The City approved four (4) Community led events during this period. There were no eligible grants awarded the Better Bayswater Grants in Round 1, with total funds available in Round 2.
SCPM	City-led Programs	Environmental Sustainability - Number of City-led community programs connecting people to opportunities to participate	Sustainability, Environment and Waste	Quarterly	No.	7	10			●	Community planting days completed Community Planting Day program completed, with over 25,000 tube stock planted by 500 volunteers. Continuing to work with 'Friends" groups on on-ground management, including work days and grant projects. Provided 2 night stalks with community education. Delivery of waste education programs.
SCPM	Renewable Energy	Environmental Sustainability - Percentage of renewable energy used for corporate operations.	Sustainability, Environment and Waste	Quarterly	%	54	54			●	Ongoing 100% renewable electricity purchased for all City buildings and facilities. Review of opportunities with new Sustainability Officer.
SCPM	River and Foreshore Health	Environmental Sustainability - Number of projects that support river and foreshore health.	Sustainability, Environment and Waste	Quarterly	No.	1				●	Have secured 100,000,000 in funding from the Federal election for River Restoration. Ongoing discussion with DBCA to confirm concept for the works
SCPM	Plants Planted in Natural Areas	Environmental Sustainability - Number of plants planted in natural areas (bushlands, wetlands, river foreshore).	Sustainability, Environment and Waste	Annual	No.	89,310				●	Planting complete as per previous reporting period
SCPM	Tree Canopy	Environmental Sustainability - Percentage of tree canopy cover - (working towards Council's aspirational target of 20% cover)	Sustainability, Environment and Waste	Annual	%	14.55%				●	Additional Lidar capture to occur Q3

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

CEO KPI PROGRESS REPORTING - QTR. 2 - 2022/23				
SCP Alignment	**Title**	**Deliverable**	**Branch**	**Progress Comment: Q2**
L2.1.1	**Ensure ongoing Financial Sustainability**	**Review the City's Long-Term Financial Plan.** • Draft LTFP presented to Council at the February 2023 Budget Workshop. Financial overview provided November 2022. • Final LTFP ready for Council endorsement by 30 June 2023.	Financial Services	The timetable for the review of the Long Term Financial Plan workshops was circulated to Councillors in October 2022. Workshops are scheduled to commence in February 2023. The Long Term Financial Plan had been placed on hold pending the outcome of the Mayor's Notice of Motion (NOM) resolved by Council at the April Ordinary Council Meeting. The result of this NOM was the appointment of the Paxon Group to conduct a Financial Sustainability review of the previous five years. The draft report from Paxon was received in November 2022 and feedback has been provided to the Paxon Group to make amendments to the final report, it is hoped that this report should be available by February 2023. The high level findings of the Paxon report will be presented to Councillors at the February workshop as well as the report being tabled at the forthcoming Audit and Risk Committee meeting schedule for March 2023. Please note that in future the LTFP will be a document that Council reviews on an annual basis as part of their annual
L2.1.1	**Support Equitable Rating**	**Review the City's rating system.** • Draft Rating Strategy presented to Council at the February 2023 Budget Workshop. • Final Rating Strategy adopted, and rates ready for advertisement by May 2023.	Financial Services	The timetable for the 2022/23 Budget process was circulated to Councillors in October 2022. Budget workshops are scheduled to commence in February 2023. The first budget workshop will include a discussion on the rating strategy and options including differential rates (which was subject of a NOM in April 2022).
V2.2.1	**Review City Property Portfolio**	**Progress the implementation of the City's Land Acquisition and Disposal Strategy.** • Ongoing implementation with quarterly progress updates to 30 June 2023.	Recreation and Commercial Activities	A preliminary review of City properties has been undertaken in quarter 2 with a number of follow up actions prioritised. A report (Item 10.5.1) was tabled at the December 2022 Ordinary Meeting of Council whereby council resolved to: That Council: 1. Amends its 2022-23 budget 2. Notes that the Chief Executive Officer will progress evaluations of strategic properties within the City of Bayswater's property portfolio, for further consideration by Council. In addition to the above, there is also an item scheduled to go to the January Ordinary Council Meeting in 2023 around the Bendigo Bank site in Bayswater with a recommendation to extend the lease of the site with the Bendigo bank.
L4.1.1	**Lead improved organisational change**	**Undertake an organisational review.** • Organisational Review completed and Improvement Plan developed and presented to Council. **Develop and implement an Improvement Plan to ensure alignment and delivery capability of the City's outcomes, defined by Councils' strategic direction.** • Improvement Plan implemented, with quarterly progress reports to Council.	Governance and OPD	An Organisational Assessment, using an accredited Australian Business Excellence Framework consultant Helen Hardcastle from Learning Horizon has been undertaken. Meetings have been held with staff randomly selected across the organisation to provide feedback. Approximately 60 staff provided feedback as part of the assessment. The Organisational Assessment findings have now been drafted and presented to the Executive Leadership Team for consideration at a meeting held 15 December 2022. The CEO will be making a presentation to Council on the findings in February 2023, and discussing recommendations for improvements. Following discussion with Council, an Improvement Plan will be developed and implemented during 2023. It is likely that this

