

# Audit and Risk Committee

## Notice of Meeting

21 May 2018

4.30pm

Committee Room 1

Ninth Floor

Council House

27 St Georges Terrace, Perth



City of Perth

## Agenda

### ORDER OF BUSINESS AND INDEX

- 1 Declaration of Opening
- 2 Apologies and Members on Leave of Absence
- 3 Question Time for the Public
- 4 Confirmation of minutes –
  - 4.1 11 December 2017
  - 4.2 19 March 2018
- 5 Correspondence
- 6 Disclosure of Members' interests
- 7 Matters for which the meeting may be closed

In accordance with Section 5.23(2) of the *Local Government Act 1995*, should a Commissioner wish to discuss the content of the confidential attachments listed below, it is recommended that Council resolve to close the meeting to the public prior to discussion of the following:

Attachment No.	Item No. and Title	Reason
Confidential Attachment 8.2C	Item 8.2 - Internal Audit 2017/18 – Validation of Critical/Major Risk Mitigation Strategies Review Part 2	s5.23(2)(f)(i)
Confidential Attachment 8.3B	Item 8.3 - Internal Audit 2017/18 – Payroll Data Analytics Review	s5.23(2)(e)(iii)
Confidential Attachment 8.5B and 8.5D	Item 8.5 - Risk Management Quarterly Update – May 2018	s5.23(2)(f)(i)

- 8 Reports
  - 8.1 Internal Audit 2017/18 – Contract Management Review
  - 8.2 Internal Audit 2017/18 – Validation of Critical/Major Risk Mitigation Strategies Review Part 2
  - 8.3 Internal Audit 2017/18 – Payroll Data Analytics Review
  - 8.4 City of Perth Internal Audit Plan 2018/19
  - 8.5 Risk Management Quarterly Update – May 2018
  - 8.6 Organisational Capability & Compliance Assessment – Status Report
- 9 Motions of which Previous Notice has been given
- 10 General Business

Please convey apologies to Governance on 9461 3250  
or email [governance@cityofperth.wa.gov.au](mailto:governance@cityofperth.wa.gov.au)

10.1 Responses to General Business from a Previous Meeting

Nil.

10.2 New General Business

Nil.

**11** Items for consideration at a future meeting

Outstanding Items: Nil.

**12** Closure



**ROBERT MIANICH**  
**ACTING CHIEF EXECUTIVE OFFICER**

17 May 2018

**This meeting is open to members of the public**

## AUDIT AND RISK COMMITTEE

**Established:** 11 May 2010

Members:
Robert Maurich (Independent Member) (Presiding Member)
Commissioner Eric Lumsden
Commissioner Gaye McMath
Commissioner Andrew Hammond

**Quorum:** Two

**Expiry:** October 2019

**TERMS OF REFERENCE:** [Adopted OCM 24/11/15]

1. The Audit and Risk Committee's role, in accordance with Regulation 16 of the Local Government (Audit) Regulations 1996, is to provide guidance and assistance to the local government regarding:
  - a. the matters to be audited;
  - b. the scope of audits; and
  - c. financial, risk and compliance management functions as prescribed in the Local Government Act 1995; as well as
  - d. other matters specified in these Terms of Reference.
2. The Committee may resolve to request the Chief Executive Officer (CEO) to provide any information or make arrangements to provide independent expert advice, as appropriate and required by the Committee in order to fulfil its duties and responsibilities.
3. The Committee is to review and make recommendations to the Council regarding:
  - a. Financial Management**
    - i. the annual Financial Statements with a view to being satisfied as to their accuracy and timeliness and the inclusion of prescribed disclosures and information;
    - ii. changes in accounting practices, policies and material changes in accounting treatment, providing advice on the appropriateness of implementation strategies; and
    - iii. the City's financial status and performance.
  - b. Risk Management**
    - i. the City's risk management strategies and policies;
    - ii. the adequacy of the City's risk management systems and practices; and
    - iii. the management of strategic risks, identifying as appropriate, specific risks for more detailed review and response.
  - c. Internal Controls**
    - i. the standard and effectiveness of the City's corporate governance and ethical considerations;

*(Cont'd)*

- ii. the integrity, adequacy and effectiveness of the City's financial and administration policies, systems and controls in providing financial and governance information which:
  - is accurate and reliable;
  - complies with legislative obligations and requirements;
  - minimises the risk of error, fraud, misconduct or corruption; and
- iii. the efficiency and effectiveness on achievement of objectives.

**d. Legislative Compliance**

- i. the integrity, adequacy and effectiveness of the City's systems and controls for legislative compliance;
- ii. the level of compliance with legislative obligations as well as the City's policies;
- iii. the CEO's report on the review of the City's legislative Compliance systems, at least once biennially; and
- iv. the annual statutory Compliance Audit.

**e. Internal and External Audit Planning and Reporting**

- i. the process to select and the appointment of an External Auditor;
- ii. the integrity, adequacy and effectiveness of the City's Internal Audit Plan and External Audit Plan;
- iii. reports, findings and recommendations arising from Internal and External Audits;
- iv. the audit of the City's Annual financial statements;
- v. the integrity, adequacy and effectiveness of the management response and any actions proposed to be taken to address issues raised by the Internal or External Auditor; and
- vi. the oversight and monitoring of implementation of agreed actions.

Delegated Authority 1.1.3 – Audit and Risk Committee provides authority for the Committee to fulfil the duty of the Council to meet with the City's External Auditor at least once per year [s.7.12A(2)].

# INFORMATION FOR THE PUBLIC ATTENDING COMMITTEE MEETINGS

## Question Time for the Public

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

## Deputations

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

Please refer to the 'Deputation to Committee' form provided at the entrance to the Council Chamber for further information on the procedures for deputations. These forms are also available on the City's web site: [www.perth.wa.gov.au](http://www.perth.wa.gov.au).

## Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any Member or officer of the City during the course of any meeting is not intended to be and is not to be taken as notice of approval from the City. No action should be taken on any item discussed at a Committee meeting prior to written advice on the resolution of the Council being received.

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# EMERGENCY GUIDE

Council House, 27 St Georges Terrace, Perth



The City of Perth values the health and safety of its employees, tenants, contractors and visitors. The guide is designed for all occupants to be aware of the emergency procedures in place to help make an evacuation of the building safe and easy.

## BUILDING ALARMS

Alert Alarm and Evacuation Alarm.

### ALERT ALARM

**beep beep beep**

All Wardens to respond.

Other staff and visitors should remain where they are.



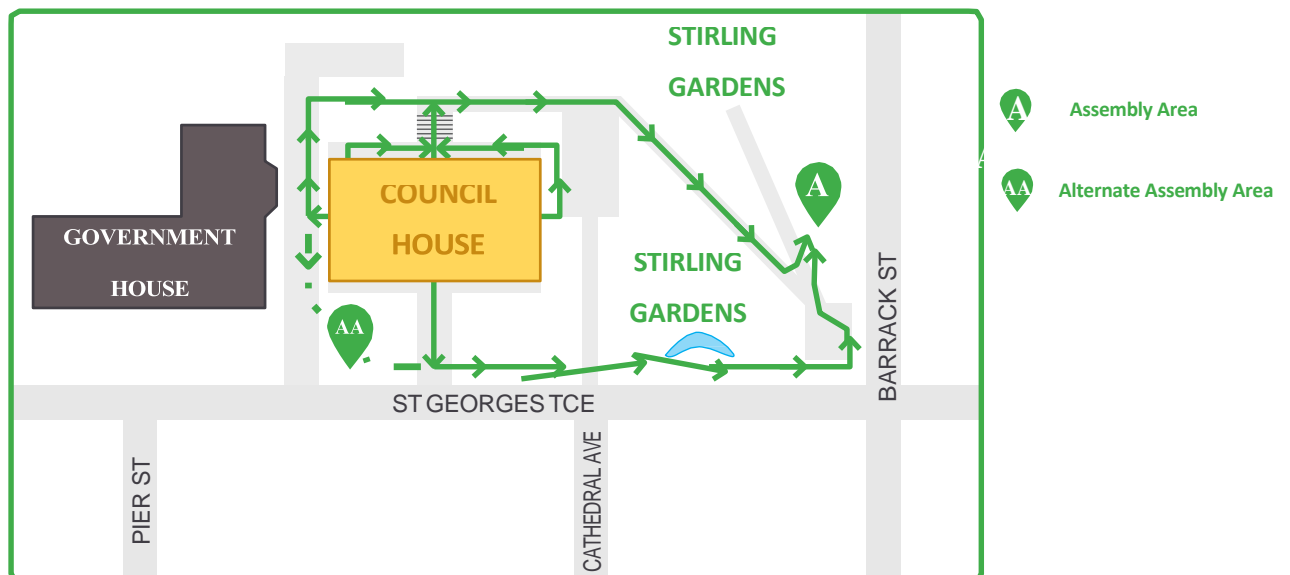
## EVACUATION ALARM / PROCEDURES

**whoop whoop whoop**

On hearing the Evacuation Alarm or on being instructed to evacuate:

1. Move to the floor assembly area as directed by your Warden.
2. People with impaired mobility (those who cannot use the stairs unaided) should report to the Floor Warden who will arrange for their safe evacuation.
3. When instructed to evacuate leave by the emergency exits. **Do not use the lifts.**
4. Remain calm. Move quietly and calmly to the assembly area in **Stirling Gardens** as shown on the map below. Visitors must remain in the company of City of Perth staff members at all times.
5. After hours, evacuate by the nearest emergency exit. **Do not use the lifts.**

### EVACUATION ASSEMBLY AREA



**Agenda**  
**Item 8.1**

**Internal Audit 2017/18 – Contract Management Review**

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**Recommendation:**

***That Council APPROVES the Contract Management Review as part of the Internal Audit Plan 2017/18 as detailed in Attachment 8.1A.***

FILE REFERENCE:	P102969-8
REPORTING UNIT:	Corporate Services
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	3 May 2018
ATTACHMENT/S:	Attachment 8.1A – Contract Management Review Report

**Council Role:**

- |                                     |                |   |
|-------------------------------------|----------------|---|
| <input type="checkbox"/>            | Advocacy       | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | Executive      | <i>The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>  |
| <input type="checkbox"/>            | Legislative    | <i>Includes adopting local laws, town planning schemes and policies</i>   |
| <input type="checkbox"/>            | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/>            | Information    | <i>For the Council/Committee to note.</i>   |

**Legislation / Strategic Plan / Policy:**

<b>Legislation</b>	Regulation 17 of the <i>Local Government (Audit) Regulations 1996</i>
<b>Integrated Planning and Reporting Framework Implications</b>	Strategic Community Plan Goal 8 - A city that delivers for its community
<b>Policy</b>	
Policy No and Name:	19.1 – Risk Management

**Purpose and Background:**

Approval of the Contract Management Review completed in accordance with the Internal Audit Plan 2017/18.

**Details:**

The findings of this review are detailed in the attached Attachment 8.1A.

**Financial Implications:**

There are no financial implications related to this report.

**Comments:**

Nil.



ATTACHMENT 8.1A



City of Perth

# **Contract Management Review**

**April 2018**

**FINAL REPORT**

**Review Undertaken By:**

**Niloha Mendoza**  
**Assistant Internal Auditor**

<b>Areas for review</b>	Controls and practices relating to the management of contracts entered into by the City of Perth (the City).
<b>Period of review</b>	March/April 2018.
<b>Background Information</b>	<p>The City establishes and manages its own contracts with suppliers for a variety of goods and services. According to the Contracts Register, as at April 2018, 174 contracts to an estimated value of over \$98 million (excludes GST) are currently being managed by the City.</p> <p>Monitoring on the City's contracts is undertaken by the Contracts Team within the Finance Unit which is led by the Procurement Specialist. This team also provides advice and assistance to the organisation regarding the City's contracts. Contract Officer(s) are also in place within the Construction and Maintenance Directorate as well as the Commercial Parking Unit to manage contracts within these areas of the City. Finally, nominated Project Officers manage contracts relating to projects under their control.</p> <p>Discussions held with the Risk Management Coordinator during the development of the 2017/18 Internal Audit Plan had identified the management of contracts as a high-risk area for the organisation. This Contract Management Review was therefore included within the draft 2017/18 Internal Audit Plan which was subsequently approved by the Audit and Risk Committee and Council in May and June 2017 respectively.</p> <p>Internal Audit has previously carried out a Contract Management Review in June 2014 as well as Contract Payment Review in January 2017 which examined a number of key controls and practices in the area of contracts.</p>
<b>Objective of the Review</b>	The objective of the review is to obtain evidence to provide assurance that controls and practices relating to the management of contracts entered into by the City are adequate.
<b>Scope of the Review</b>	<p>This review examined the adequacy of controls and practices in a number of areas as follows:</p> <ul style="list-style-type: none"> <li>• Establishment of contract timeframes;</li> <li>• Completion of contractor performance reviews;</li> <li>• Administration of contract variations;</li> <li>• Management of contract insurances;</li> <li>• Supplier expenditure monitoring; and</li> <li>• Monitoring of expiring contracts.</li> </ul> <p>The selection of the above areas for review is described in the "Approach to the Review" section below.</p>

The focus of this review is on the management of City contracts after contracts have been awarded. A review of relevant processes prior to the awarding of contracts was undertaken during the Tender Evaluation Review September 2017.

Provision of goods/services in accordance with specifications and invoicing in line with the schedule of rates as contained within contract agreements were not covered in this review. These aspects of contract management were covered in the Contract Payment Review January 2017.

### **Approach to the Review**

The following steps were undertaken in completing this review:

- A preliminary review of the contract management process at the City was carried out. This review included examining risks and controls as well as relevant issues as discussed with the Procurement Specialist.
- Research on local government best practice contract management was undertaken. This research included reviewing documents such as the Integrity in Procurement Self-Audit Tool issued by the Western Australian Local Government Association and Contract Management Guidelines produced by the Municipal Association of Victoria.
- Based on the results of the abovementioned preliminary review and research, areas for review were identified. These areas for review were agreed with the Procurement Specialist.
- An audit program was developed for testing the adequacy of controls and practices within these areas for review.
- Testing was carried out on a sample basis and results of this testing were documented within audit working papers.
- Following the completion of testing, conclusions and findings were reviewed.
- An interview was then scheduled with the Procurement Specialist and Manager Finance to discuss the conclusions and findings of the review as well as recommendations to address issues.
- Findings and recommendations were presented to the abovementioned staff. Formal responses to the recommendations were obtained from the Manager Finance.
- A report on the review conducted was next drafted and included findings and recommendations to address issues.
- The final report will be included in the agenda for the Audit and Risk Committee Meeting to be held on 21 May 2018.

**Conclusion**

There is evidence to provide assurance that controls and practices relating to the management of contracts entered into by the City are adequate in a number of areas reviewed. However, controls are in need of strengthening in the areas of completion of contractor performance reviews and administration of contract variations as well as management of contract insurances.

A summary of each area reviewed as well as findings and recommendations to address issues are provided in the following sections of this report.

**Summary of Areas Reviewed**Establishment of contract timeframes

Purchasing Policy 9.7 provides guidelines on the establishment of contract timeframes. These guidelines outline that these timeframes should be linked to the potential for change in technology, contract specifications, availability of goods/services as per the following table taken from Policy 9.7.

<b>Procurement Type</b>	<b>Contract Period</b>	<b>Option Period</b>
Contracts with the potential for short-term change in technology, specification, availability or a new untried service.	One (1) Year	Two (2) Years, or Two (2) x One (1) Year
Service contracts and contracts with a medium potential for a change in technology, specification or availability	Three (3) Years	Two (2) Years, or Two (2) x One (1) Year
Information Technology, Equipment and contracts where there is a high cost of contract establishment or there is low potential for a change in technology, specification or availability	Ten (10) Years	Five (5) Years

Sample testing on the establishment of contract timeframes in accordance with guidelines within the above table was carried out. A sample of eleven current contracts for various goods/services as per the Contracts Register was reviewed. It was found that contract timeframe for each of the sampled contracts have been established in accordance with the above guidelines both for contract and option period.

Completion of contractor performance reviews

The following statement is included within Purchasing Policy 9.7:  
 “All Contracts established by the City shall contain a requirement to review the performance of the Contractor/Supplier/Consultant at least annually and prior to the extension, if any, of the Contract term.”

Sample testing on ten current contracts as per the Contract Register was undertaken to determine whether a review clause has been included within the contract and contractor performance reviews have been undertaken. A review clause was found to be included within most sampled contracts. However, for this sample of contracts, completion of a contractor performance review was found to be not undertaken.

A finding and recommendation in relation to a lack of completion of contractor performance reviews is provided below (Detailed Findings and Recommendations section).

#### Administration of contract variations

Contract variations are administered by Project Officers in accordance with Policy 9.8 Contract Variations – Authority to Incur a Liability.

Documentation on contract variations is maintained on individual project/contract files on Content Manager (details of contract variations are not being recorded on the Contracts Register). A sample of ten contract variations undertaken during the 2017/18 financial year was obtained to assess whether requirements within the above policy were followed.

The above sample testing has found that contract variations have been made in accordance with Policy 9.8. In addition, compliance with Policy 9.6 Budget Variations was confirmed for the sample of contract variations.

As mentioned above details of contract variations are not being recorded on the Contract Register and as a result there is currently no mechanism in place to facilitate the overall management by the Contracts Section of contract variations. A finding and recommendation in relation to this matter is provided below (Detailed Findings and Recommendations section).

A review of Policy 9.8 as well as Delegated Authority 1.2.9 (Expressions of Interest and Tenders) has identified a number of anomalies relating to contract variations. These anomalies are outlined below.

- Inconsistency between Policy 9.8 and Delegated Authority 1.2.9 in terms of authority to vary a contract. Policy 9.8 allows CEO, Directors or Officers to approve a contract variation depending on its value. On the other hand, Delegated Authority 1.2.9 only specifies that the CEO has been delegated the authority to determine the “execution of variations”.
- Policy 9.8 does not specify that a contract variation must not change the scope of the contract as stated within regulation 21A (Varying a contract for the supply of goods or services) of the *Local*

*Government (Functions and General) Regulations 1996.*

- Delegated Authority 1.2.9 contains the following statement: “May only agree to variations before a contract is entered into in accordance with Policy 9.8 – Contract Variations – Authority to Incur a Liability.” This statement is contradictory as Policy 9.8 only deals with variations after the contract is entered into.

These anomalies have been raised with the Procurement Specialist who has agreed to arrange required amendments to Policy 9.8 and Delegated Authority 1.2.9.

#### Management of contract insurances

As part of their contractual obligations, insurances e.g. Public liability, Workers Compensation and Professional Indemnity are required to be maintained by contractors.

The maintenance of insurance certificates by contractors of current contracts is being managed by the Contracts Section. A Contracts Register (Excel spreadsheet) is used by the Contracts Section to record insurance details and follow up on expired insurances.

Sample testing was carried out to obtain assurance that appropriate insurances are in place for current contracts and adequate follow up on outstanding insurances is taking place. This sample testing was carried out on eighteen insurance certificates involving eight current contracts.

The results of sample testing found a number of anomalies including instances of expired insurance certificates held, certificates not held in accordance with contract requirements as well as insurance certificates not sighted. In addition, this sample testing has identified instances of insurance certificate value/expiry date not recorded on the Contracts Register.

A finding and recommendation in relation to the above anomalies is provided below (Detailed Findings and Recommendations section).