PERFORMANCE REPORTING - QUARTER 2: OCTOBER 2022 - DECEMBER 2022

CEO KPI PROGRESS REPORTING - QTR. 2 - 2022/23				
SCP Alignment	**Title**	**Deliverable**	**Branch**	**Progress Comment: Q2**
L4.1.1	Lead improved organisational change	**Review the City's approach to the implementation of the Integrated Planning and Reporting Framework to ensure the process is Council-led.** • Council-led business planning and budget process to commence in November 2022. • Council Plan (Corporate Business Plan) and Annual Budget for 2023/24 ready for adoption by 30 June 2023. • Re-establish ongoing quarterly performance reporting against the Council Plan (Corporate Business Plan).	Governance and OPD	A Council-led process has been developed to ensure that Council has early input into business planning processes for 2023/24. An outline of this process is provided in Attachment 3. A workshop to commence business planning for 2023/24 was held with Managers on 20 October 2022, with service plan, branch plan, and FTE templates provided. A workshop to commence business planning for 2023/24 with Council was held 14 November 2022, facilitated by Helen Hardcastle from Learning Horizons. Councillors were asked to provide feedback and identify key priorities for 2023/24. This information was provided back to the Management Team on 21 November 2022 to provide direction on service and project Planning for 2023/24. Managers were also asked to commence work on their budgets for 2023/24. The next workshop with Council is scheduled for February 2023, where Council will be presented the first draft of the Long Term Financial Plan, and the Council's Rating Strategy will be discussed. First drafts of Service Plans and Project Plans for 2023/24 will be prepared in the first quarter of 2023, and will be presented to Council at a workshop in March 2023 along with a first cut of the Capital Works Program, and an updated draft of the Long Term Financial Plan. The service and project plans will form the basis of the Corporate Business Plan for 2023/24. There will be a number of additional workshops and briefings held with Council as the Budget is developed to support the delivery of the Council's priorities. The Executive Team is currently reviewing the City's Informing Strategies and Plans to ensure appropriate prioritisation and resourcing is in place and that actions are prioritised for 2023/24. Work continues internally to develop the City's quarterly performance reporting to Council, with service reporting now established. Performance reporting for 2021/22, quarters 3 and 4 has now been completed and delivered to the Audit and Risk Committee. A first draft of the Annual Report for 2021/22 has been prepared, and circulated to Council for comment. The Financial Statements for 2021/22 are currently with the Office of the Auditor General for review and sign-off (which is anticipated in February 2023). Once completed the Annual Report will be presented to Council for consideration and adoption and the Annual Electors Meeting will be scheduled.
L4.1.1	**Lead sustained Council governance**	**Implement the LG Reforms to ensure ongoing compliance with legislative requirements.** • Ward boundaries review completed and submitted to the LGAB no later than 14 February 2023. • All other reforms, as required by transition dates in legislation, with quarterly progress reports to Council.	Governance and OPD	A Special Council Meeting was held 11 October 2022, where Council determined to follow the Voluntary Pathway to implement the direct election of the Mayor and the reduction of Elected Members from 11 to 9 by 2025. A ward and representation discussion document was approved by Council for public consultation on 25 October 2022. Public consultation occurred through 'Engage Bayswater' up until Thursday 15 December 2022. 161 submissions were received. A report collating submissions will be prepared for the 31 January 2023 Ordinary Council Meeting, with a recommended proposal for submission to the LGAB. An update on the City's status on the proposed reforms to the Local Government Act 1995 was received by the Audit and Risk Committee of 6 December 2022 and this item will be considered by Council on 31 January 2022. The City will continue to provide updates through the Audit and Risk Management Committee on its progress with implementing the reforms.