As a result of this review, the Contracts Section has advised that they have implemented the following changes in regard to the management of insurances.

- A contract number will not be assigned until all insurances are received. This means a purchase order cannot be raised with the supplier until receipt of all required insurances.
- The relevant formula on the Contracts Register (Excel spreadsheet) has been updated to show “No Insurance” for contracts with no insurance details recorded on the register. Previously, this formula within the register showed “ALL OK” for contracts with no

insurance details recorded. Confirmation was obtained that this formula has been updated.

- Contractors with expired insurances will have their account suspended if required insurances are not provided seven days after the second reminder.

Internal Audit to follow up on the implementation of these changes.

#### Supplier expenditure monitoring

The adequacy of controls over supplier expenditure monitoring was examined as part of this review.

Current control for monitoring supplier expenditure within the City comprises a Contract Expenditure Report. This report is produced on a quarterly basis by the Contracts Section and disseminated to the CEO, Directors and all Managers with an accompanying memorandum. Highlighted on the report and memorandum are suppliers with expenditure in excess of the \$150,000 tender threshold as per regulation 11 of the *Local Government (Functions and General) Regulations 1996* or suppliers with ongoing expenditure that indicates that a tender process may be required. The report and memorandum also highlight expenditure that may not have been sourced through the City's formal quotation process as outlined in Purchasing Policy 9.7.

The Contract Expenditure Report is an Excel spreadsheet compiled from supplier expenditure information on the Finance 1 and Content Manager (recordkeeping) systems. Compilation of this report is a time-consuming process. This process results in the report not being provided to the abovementioned recipients in a timely fashion.

The Procurement Specialist has been liaising with relevant staff from the Data and Information Unit in relation to usage of Microsoft Power BI (business analytics tool) for monitoring supplier expenditure within the organization. Reports produced by Power BI for monitoring supplier expenditure are currently under development (testing phase). According to the Procurement Specialist the Power BI reports will supersede the abovementioned Contract Expenditure Report as the control for monitoring supplier expenditure within the City. It is envisaged by the Procurement Specialist that supplier expenditure monitoring via Power BI reports will be taking place from July 2018.

#### Monitoring of expiring contracts

In this final section of the review, the adequacy of controls for monitoring expiring City of Perth contracts were reviewed.

It was identified that the current control for monitoring expiring contracts is the Contract Status Report. This report is produced by the

Contracts Section on a monthly basis from information contained within the Contracts Register and shows contracts under the headings below.

- Contracts requiring immediate action (expired or due to expire or be renewed within 3 months);
- Contracts expired or due to expire within 3 months where action is being undertaken; and
- Contracts requiring action (expiring within 3 - 6 months).

Comments on this report relating to the status of contracts are included by the Contracts Section.

The Contract Status Report is monitored by the Financial Management Taskforce. This taskforce meets on a monthly basis and comprises the CEO, Directors, key Finance Unit staff as well as Directorate Accountants/Senior Financial Management Officers representing their respective directorates.

Contract Status Reports for the months of February and March 2018 were reviewed. As a result of this review, evidence was obtained that the Financial Management Taskforce is monitoring expiring contracts and appropriate action is being taken on these contracts e.g. new tender process commenced/contract awarded, available contract option taken.

## Comments

A strategy is being developed by the Procurement Specialist to centralize the tendering and contract management functions in line with the broader centralization of purchasing strategy of the Finance Unit.

It is agreed with the Procurement Specialist that the abovementioned strategy will lead to improvements with the introduction of contract management expertise via purchasing category owners. According to this officer, a final draft on the strategy is being prepared. The implementation of this strategy may alter measures to address the findings within this report.

During the course of this review it was identified that system enhancements are required to improve the effectiveness of contract management functions within the City. These system enhancements have been flagged by relevant Finance Unit staff for investigation and implementation during the 2018/19 financial year.



**Acknowledgements**     The cooperation and assistance received from the Procurement Specialist and his team to enable the completion of this review is appreciated.

**Sign-off**

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**Niloha Mendoza (Assistant Internal Auditor)**  
3 May 2018

**RISK RATINGS**

Risk ratings applied to findings are based on the City of Perth Risk Management Framework (i.e. extreme, high, medium, low).

The risk rating applied to each finding has been arrived at by following the methodology described in the abovementioned framework i.e. identification of existing controls, consideration of risk consequence and likelihood.

The timing of proposed action to address a finding is linked to the risk ratings as follows:

<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Immediate action required	Within three months	Within six months	Six months

**SUMMARY OF FINDINGS**

The tables below summarize the findings of this review.

<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
0	3	0	0

<b>Risk rating</b>	<b>Finding number</b>	<b>Summary of findings</b>
<b>High</b>	1	Lack of completion of contractor performance reviews.
<b>High</b>	2	Contract variations not captured on the Contracts Register and monitored by the Contracts Section.
<b>High</b>	3	Inadequate management of contract insurances.

Specific details of findings and recommendations are included in the next section.

## DETAILED FINDINGS AND RECOMMENDATIONS

### 1. Contractor Performance Reviews

<b>Risk Rating:</b>	<b>High</b>
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#### *Issue*

Sample testing has found that eight out of ten sampled current contracts contained a contractor performance review clause within contract documentation. However, no evidence in relation to carrying out this review was sighted on Content Manager (record keeping system) for these eight sampled contracts. A check with the relevant Project Officer of these eight sampled contracts has confirmed that no contractor performance review has been undertaken. For one of the eight sampled current contracts, a contractor performance review is due to be undertaken in May 2018 following project completion.

The two remaining sampled current contracts did not contain a contractor performance review clause within the contract. However, as confirmed with the Procurement Specialist this clause should have been included in contract documentation as well as a contractor performance review undertaken for these two contracts.

During sample testing a lack of understanding and awareness by Project Officers of their responsibility to carry out a formal contractor performance review in accordance with contract obligations was evident.

#### *Implications*

Contractors are not being formally reviewed to determine whether they are meeting relevant obligations as per the contract documentation as well as identifying any issues in need of resolution.

Contractual obligations to perform contractor performance reviews are not being carried out.

Requirements for carrying out contractor performance reviews as stipulated within Purchasing Policy 9.7 are not being carried out.

#### *Recommendations*

During discussions with the Procurement Specialist it was agreed that the following measures would assist in addressing this issue.

- Develop and disseminate a standard template and guidelines to assist Project Officers in carrying out contractor performance reviews.
- The requirement for carrying out contractor performance reviews to be included as part of the proposed procurement training for the organization to be undertaken from July 2018.
- The Contracts Section to develop a procedure to capture and monitor contractor performance reviews undertaken by Project Officers.

It is recommended that the Contracts Section implement the above measures to facilitate the carrying out of contractor performance reviews within the City.

***Management response (Manager Finance Unit as at 3 May 2018)***

The City's current decentralized procurement structure hinders the contract management of the City's suppliers with responsibility at the project or business unit level. This was highlighted in the Deloitte City of Perth Organisational Capability and Compliance Assessment dated 6 June 2017.

***Action Plan***

The City is due to consider the Procurement Strategy and the proposed changes to the management of contractors.

- Develop and disseminate a standard template and guidelines to assist Project Officers in carrying out contractor performance reviews.
  - There is currently a template in MS Word (Contractor Performance Review Record) available to assist officers record information from a performance review. While it is not part of the current procurement team's activities the team will develop guidelines to assist officers until a decision is reached on the City's proposed procurement strategy.
- The requirement for carrying out contractor performance reviews to be included as part of the proposed procurement training for the organization to be undertaken from July 2018.
  - The Procurement team are conducting a review of the current purchasing policy (CP9.7) with the aim to have this adopted by 30 June 2018. Post the adoption of the new purchasing policy the procurement team will conduct rounds of training to staff. The team agree to include information on contract management activities including performance reviews.
- The Contracts Section to develop a procedure to capture and monitor contractor performance reviews undertaken by Project Officers.
  - Given the management of contracts is maintained through a MS Excel spreadsheet there are limitations with the system. With the planned system changes proposed in the 2018/19 budget the team will implement a structure and efficient system for maintain contractor information. In the interim the Procurement team will develop a procedure for the project officers to notify the procurement team when a contract performance review has been conducted. The team will also consider changes to the current spreadsheet to enable enhanced reporting of the obligations.

***Person(s) responsible for implementing the actions***

Manager Finance and Procurement Specialist

***Target Date***

- Develop and disseminate a standard template and guidelines to assist Project Officers in carrying out contractor performance reviews – 31 July 2018.
- The requirement for carrying out contractor performance reviews to be included as part of the proposed procurement training for the organization to be undertaken from July 2018 – before end of 2018 calendar year.
- The Contracts Section to develop a procedure to capture and monitor contractor performance reviews undertaken by Project Officers – 31 July 2018.

**2. Contract Variations**

<b>Risk Rating:</b>	<b>High</b>
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***Issue***

Contract variations are processed by relevant Project Officers and supporting documentation on these variations are currently kept on individual contract/project files within Content Manager.

Details on agreed contract variations including the reason, value, decision dates, references to relevant documents on Content Manager, are not being recorded on the Contracts Register (Excel spreadsheet).

Policy 9.8 (Contract Variations – Authority to Incur a Liability, currently provides sole guidance for processing these variations) does not contain a requirement to report on contract variations to the Contracts Section.

***Implications***

There is no mechanism to facilitate the overall management by the Contracts Section of contract variations agreed with contractors. The nature, reasons and costs/value for money of agreed contract variations are not being monitored.

The Contract Section may not be aware of specific issues relating to contract variations. For example, multiple changes made to a contract over a period of time and the risk that this may present to the City or whether variations may indicate an emerging/actual contractor performance problem.

***Recommendation***

A procedure to report and capture contract variations within the Contracts Register to be developed and communicated within the organisation. This procedure should align within Policy 9.8.

Contract variations once captured within the Contract Register to be reviewed and monitored by the Contracts Section.

***Management response (Manager Finance Unit as at 3 May 2018)***

The issue is acknowledged and a change to the current corporate procedures would need to be undertaken to account for the change.

***Action Plan***

The draft Procurement Strategy will be presented to ELG which is currently structured to address this issue. In the interim changes to corporate procedures will be reviewed to provide greater visibility.

***Person(s) responsible for implementing the actions***

Manager Finance and Procurement Specialist

***Target Date***

31 July 2018.

**3. Management of Contract Insurances**

<b>Risk Rating:</b>	<b>High</b>
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***Issue***

The system for recording and follow up of insurance certificates for current contracts involves the use of a Contracts Register (Excel spreadsheet) by the Contracts Section.

Sample testing was carried out on insurance certificates involving eight current contracts. These eight current contracts have a total of eighteen insurance certificates.

The following anomalies with insurance certificates for the sample of current contracts were identified on Content Manager.

- Ten expired insurance certificates;
- Three insurance certificates of currency not sighted; and
- Three instances of insurance certificate held not in accordance with contract requirements (i.e. two instances whereby the City is not endorsed as a beneficiary on insurance policies as required by contract and one other instance whereby Public Liability insurance amount was \$10 million where it should be \$20 million as stipulated within the contract).

In addition, this sample testing has identified eight instances of insurance certificate value/expiry date not recorded on the Contracts Register.

***Implications***

There is a lack of assurance that current certificates of insurances as required under contract are being maintained by contractors to provide insurance coverage for relevant claims.

Contractors not providing and maintaining up to date insurances represents a breach of the contract agreement terms.

Incompleteness of recording of insurances for current contracts diminishes the effectiveness of the Contracts Register as a form of control.

***Recommendation***

It is recommended that an audit on insurance certificates for current contracts as recorded on the abovementioned Contracts Register is undertaken by the Contracts Section. This audit should seek to ensure that up to date insurances in accordance with contractual requirements are being maintained on Content Manager and correctly recorded on the register. Where missing required insurance certificates are identified these should be followed up and obtained from the contractor.

***Management response (Manager Finance Unit as at 3 May 2018)***

The management of the insurance documentation is only undertaken by the Procurement team and is maintained on a spreadsheet. The City has proposed a budget for the 18/19 financial year to update the procurement systems (identified in the Procurement Strategy).



***Action Plan***

System changes will be made following the adoption of the 2018/19 annual budget. A full audit of the insurances will be undertaken and changes made to the Contract Register to assist with further management of insurances.

***Person(s) responsible for implementing the actions***

Manager Finance and Procurement Specialist

***Target Date***

Audit on insurance certificates for current contracts – 30 June 2018.

Update to procurement systems – 30 June 2019.

Report to the Audit and Risk Committee**Agenda  
Item 8.2****Internal Audit 2017/18 – Validation of Critical/Major Risk  
Mitigation Strategies Review Part 2**

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**Recommendation:**

***That Council APPROVES the Validation of Critical/Major Risk Mitigation Strategies Review Part 2 as part of the Internal Audit Plan 2017/18 as detailed in Attachment 8.2A, 8.2B and Confidential Attachment 8.2C.***

FILE REFERENCE:	P102969-8
REPORTING UNIT:	Corporate Services
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	7 May 2018
ATTACHMENT/S:	Attachment 8.2A - Validation of Critical/Major Risk Mitigation Strategies Review – Part 2 Report Attachment 8.2B - Detailed testing schedules Confidential Attachment 8.2C – Risk ID 87 (Confidential Attachments are distributed to Commissioners under separate cover)

**Council Role:**

- |                                     |                |   |
|-------------------------------------|----------------|---|
| <input type="checkbox"/>            | Advocacy       | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | Executive      | <i>The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>  |
| <input type="checkbox"/>            | Legislative    | <i>Includes adopting local laws, town planning schemes and policies</i>   |
| <input type="checkbox"/>            | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/>            | Information    | <i>For the Council/Committee to note.</i>   |

**Legislation / Strategic Plan / Policy:**

<b>Legislation</b>	<i>Local Government (Audit) Amendment Regulations 2013</i>
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<b>Integrated Planning and Reporting Framework Implications</b>	Strategic Community Plan Goal 8 - A City that delivers for its community
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## **Policy**

Policy No and Name: 19.1 – Risk Management

### **Purpose and Background:**

Approval of the Validation of Critical/Major Risk Mitigation Strategies Review - Part 2 completed in accordance with the Internal Audit Plan for 2017/18.

It should be noted that this Part 2 review was presented at the Audit and Risk Committee meeting on 19 March 2018. During this meeting, members of the Committee determined that Risk ID 87 should be classified as confidential. As a result, this risk has been included within Confidential Attachment 8.2C.

The Validation of Critical/Major Risk Mitigation Strategies Review - Part 2 was presented at the Council meeting on **24 April 2018**. At this meeting Council agreed to defer consideration of this item to enable further discussion at the next Audit and Risk Committee meeting (21 May 2018) and to take a more considered approach now that the Commissioners have settled into their roles.

### **Details:**

The findings of the review are detailed in the Attachment 8.2A, 8.2B and Confidential Attachment 8.2C.

### **Financial Implications:**

There are no financial implications related to this report.

### **Comments:**

Nil.

ATTACHMENT 8.2A



City of Perth

# **Validation of Critical/Major Risk Mitigation Strategies Review – Part 2**

**FINAL REPORT**

**Review Undertaken By:**

**Mario Cheldi  
Internal Auditor**

<b>Areas for review</b>	Critical/major risks as recorded on the City's RMSS Risk Register.
<b>Period of Audit Field Work</b>	December 2017 and January 2018.
<b>Background</b>	<p>The idea for this review was proposed by the former External Member of the Audit and Risk Committee in April 2016 during the seeking of potential audit areas for inclusion within the 2016/17 Internal Audit Plan.</p> <p>A Validation of Critical/Major Risk Mitigation Strategies Review (Part 1) was subsequently included in the 2016/17 Internal Audit Plan approved by the Audit and Risk Committee and Council.</p> <p>Part 1 of this review was completed over the June and July 2017 period and comprised an examination of mitigation strategies in place for addressing the three extreme rated risks (at the time of carrying out the Part 1 review) of the organisation.</p> <p>In 2016 the City engaged LGIS (Local Government Insurance Services) Risk Management to undertake an Organisational Risk Management Maturity Assessment. This assessment was delivered between April to August 2016. The final report on this assessment includes a "Road Map" to "address the key findings and incorporate recommendations from this report to position the City's risk management practices as Capital City best practice". The Road Map comprises the following stages of implementation.</p> <ul style="list-style-type: none"> <li>• Stage 1 - Mandate and Commitment (Endorsement from Council for implementation and ongoing commitment of risk program).</li> <li>• Stage 2 - Policy, Appetite and Framework (Adopted Risk Policy, Appetite Statement, Assessment Criteria and Framework).</li> <li>• Stage 3 - Roles and Responsibilities (Defined roles and responsibilities, awareness of Risk Management Policy, Appetite and Framework).</li> <li>• Stage 4 - Manage Risks (Developed Organisational Risk Themes. Rationalise and refine strategic and operational risks and integrate and align with planning framework).</li> <li>• Stage 5 - Implement Assurance (Assurance plan implemented to ensure effectiveness of risk management processes. Controls and treatments are in place).</li> </ul> <p>Work undertaken by the Risk Management Coordinator has resulted in the implementation of Stages 1 to 3 inclusive as well as considerable progress in the implementation of Stage 4 via the completion of a large proportion of business unit operational risk assessment workshops.</p> <p>Undertaking the Validation of Critical/Major Risk Mitigation Strategies Review meets the requirements for implementation of Stage 5.</p> <p>The value of carrying out this review has been recognized by the scheduling of Part 2 within 2017/18 Internal Audit Plan.</p>

**Objective** The objective of the review is to obtain evidence to provide assurance that mitigation strategies for key risks are in progress, adequately resourced (budget and staff) and address the underlying cause of the risk.

**Scope** This Part 2 review examined the following risks identified during relevant business unit operational risk assessment workshops and subsequently recorded on the RMSS Risk Register.

- Asset management planning (Risk ID 61).
- Safety related incidents during delivery of civil construction projects (Risk ID 18)
- Security at council events, meetings and committees (Risk ID 87)

At the time of this Part 2 review, Risk ID 61 was rated on the RMSS Risk Register as the sole “extreme” risk for the organisation.

Risk ID 18 and 87 are “high” rated risks on the RMSS Register which, following consultation with the Risk Management Coordinator, were considered the most worthy of selection for review. This selection was based on the consequences of these risks and importance of their effective management.

All aspects of the above three risks as recorded on the RMSS Risk Register were reviewed i.e. risk impacts, causes, existing controls and mitigation strategies. However, the focus of this Part 2 review was an evaluation of mitigation strategies put into place since the relevant business unit operational risk assessment workshop.

In addition to assigning the abovementioned risk ratings, a controls effectiveness rating of “inadequate” for each of the above listed risks was identified during the workshops and recorded on the RMSS Register. This Part 2 review also included a reassessment of these ratings after taking into account mitigation strategies in place as well as existing controls.

**Approach** The following steps were undertaken in completing this review:

- Abovementioned risks were identified from discussions with the Risk Management Coordinator as well as review of the Risk Management Quarterly Update Report produced by this officer for the 11 December 2017 Audit and Risk Committee meeting. This report provides a summary of key risks of the City as recorded on the RMSS Risk Register.
- Progress notes on the RMSS Risk Register and available documentation in relation to the mitigation strategies of the selected risks were reviewed.
- Interviews were then held with the “risk owners” of the selected risks to gain further understanding of all aspects of these risks as well as mitigation strategies in place and their progress. These “risk owners” are the Manager Construction Unit (Risk ID 18), Manager Asset Management Unit (Risk ID 61) and Manager Community

Amenity and Safety (Risk ID 87). Discussions were also held with the Senior Safety Coordinator who has played a major role in the mitigation of Risk ID 18.