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CEO KPI PROGRESS REPORTING - QTR. 2 - 2022/23				
SCP Alignment	**Title**	**Deliverable**	**Branch**	**Progress Comment: Q2**
L4.1.1	Lead sustained Council governance	**Review and improve audit and risk management processes and reduce the number of outstanding audit actions that are older than 12 months.** • Review key audit and risk management processes by 31 Jan 2023. • Implement process improvements identified through review by 30 June 2023 • Reduce overall number of outstanding audit items by 30 June 2023 with quarterly updates on progress to Council.	Governance and OPD	Internal Audit - The following governance documents have been developed for the Internal Audit Function, and presented to the Audit and Risk Management Committee for approval: • An internal Audit Charter • An internal Audit Protocol • An internal Audit Manual A number of key improvements to the internal audit process have been implemented and include: • Updating the audit reporting register to include risk rating, amended due date, % complete, implementation status; • Developing an internal audit dashboard; • Updating the internal audit reporting process to include guidance around responding the audit actions and requesting amended due dates; • Working with action owners to identify agreed actions that address audit findings and considers audit recommendations; • Implementing the Audit Log process to manage completed actions and close out process; and • Developing the 2022/23 Annual Audit Program The new Co-ordinator Risk Management continues to work with action owners to reduce the number of outstanding actions on the Audit Log. To support the organisation to understand the roles and responsibilities of the Audit and Risk Management Committee and the Internal Audit Function a presentation to the Operational Leadership team was delivered in October. Risk Management - A review of the Risk Management Framework and Policy has now been completed. The updated framework includes: • Types of risk and management of risk - Strategic, Operational and Project • Risk Assurance - 3 line model, alignment to Audit • Evaluation and Acceptance of Risk - Appetite and effectiveness of controls • Risk Treatment - Quarterly reporting process • Management and Reporting of Risk - Risk rating and appetite Operational risk assessments against Service Plans will commence Quarter 3 2022/23 and will include identification and assessment of service, integrity, fraud and business continuity risk Fraud and Corruption - The Fraud and Corruption Plan is under review and will be submitted to the May Audit and Risk Management Committee Meeting for consideration. The review process include aligning the approach to ISO 8100:2021
V2.1.1	**Lead economic development, advocacy and the development of future partnerships**	**Identify new business attraction opportunities within the City.** • New Economic Development Strategy presented to Council by 30 June 2023.	Development and Place	The City has engaged an Economic Development Advisor to implement the Interim Economic Development Strategy (IEDS) on a contract until June 2023. There has been some turnover in this position and it has recently been advertised again. The City (CEO) has met with a number of developers including; Mirvac, Parcel Group, Aspen Group, Juniper Aged Care and Satterley Group in the past quarter to promote development and investment within the City. As a part of these meetings the City has been promoting City owned sites for potential joint venture partnerships. The City is also currently reviewing the car parking plans and cash-in-lieu of car parking and parking dispensation policies to make parking more flexible and less onerous on new developments. A report on the next steps of the Morley Streetscape Detailed Design work was presented to Council at the October 2022 OCM. Council requested a further workshop to discuss the matter which will occur early in 2023. Further updates on the progress of the implementation of the IEDS was detailed in a memorandum sent to Councillors on 19 December 2022. Advocacy Opportunities – since commencing in the role as CEO a number of regular political meetings have been held with the Mayor, CEO and either Local Members of Parliament or Ministers, a list of these are as follows: o Lisa Baker MLA (Member for Maylands) - 30 September & 8 December 2022 o Amber-Jade Sanderson (Minister for Health and Member for Morley) - 9 November 2022 & Next meeting scheduled for 5 May 2023 o Rita Saffioti Minister for Transport; Planning & Ports - 10 November 2022 Other meetings with key Stakeholders have included: o Property Council – The Future of Residential Conference - 14 September 2022 o WALGA 'Breakfast with Heads of Agencies' - 3 October 2022 Meeting with Department of Transport, and representatives from other local governments (Ashburton, Swan, Mingenew, Dardanup, Bunbury, Cuballing, Cockburn). • Intersection of Guildford Road and Garrett Road • Urban ForestMeeting with the Water Corporation

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CEO KPI PROGRESS REPORTING - QTR. 2 - 2022/23				
SCP Alignment	**Title**	**Deliverable**	**Branch**	**Progress Comment: Q2**
V2.1.1	**Lead economic development, advocacy and the development of future partnerships**	**Identify opportunities for future partnerships.** • *Ongoing implementation with quarterly progress updates by 30 June 2023.*	Development and Place	The City is partnering with the Department of Planning, Lands and Heritage (DPLH) to develop the Morley Station Precinct Structure Plan (on a 50:50 cost sharing basis). The project will be led by the City in collaboration with the DPLH. This will enable the City to ensure that critical components are fully addressed in the Plan. The City and DPLH are currently finalising the scope of works and it is anticipated that the request for tender for consultant(s) to develop the Plan will be advertised in early 2023.
V2.1.1	Lead economic development, advocacy and the development of future partnerships	**Ensure advocacy is Council led through the development of an advocacy plan.** • *Revised plan to be developed by 31 Jan 2023.* • *Ongoing implementation with quarterly progress updates by 30 June 2023.*	CEO	An updated advocacy plan has not yet been developed. However, research has been conducted on previous advocacy priorities (Attachment 5 refers) and a list will be presented for Council to consider as part of the business planning process for the 2023/24 financial year. Although an official advocacy paper has not been endorsed by Council there has been some progress and update contained within KPI 3.6 above. The CEO is taking the opportunity to update Members of parliament as part of the Advocacy and regular meeting that are now being conducted.

8.9   **Debtors Write-Off**

Responsible Branch:	Financial Services
Responsible Directorate:	Corporate and Strategy
Authority/Discretion:	Legislative
Voting Requirement:	Simple Majority Required
Attachments:	1. CONFIDENTIAL - Infringement debtors list - for debts under $500.00 [**8.9.1** - 1 page] 2. CONFIDENTIAL - Infringement debtors list - for debts over $500.00 [**8.9.2** - 1 page] 3. CONFIDENTIAL - Rates debtors list - small balances [**8.9.3** - 1 page] 4. CONFIDENTIAL - Rates debtors list - for debts over $500.00 [**8.9.4** - 1 page]

Confidential Attachment(s) - in accordance with Section 5.23(2)(b) of the Local Government Act 1995 - the personal affairs of any person.

SUMMARY

This report seeks Council approval to write-off debts in accordance with Delegated Authority *Granting Concessions and Write-Offs* and also provides advice to Council on debts that have been written off under delegated authority.

COMMITTEE RECOMMENDATION TO COUNCIL
(OFFICER'S RECOMMENDATION)

That Council:

1.   **Notes $7,379.15 of sundry (infringement) debts as outlined in <u>Attachment 1</u> and Rate penalty interest totalling $711.67 as outlined in this report have been written off under delegated authority.**

2.   **Council approves the debt write off totalling $8,516.24 as outlined in <u>Attachments 2, 3 and 4</u> comprising both rate debts and sundry (infringement) debts that cannot be written off under delegated authority.**

Cr Giorgia Johnson Moved, Cr Josh Eveson Seconded

CARRIED: 3/2

For: *Cr Josh Eveson, Cr Giorgia Johnson and Jillian Brazil.*

Against: *Cr Filomena Piffaretti, Mayor and Cr Catherine Ehrhardt, Deputy Mayor.*

BACKGROUND

This report provides an overview of bad debts that have either been written-off or that require Council approval to write off under Delegated Authority *Granting Concessions and Write-Offs.*

Australian Accounting Standards and the provisions of the *Local Government Act 1995* and Financial Management Regulations require, inter alia, ongoing assessment of the likelihood that debts recognised in the organisation's accounts will be collected.

Debtors are managed in accordance with both the City's Sundry Debt Collection and Recovery Policy and Rates and Charges Collection Policy. While all reasonable efforts are made to recover aged debts, there are also some that, for practical purposes, require write off.