- Further monitoring on the progress of implementation of mitigation strategies was carried out via review of progress notes recorded on the RMSS Risk Register for the selected risks, further discussions with the “risk owners” and Senior Safety Coordinator (Risk ID 18) as well as examination of relevant documentation. This monitoring was carried out until early February 2018 to enable this report to be included within the agenda for the 26 February 2018 Audit and Risk Committee meeting.
- Findings and conclusions for this Part 2 review were documented within an excel spreadsheet.
- These findings and conclusions were discussed and confirmed with the Risk Management Coordinator.
- A report (this report) was then drafted summarising the results of the findings and conclusions.
- The final report will be included in the agenda for the Audit and Risk Committee Meeting to be held on the 26 February 2018.

## **Conclusion**

Evidence was obtained to provide assurance that mitigation strategies for risks reviewed are in progress, adequately resourced (budget and staff) as well as addressing the underlying cause of the risk.

## **Risks reviewed**

Findings in relation to asset management planning (Risk ID 61) and safety related incidents during delivery of civil construction projects (Risk ID 18) are provided below. The attached schedules provide a more detailed analysis for these risks.

The findings relating to security at Council events, meetings and committees (Risk ID 87) are contained within a confidential attachment.

### Asset management planning (Risk ID 61)

The RMSS Risk Register provides the following description of this extreme rated risk.

“Failure to accurately and sustainably plan for asset management capital works requirements”.

The following mitigation strategies were identified as being in place to address this extreme risk.

### *Asset Management Framework*

This framework will “outline how we use the asset data that we capture and store such as inventory, cost, quantity, condition and translate them into decision making with regards to meeting service levels.”

A key element of this framework is a capital works planning and

prioritisation tool (currently an excel spreadsheet). The current focus is on the assembly of input data requirements for this tool. These input data requirements (i.e. decision making criteria) include asset inventory, condition, remaining useful life and maintenance/replacement costs. Contractors have been engaged to collect these input data requirements during assessments of buildings; roads and footpaths; street and park furniture; civil structures; and electrical/lighting. At the time of this review, all but one of these assessments have been completed. The Asset Management Unit, in conjunction with relevant asset custodian units, is currently processing the submitted data from the completed assessments. It is envisaged by the Manager Asset Management that the input data requirements for the capital works planning and prioritisation tool will be complete around August 2018.

#### *Best Practice Asset Management Plans*

A “best practice” asset management plan template has been developed that “plans the maintenance activities and costs required to sustain the defined services and service levels the asset portfolio is subject to in complete alignment with the Asset Management Framework”.

These asset management plans have been completed by asset custodian units for the 2018/19 financial year for all asset portfolios and are being included within the 2018/19 capital works budget process. However, as a result of submitted data from the completed assessments currently being processed (refer Asset Management Framework above), up to date data on asset condition, remaining useful life, maintenance/replacement costs, etc will not have been available for inclusion within certain 2018/19 asset management plans.

#### *Asset Management Partnership Program*

This program was launched in June 2017 and involves Asset Management Advisors from the Asset Management Unit partnering with asset custodian units on an ongoing basis in order to improve asset management practices within the City.

The output of the partnership program is an asset management plan for all asset portfolios.

As part of the partnership program, asset custodian units, in conjunction with their assigned Asset Management Advisor, were required to separately prepare an asset improvement plan that “outlines the strategy for improving asset management of relevant assets and details the tasks required to achieve asset management plan and business plan objectives”.

#### *New Asset Readiness*

New asset readiness is the “function to understand the impact of new assets so that we are financially and operationally ready to assume



ownership of them from the handover date”. According to the Manager Asset Management life cycle cost impact analysis for new assets is currently an immature process within the organisation and not being done in a quantified manner. The best way to deliver this function is currently being investigated by the Manager Asset Management and will involve resource(s) within this unit developing an appropriate methodology.

#### *Asset Management Strategy*

As a result of a strategic review of the organisation carried out in 2017, an Asset and Infrastructure Strategy was identified as one of four “issue specific” strategies required to be included within the City of Perth Integrated Planning and Reporting Framework. These “issue specific” strategies will be linked to the City’s Strategic Community Plan.

It was demonstrated by the Manager Asset Management that the responsibility for developing the Asset and Infrastructure Strategy to meet the goals of the Strategic Community Plan is spread across all five directorates. The Manager Asset Management is driving the development of the Asset and Infrastructure Strategy which is currently at an early planning stage.

#### *Summary*

All but one of the assessments (i.e. roads and footpath) for the collection of the input data requirements for the capital works planning and prioritisation tool have been completed (refer Asset Management Framework above). The Asset Management Unit is currently collaborating with asset custodian units to process the submitted data from the completed assessments. It is envisaged that the input data requirements for the capital works planning and prioritisation tool will be complete around August 2018.

The asset management plans as described above have been completed by asset custodian units for 2018/19 for all asset portfolios and are being included within the 2018/19 capital works budget process, although up to date asset data may not have been available for inclusion with certain plans.

An Asset Management Partnership Program has been underway and involves Asset Management Advisors from the Asset Management Unit partnering with asset custodian units on an ongoing basis in order to improve asset management practices within the City. The output of this partnership program is asset management plans for asset custodian units.

The New Asset Readiness function and Asset and Infrastructure Strategy are currently at a formative stage.

Relevant Asset Management Unit staff members are involved in implementing the mitigation strategies for this extreme rated risk with

assistance from specialist staff in Finance (Asset Management Framework) and asset custodian units (Asset Management Partnership Program). Development of the Asset and Infrastructure Strategy will involve assistance from relevant staff across all five directorates.

Funding has been allocated to contractors for the collection of input data requirements for the capital works planning and prioritisation tool (Asset Management Framework). At this stage the implementation of the mitigation strategies do not require further funding, however, this may change in future if a specialised software forecasting tool is pursued.

It is considered that the above mitigation strategies (as well as existing controls) are or will be addressing the potential causes for this extreme risk as listed within the table in the attached schedules.

In accordance with the table in the attached schedules, the Risk Management Team had rated the controls effectiveness for this risk as “inadequate” and rated this risk as “extreme”. As a result of this review, the above mentioned ratings were reassessed.

An assessment of the effectiveness of controls should consider mitigation strategies in place as well as existing controls. The Asset Management Partnership Program mitigation strategy has been well underway and led to asset custodian units providing asset management plans (includes asset improvement plans) for the 2018/19 capital budget planning process.

However, the key element of the Asset Management Framework i.e. capital works planning and prioritisation tool is under development with input data requirements to enable this tool to function currently being processed. The input data requirements for this tool are envisaged to be completed around August 2018. The New Asset Readiness function and Asset and Infrastructure Strategy are currently both at an early formative stage.

As a result, it is considered that the abovementioned ratings are warranted to remain in place at this point in time.

#### Safety related incidents during delivery of Civil Construction Projects (Risk ID 18)

The RMSS Risk Register provides the following description of this high rated risk.

“Staff or third party injuries during the delivery of Civil Construction Projects”.

The following mitigation strategies were identified as being in place to address this risk.

#### *Training Needs Analysis*

In 2017 the Senior Safety Coordinator had instituted a safety Training Needs Analysis for the Construction Unit. A Training Needs Analysis spreadsheet is in place and provides a list of required/mandatory and desired safety training for unit staff. In addition, a Training Matrix is being updated to record completion of training by unit staff members. At the time of this review, this matrix records that all but one relevant Construction Unit staff has completed the required Construction Industry Safety Induction (Whitecard).

#### *OHS requirements within the Project Delivery Framework*

During 2017 the Senior Safety Coordinator had been liaising with the Construction Unit to include specific OSH requirements in the new Project Delivery Framework being developed by this unit. It was demonstrated by the Manager Construction that these requirements have now been incorporated into the framework in the form of supporting documentation required for projects e.g. safety plans, Hazard Elimination and Management Register, contract documents with OSH clauses. This framework is now being utilised for construction projects.

#### *Safety in Design Procedure*

This procedure has been developed by the Construction Unit with input from the Senior Safety Coordinator and was approved by the ELG on 5 July 2017. According to the risk register this procedure “will assist in reducing risks at the earliest stages of design, ensuring that safety risks are reduced as far as is practicable for the construction, operation and maintenance of an asset”. Evidence was obtained that this procedure is being followed for construction projects.

#### *Contractor Safety Management System*

This system includes a Contractor Safety Management Procedure, inspection and auditing tools (Contractor Safety Management Checklist), Contractor Safety Handbook, inspection/observation booklet (Safety Inspection/Observation Diary) for use by Project Officers and Supervisors as well as standard OSH clause/questionnaire to be included within contract documents. Usage of the abovementioned checklist and diary by staff has been sighted on Content Manager. It was also confirmed on Content Manager that the standard OSH clause/questionnaire is being included within contract documents. Elements of this system have been updated in 2017.

#### *Updated Incident Reporting and Investigation Procedure and RMSS Training*

In May 2017 an updated Incident Reporting and Investigation Procedure was introduced within the City. This procedure included a new Incident Escalation Process and Incident Severity Table. RMSS is the current system

utilised by the City for the recording and management of incidents. As sighted on Content Manager, training on the updated procedure including usage of RMSS to facilitate this procedure has been rolled out within the City to relevant staff. Feedback from the Senior Safety Coordinator suggests the updated procedure is operating as intended.

#### *Safety System Gap Analysis and Implementation Program*

A Safety System Gap Analysis and Implementation Program initiative was commenced by the Senior Safety Coordinator in May 2017. The Safety System Gap Analysis provides an overview of current status of various elements of the City's safety system e.g. incident management, audit and inspections, contractor management as well as "proposed position" in regards to these elements and actions required to achieve the proposed position. The Safety Planning and Implementation Program is in a Gantt chart format and being used as a guide for the implementation of actions. A review of the Gantt chart shows a number of actions as being completed or in progress of being completed. The completion/progress of actions was confirmed with the Senior Safety Coordinator.

#### *Operational safety risk assessment*

On the 9 November 2017 the Senior Safety Coordinator carried out an operational safety risk assessment within the Construction Unit with the assistance of the Risk Management Coordinator. This safety risk assessment identified a high risk of "Project execution and delivery fails to meet safety standards and expectations" as well as a number of "new or additional treatments" for this identified risk (refer table on this risk taken from the safety risk assessment within attached schedules).

The current status of "new or additional treatments" has been determined from the Senior Safety Coordinator and are summarised within the attached schedules. It was determined that the "new or additional treatments" have either been completed, are ongoing or are planned to be completed.

#### *Summary*

##### *Risk ID 18*

The mitigation strategies as described above highlight that the City has been active in 2017 in endeavouring to address Risk ID 18. These strategies comprise new initiatives i.e. safety Training Needs Analysis and Matrix for relevant staff, inclusion of OHS requirements within the Project Delivery Framework, Safety in Design Procedure and Safety System Gap Analysis/Implementation Program as well as updating existing systems and procedures i.e. Contractor Safety Management System and Incident Reporting and Investigation Procedure.

Adequate staff resources have been addressing Risk ID 18. These staff

resources include the Senior Safety Coordinator and the Manager Construction Unit (Risk Owner) as well as their respective teams. Funding required to address this risk was not evident in this review.

It is considered that the abovementioned mitigation strategies (as well as existing controls) for Risk ID 18 are addressing the potential causes of this risk as listed in the table within the attached schedules.

The Risk Management Team has rated the controls effectiveness for Risk ID 18 as “inadequate” and rated this risk as “high”. A risk rating of “high” is reflective of the nature of activities involved in construction.

However, the City has been active in 2017 with the introduction of new or improved safety initiatives (as well as continuing with existing controls as identified during the risk workshop) and as a result an upgrade in controls effectiveness from “inadequate” to “adequate” for Risk ID 18 is considered to be warranted.

*“Project execution and delivery fails to meet safety standards and expectations” (Operational safety risk assessment)*

“New or additional treatments” have or will be contributing to addressing the high risk “Project execution and delivery fails to meet safety standards and expectations” as identified from the operational safety risk assessment.

Staff resources addressing Risk ID 18 have also been tackling the “Project execution and delivery fails to meet safety standards and expectations” risk. Funding required to address this risk was not evident in this review.

No causes are listed for this risk as per table taken from the operational safety risk assessment.

A controls effectiveness rating of “adequate” and risk level rating of “high” was given for the “Project execution and delivery fails to meet safety standards and expectations” risk during the abovementioned operational safety risk assessment. As per Risk ID 18 the nature of construction activities warrants a high risk rating for this risk. Following a review of “new or additional treatments” as well as “current key controls” for this risk it is considered that the controls effectiveness rating of “adequate” is valid.

#### Security at council events, meetings and committees (Risk ID 87)

A detailed analysis of this risk is included within the confidential attachment.

#### **Comments**

This review has complemented the work of the Risk Management Coordinator in implementing the stages of the “Road Map” towards best practice risk management as contained within the Organisational Risk Management Maturity Assessment carried out by LGIS (Local Government

Insurance Services) Risk Management in 2016.

The Validation of Critical/Major Risk Mitigation Strategies Review provides assurance on the effectiveness of risk management processes, controls and treatments for key risks and in doing so is ensuring that the City is addressing Stage 5 (Implement Assurance) of the abovementioned “Road Map”.

The value of carrying out this review has been recognized by the scheduling of parts 1 and 2. Depending on other audit priorities this review may be regular inclusion in future annual internal audit plans.

**Acknowledgements** The cooperation and assistance received from the Risk Management Coordinator, Manager Construction Unit, Senior Safety Coordinator, Manager Asset Management Unit and Manager Community Amenity and Safety Unit to enable abovementioned risks and mitigation strategies to be reviewed is appreciated.

**Sign off**

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Mario Cheldi  
Internal Auditor

9 February 2018

Validation of Critical/Major Risk Mitigation Strategies Review

**Risk Owner:** Manager Asset Management - Corporate Services Directorate  
**Key Service:** Asset Management Partnership Program - Establishment of partnerships to improve organisational asset management practices.  
**Risk Name:** Asset Management Planning

Note

Information within the table below was obtained during a risk workshop facilitated by the Risk Management Team and attended by key Asset Management Unit staff on the 16 May 2017. This information has been uploaded into the RMSS risk management system by the Risk Management Team. RMSS provides a register of this risk which includes information within the table below as well as strategies to mitigate the risk. The RMSS register for this risk was reviewed to identify mitigation strategies in place and their recorded progress. Discussions were held with the Manager Asset Management and risk documentation reviewed in order to validate mitigation strategies.

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
61	Failure to accurately and sustainably plan for asset management capital works requirements.	Large contributed asset portfolio in the pipeline that presents significant uncertainty. Legacy issues and processes in the way the City currently manages assets. Resistance to change from internal and external key partners. Lack of adequate specialised skill set and maturity in the City's Asset Management practices. Lack of historical good quality data to analyse and inform accurate planning requirements. Lack of policy, standards and criteria to govern the requirements for a business case to justify capital works.		EXTREME Financial - Unforseen expenditure
		Existing controls	Inadequate	
	The forecast capital expenditure requirements in the medium and long term future is unknown. Projects are budgeted for but not completed due to fluctuating requirements or weak business cases. Inefficient expenditure on assets. The City fails to achieve optimal sustainability of assets. Decision making process on capital budgeting is not transparent. Investments are not aligned to the Strategic Community Plan and the Integrated Planning and Reporting Framework.	Experienced team and processes in place to review the corporate AM system data and update it with new / disposed assets. Regular meetings with external stakeholders to clarify the expected timeline for the contribution of large State Government assets. Collaboration with internal stakeholders to tailor improvements to improve asset life-cycle data quality and strategy. Training provided to Asset Management Unit staff in stakeholder negotiation and engagement. Asset management improvement objectives are aligned to corporate strategy objectives objectives (Strategic Community Plan, Sustainability, Integrated Planning and Reporting Framework).		

Validation of risk mitigation strategies for the above mentioned extreme risk

Following a review of the risk register and relevant documentation as well as feedback from the Manager Asset Management a number of strategies were identified for mitigating this risk. These strategies are described below.

Asset Management Framework

This framework will "outline how we use the asset data that we capture and store such as inventory, cost, quantity, condition and translate them into decision making with regards to meeting service levels." A key element of this framework is a capital works planning and prioritisation tool. This tool is currently an excel spreadsheet being designed in collaboration with the Finance Unit Business Analyst to enable forecasting of capital works requirements and budgets for relevant City asset classes. Longer term it is planned that this excel spreadsheet will be replaced by a specialised software forecasting tool. As advised by the Manager Asset Management the focus so far has been on ensuring that the input data requirements are correct for the spreadsheet rather than pursuing specialised software to carry out this forecasting. These input data requirements (i.e decision making criteria) include asset inventory, condition, remaining useful life and maintenance/replacement costs. Contractors have been engaged to collect these input data requirements during assessments of buildings including multi storey carparks; roads, footpaths including open air carparks and onstreet parking bays; street and park furniture; civil structures and electrical/lighting. With the exception of the roads and footpaths assessment which has recently commenced, the other assessments have been completed. The Asset Management Unit, in conjunction with relevant asset custodian units, is currently processing the submitted data from the completed assessments. This processing of this data is time consuming and it is envisaged by the Manager Asset Management the input data requirements for the abovementioned capital works planning and prioritisation tool will be complete around August 2018.

### *Best Practice Asset Management Plans*

Asset Management Plans are required to be completed as a legislative requirement. The Manager Asset Management has advised that a best practice Asset Management Plan template has been developed that "plans the maintenance activities and costs required to sustain the defined services and service levels the asset portfolio is subject to in complete alignment with the Asset Management Framework". This template has been distributed to asset custodian units to develop 2018/19 asset management plans (in conjunction with their Asset Management Advisor, refer Asset Management Partnership Program below) for all asset portfolios. The Manager Asset Management had required the asset custodian units to submit their asset management plans by 1 December 2017 to accommodate the new capital budget planning process for the 2018/19 financial year. Evidence of these asset management plans being completed in accordance with the template was sighted. However, as a result of submitted data from the completed assessments currently being processed (refer Asset Management Framework above), up to date data on asset condition, remaining useful life, maintenance/replacement costs, etc will not have been available for inclusion within certain 2018/19 asset management plans.

### *Asset Management Partnership Program*

In June 2017 the Manager Asset Management launched an Asset Management Partnership Program. This program involves Asset Management Advisors from the Asset Management Unit partnering with asset custodian units on an ongoing basis in order to improve asset management practices within the City. Asset Management Advisors are utilising this program to "disseminate and guide the formation of all required parameters of the framework to ensure consistency between all asset custodians." The output of the partnership program is an asset management plan for the asset custodian units.

As part of the Asset Management Partnership Program, asset custodian units, in conjunction with their assigned Asset Management Advisor, were required to separately prepare an asset improvement plan that "outlines the strategy for improving asset management of relevant assets and details the tasks required to achieve asset management plan and business plan objectives". This asset improvement plan forms part of the asset management plan. Completed asset improvement plans for asset custodian units were sighted.

### *New Asset Readiness*

The Manager Asset Management has outlined another strategy to mitigate this risk known as New Asset Readiness. New Asset Readiness is the "function to understand the impact of new assets so that we are financially and operationally ready to assume ownership of them from the handover date". According to the Manager Asset Management life cycle cost impact analysis for new assets is currently an immature process within the organisation and not being done in a quantified manner. The best way to deliver this function is currently being investigated by the Manager Asset Management Unit and will involve resource(s) within this unit developing an appropriate methodology.

### *Asset Management Strategy*

As a result of a strategic review of the organisation carried out in 2017, an Asset and Infrastructure Strategy was identified as one of four "issue specific" strategies required to be included within the City of Perth Integrated Planning and Reporting Framework. These "issue specific" strategies will be linked to the City's Strategic Community Plan. The Manager Asset Management has provided a table which shows how the Asset and Infrastructure Strategy will meet Strategic Community Plan goals. This table also highlights that the responsibility for developing the Asset and Infrastructure Strategy to meet the goals of the Strategic Community Plan is spread across all five directorates. The Manager Asset Management is driving the development of the Asset and Infrastructure Strategy which is currently at an early planning stage. It is being proposed by the Manager Asset Management that the development of this strategy will involve the following three phases:

Phase 1: Determine the scope of the strategy and working group representation required.

Phase 2: Determining the focus areas of the strategy.

Phase 3: Consolidation of the focus areas into a central strategy.

As mentioned under the Note section above, existing controls within the above table were ascertained at the risk workshop undertaken on the 16 May 2017. These existing controls were deemed to be applicable at the time of this workshop. The current status of these controls was determined during discussions with the Manager Asset Management as follows:

"Experienced team and processes in place to review the corporate AM system data and update it with new/disposed assets" - In addition to the Manager Asset Management the Asset Management Unit is comprised of three Asset Management Advisors as well as a Financial Asset Management Officer and an Asset Management Officer. These staff are experienced in asset management. Processes are in place for Asset Management Unit staff to review data on the Hansen8 corporate asset management system and update this data with details on new or disposed assets.

"Regular meetings with external stakeholders to clarify the expected timeline for the contribution of large State Government assets" - External stakeholders in this instance refers to the Metropolitan Redevelopment Authority (MRA). The Manager Asset Management has advised that he has met monthly with the MRA in relation to the timeline for the contribution of large state government assets such as those within Elizabeth Quay and Perth City Link.

"Collaboration with internal stakeholders to tailor improvements to improve asset life-cycle data quality and strategy" - As confirmed by the Manager Asset Management this control refers to the Asset Management Partnership Program as described above.

"Training provided to Asset Management Unit staff in stakeholder negotiation and engagement" - According to the Manager Asset Management training to Asset Management Unit staff in stakeholder negotiation and engagement was provided internally by the Human Resources Advisor, Learning & Development. This training was provided in the form of a half day workshop. The Manager Asset Management confirmed that this training was for assisting his staff with liaising with asset custodians as part of the Asset Management Partnership Program.

"Asset management improvement objectives are aligned to corporate strategy objectives (Strategic Community Plan, Sustainability, Integrated Planning and Reporting Framework)" - It is clear from review of documents comprising the City's Integrated Planning and Reporting Framework that asset management improvement objectives are aligned to corporate strategy objectives. These asset management improvement objectives are outlined within the Corporate Asset Management Plan 2017-2027. The Corporate Asset Management Plan is a key component of the City's Integrated Planning and Reporting Framework and is one of the strategic enablers activating the Strategic Community Plan 'Vision 2029+' and its broad vision for Perth as the Capital City of Western Australia.

### **Summary**

All but one of the assessments (i.e roads and footpath) for the collection of the input data requirements for the capital works planning and prioritisation tool have been completed (refer Asset Management Framework above). The Asset Management Unit is currently collaborating with asset custodian units to process the submitted data from the completed assessments. It is envisaged that the input data requirements for the capital works planning and prioritisation tool will be complete around August 2018.



The "best practice" asset management plans as described above have been completed by asset custodian units for 2018/19 for all asset portfolios and are being included within the 2018/19 capital works budget process, although up to date asset data will not have been available for inclusion within certain plans.

An Asset Management Partnership Program was launched mid 2017 and involves Asset Management Advisors from the Asset Management Unit partnering with asset custodian units on an ongoing basis in order to improve asset management practices within the City. This partnership has resulted in 2018/19 asset management plans and asset improvement plans for asset custodian units.

The New Asset Readiness function and Asset and Infrastructure Strategy are currently at a formative stage.

Relevant Asset Management Unit staff are involved in implementing the mitigation strategies for this extreme risk with assistance from specialist staff in Finance (Asset Management Framework) and asset custodian units (Asset Management Partnership Program). Development of the Asset and Infrastructure Strategy will involve assistance from staff across all five directorates.

Funding has been allocated to contractors for the collection of input data requirements for the capital works planning and prioritisation tool (refer Asset Management Framework). At this stage the implementation of the mitigation strategies do not require further funding, however, this will change in future if a specialised software forecasting tool is selected for purchase.

It is considered that the above mitigation strategies (as well as existing controls) are or will be addressing the potential causes for this extreme risk as listed in the above table.

As per the above table the Risk Management Team had rated the controls effectiveness as "inadequate" and rated this risk as "extreme". The Asset Management Partnership Program mitigation strategy has been well underway and led to asset custodian units providing asset management plans (includes asset improvement plans) for the 2018/19 capital budget planning process. However, the key element of the Asset Management Framework i.e capital works planning and prioritisation tool is under development with input data requirements to enable this tool to function currently being processed. The input data requirements for this tool are envisaged to be completed around August 2018. The New Asset Readiness function and Asset and Infrastructure Strategy are currently both at a formative stage. As a result, it is considered that these ratings are warranted to remain in place at this stage.

## Validation of Critical/Major Risk Mitigation Strategies Review

**Risk Owner:** Manager Construction - Construction & Maintenance Directorate  
**Key Service:** Engineering Consultancy Services and Coordination of Construction Works  
**Risk Name:** Safety related incidents during delivery of Civil Construction Projects

### Note

Information within the table below was obtained during risk workshops facilitated by the Risk Management Team and attended by key Construction Unit staff on the 6 February 2017. This information has been uploaded into the RMSS risk management system by the Risk Management Team. RMSS provides a register of this risk which includes information within the table below as well as strategies to mitigate the risk. The RMSS register for this risk was reviewed to identify mitigation strategies in place and their recorded progress. Discussions were held with relevant staff and risk documentation reviewed in order to validate mitigation strategies. For this risk discussions were held with the Manager Construction as well as the Senior Safety Coordinator who has played a significant role in mitigation strategy implementation.

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
18	Staff or third party injuries during the delivery of Civil Construction Construction Projects.	Lack of ownership/implementation/support. Complacency. Inadequate monitoring of contractors. Pressures for project completion. Lack of project specific induction. Inadequate corporate procedures. Infrequent workplace inspections.	<b>Inadequate</b>	<b>HIGH</b>  People - Worker Safety & Wellbeing
		<b>Potential Risk Impacts</b>		
		Potential injuries to staff and the public. Liability exposure on the City. Impacts on the City's Reputation. Financial Impacts (increased costs for projects). Affects project delivery. Impacts on the City's safety culture. Staff Absenteeism. Non-compliance and breaches with legislation. 3rd party investigations (Worksafe).		

### Validation of risk mitigation strategies for the above mentioned risk

Following a review of the risk register and relevant documentation as well as feedback from the Manager Construction Unit and Senior Safety Coordinator a number of strategies were identified for mitigating this risk. These strategies are described below.

#### Training Needs Analysis and Matrix

In 2017 the Senior Safety Coordinator had instituted a safety Training Needs Analysis for the Construction Unit. A Training Needs Analysis spreadsheet was reviewed and found to provide a list of required/mandatory and desired training for unit staff. In addition, a Training Matrix is being updated to record completion of this training by Construction Unit staff. At the time of this review, this matrix records that all but one relevant Construction Unit staff has completed the required Construction Industry Safety Induction (Whitecard). The matrix is to be updated as training as per the needs analysis has been completed by Construction Unit staff.

#### *OHS requirements within the Project Delivery Framework*

As recorded on the risk register, during 2017 the Senior Safety Coordinator had been liaising with the Construction Unit to include specific OSH requirements in the new Project Delivery Framework being developed by this unit. It was demonstrated by the Manager Construction Unit (Risk Owner) that these requirements have now been incorporated into the Project Delivery Framework in the form of supporting documentation required for projects eg safety plans, Hazard Elimination and Management Register, contract documents with OSH clauses. This framework is now being utilised for construction projects.

#### *Safety in Design Procedure*

This procedure has been developed by the Construction Unit with input from the Senior Safety Coordinator and was approved by the ELG on 5 July 2017. According to the risk register this procedure "will assist in reducing risks at the earliest stages of design, ensuring that safety risks are reduced as far as is practicable for the construction, operation and maintenance of an asset". Evidence was obtained that this procedure is being followed for construction projects.

#### *Contractor Safety Management System*

Recorded on the risk register is the Contractor Safety Management System including Contractor Safety Management Procedure, inspection and auditing tools (Contractor Safety Management Checklist), Contractor Safety Handbook, inspection/observation booklet (Safety Inspection/Observation Diary) for use by Project Officers and Supervisors as well as standard OSH clause/questionnaire to be included within contract documents. Usage of the abovementioned checklist and diary by staff has been sighted on Content Manager. It was also confirmed on Content Manager that the standard OSH clause/questionnaire is being included within contract documents. Elements of this system have been updated in 2017.

#### *Updated Incident Reporting and Investigation Procedure and RMSS Training*

In May 2017 an updated Incident Reporting and Investigation Procedure was introduced within the City. This procedure included a new Incident Escalation Process and Incident Severity Table. RMSS is the current system utilised by the City for the recording and management of incidents. As sighted on Content Manager, training on the updated procedure including usage of RMSS to facilitate this procedure has been rolled out within the City to relevant officers. Feedback from the Senior Safety Coordinator suggests the updated procedure is operating as intended.

#### *Safety System Gap Analysis and Implementation Program*

A Safety System Gap Analysis and Implementation Program initiative was commenced by the Senior Safety Coordinator in May 2017. The Safety System Gap Analysis provides an overview of current status of various elements of the City's safety system eg. incident management, audit and inspections, contractor management, etc as well as "proposed position" in regards to these elements and actions required to achieve the proposed position. The Safety Planning and Implementation Program is in a Gantt chart format and being used as a guide for the implementation of actions. A review of the Gantt chart shows a number of actions as being completed or in progress of being completed. The completion/progress of actions was confirmed with the Senior Safety Coordinator.

As mentioned under the Note section above, existing controls within the above table were ascertained at the risk workshop undertaken on the 6 February 2017. These existing controls were deemed to be applicable at the time of this workshop. The current status of these controls was determined as follows:

"Site visits" - The Senior Safety Coordinator and Manager Construction Unit have confirmed that site visits for projects occur both before commencement and during works. Larger projects or high risk projects are inspected more frequently. The inspection involves the Project Manager, above mentioned Coordinator/OSH Team member and Contractor representative with the aim of controlling safety risks associated with projects. Evidence of these site visits via completion of safety inspection checklists was sighted.

"OSH Team support and collaboration" - It is clear from discussions with the Senior Safety Coordinator and the Manager Construction Unit as well as research on mitigation strategies/controls that the OSH Team collaborate and provide required support to the Construction Unit in regards to managing this risk. Examples of this support and collaboration occurs in the areas of site inspections, obtaining of required safety documentation for projects, incident management, attendance at OSH/risk management meetings and providing various safety training.

"Reactive safety improvements" - These may occur, for example, following a site inspection or incident (including near miss) reporting.

"Contractor Inductions" - As stated within tender documentation, an online City of Perth Contractor/Consultant Induction (via Aveling Training) is required to be completed before commencement of any works. The tender documentation also states that this online induction is required to be completed by the contractor/consultant every 12 months from the date of the signing of the contract. According to Aveling Training "The City of Perth Local Government Safety Induction provides contractors with a knowledge of OSH legal responsibilities and processes to deal with OSH issues. It provides an overview of common safety issues and a basic understanding of how to apply safety and emergency procedures". Evidence of completion of the online induction by contractors has been sighted. In addition to the online induction, contractors are subject to a site specific safety induction as provided by a member of the OSH Team. Evidence of completion of this induction i.e Contractor On-Site Induction Checklist was sighted. Where contractors are engaged to provide services that are not site specific eg plumbing, electrical, a Service Contractor Induction based on safety requirements is carried out for these contractors by the relevant Project Officer. Evidence of completion of this form of induction i.e Contractor OSH Induction Checklist was sighted.

"Pre-contract reviews" - This control refers to the review by a member of the OSH Team of completed OHS questionnaire and supply of safety documentation (both required per tender documents) by the proposed contractor to ensure that this contractor has the appropriate skills, abilities and knowledge to safely carry out the work for which they have tendered. Confirmation of this review taking place was obtained from the Senior Safety Coordinator.

"Project specific safety documents and procedures" "Job Safety Analysis and Safe Work Method Statements" - Safety documentation is required to be supplied by contractors as per tender documents. Evidence of the attainment of required safety documentation for contractors was sighted on Content Manager.

"Low level training" - According to the Manager Construction Unit this refers to the basic construction safety training/induction undertaken (Whitecard training). As discussed above it is recorded on the Training Matrix that this form of training has been completed by all but one Construction Unit staff.

"Communication Plan" - This control comprises a formalised set of rules for communication between a Contractor and the City of Perth in relation to contract/project changes or queries including safety issues. Evidence was sighted that this plan is discussed during the prestart meeting for projects.

"Scheduling of high risk projects appropriately and in consultation with key stakeholders" - An example of this scheduling, as given by the Manager Construction Unit, involves the Perth Concert Hall Cooling Towers (replacement) Project. Replacement of the towers was carried out in the quiet period between Christmas and New Year where the Concert Hall is shutdown with key stakeholders including the City, community and state government (heritage interests) being consulted on this project.

"Contract obligations for safety processes" - The tender specifications which form part of the contract documents contain standard clauses that outline Contractor Occupational Safety & Health obligations and requirements.

"Education and awareness for staff and third parties" - Refer discussion above on staff training, OSH requirements within the Project Delivery Framework, safety procedures and system, OSH Team support and collaboration, Contractor Inductions, and Contract obligations for safety processes.

On the 9 November 2017 the Senior Safety Coordinator carried out an operational safety risk assessment within the Construction Unit with the assistance of the Risk Management Coordinator. The following is taken directly from documentation on this risk assessment.

**Activity:** Construction Unit - Operational Safety Risks and Activities

**Objective:** Safely deliver Construction Projects in line with internal and external procedures (guidelines, work procedures) and standards (Worksafe).

No.	Activity	Potential Risks	Current Key Controls	Controls Effectiveness	Risk Level	New or Additional Treatment
2	Project Execution and Delivery	Project execution and delivery fails to meet safety standards and expectations	Weekly project meeting where safety is an agenda item (eg McLean Lane).  Safety inspections carried out by Project Managers (planned and unplanned) - including the OSH Team.  Inspection booklet to enable the OSH Audit.  Spot checks conducted by Project Managers and OSH Team.  Contractor Safety Management Procedure.  Incident Reporting Procedure.  Project review and lessons learnt process (with standard template used) with the Project Team and OSH Team.  Construction Unit personnel to comply with site safety management procedures (PPE inclusive).	Adequate	HIGH	Develop uniform template for weekly safety meeting to define safety items (tool box prestart) - Jude C Tender documents to be amended to remove contractor minutes - Sid M Specify KPIs for safety inspections for Project Managers - PM's Organise RMSS logins and training for Project Managers and Paul B - SM/CT/JS Lessons learnt template to include attendees (OSH Team) - Ramzi Risk Management decision making training for project managers - CT/JS Capture past performance of contractors i.e project review - JS, PM's and Ramzi Reassess after risk changes in projects (include in project framework) - Sid M

Five of the eight current key controls within this table are mitigation strategies or controls as recorded on the RMSS register under Risk ID 18 (refer discussion on mitigation strategies/controls above). The remaining three current key controls were discussed with the Manager Construction Unit as follows:

- "Weekly project meeting where safety is an agenda item (eg McLean Lane)" - Safety is a standard agenda item for weekly project meetings. Evidence of this was obtained from a review of minutes for weekly project meetings.
- "Project review and lessons learnt process (with standard template used) with the Project Team and OSH Team" - Template completed in relation to project review/lessons learnt process undertaken was sighted. The Manager Construction Unit has advised that this template is planned to be updated.
- "Construction Unit personnel to comply with site safety management procedures (PPE inclusive)" - As confirmed with the Manager Construction Unit this compliance occurs in areas such as use of PPE (personal protective equipment) by unit staff, reversing of vehicles, manual lifting, etc.

The new or additional treatments within the above table have been followed up with the Senior Safety Coordinator. The current status of these treatments as obtained from this officer are described below.

"Develop uniform template for weekly safety meeting to define safety items (tool box prestart)" - Jude C" - "To be on standard project meeting agenda template". Proposed completion date 29/3/18.

"Tender documents to be amended to remove contractor minutes - Sid M" - "Latest draft standard contract template includes for City to take and circulate minutes - being formalised". Confirmed contract clause for City to take minutes is now in place.

"Specify KPIs for safety inspections for Project Managers - PM's" - "JS (Manager Construction Unit) to include in mid-yearly reviews". Not yet completed.

"Organise RMSS logins and training for Project Managers and Paul B - SM/CT/JS" - "Completed". Date closed 20/11/17.

"Lessons learnt template to include attendees (OSH Team) - Ramzi I" - "To be included when Lessons Learned Template is updated for next review (McLean/Wellington)". Proposed completion date 28/2/18.

"Risk Management decision making training for project managers - CT/JS" - "OSH Team to organise". Proposed completion date 29/3/18.

"Capture past performance of contractors i.e project review - JS, PM's and Ramzi" - "CON unit contractors to be reviewed at project completion and maintained on central register". Ongoing.

"Reassess after risk changes in projects (include in project framework) - Sid M" - "Project Execution Plan Template Updated". Date completed 11/1/18.

## Summary

### Risk ID 18

The mitigation strategies as described above highlight that the City has been active in 2017 in endeavouring to address Risk ID 18. These strategies comprise new initiatives i.e safety Training Needs Analysis and Matrix for relevant staff, inclusion of OHS requirements within the Project Delivery Framework, Safety in Design Procedure and Safety System Gap Analysis/Implementation Program as well as updating existing systems and procedures i.e Contractor Safety Management System and Incident Reporting and Investigation Procedure.

Adequate staff resources have been addressing Risk ID 18. These staff resources include the Senior Safety Coordinator and the Manager Construction Unit as well as their respective teams. Funding required to address this risk was not evident in this review.

It is considered that the abovementioned mitigation strategies (as well as existing controls) for Risk ID 18 are addressing the potential causes of this risk as listed in the first table above.

As per the first table above the Risk Management Team has rated the controls effectiveness for Risk ID as "inadequate" and rated this risk as "high". A risk rating of "high" is reflective of the nature of activities involved in construction.

However, the City has been active in 2017 with the introduction of new or improved safety initiatives (as well as continuing with existing controls as identified during the risk workshop) and as a result an upgrade in controls effectiveness from "inadequate" to "adequate" for Risk ID 18 is considered to be warranted.