These debts relate to monies due for user charges, infringements, fees and other services rendered, rates related charges. The process for collection of debts is dependent on the type of

debt raised and the mechanisms available under the various legislation for recovery. Section 6.12 (1) of the *Local Government Act 1995* allows for debts to be written off by Council, and Delegated Authority *Granting Concessions and Write-Offs* gives the delegated authority to the Chief Executive Officer to write off any sundry debts under $1,000 per account. The CEO is required to advise Council, via a report, when the delegation is exercised.

The previous debt write off was reported 6th December 2022.

EXTERNAL CONSULTATION

Not applicable.

OFFICER'S COMMENTS

Infringement Debtors

The infringement write-off list **(Attachment 1)** refers to current infringements where either the City cannot acquire the offender's details from the Department of Transport or the Fines Enforcement Registry (FER) has advised that the debt is not recoverable or economical to enforce. The amount written off under Delegated Authority is $7,379.15.

There is an additional debt exceeding the $1,000 Delegated Authority threshold that is required to be written off by Council as outlined in **(Attachment 2)**. The FER advised these are classified as irrecoverable as the offender has deceased. There are 2 infringements totalling a debt of $2,705.70.

Rates Debtors and Penalty Interest

Penalty interest associated with rates with an account balance that is $5.00 or less are written off under Delegated Authority. For the period 1 November 2022 to 31 December 2022, 532 properties had a small balance of penalty interest totalling $711.67, which was written off under Delegated Authority.

For rates debts (as opposed to penalty interest and rates relates charges) Council approval is being sought to write off small balances that relate to actual rates totalling $9.55 for 17 property's **(Attachment 3)**. There are also outstanding rates on past properties that that require Council approval to write off totalling $5,800.99 **(Attachment 4)**. Although Council rates are a property related debt, as the original land was subdivided and sold with new titles issued these debts are irrecoverable. Both of these write off require Council approval.

LEGISLATIVE COMPLIANCE

The Sundry Debt Collection and Recovery Policy and Delegated Authority *Granting Concessions and Write-Offs* applies and section 6.12 (1) of *the Local Government Act 1995* states:

"Subject to subsection (2) and any other written law, a local government may —

…(c) write off any amount of money, which is owed to the local government."

RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the officer's recommendation has been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

Risk Category	Adopted Risk Appetite	Risk Assessment Outcome
Strategic Direction	Moderate	Low
Reputation	Low	Low
Governance	Low	Low
Community and Stakeholder	Moderate	Low

Financial Management	Low	Low
Environmental Responsibility	Low	Low
Service Delivery	Low	Low
Organisational Health and Safety	Low	Low
Conclusion	By writing off these debts, the outstanding debtors account will reflect amounts that are deemed recoverable.	

FINANCIAL IMPLICATIONS

Debts written-off are reflected in the end-of-year operating result. The ongoing review of the City's revenue collection and debt recovery practices is considered to be an important feature of risk management and strengthening corporate governance.

STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance

Goal L4:   Communicate in a clear and transparent way.

                Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

CONCLUSION

It is recommended that Council notes an amount of $7,379.15 of sundry (infringement) debts written off in **Attachment 1** and $711.67 of rates penalty interest have been written off under delegated authority. In addition, it is recommended Council approves the debt write off totalling $8,516.24 as outlined in **Attachments 2, 3 and 4** that comprise both rate debts and sundry (infringement) debts that cannot be written off under delegated authority.

9   **PREVIOUS MATTERS DEALT WITH NOT ON THE AGENDA**

Reconciliation arising from past meetings:

Nil.

10   **GENERAL BUSINESS**

10.1   **Local Government Amendment Bill 2023**

Amanda Albrecht, Manager Governance, Organisational Planning and Development provided a verbal update to the Committee on the Local Government Amendment Bill 2023.

10.2   **Annual Financial Statements for 2021/22**

Stuart Monks, Manager Financial Services, provided a verbal update to the Committee regarding the progress of the City's Annual Financial Statements with the Auditor.

11   **CONFIDENTIAL ITEMS**

Nil.

12   **NEXT MEETING**

The date of the next Audit and Risk Management Committee is to be advised.

13   **CLOSURE**

There being no further business to discuss, the Presiding Member, Cr Giorgia Johnson, declared the meeting closed at 6:01pm.