*"Project execution and delivery fails to meet safety standards and expectations" (Operational safety risk assessment)*

"New or additional treatments" have or will be contributing to addressing the risk "Project execution and delivery fails to meet safety standards and expectations" as identified from the operational safety risk assessment.

Staff resources addressing Risk ID 18 have also been tackling the "Project execution and delivery fails to meet safety standards and expectations" risk. As per Risk ID 18, funding required to address this risk was not evident during this review.

No causes are listed for this risk as per above table taken from the operational safety risk assessment.

A controls effectiveness rating of "adequate" and risk level rating of "high" was given for this risk during the abovementioned operational safety risk assessment. As per Risk ID 18 the nature of construction activities warrants a high risk rating for this risk.

Following a review of "new or additional treatments" as well as "current key controls" for this risk it is considered that the controls effectiveness rating of "adequate" is valid.

**CONFIDENTIAL ATTACHMENT 8.2C**  
**ITEM 8.2 – INTERNAL AUDIT 2017/18 – VALIDATION OF**  
**CRITICAL/MAJOR RISK MITIGATION STRATEGIES REVIEW PART 2**

**FOR THE AUDIT AND RISK COMMITTEE MEETING**

**21 MAY 2018**

**DISTRIBUTED TO COMMISSIONERS UNDER SEPARATE COVER**

**Agenda**  
**Item 8.3**

**Internal Audit 2017/18 – Payroll Data Analytics Review**

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**Recommendation:**

***That Council APPROVES the Payroll Data Analytics Review as part of the Internal Audit Plan 2017/18 as detailed in Attachment 8.3A and Confidential Attachment 8.3B.***

FILE REFERENCE:	P102969-8
REPORTING UNIT:	Corporate Services
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	13 April 2018
ATTACHMENT/S:	Attachment 8.3A – Payroll Data Analytics Review Report Confidential Attachment 8.3B – Summary of review of payroll data analytical test results (Confidential Attachments are distributed to Commissioners under separate cover)

**Council Role:**

- |                                     |                |   |
|-------------------------------------|----------------|---|
| <input type="checkbox"/>            | Advocacy       | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | Executive      | <i>The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>  |
| <input type="checkbox"/>            | Legislative    | <i>Includes adopting local laws, town planning schemes and policies</i>   |
| <input type="checkbox"/>            | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/>            | Information    | <i>For the Council/Committee to note.</i>   |

**Legislation / Strategic Plan / Policy:**

<b>Legislation</b>	<i>Local Government (Audit) Amendment Regulations 2013</i>
<b>Integrated Planning and Reporting Framework Implications</b>	Strategic Community Plan Goal 8 - A City that delivers for its community

**Policy**

Policy No and Name: 19.1 – Risk Management

**Purpose and Background:**

Approval of the Payroll Data Analytics Review completed in accordance with the Internal Audit Plan for 2017/18.

**Details:**

The findings of the review are detailed in Attachment 8.3A and Confidential Attachment 8.3B.

**Financial Implications:**

There are no financial implications related to this report.

**Comments:**

Nil.



ATTACHMENT 8.3A



City of Perth

# **Payroll Data Analytics Review April 2018**

**FINAL REPORT**

**Review Undertaken By:**

**Mario Cheldi  
Internal Auditor**

<b>Areas for review</b>	Results of data analytical testing on payroll as performed by Deloitte.
<b>Period of Audit Field Work</b>	March and April 2018
<b>Background</b>	<p>On the 23 May 2017 representatives from Deloitte presented to the City the results of data analytical testing on accounts payable and payroll they performed using a software tool known as Tableau. This data analytical testing was carried out by Deloitte as part of the Organisational Capability and Compliance Assessment engagement undertaken at the City from March to May 2017.</p> <p>As demonstrated by Deloitte in the above mentioned presentation the data analytical testing highlighted a number of accounts payable and payroll transactions that the City should investigate to confirm their accuracy and validity. These highlighted transactions may signal weak controls or data quality issues or may be valid scenarios that are not self-evident in the data examined.</p> <p>City of Perth staff members in attendance at the above mentioned presentation were in agreement that value would be derived from investigating the results of the data analytical testing. These staff members comprised the Director Corporate Services, Manager Finance, Manager Data &amp; Information, Procurement Specialist and Internal Auditor.</p> <p>A recognition of the value associated with investigating the data analytical testing results has led to an amendment to the 2017/18 Internal Audit Plan to include Accounts Payable and Payroll Data Analytics Reviews.</p> <p>Due to other audit priorities the Accounts Payable and Payroll Data Analytics Reviews were scheduled for completion over September/October 2017 and March/April 2018 respectively. Results of the Accounts Payable Data Analytics Review was presented at the Audit and Risk Committee meeting on 11 December 2017.</p>
<b>Objective</b>	The objective of this review is to obtain evidence to provide assurance that payroll transactions and records identified from the data analytical testing are valid and able to be adequately accounted for.
<b>Scope</b>	<p>This review comprised investigating the results of the following data analytical tests performed by Deloitte on payroll transactions and records maintained within the City's Empower payroll/human resource system.</p> <ul style="list-style-type: none"> <li>• Employee to employee relationships</li> <li>• Vendor to employee relationships (matching vendors on Finance 1 to employees recorded on the Empower system)</li> <li>• Comparison of employee master file against employee payslip information</li> <li>• Potential duplicate payslips</li> </ul>

- Employee payments after termination
- Employee – Potential overpayments
- Employee validity
- Validity – Employee Tax File Number

The above mentioned data analytical tests were undertaken for the period 1 July 2015 to 28 February 2017 (last payment date 8 March 2017).

### **Approach**

The following steps were undertaken in completing this review:

- A USB flash drive containing the abovementioned data analytical test results on payroll was provided by Deloitte to the Internal Auditor.
- Results of each test were reviewed by the Internal Auditor as well as in conjunction with payroll and human resources staff.
- Clarification on a number of test results was sought and obtained from Deloitte.
- The test results reviewed and observations made for each test were documented in an excel spreadsheet.
- A report (this report) was then drafted summarizing the results of the review.
- The final report will be included in the agenda for the Audit and Risk Committee meeting to be held on Monday 21 May 2018.

### **Conclusion**

Evidence was obtained to provide assurance that payroll transactions and records identified from the data analytical testing are valid and able to be adequately accounted for.

The schedule attached to this report provides a summary of the data analytical tests reviewed. Included within this summary are observations made from this review.

### **Comments**

During the 2016/17 financial year the City tendered for the provision of an Human Resources Information System (HRIS). This system comprises payroll, online timesheets, rostering, human resources management and will integrate with the existing finance system. The successful tenderer was Technology One who are the technology providers of the City's finance system i.e Finance One. Implementation of the HRIS system commenced in 2017 and is the first significant system upgrade in the implementation of the City's Enterprise Resource Planning (ERP) strategy. The payroll element of the HRIS has been prioritized and is scheduled to go live in July 2018. Other elements of the HRIS will be implemented in the next financial year.

### **Acknowledgements**

The advice and assistance provided by a number of staff including the Senior Payroll Officer, Payroll Supervisor, HRIS – HR Subject Matter Expert as well as the Chief Accountant to enable the completion of this review is appreciated.

The Specialist Leader (Internal audit and Regulatory compliance) at Deloitte and his team were responsible for carrying out the data analytical tests on both payroll and accounts payable. During the course of this review clarification on a number of data analytical test results on payroll was sought from the Specialist Leader and his response to these requests for clarification is also appreciated.

**Sign off**

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Mario Cheldi  
Internal Auditor

13 April 2018

CONFIDENTIAL ATTACHMENT 8.3B  
ITEM 8.3 – INTERNAL AUDIT 2017/18 – PAYROLL DATA  
ANALYTICS REVIEW

FOR THE AUDIT AND RISK COMMITTEE MEETING

21 MAY 2018

DISTRIBUTED TO COMMISSIONERS UNDER SEPARATE COVER

Report to the Audit and Risk Committee**Agenda  
Item 8.4****City of Perth Internal Audit Plan 2018/19****Recommendation:**

***That Council APPROVES the City of Perth Internal Audit Plan 2018/19 as per Attachment 8.4A.***

FILE REFERENCE:	P102969-8
REPORTING UNIT:	Corporate Services
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	20 April 2018
ATTACHMENT/S:	Attachment 8.4A - City of Perth Internal Audit Plan 2018/19

**Council Role:**

- |                                     |                |   |
|-------------------------------------|----------------|---|
| <input type="checkbox"/>            | Advocacy       | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input checked="" type="checkbox"/> | Executive      | <i>The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>  |
| <input type="checkbox"/>            | Legislative    | <i>Includes adopting local laws, town planning schemes and policies</i>   |
| <input type="checkbox"/>            | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/>            | Information    | <i>For the Council/Committee to note.</i>   |

**Legislation / Strategic Plan / Policy:**

<b>Legislation</b>	<i>Local Government (Audit) Amendment Regulations 2013</i>
<b>Integrated Planning and Reporting Framework Implications</b>	Strategic Community Plan Goal 8 - A City that delivers for its community
<b>Policy</b>	
Policy No and Name:	19.1 – Risk Management

## **Purpose and Background:**

The City has expanded the terms of reference for its Audit and Risk Committee to include oversight in the areas of risk management, internal control and legislative compliance. This expansion of the terms of reference has been in response to the *Local Government (Audit) Amendment Regulations 2013* published in the Government Gazette on 8 February 2013 requiring the Audit Committee of a Local Government to have oversight of the Local Government's systems and procedures in relation to the above mentioned areas.

During April an Internal Audit Plan has been developed by the Internal Auditor for the 2018/19 financial year which seeks to evaluate the adequacy of internal controls in a number of risk areas.

In line with the oversight responsibilities mentioned above the 2018/19 Internal Audit Plan (refer Attachment 8.4A) is presented to the Audit and Risk Committee for its review and approval.

## **Details:**

Two statutory audits are required to be included within the 2018/19 Internal Audit Plan. These audits include the Local Government Compliance Audit to be completed for each calendar year and the Biennial Review of Systems and Procedures.

As in recent past financial years, audits to certify compliance with obligations under access to registered driver detail agreements in place with other state transport authorities have been included within the 2018/19 Internal Audit Plan. These audits are carried out on request from the Parking Services Unit.

Consideration of other audit areas for inclusion within the 2018/19 Internal Audit Plan involved analysis of organisational risks. A number of these other audit areas included within this plan were put forward by the External Member of the Audit and Risk Committee. The plan has been reviewed by the External Member and senior management as well as the Risk Management Coordinator.

The 2018/19 Internal Audit Plan (refer Attachment 8.4A) comprises audit areas and their broad objective as well as timeframe for completion of audits. In addition, the attachment includes a breakdown of audit activity in terms of budgeted hours.

An explanation for selection of the audit areas included within the plan is provided below.

### *Compliance Audit Return Control Framework*

This audit is linked to the risk of the City not complying with its key legislative obligations (compliance risk).

The Local Government Compliance Audit for the 2016 and 2017 calendar years had identified a number of non-compliances in meeting key requirements of the *Local Government Act* and its regulations as contained within the Compliance Audit Return.

At the Audit and Risk Committee meeting of 19 March 2018 concerns were raised by committee members at the nature and number of non-compliances identified for the 2017 Local Government Compliance Audit.

The External Member of the Audit and Risk Committee has proposed an audit to review the adequacy of systems and processes for facilitating compliance with the key requirements of the *Local Government Act* and its regulations as contained within the Compliance Audit Return.

#### *DRIVES24 (NSW)/VicRoads Security and Access Audits*

These audits are required to certify the City's compliance with obligations under access to registered driver detail agreements in place with NSW and Victorian Government Transport Authorities. Access to details on interstate registered drivers i.e. names and addresses are required by the City for the purposes of enforcing parking infringements incurred within the City's boundaries.

Following a request from the Parking Services Unit, these audits have been carried out by Internal Audit since 2015.

#### *Biennial Review of Systems and Procedures*

As required by Regulation 17 of the *Local Government (Audit) Regulations 1996*, a review of the appropriateness and effectiveness of systems and procedures in relation to risk management, internal control, and legislative compliance is to be undertaken. Regulation 17 was amended to incorporate this new requirement on 8 February 2013. The amended regulation requires a Local Government's Chief Executive Officer to review, at least once every two calendar years, systems and procedures in each of the above mentioned areas and report the results of the review to the audit committee. This review of the City's systems and procedures was last completed and presented to Audit and Risk Committee in October 2016. The next review (this review) is required to be completed by 31 December 2018.

#### *Validation of Critical/Major Risk Mitigation Strategies*

This audit area will involve determining whether critical/major risk mitigation strategies are being adequately resourced, addressing the underlying causes of the nominated risks as well as assessing the effectiveness of strategies.

Currently, the Risk Management Coordinator is undertaking workshops with Units to review and update their risks. Risk mitigation strategies for critical/major risks derived from these workshops will be examined for this review.

In 2016 the City engaged Local Government Insurance Services (LGIS) Risk Management to undertake an Organisational Risk Management Maturity Assessment. The final report on this assessment includes a "Road Map" to "address the key findings and incorporate recommendations from this report to position the City's risk management practices as Capital City best practice". The final stage (stage 5) of this "Road Map" is "Implement Assurance (Assurance plan implemented to ensure effectiveness of risk management processes. Controls and treatments are in place)".



The Validation of Critical/Major Risk Mitigation Strategies Review provides assurance on the effectiveness of risk management processes, controls and treatments for key risks and in doing so is ensuring that the City is addressing the abovementioned final stage of the “Road Map”.

#### *Local Government Compliance Audit 2018*

The City is required to complete an annual Compliance Audit Return to the Department of Local Government, Sport and Cultural Industries in accordance with the requirements of the *Local Government (Audit) Regulations 1996*.

The period of compliance is 1 January to 31 December 2018. Activities examined as per the 2017 Compliance Audit Return were as follows:

- Commercial Enterprises by Local Government
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning and Reporting
- Local Government Employees
- Official Conduct
- Tenders for Providing Goods and Services

This is a significant audit requiring sourcing of evidence of compliance for each legislative requirement on the return.

For reasons of independence and objectivity, the Local Government Compliance Audit has been carried out by Internal Audit since 2014.

#### *Purchasing*

Purchasing has long been regarded as a high risk area for the City and the Local Government sector in general. As a result, Internal Audit has undertaken a number of purchasing audits since 2013.

This audit will seek to provide an assessment of compliance with key purchasing controls such as obtaining of required quotations, segregation of purchasing duties and approvals in accordance with financial authority limits.

This is another audit area put forward by the External Member of the Audit and Risk Committee.

#### *Payment Vouchers Review*

In accordance with the relevant corporate procedure, payment vouchers are able to be utilised for reimbursement of staff expenses, elected members’ allowances and expenses, customer and rate refunds, donations and sponsorships, reimbursement of petty cash floats and loan repayments.

The abovementioned corporate procedure also includes a number of controls to govern payment voucher claims. These controls have been designed to minimise the risk of financial loss associated with payment of invalid, unsubstantiated or unauthorised claims.

This review is planned to examine whether payment vouchers are being used in accordance with the corporate procedure and controls governing payment voucher claims are operating effectively.

A review of payment vouchers has not been undertaken in recent years and therefore inclusion within the 2018/19 Internal Audit Plan is considered timely.

### *Investments*

The City has a significant investment portfolio with a value of around \$168 million (Council Report – Investments and Investment Returns for the Period Ended 28 February 2018).

This audit will seek to evaluate whether the City has appropriate controls in place to manage its investment portfolio and providing assurance that requirements of investment policy/procedure as well as relevant legislation are being met.

Investments present a large inherent financial risk for the city. An audit on the management of investments has yet to be undertaken by Internal Audit and is therefore considered timely.

### **Financial Implications:**

There are no financial implications related to this report.

### **Comments:**

The City of Perth Internal Audit Plan is flexible in that it may be updated during the financial year for changing audit priorities. During the 2017/18 financial year the City of Perth Internal Audit Plan was updated for new audit priorities arising from the Organisational Capability and Compliance Assessment undertaken by Deloitte.

It is considered that a flexible annual internal audit plan approach that focuses on key risks of the organisation is more suited to the dynamic business environment of today. This approach is supported by the global Institute of Internal Auditors. It is noted that the Office of the Auditor General, who have now assumed responsibility for audit of the local government sector, have in place an adaptable “forward program” that focuses on audit priorities over a 12 month period.

Planned leave absence of the Internal Auditor and Assistant Internal Auditor were factored into the development of the 2018/19 Internal Audit Plan.



### Internal Audit Plan 2018/19

Audit area (bold) and broad objective	Target for completion
<b>Compliance Audit Return Control Framework</b>  A review of the adequacy of systems and processes for facilitating compliance with requirements of the Local Government Act and its regulations as contained within the Compliance Audit Return.	Late July 2018
<b>2018 DRIVES24 (NSW)/VicRoads Security and Access Audits</b>  These audits are required to certify the City's compliance with obligations under access to registered driver detail agreements in place with NSW and Victorian Government Transport Authorities. Access to details on interstate registered drivers i.e. names and addresses are required by the City for the purposes of enforcing parking infringements incurred within the City's boundaries.	Late July 2018
<b>Scheduled Audit and Risk Committee Meeting 13 August 2018</b>	
<b>Biennial Review of Systems and Procedures</b>  As required by Regulation 17 of the Local Government (Audit) Regulations 1996, a review of the appropriateness and effectiveness of systems and procedures in relation to risk management, internal control and legislative compliance is required to be undertaken every two years. The next biennial review is due by 31 December 2018.	Mid October 2018
<b>Scheduled Audit and Risk Committee Meeting 5 November 2018</b>	
<b>Validation of Critical/Major Risk Mitigation Strategies</b>  This audit area will involve determining whether critical/major risk mitigation strategies are being adequately resourced, addressing the underlying causes of the nominated risks as well as assessing the effectiveness of strategies.	Early February 2019



**Internal Audit Plan 2018/19 (continued)**

Audit area (bold) and broad objective	Target for completion
<p><b>Local Government Compliance Audit</b></p> <p>Completion of the Compliance Audit Return for the 2018 calendar year to be provided to the Department of Local Government, Sport and Cultural Industries. Assesses compliance with various sections of the Local Government Act and Regulations as per return template provided by the department.</p>	<p>Early February 2019</p>
<b>Scheduled Audit and Risk Committee Meeting late February 2019 (Estimated)</b>	
<p><b>Purchasing</b></p> <p>This audit will seek to provide an assessment of compliance with key purchasing controls such as the obtaining of required quotations, segregation of purchasing duties and approvals in accordance with financial authority limits.</p>	<p>Late April 2019</p>
<p><b>Payment Vouchers Review</b></p> <p>This review is planned to examine whether payment vouchers are being used in accordance with the corporate procedure and controls governing payment voucher claims are operating effectively.</p>	<p>Late April 2019</p>
<b>Scheduled Audit and Risk Committee Meeting late May 2019 (Estimated)</b>	
<p><b>Investments</b></p> <p>Review the process for managing the City's investments obtaining assurance that investment activity is meeting requirements of Policy 9.3 Management of Investments, procedure PR0894 Investment Procedures as well as legislative requirements.</p>	<p>Continue into July 2019</p>
<p><b>2019 DRIVES24 (NSW)/VicRoads Security and Access Audits</b></p> <p>Refer above for broad objective.</p>	<p>Continue into July 2019</p>



### Audit Activity Allocations

Activities	Budget Hours	% Budget Hours
<b>Internal Audits</b>		
Compliance Audit Return Control Framework Review	*169.00	5.30%
2018 DRIVES24 (NSW)/VicRoads Security and Access Audits	*169.00	5.30%
Biennial Review of Systems and Procedures	**474.50	14.89%
Validation of Critical/Major Risk Mitigation Strategies Review	226.75	7.11%
Local Government Compliance Audit	*350.00	10.98%
Purchasing Audit	*312.50	9.80%
Payment Vouchers Review	207.25	6.50%
Investments	169.00	5.30%
2019 DRIVES24 (NSW)/VicRoads Security and Access Audits	*169.00	5.30%
<b>Total for Internal Audits</b>	<b>2247.00</b>	<b>70.48%</b>
*Includes Internal Auditor involvement eg review of working papers, summary of audit issues, report development, etc. ** Internal Auditor budget hours 252.00; Assistant Internal Auditor budget hours 222.50		
<b>Other Audit Activities</b>		
Internal Audit Plan 2019/20	105.00	3.29%
Follow up of Audit Recommendations	96.00	3.01%
Administration	230.00	7.22%
Advice/Assistance	100.00	3.14%
Audit & Risk Committee Report updates following management review/queries	67.50	2.12%
Audit & Risk Committee Attendance	12.00	0.38%
Training	45.00	1.41%
Contingency (eg investigations, unplanned reviews, projects, Audit & Risk Committee queries)	120.00	3.77%
Management/Supervision	135.00	4.24%
Other – forums, workshops, networking	30.00	0.94%
<b>Total Other Audit Activities</b>	<b>940.50</b>	<b>29.52%</b>
<b>Total</b>	<b>3,187.50</b>	<b>100%</b>

### Total Available Audit Staff Work Hours for FY 2018/19 (Estimated)

Position	Approx. Hours
Internal Auditor	1,567.50
Assistant Internal Auditor	1,620.00
<b>Total Hours</b>	<b>3,187.50</b>

## **Leave**

Leave is planned during the 2018/19 financial year as follows:

Internal Auditor – November/December 2018.

Assistant Internal Auditor – October 2018.

**Recommendation:*****That Council receives the Risk Management Quarterly Update for May 2018.***

FILE REFERENCE:	P1013822-3
REPORTING UNIT:	Governance
RESPONSIBLE DIRECTORATE:	Office of the CEO
DATE:	10 May 2018
ATTACHMENT/S:	Attachment 8.5A - High and Extreme Risks Interim Report Confidential Attachment 8.5B - High and Extreme Risks Interim Report Attachment 8.5C - Building Commission – Cladding Audit Process Confidential Attachment 8.5D - City of Perth Medium to High Residential Properties List Attachment 8.5E - City of Perth Risk Assessment Criteria (Confidential Attachments are distributed to Commissioners under separate cover)

**Council Role:**

- |                                     |                |   |
|-------------------------------------|----------------|---|
| <input type="checkbox"/>            | Advocacy       | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input type="checkbox"/>            | Executive      | <i>The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>  |
| <input type="checkbox"/>            | Legislative    | <i>Includes adopting local laws, town planning schemes and policies</i>   |
| <input type="checkbox"/>            | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input checked="" type="checkbox"/> | Information    | <i>For the Council/Committee to note.</i>   |

## **Legislation / Strategic Plan / Policy:**

### **Legislation**

*Local Government Act 1995*

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

### **Integrated Planning and Reporting Framework Implications**

### **Strategic Community Plan**

Goal 7 - An open and engaged city

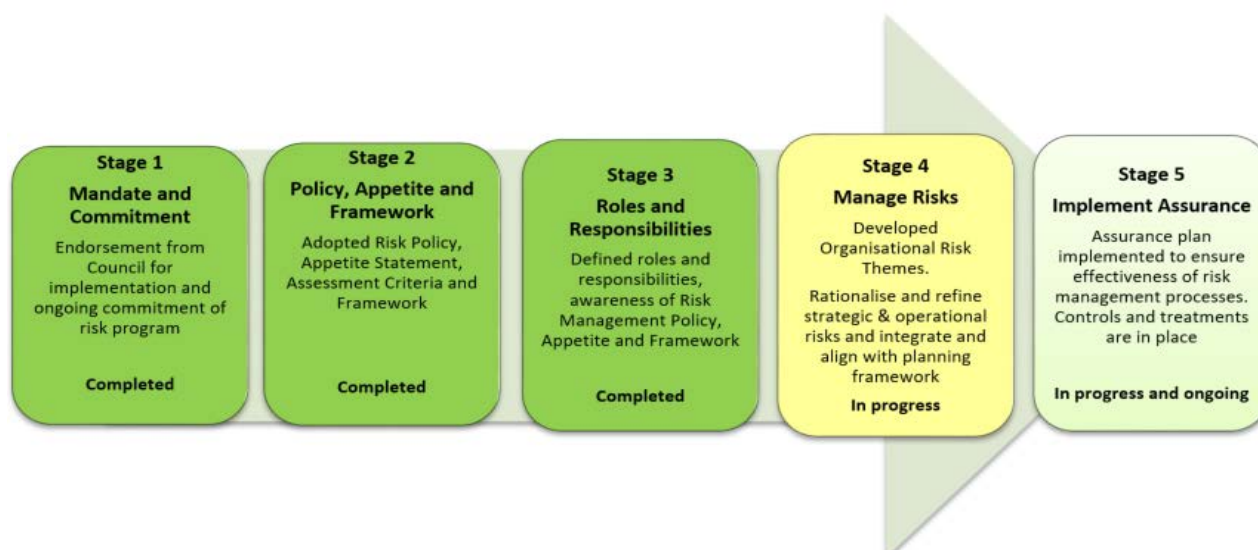
### **Policy**

Policy No and Name:

19.1 - Risk Management

## **Purpose and Background:**

The City is progressing in implementing the recommendations contained in the Risk Management Maturity Assessment Report. The following table is a representation of the progress in implementing the “road map” from the Maturity assessment.



As at 1 May 2018, 19 of the City’s 30 Business Units’ operational risk assessments have been completed.

**Process:** 3 hour risk assessment workshops with each Unit, with the process aligned with the new Risk Management Framework and Risk Assessment & Acceptance Criteria.

**Context for the operational risk assessments:** Key Services (as contained in the 2017/18 Unit Business Plans).

**Objective:** Working through each key service, defining the critical success factors and the uncertainty (risks) to the delivery of Units' key services.

**Output:** Unit Operational Risk Registers with identified risk owners, risk review & monitoring actions. Further risk mitigation identified for high and extreme risks & risks with inadequate controls in place.



**Monitoring:** All risk registers are being uploaded into RMSS upon completion of each workshop, progressively. Concurrently, all responsible officers for risk actions are being trained on updating action on RMSS, progressively as the City works through the process.

**Risk reviews and reporting:** Following completion of workshops all risks will be subject to ongoing review & reporting to Executive Leadership Group (ELG) and the Audit & Risk Committee (Council) as per the City's Risk Acceptance Criteria (Attachment 8.5E).

The Business Units completed are listed below:

1. Parks	11. Library
2. Properties	12. Customer Services
3. Waste & Cleansing	13. Asset Management
4. Construction	14. Parking Services
5. Plant & Equipment	15. Information Technology
6. Coordination & Design	16. Community Services
7. Community Amenity and Safety	17. Street Presentation & Maintenance
8. Data & Information Management	18. Health & Activity Approvals
9. Development Approvals	19. Finance
10. City Planning	

The remaining Business Unit Risk Assessment Workshops will be scheduled in over the coming months. The risk team will continue to review the risk information with key units' staff to ensure the information is reflective of current processes. Interim risk reports will continue to be provided to the Corporate OSH and Risk Management and Audit and Risk Committees during the process.

## **Details:**

### **Interim Operational Risk Profile**

The distribution of risk ratings for the operational risks is shown in the below risk matrix and pie chart, in Figure 1 and 2 respectively. Figure 1 demonstrates the overall image of the City's operational risks (as identified to date) categorised into Low, Medium, High and Extreme risks.

Five new risks were identified and included in the City's operational risk profile. The risks are listed below:

**1. Risk name:** Building Compliance – Combustible Cladding

**Risk Owner:** Development Approvals – Planning and Development Directorate

This risk was identified as part of the ongoing efforts to address the compliance of building cladding on residential and public buildings with 3 storeys or more located within the City's boundary.

**2. Risk Name:** Procurement

**Risk Owner:** Finance – Corporate Services Directorate

This risk was identified as part of the rollout of the Risk Management Maturity Assessment Road Map.

**3. Risk Name:** Cash handling

**Risk Owners:** Finance, Community Services, Commercial Parking (CPP), Library, Customer Services

This risk was identified as part of the risk assessment of the cash handling processes and procedures carried out by the afore-mentioned units.

**4. Risk Name:** Management of new assets (projects) handed over from State Government

**Risk Owner:** Street Presentation and Maintenance – Construction and Maintenance Directorate

This risk was identified as part of the rollout of the Risk Management Maturity Assessment Road Map.

**5. Risk Name:** Recruitment

**Risk Owner:** Human Resources – Corporate Services Directorate

This risk was identified as part of the rollout of the Risk Management Maturity Assessment Road Map.

**6. Risk Name:** Protecting Crowded Places from Terrorist Acts

**Risk Owner:** Community Amenity and Safety – Community and Commercial Services Directorate

This risk was identified as part of the assessment of the City's capability to align to the requirements of the Federal Strategy - Protecting Crowded Places from terrorist acts

Additional high risks relating to event approvals and licence control program for health premises have been identified in the Health and Activity Approvals business plan. Information regarding this risk will be provided at the next meeting.

Attachment 8.4A and Confidential Attachment 8.5B of this report provided the details for these risks including the risk treatment action plans.


As at 1 May 2018, there are 98 operational risks which make up the City's Risk Profile in figures 1 and 2 below:

- 1 Extreme Risk;
- 16 High Risks;
- 62 Medium Risks; and
- 19 Low Risks.

Figure 1: Distribution of risk ratings as at 1 May 2018

	As at 7 February 2018	As at 1 May 2018
<b>Extreme Risks</b>	1 %	1 %
<b>High Risks</b>	13%	16%
<b>Medium Risks</b>	72%	63%
<b>Low Risks</b>	14%	20%

Figure 2: City of Perth Risk Profile (as at 1 May 2018)


**Residual Risk Matrix**

City of Perth  
Risk Area Operational

**Consequence**

	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Almost Certain</b>	M	1 Risk(s)	H	E	E
<b>Likely</b>	M	2 Risk(s)	9 Risk(s)	1 Risk(s)	E
<b>Possible</b>	L	3 Risk(s)	29 Risk(s)	7 Risk(s)	E
<b>Unlikely</b>	L	12 Risk(s)	14 Risk(s)	12 Risk(s)	2 Risk(s)
<b>Rare</b>	1 Risk(s)	3 Risk(s)	L	1 Risk(s)	M

L	Low	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring
M	Medium	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring
H	High	Risk acceptable with effective controls, managed by senior management / executive and subject to quarterly monitoring. Quarterly reports will be provided to Council on all high risks
E	Extreme	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 monthly continuous monitoring. Quarterly reports will be provided to Council on all Extreme Risks.

### Strategic Risk

The process of identifying the Strategic Risks is complete. The process undertaken is summarised below:

Process	Output	Status
Facilitated workshop with the Executive Leadership Group, Business Units – Governance and Strategy & Partnerships	<ul style="list-style-type: none"> <li>Context for strategic risk</li> <li>Key risk drivers</li> <li>Identification of the strategic risks</li> <li>Potential causes and consequences of the risks</li> </ul>	Completed 27 November 2017
Facilitated workshop with Business Units - Governance and Strategy & Partnerships	<ul style="list-style-type: none"> <li>Identification of key controls</li> <li>Evaluation of controls and mitigation strategies and identified risks</li> </ul>	Completed 13 December 2017
Facilitated workshop with the Executive Leadership Group, Business Units – Governance and Strategy & Partnerships	<ul style="list-style-type: none"> <li>Finalization of the strategic risk register</li> <li>Confirmation of evaluated controls and mitigation strategies</li> <li>Formalization of strategic risks monitoring and review protocols</li> </ul>	Completed 6 January 2018
Presentation of Final Strategic Risk Report (Attachment 2) to the Executive Leadership Group	<ul style="list-style-type: none"> <li>Final approval of strategic risk report</li> </ul>	Completed 14 February 2018
Presentation of Final Strategic Risk Report to the Audit & Risk Committee	<ul style="list-style-type: none"> <li>Approval of the Strategic Risk Report</li> </ul>	Completed 19 March 2018

The Governance Unit will work with the Strategy & Partnerships Unit to address the recommendations within the report, with the aim of allocating the Risk Treatments identified in the strategic risk register to individual business units for inclusion in their business plans for the 2018/19 financial year.

A minor review of the Strategic Register will be undertaken with the Executive Leadership Group at the next Corporate OSH and Risk Committee on 24 July 2018.

**Financial Implications:**

Nil.

**Comments:**

The remaining Business Unit Risk Assessment Workshops will be scheduled over the coming months.

During this time, risks identified as part of this process will continue to be monitored and reviewed with interim risk reports continuing to be provided to both the Corporate Occupational Health and Safety Committee and Risk Management Committee and Audit and Risk Committee during the process.

## HIGH AND EXTREME RISKS INTERIM REPORT

Updates on the HIGH / EXTREME risks are detailed below:

*\*\* This risk was identified as part of the ongoing efforts to address the compliance of building cladding on residential and public buildings with 3 storeys or more located within the City's boundary.*

**Risk Owner:** Planning & Development Directorate – Development Approvals

**Key Service:** Building Compliance

**Objective:** State-wide Cladding Audit of all residential buildings over 3 storeys in height built after the year 2000, which are clad in a combustible panel. The audit includes; Public buildings (libraries, universities, schools, community centres, assembly buildings, cinemas, clubs, pubs), Residential buildings (hotels, apartments)  
The audit will identify buildings with combustible cladding and categorise them as low, medium, high or extreme risk and require the respective Local Government to enforce the identified compliance and remedial actions.

**Risk Name:** Building Compliance – Combustible Cladding

### Statutory Responsibilities of the City:

- Resourcing of the remedial actions
- Consideration of the legal and liability implications of the actions
- Consideration of the impact on the owners and occupiers
- Consideration of the impact on public safety, and the implications and impacts of enforcing the building orders (reputation/feasibility/media management)
- Prioritisation of buildings identified in the audit
- Issuance and enforcement of building orders
- Consideration of buildings outside the scope of the audit (pre-2000 and non-residential buildings)

**Risk Assessment Date:** 30/04/2018

Risk ID	Risk Description	Potential Causes	NEW RISK IDENTIFIED	
			Controls Effectiveness	Risk Rating
100	Failure to adequately address and respond to the findings of the audit through the implementation of the Statutory Responsibilities of the City.	Inadequate resourcing for enforcement of the remedial works/responsibilities Lack of required skill sets to conduct the required responsibilities Implementation of the required actions to be carried out within the existing resources. Increased workload Remedial works to be carried out in a very complex legal environment	Adequate	Legal & Regulatory / Ethical  Possible / Major

		<p>Balance and consideration for political and community expectations</p> <p>Large Volume of works to be carried out</p> <p>Likely resistance from building owners, tenants and the public</p>	<p><b>HIGH RISK</b></p>
Potential Risk Impacts	Existing Risk Controls		
<p>Remedial works may result in legal challenges and class actions</p> <p>May impact the value of the properties</p> <p>The remedial costs may not be within the capabilities of the owner</p> <p>Remedial works may impact on businesses and operations of the buildings.</p> <p>Remedial works may impact on the City's reputation</p> <p>Remedial works may require partial to full closure of buildings</p> <p>Impact of owners' insurance for building policies/coverage/premiums</p> <p>Potential non-compliance with fire safety requirements</p> <p>Impact on future building certification and approvals</p> <p>Impacts on the private building certification model</p> <p>Non-action of required works may result in the City being found to be negligent or in tort</p>	<p>Close working relationship with Building Commission</p> <p>Working groups established to assist the Building Commission to complete the audit (audit regulatory group, relevant local governments) stakeholders group (property owners, insurance companies, unions, DFES, WALGA, representatives of the Fire Society of Safety Engineers)</p> <p>Meeting regularly with WALGA and LGIS to discuss the potential impacts of the audit</p> <p>Desktop audit completed (for buildings within the audit scope)</p> <p>Liaison and ongoing discussion with effected property owners</p> <p>Training of relevant staff on fire safety specific to building cladding</p> <p>Building cladding fire safety now a standing agenda item in fortnightly building surveyor meeting</p> <p>Issuance of building permits considers building cladding fire safety</p> <p>Exception reporting to the Building Commission on any potential issues.</p>		

**Risk Acceptance:** The Building Commission State Wide Cladding Audit has been developed into 4 distinct stages, as per Attachment 3 – Building Commission Cladding Audit Process. Stage 3 has been recently completed, with ongoing preparations to commence Stage 4. The list of the properties identified in the Stage 3 is provided in this report (Confidential Attachment 4). This list is indicative as these buildings will be subject to further intensive investigations as part of Stage 4, and is to be kept confidential at stage as requested by the Building Commission. The Minister for Mines and Petroleum, Commerce and Industrial Relations; Electoral Affairs; Asian Engagement issued a statement on 8 May 2018, advising that Building Commissioner was writing to each building owner, and/or strata manager, to advise them of the outcome of the preliminary assessment and provide advice on the next steps.

This risk has been prudently identified as a HIGH compliance risk, as the outcomes of Stage 4 (Final Risk Assessment and Intervention) are still to be determined, which is consistent with the Building Commission's initial assessments. It is anticipated the potential outcomes of the audit will have substantial implications on resourcing within the Development Approvals Unit, legal costs and potential liabilities for the City.

The risk controls are considered to be ADEQUATE at this stage.

**\*\*The below is a recently identified risk as part of the roll out of the Risk Management Maturity Assessment Road Map\*\***

**Risk Owner:** Finance – Corporate Services Directorate

**Key Service:** Procurement - Acquisition of goods and services on behalf of the City.

**Risk Name:** Procurement

**Risk Assessment Date:** 17/04/2018

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
101	The City's procurement policies and procedures fail to manage compliance with legislation (Local Government Act, Financial Regulations and Consumer Competition Law,) and achieve best commercial practice.	Multiple stakeholders involved in process Staff not following procurement policies and procedures Staff turnover Decentralisation / lack of control from finance Conflicting roles - dedicated contract and procurement roles within other directorates Inadequate policies and procedures limited systems for auditing and reporting General staff not familiar with local government legislation and limitations Potential fraud and misconduct Lack of impartiality Length of tender process leads to work arounds Legislative requirements open to interpretation Inadequate delegated authority Lack of a centralised procurement model Lack of required staff skill sets	Inadequate	Legal & Regulatory / Ethical  Likely / Moderate  HIGH RISK
	<b>Potential Risk Impacts</b>	<b>Existing Risk Controls</b>		
	Impacts on the City reputation Lack of competition Increased cost of goods and services Increased cost of administration of procurement process Duplication (tender of same goods and services from different directorates) Increases risk of potential non-compliance Internal investigations	Processes and Procedures Providing information on intranet on procurement policies and procedures Mentoring of stakeholders Reporting and oversight (contract expenditure report, contract expiry, guidance to internal auditor for reviews) External audits Dedicated procurement team Currently developing procurement strategy to centralise procurement		



	<p>Third party intervention</p> <p>Increased supplier base</p> <p>Lack of visibility of expenditure</p> <p>The city does not receive best practice for procurement activities</p> <p>Impacts on service delivery</p> <p>Lack of alignment to City's other policies (sustainability, corporate social responsibility, disability act reporting)</p>	<p>Program for system upgrades scheduled to commence July 2018</p> <p>Fraud and misconduct policy</p> <p>Delegated Authority process currently under review</p> <p>Decision making on procurement based on delegated authority</p> <p>Education and training of relevant staff on procurement process</p>		
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**Risk Acceptance:** The centralisation of procurement has been identified in the 2017 Deloittes Organisational Capability Assessment Report, as well as the business transformation report. Both reports prioritise centralisation as a means to address compliance concerns within procurement as well as achieve savings in procurement administrative costs. This risk will remain HIGH until the strategy is implemented.

Treatment Action Plans		Current Progress
<p><b>1. Adoption and implementation of the Procurement Strategy</b> – aims to centralise the management and control of procurement.</p>		<div> <div>Page 7 of 32</div> <div> <p>The Strategy has been drafted and will be tabled to ELG before 30 June 2018 for formal approval and adoption. The implementation plan will be developed after approval of the strategy. System upgrades, new systems, processes, procedures and training will be part of the strategy.</p> <p>It is envisaged the centralisation of procurement will take up to 12 months to implement, with full transition of the strategy expected to take up to 3 years.</p> <p>Budget provisions for the implementation of system upgrades have been included in the 2018/19 budget.</p> </div> </div>

**\*\*The below is a recently identified risk as part of the roll out of the Risk Management Maturity Assessment Road Map\*\***

**Risk Owner:** Street Presentation & Maintenance – Construction & Maintenance Directorate

**Key Service:** Design reviews, site monitoring and inspection of existing and new assets - (Ensure all public assets to be transferred to the City are constructed for longevity of service, to high quality and workmanship, ease of future operation and maintenance)

**Risk Name:** Management of new assets (projects) handed over from State Government

**Risk Assessment Date:** 15 March 2018

NEW RISK IDENTIFIED		Risk Rating
Risk Description	Potential Causes	Controls Effectiveness
Failure of new assets (State Government Projects) which are handed to the city, to meet desired and required standards (quality, workmanship, ease of future operations and maintenance, suitability of public use)	<p>Poor consultation between the City and the Metropolitan Redevelopment Authority (MRA)</p> <p>Poor Engineering of assets (design and construction)</p> <p>Non-compliance of handed assets with relevant legislation</p> <p>Automatic vesting</p> <p>High maintenance costs of handed asset</p> <p>Revenue from handed over assets does not cover maintenance costs</p>	<p><b>Inadequate</b></p> <p><b>Financial – Management of budget</b></p> <p><b>Possible/ Major</b></p> <p><b>HIGH RISK</b></p>
<p><b>Potential Risk Impacts</b></p> <p>Increased public liability</p> <p>Stakeholder dissatisfaction</p> <p>Increased in maintenance costs.</p> <p>Increased safety issues (public and staff)</p> <p>Impacts on Asset renewal</p> <p>Impacts on city's reputation</p> <p>Impacts on operational and capital budgeting processes</p> <p>Increases demand for maintenance and servicing resources requirements</p>	<p><b>Existing Risk Controls</b></p> <p>Steering groups to increase communication with state government (MRA)</p> <p>Dedicated resources to address the risk</p> <p>Open channels of communication between city and MRA on issues (defects, vesting)</p> <p>Continuous negotiations with MRA regarding maintenance costs of handed assets</p>	

**Risk Acceptance:** This risk currently has inadequate controls in place. This inadequacy will be addressed by implementing the below treatment action plans.

Treatment Action Plans	Current Progress
------------------------	------------------

<p>1. <b>Engineering Risk Assessment</b> – process involves the design verification and estimation of the potential costs of maintenance and capital renewal costs of assets handed to the City by the State Government</p>	<p>The MRA has engaged an engineering consultant to complete the required works.</p> <p>Once complete, the City will decide on the best approach to implementing the outcomes of the engineering assessment. A whole range of potential engineering risks will be identified and corresponding costs of remedial of the risks.</p> <p>The assessment is expected to be completed by 30 June 2018.</p>
<p>2. <b>Executive Engagement</b> – improvement of the channels of communication between the CEOs of the City of Perth and the MRA.</p>	<p>The communications channels and protocols have been established to enable direct communication between the City and the MRA. This will expedite the resolution of issues and timely decision making to address them.</p>
<p>3. <b>Reporting</b> – internal reporting protocols on status of MRA handed assets</p>	<p>Quarterly updates will be provided to the CEO on the below items;</p> <ul style="list-style-type: none"> <li>- Governance issues</li> <li>- Special rates considerations</li> <li>- Engineering status reports</li> <li>- Commissioner briefing (e.g status of Elizabeth Quay)</li> <li>- Consideration of the apportioning of costs associated with the remedial works proposed in the engineering report.</li> </ul>

**\*\*The below is a recently identified risk as part of the roll out of the Risk Management Maturity Assessment Road Map\*\***

**Risk Owner:** Human Resources - Corporate Services Directorate

**Key Service:** Timely recruitment of suitably qualified and capable employees to deliver against the City's objectives

**Risk Name:** Recruitment

**Risk Assessment Date:** 11/04/2018

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
102	Failure to attract, and select suitable candidates to enable the City to effectively deliver the corporate business plan objectives as well as meet legislative requirements.	<p>Inadequate position description</p> <p>Inadequate screening and selection tools</p> <p>Lack of background checks</p> <p>Inadequate remuneration</p> <p>Poor recruitment process (interview / timely response / advertisements)</p> <p>Inconsistent recruitment process</p> <p>Impacts of recruitment freeze (agency costs) and creates recruitment backlog</p> <p>Backlog of recruitment</p> <p>No external marketing of City of Perth as employer</p> <p>Recruitment Market conditions</p> <p>Limited resources to manage the recruitment process (end to end)</p>		<div> <div>Service Delivery / Strategic Objectives</div> <div>Likely / High</div> <div>HIGH RISK</div> </div>
	<p><b>Potential Risk Impacts</b></p> <p>Impacts on the City's ability to deliver on organisation objectives</p> <p>Fail to meet legislative requirements</p> <p>Increases workload across organisation</p> <p>Impacts on staff retention</p> <p>May result on increased staff costs to organisation</p> <p>Impacts on the organisation culture</p> <p>Psychological impacts on staff</p> <p>Impacts on reputation of the organisation</p> <p>May result in high staff turnover</p>	<p><b>Existing Risk Controls</b></p> <p>Probationary period reviews</p> <p>internal promotions process</p> <p>Review of position description prior to advertisement</p> <p>Assessment of requirement of position prior to advertising</p> <p>Reclassification and classification process / Standardisation of position description</p> <p>Utilisation of external agencies and job boards</p> <p>Pre-employment checks</p> <p>Verification of Identity</p> <p>Reference checks for particular roles</p> <p>Utilisation of interview panels (mostly with HR attendance)</p> <p>Internal candidate appointments</p>	<div> <div>Inadequate</div> </div>	

**Risk Acceptance:** This risk currently has inadequate controls in place. This inadequacy will be addressed by implementing the below treatment action plans.

Treatment Action Plans	Current Progress
<p>1. <b>Promotion of the City as a great place to work</b> – this set of initiatives seeks to achieve the below outcomes;</p> <ul style="list-style-type: none"> <li>- Improve the City's online presence as an employer of choice</li> <li>- Improving the City's profile with prospective employees</li> <li>- Provide information on the benefits of working at the City</li> </ul>	<p>The HR unit is currently developing the City's End to End Recruitment and Onboarding Program. The program aims to review and improve the City's recruitment processes and procedures.</p> <p>It is anticipated the new program will be implemented by December 2018. This will be coupled with the introduction of the HR Service Delivery Model which gives clear expectations and clarity of HR Services which will commence in July 2018.</p> <p>The introduction of Request to Recruit form which requires input from respective Managers, Directors, and CEO approval.</p> <p>The HR unit is working closely with the Corporate Communications Unit to improve the City's profile through the below initiatives;</p> <ul style="list-style-type: none"> <li>- Revamp of the City's website</li> <li>- Better utilisation of external job boards (LinkedIn, Seek etc.)</li> <li>- Provision of more information regarding the City and benefits to staff.</li> </ul>
<p>2. <b>Employee Commencement Program</b> - E-learning tailored specifically for the onboarding and training new employees.</p>	<p>The program is expected to commence in late May 2018, and will aim to achieve the below outcomes;</p> <ul style="list-style-type: none"> <li>- Enforcement of mandatory training to new staff prior to commencing with their new role</li> <li>- Allows for fast embedding into the organisation</li> <li>- Speedier onboarding of new employees</li> <li>- Ultimately improve the City's reputation through a more professional onboarding of new staff.</li> </ul>
<p>3. Onboarding Program – inclusive of candidate profiling, pre-employment psychometric testing, induction and training</p>	<p>The City has begun to plan on the development of the program, with considerations for initial scoping to commence in July 2018. The scoping will utilise the performance shaping of high performing staff within the City to create the City's employee profile benchmark. This will be incorporated into the criteria for the selection of new staff.</p>

**\*\* The below risk was identified as part of Tender 019 – 17/18 – Food Business Assessment & Inspection. A risk assessment was conducted on the delivery of the intended outcomes of the tender prior to the tenderer being appointed. This assessment was provided in the report to Council in November 2017. The below is status update on how the risk is being managed. \*\***

**Risk Owner:** Manager Health and Activity Approvals – Community and Commercial Services Directorate

**Activity:** Health and Activity Approvals – Outsourcing of the Inspection of food businesses

**Activity Objective:** Oversight of the Inspection of Food Premises Tender – Food Act enforcement (excluding improvement notices, prohibition orders, issuing of infringement notices)

**Date of Review:** 8 February 2018

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
95	Failure to undertake sufficient risk assessments of registered food businesses, in accordance with the City's obligations under the Food Act 2008.	<p>The City has engaged a reputable contractor with authorised officers under the Food Act.</p> <p>Ineffective monitoring of inspections for quality control and consistency</p> <p>Inadequate staff and skills resourcing of the contractor</p> <p>Equipment failure for data capture and inspection reporting</p> <p>Inadequate training for contractor staff to meet the City's requirements</p> <p>Early termination of contract</p>	Adequate	<p>Legal and regulatory/Ethical</p> <p>Possible/Major</p> <p>HIGH RISK</p>
	Potential Risk Impacts	Existing Risk Controls		
	<p>Non-compliance with the Food Act and other relevant legislative and statutory obligations and requirements</p> <p>Food is not safe and unsuitable for human consumption</p> <p>Increased risk of food poisoning incidents</p> <p>There is a delay in carrying out inspections</p> <p>There is a delay or disruption to reporting non-compliance</p> <p>Inspections are not recorded correctly or inadequately monitored</p> <p>Impacts on the reputation of the City.</p>	<p>Tender Qualitative Selection Criteria applied through the Tender Process</p> <p>Performance training and assessment checks on the inspections to ensure consistency</p> <p>Inspection forms linked into City systems including records from iPads and paper</p> <p>Australian Food Safety Assessment (AFSA) report sheets available</p> <p>Contingencies on place to support data capture processes</p> <p>Customer Service expectations as the tenderers represent the City</p> <p>Contractor dress code consistent with the City's environmental health officers</p> <p>Key Performance Indicators (KPIs) and reporting on performance.</p> <p>Contingency plans in place to employ temporary staff to perform the required inspections in case of early termination of contract.</p> <p>Induction and ongoing training for contractors provided by the City (including code of conduct)</p>		



	Audits will be carried out of inspections completed by the contractor	
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Treatment Action Plans		Current Progress
1. Tender Qualitative Selection Criteria		The criteria was used to select the preferred tenderer. The selected tenderer is Food Technology Services (FTS).
2. Performance training and assessment checks to ensure consistency		<p>The completed actions include the below;</p> <ul style="list-style-type: none"> <li>▪ All inspecting FTS officers have completed in house induction training relating to use of the City's pathway and e-pathway system. All 5 inducted officers have been provided with a user manual for future reference and FTS officers have constant access to the City's officers for assistance with technology issues as they arise.</li> <li>▪ Five site inspections have been completed by all FTS site inspection officers overseen by one of the City's Environmental Health Officers to review inspection methods. All FTS officers have demonstrated strong knowledge, methodology and competence.</li> <li>▪ Monthly meetings have been scheduled for the next 12 months with FTS management to monitor compliance with the contract requirements and to discuss opportunities of continuous improvement.</li> <li>▪ Induction processes will be repeated for any new staff employed by FTS.</li> </ul>
3. Inspection forms linked into City systems including records from iPads and paper inspection AFSA report sheets available		<ul style="list-style-type: none"> <li>▪ The contractors have been provided with an android tablet and AFSA inspection pad as back-up if the android device fails. When an AFSA form is used a copy of the form shall be provided to the Manager FTS for scanning and manual entry onto the Pathway system as a paper clipped document.</li> <li>▪ A process has been implemented to deal with situations where a food business does not have access to email and/or postage of an inspection report is required – this involves the FTS manager sending Coordinator Environmental Health a pdf copy of the inspection within 24 hours of an inspection with a copy to be posted by the City.</li> <li>▪ Two TV monitors have been installed in the HAA area for real time tracking of inspection completions.</li> </ul>

4. Customer Service expectations as the tenderers represent the City	The City's values and code of conduct shall be referenced during scheduled monthly meetings. This action is now part of business-as-usual and can be closed off.
5. Uniforms for consistency with City Environmental Health Officers	All FTS officers have demonstrated appropriate attire to date. This action can be closed off.

**Risk Acceptance:** To date, the risk mitigation measures are considered to be working as intended. The risk to the City of this programme remains high and therefore the priority rating remains high. Ongoing monitoring and review of the programme against the contract requirements is critical to ensure risk mitigation measures continue to work as intended.



**Risk Owner:** Manager Data and Information – Corporate Services Directorate  
**Key Service:** Information Management - Management of digital and physical records in accordance with legislative requirements  
**Risk Name:** Records Management  
**Risk Assessment Date:** 8 February 2018

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
94	Failure to appropriately manage the City's records physical and digital, in line with the City's Record Keeping Plan and relevant legislative requirements	<p>User Complacency</p> <p>Lack of awareness of records compliance obligations</p> <p>Staff not following prescribed processes and procedures</p> <p>Ill-defined and non-compliant organisational processes and procedures</p> <p>Overly manual handling of records</p> <p>High workload for the Information Management Team</p> <p>High complexity of the business classification scheme</p> <p>Complexity of records systems for Information Management team and overall organisation</p> <p>Acquisition of systems that are not compliant with the City's Record Keeping Plan</p> <p>Lack of engagement liaison with information management team with the purchasing of information management systems</p> <p>External and Internal Dependencies (Back-ups, third party providers etc.)</p>	Inadequate	<p>Legal and regulatory/Ethical</p> <p>Likely/Moderate</p> <p>HIGH RISK</p>
	<b>Potential Risk Impacts</b>	<b>Existing Risk Controls</b>		
	<p>Non-compliance with legislation</p> <p>Impacts on City's reputation</p> <p>Implications on overall service delivery and meeting organisational objectives</p> <p>Financial and budget implications from inefficient services</p> <p>Compromised security of corporate data</p> <p>Potential Legal Implications (Freedom of Information)</p> <p>Compromised Staff safety (Manual Handling and Mail handling)</p> <p>Potential catastrophic loss of vital records and information</p> <p>Potential cost of records storage and infrastructure</p>	<p>Records Keeping Plan - Kept up to date and reviewed externally by State Records</p> <p>Dedicated Information Management Support Team and Helpdesk</p> <p>Information Management Training and Induction Program (Records Awareness, Focal Point and Module Owner Training, Overall System Training)</p> <p>Records Operations Team undertake Auditing and Compliance checks</p> <p>Digital Workplace Program currently under development to address manual handling, simplify processes and procedures and the complexities of the classification scheme</p> <p>Information Governance Framework currently under development to control ownership and governance of information</p> <p>Tools, resources and guidance available on City's intranet</p> <p>Regular liaison with internal and external stakeholders</p>		

**Risk Acceptance:** This risk has been recently identified and assessed as part of the rollout of the Risk Management Maturity Assessment Road Map. The risk was last reviewed on the 7<sup>th</sup> of February to assess the effectiveness of the existing controls. These were found to be INADEQUATE, with a likely probability the City (and staff) may not be 100% compliant with record keeping practices. The Data and Information Unit has commenced addressing this through developing and implementing an information management framework, details below;

Treatment Action Plans	Current Progress
<p><b>2. Implementation of the Information Governance Framework</b> – the framework components include defined levels of authority, accountability, including up-to-date records-compliant processes, procedures and systems to enable the City to record and store corporate records in line with relevant legislative requirements and the City’s Records Keeping Plan</p>	<p>To date the below milestones have been achieved;</p> <ul style="list-style-type: none"> <li>▪ 21 discovery workshop sessions across the City’s directorates.</li> <li>▪ The Information Management Roadmap Current State Assessment</li> <li>▪ Recordkeeping Plan Recommendations</li> <li>▪ draft Information Governance Policy has been developed</li> <li>▪ draft Information Governance Framework has been developed</li> <li>▪ draft Information Governance Roadmap has been developed</li> <li>▪ Intranet Project Dependencies Synergised &amp; Audit built-in to Information Governance Framework Roadmap</li> <li>▪ Key Stakeholder Visioning Workshop – Planning Underway, including Draft Presentation</li> <li>▪ Business Classification Scheme Recommendations Completed</li> <li>▪ A review of Policies &amp; Procedures</li> </ul>

**Risk Owner:** Manager Community Amenity & Safety – Community and Commercial Services Directorate

**Key Service:** Emergency Management Planning - Development, implementation and continuous review of the City's emergency management arrangements and recovery plans

**Risk Name:** Emergency Management Planning

**Risk Assessment Date:** October 2017

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
88	Failure to achieve compliance with the Emergency Management Act 2005 and achieve expected emergency management preparedness	Lack of adequate resources Lack of internal and external stakeholders buy in Lack of commitment and buy in from external stakeholders Lack of adequate staff training Lack of industry knowledge with regards to the requirements of the Act	Adequate	<p>People – Community health and safety</p> <p>Possible / Major HIGH RISK</p>
	<b>Potential Risk Impacts</b>	<b>Existing Risk Controls</b>		
	Emergency Management Act inadequate response and recovery to district wide emergencies Impacts on the City's reputation Potential legal liability exposure on the City Potential financial liability on the City Environmental impacts Compromised community safety and public health Potential impacts to the City's natural and built environment Impacts on the business and social activities within the City Impacts on the City's economy and tourism	Commitment and ongoing support has been obtained from internal and external stakeholders, with strong relationships with hazard management agencies (DFES, WAPOL, etc.) now in place Support from both the State and Local Emergency Management Committees Actions identified in the Emergency Management strategy development process currently being implemented Emergency Management risk analysis project and the bush fire risk management project has commenced Emergency Management arrangements as endorsed by Local and State Emergency Management Committees		

**Risk Acceptance:** This risk is ACCEPTABLE as the controls are ADEQUATE. Further actions are currently underway to raise the rating of the controls to EFFECTIVE. These include the below;

Treatment Action Plans	Current Progress
1. <b>Emergency Management Strategic Plan</b> – Developed in consultation with the Local Emergency Management Committee (LEMC) following the Gap	Treatment action is now business-as-usual and can be closed

Analysis, the plan aims to strengthen local capacity and capability, and build community resilience in response to emergencies.	
2. <b>eMERGE</b> - Electronic Portal – all contacts, resources, calendars, Meetings, Running Sheets and Library	Treatment action is now business-as-usual and can be closed off.
3. <b>Emergency Management Arrangements</b> – Includes Recovery Plan, Welfare Plan, Bushfire Risk Plan	Treatment action is now business-as-usual and can be closed off.
4. <b>Welfare Centres</b> – To establish Memorandum Of Understandings with external agencies to enable Welfare Centres	Discussions are still ongoing with venues awaiting formal confirmation of their commitment to support community emergencies as Welfare centres.  It is to be note that a major incident will refer to the State and the State Welfare Plan and Centres will support. The State is having similar issues in engaging with venues in the City.
5. <b>PCMIEMA</b> – Perth City Major Emergency Management Arrangements	A simplified 2-page practical plan has been developed and shared with the Local Emergency Management Committee for endorsement.  The broader PCMIEMA plan review has commenced and seeking comment from emergency support agencies with reference to their actions in the plan. Target date of completion is still June 2018.

**Risk Owner:** Manager Properties – Construction and Maintenance Directorate  
**Key Service:** Estate Management – Management of leasing, acquisitions, disposals within the Properties’ Portfolio  
**Risk Name:** Management of City Leases, Licences and Legal Agreements  
**Risk Assessment Date:** November 2017

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
35	Failure to effectively and appropriately manage the City’s leases, licences and legal agreements to set income budget	Lack of process, data, systems, resources, training and expertise Inaccurate data (for leases, licences and legal agreements) Changes in legislation Lack of Asset Management System and planning	Adequate	<p>Legal &amp; Regulatory - Compliance with contractual requirements</p> <p>Unlikely / Catastrophic</p> <p>HIGH RISK</p>
	Potential Risk Impacts	Existing Risk Controls		
	Financial impacts Legal implications Failure to meet KPI's and income targets Impacts on the City's reputation Non-compliance/breaches with leasing agreements and statutory regulations	Experienced personnel within the Unit Register of leases, licences and legal agreements. Investigation process – lessons learnt Council policy – Delegated authority and associated procedures Direct Manager oversight of this function Internal Audit of leasing function, major financial transactions, debt management (through the Financial Management Taskforce) Reporting on performance to the City's Financial Management Taskforce Quarterly reports to the Finance and Admin Committee on performance External legal advice and support		

**Risk Acceptance:** This risk rating is now at an ACCEPTABLE level following the implementation of the Arrears Recovery Plan. A summary of the outcomes of the implementation are provided below;

Treatment Action Plans	Current Progress
1. <b>Arrears Recovery Plan</b> – The plan enables the City to track and recover debt from tenants.	Tenant debt has been reduced by 65%. The City’s exposure to long-dated debt has also reduced following implementation of the Action Plan. Communication with tenants has

	<p>also improved resulting in timely payments of rent and arrears. The plan is also enabling the normalisation of tenants invoicing, efficient monitoring of debtors and this is ensuring better management of the revenue stream from leases.</p> <p>Current arrears:</p> <p>30 days \$71,940</p> <p>60 Days \$36,063</p> <p>90 Days \$9,494</p>
2. Lease Register – tracks the status of the City’s leases	<p>The completion of the lease register has enabled the City to analyse and use the lease data to better manage the leases, rent reviews, monitoring of lease conditions, and perform periodic reviews of outgoings budgets.</p> <p>The register will continue to be utilised by the Properties Unit.</p>
3. Commercial Property Strategy – decision-making guidelines for the acquisition, retention, growth, redevelopment and disposal of property assets.	<p>The City of Perth Commercial Property Strategy will set out the guiding principles by focussing on service delivery, and the properties used to deliver these services. This holistic approach to property management supports the delivery of best value services and the well-being of the residents, and those who work within the City of Perth area. Equally, it will assist Council in making the most of its property for the effective, efficient and sustainable delivery of services.</p>

This risk remains HIGH as the performance of the leased property portfolio is market driven. The controls are however considered ADEQUATE.

**Risk Owner:** Manager Properties – Construction & Maintenance Directorate  
**Key Service:** Facilities Management – Proactive and Reactive maintenance of the City's buildings and contents.  
**Risk Name:** Property Portfolio management  
**Risk Assessment Date:** November 2017

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
38	Failure to maintain the City's property facilities to an adequate standard (safety, compliance, property asset preservation and enhancement)	Lack of expert quantity surveying and estimating skills Lack of collaboration and consultation with the Construction Unit Mismatched outcomes at directorate level Lack of accountability Mismatch of accountability and ownership historical/legacy issues. Culture issues	Adequate	Possible / Catastrophic Financial – Management of Budget HIGH RISK
	Potential Risk Impacts	Existing Risk Controls		
	Plant or equipment breakdown (aircon, lifts, auto doors, drainage, etc) Complaints from internal and external customers Wasted costs from remedial works Impacts on the City's reputation Safety of users of assets is compromised Compliance breaches and risk of prosecution Third party intervention or investigation (Worksafe) Inability to provide safe facilities	Dedicated staff and resources to this function Hansen 8 (system for reporting damages etc.) and Properties helpdesk Maintenance contractors for preventative and reactive maintenance Contractor induction OSH procedures and OSH Team support Report it (staff or public feedback on any issues identified) After hours support from Surveillance Centre for maintenance requests Building condition reports Building inspections		

**Risk Acceptance:** The recent review of this risk has confirmed the success of the project to address the findings of the condition assessments of the City's Properties Portfolio. The summary below highlights the current status of the risk treatment actions;

Treatment Action Plans	Current Progress
1. <b>Capital Expenditure (Capex) Action Plan</b> – The plan identifies which defects will be incorporated in the current financial year Capex projects.	The defects included in the current financial year Capital Expenditure projects will be resolved by 30 June 2018. As at the time of this risk review, an estimated 50% of the Properties Unit Capex projects have been completed.



	It is anticipated the risk will be reviewed down to MEDIUM once the action plan is completed – 30 June 2018.
<b>2. Operational Expenditure (Opex) Action Plan</b> – The plan identifies which defects will be incorporated in recurring operational expenditure projects.	All the defects identified as part of reactive and planned maintenance have been incorporated in the Operational Expenditure 2017/18 budget and future operating budgets

Of the 1126 defects identified in the condition assessments completed in early 2017, 653 have been closed out with a total of 504 defects outstanding. The remaining defects are summarised below;

Low: 373

Medium: 131

High: 0

Urgent: 0

As a result, the risk rating remains HIGH while these are being addressed. The controls are however now considered to be adequate, and will continue to be monitored. Quarterly updates will continue to be provided to the Corporate OSH & Risk Committee and Audit & Risk Committee.



**Risk Owner:** Manager Construction – Construction & Maintenance Directorate

**Key Service:** Delivery of Construction Capital Works (detailed design though to construction, inclusive of procurement, tenders and contract management)

**Risk Name:** Delivery of Civil Engineering Projects

**Risk Assessment Date:** September 2017

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
25	Ineffective and Inadequate budget allocation, scheduling and management of Civil Engineering Projects, such that investment does not achieve the objectives of the projects	Lack of expert Quantity Surveying and estimating skills Lack of collaboration and consultation amongst internal stakeholders Unit mismatched outcomes at directorate level Lack of accountability Mismatch of accountability and ownership historical/legacy issues. Culture issues	<b>Inadequate</b>	<div>Financial – Management of Budget</div> <div>Possible / Major</div> <div>HIGH RISK</div>
	<b>Potential Risk Impacts</b>	<b>Existing Risk Controls</b>		
	High risk project failure The City's project objectives fail to be met Impacts on the City of Perth reputation Value for money not realised Discord between units Impacts on morale Impacts on contractual relationship with external contractors Results in project staff being reactive instead of proactive in resolving project risks Budgeting and scheduling issues leading to unexpected carry-overs	Set up of new Project Management process currently underway Project Management Skills Centre Stakeholder Consultation Internal Working Group Project reviews and ongoing lessons learnt Contract performance at the end of each project Open and frank discussions Early engagement of the procurement representatives at tendering stage of projects		

**Risk Acceptance:** The City does NOT ACCEPT the level of this risk as the controls are INADEQUATE. The risk is being addressed as outlined below:

Treatment Action Plans	Current Progress
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<p><b>1. Project Portfolio Management System (PPMS) Project</b> – This project is to provide a system to raise the City's Project Management Capability. Improvements have now been identified as being required to: skills gaps, systems gaps and processes and procedures.</p>	<p>No change to this risk since the last update. Consultants have been engaged to assess the existing project management capability and identify a roadmap to improvement.</p> <p>The assessment will include the below;</p> <ul style="list-style-type: none"> <li>• Benchmarking the City's project management to industry</li> <li>• Assess and identify any gaps and improvements</li> <li>• Provide recommendations to be implemented through a roadmap for improvement</li> </ul> <p>The objective of this process is to raise the efficiency of the City's project, program and portfolio management, improving the efficiency of project delivery.</p>
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The report is still be finalised and submitted to the Executive Team. This risk remains HIGH with the controls in place considered INADEQUATE.

**Risk Owner:** Manager Construction – Construction & Maintenance Directorate

**Key Service:** Engineering Consultancy Services and Coordination of Construction Works (detailed design though to construction, inclusive of procurement, tenders and contract management)

**Risk Name:** Safety Related Incidents during delivery of Civil Construction Projects

**Risk Assessment Date:** September 2017

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
18	Project execution and delivery fails to meet safety standards and expectations	Lack of ownership/implementation/support Complacency Inadequate monitoring of contractors Pressures for project completion Lack of project specific induction Inadequate corporate procedures Infrequent workplace inspections	Adequate	<div>Page 91 of 132</div> <b>People – Worker Safety &amp; Wellbeing Possible / Major HIGH RISK</b>
	<b>Potential Risk Impacts</b>	<b>Existing Risk Controls</b>		
	Potential Injuries to staff and the public Liability exposure on the City Impacts on the City's Reputation Financial Impacts (increased costs for projects) Affects project delivery Impacts on the City's safety culture Staff Absenteeism Non-compliance and breaches with legislation 3rd party investigations (Worksafe)	Site Inspections OSH Team support and collaboration Reactive safety improvements Contractor Inductions Pre-contract reviews Contractor Safety Management Procedure Incident Reporting Procedure Project review and lessons learnt process (with standard template used) with the Project Team and OSH Team Job Safety Analysis and Safe Work Method Statements Scheduling of high risk projects appropriately and in consultation with key stakeholders		

**Risk Acceptance:** The recent review of this risk has resulted in the Controls Effectiveness being reviewed to ADEQUATE. This follows completion of the action items outlined below. Once all the action items have been closed out and become part of business as usual, further actions will be implemented to enable the controls effectiveness to become effective. A summary of the actions is provided below;

Treatment Action Plans	Current Progress
1. Implementation of the safety in design procedure	The Safety in Design Procedure has been adopted as a corporate procedure and is being used on projects. Treatment action is now BAU and can be closed off.
2. Imbedding of Budget float to cover unexpected safety risks during project delivery	Treatment action is now part of business-as-usual and can be closed off.
3. Specifications to be provided for Key Performance Indicators (KPI's) for safety inspections for Project managers	The Construction Unit Manager has included Safety Key Performance Indicators (KPI's) into Project Managers' performance reviews.
4. Capturing of past performance of contractors via project reviews	A project specific template for a Project Contractor Performance Rating Form (based on the current term contract contractor review) is being finalised for implementation on standalone contracts.
5. Formalisation of Project Teams and relevant structures (multi-disciplinary across the organisation) for each new project to consider safety in delivery of the project	<div> <div>Page 8</div> <div>NS 1</div> </div> <p>The Project Delivery Flowchart is being updated to cover the collaborative team approach (draft currently being circulated for comment), and the approach is now being rolled out on the Roe Street, Hay Street and Wellington Square Projects - The collaborative team approach ensures that the Project Manager is involved from an early stage for project continuity with respect to safety and that the right skills and experience remains available in project decision making to ensure safety decision are based on complete available information.</p>

**Risk Owner:** Manager Asset Management – Corporate Services Directorate  
**Key Service:** Asset data Governance – Establishing maintenance schedules for assets (standards, performance and coverage)  
**Risk Name:** Maintenance of City Assets  
**Risk Assessment Date:** September 2017

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
60	Failure to maintain assets in a systematic manner which aligns to agreed service levels	<p>Unrecognised assets</p> <p>Schedules not developed to maintain the assets</p> <p>Service Level Agreements are not known or agreed or are poorly defined</p> <p>Schedules are resource intensive to develop</p> <p>Lack of adequate systems knowledge</p> <p>Poorly structured asset data</p> <p>Lack of adequate resources</p> <p>Lack of processes and procedures</p> <p>Function (proactive planned maintenance of assets) is new to the City of Perth operations</p>	Inadequate	<b>Financial – Management of budget</b>  <b>Likely / Moderate</b>  <b>HIGH RISK</b>
	<b>Potential Risk Impacts</b>	<b>Existing Risk Controls</b>		
	<p>Assets reduce in quality and performance</p> <p>Decreased level of services to community and possible decrease in useful asset life</p> <p>Potential public liability claims from inadequately maintained assets</p> <p>Maintenance budgets are not developed based on maintenance activities</p> <p>Increase in renewals of assets</p> <p>The City does not have a framework to analyse maintenance performance of assets</p> <p>Potential impacts on the safe operation of assets</p>	<p>City's Asset register is up to date</p> <p>Asset condition surveys by asset custodian</p> <p>Known risk (custodian unit managers recognise the inadequacies in managing this risk. Asset Management Unit will be working with asset custodians to address the inadequacies)</p> <p>Asset Management Unit has investigated Hansen8 capabilities to manage this risk issue</p> <p>Current reliance on reactive maintenance</p>		

**Risk Acceptance:** This risk remains HIGH with Inadequate controls in place. The level of risk is considered UNACCEPTABLE, thereby the below mitigation strategies are being implemented to address this;

Treatment Action Plans	Current Progress
<p><b>1. Asset Componentisation</b> - This involves breaking large assets down into their maintainable components and loading them into the corporate asset management system, so maintenance can be planned at a more precise level.</p>	<p>Assets are being migrated out of the FinanceOne system onto the Hansen8 Asset Management System to a higher (more granular) data standard. The completed are below;</p> <ul style="list-style-type: none"> <li>▪ Infrastructure assets – complete</li> <li>▪ Building assets – complete</li> <li>▪ Open air carparks – complete</li> <li>▪ CPP equipment – 2018/19</li> <li>▪ CCTV equipment – 2018/19</li> <li>▪ Arts – Being investigated</li> <li>▪ General and Minor IT assets – Currently considered not feasible for Hansen8</li> </ul>
<p><b>2. Work Orders</b> – Work orders capture all the operational/maintenance work done on assets. They are also used to record time and costs for reporting purposes.</p>	<p>Routine (cyclical) maintenance plans have been specified in the Asset Management Plans prepared this year. The next step is to ensure that these plans get loaded as scheduled work orders so that maintenance completion can be measured. It is also critical to ensure that all reactive work is captured on work orders so we can analyse reactive maintenance costs for assets. AMU will investigate and establish processes to achieve this in 2018/19.</p>
<p><b>3. Maintenance Performance Reporting</b> – Maintenance performance reporting is commonly done to measure/analyse the progress completion of required maintenance plans throughout the year for assets, the cost tracking, the amount of reactive work, and other KPIs associated with maintenance.</p>	<p>Dashboards demonstrating various KPIs associated with asset management are currently being developed. These dashboards will include a section for maintenance performance reporting. However, treatment action plan 2 above is required to be completed (i.e. all work on assets must be done through work orders) before the information can be collated from the work orders and comprehensively inform the dashboard.</p>

Once maintenance performance reporting is available it will comprehensively demonstrate what maintenance is being done, the cost, the YTD progress, and the outcomes achieved from the maintenance, thereby resulting in the controls for this risk to be considered as ADEQUATE.

**Risk Owner:** Manager Asset Management – Corporate Services Directorate  
**Key Service:** Asset Management Partnership Program – Establishment of partnerships to improve organisational asset management practices  
**Risk Name:** Financial Sustainability of Assets  
**Risk Assessment Date:** September 2017

Risk ID	Risk Description	Potential Causes	Controls Effectiveness	Risk Rating
61	Failure to accurately and sustainably plan for asset management capital works requirements	<p>Large contributed asset portfolio in the pipeline that presents significant uncertainty</p> <p>Legacy issues and processes in the way the City currently manages assets</p> <p>Resistance to change from internal and external key partners</p> <p>Lack of adequate specialised skill set and maturity in the City's Asset Management practices</p> <p>Lack of historical good quality data to analyse and inform accurate planning requirements</p> <p>Lack of policy, standards and criteria to govern the requirements for a business case to justify capital works</p>	Inadequate	<p><b>Financial – Unforeseen expenditure</b></p> <p><b>Likely / Major</b></p> <p><b>EXTREME RISK</b></p> <p>(To be reviewed down to HIGH)</p>
	<b>Potential Risk Impacts</b>	<b>Existing Risk Controls</b>		
	<p>The forecast capital expenditure requirements in the medium and long term future is unknown</p> <p>Projects are budgeted for but not completed due to fluctuating requirements or weak business cases</p> <p>Inefficient expenditure on assets</p> <p>The City fails to achieve optimal sustainability of assets</p> <p>Decision making process on capital budgeting is not transparent</p> <p>Investments are not aligned to the Strategic Community Plan and the Integrated Planning and Reporting Framework</p>	<p>Experienced team and processes in place to review the corporate Asset Management system data and update it with new / disposed assets</p> <p>Regular meetings with external stakeholders to clarify the expected timeline for the contribution of large State Government assets</p> <p>Collaboration with internal stakeholders to tailor improvements to improve asset life-cycle data quality and strategy</p> <p>Training provided to Asset Management Unit staff in stakeholder negotiation and engagement</p> <p>Asset management improvement objectives are aligned to corporate strategy objectives (Strategic Community Plan, Sustainability, Integrated Planning and Reporting Framework)</p>		

**Risk Acceptance:** This risk remains EXTREME with INADEQUATE controls. The below 5 additional controls are required to mitigate this risk effectively:



Treatment Action Plans	Current Progress
<p><b>1. Asset &amp; Infrastructure Strategy</b> - A high level document that communicates the future vision for the City's assets and the way they are sustainably managed to support the community and other stakeholders.</p>	<p>The first workshop to develop this strategy is scheduled for 30 April. The strategy is a CBP initiative to be completed by 2019/20.</p>
<p><b>2. An Asset Management Framework (AMF)</b> – A procedural document that embeds standard asset management processes in the City to ensure consistency and repeatability so that results are relevant over a long term for analysis.</p>	<p>A draft has been developed. An ELG report has been drafted to inform all directorates of this document and the consultation / steps involved to embed it. This document is a CBP initiative to be completed by 2017/18.</p>
<p><b>3. Best Practice Asset Management Plans (AMPs)</b> – A document that summarises existing asset class information such as inventory, valuations and condition, provides a target level of service the asset class provides, and the budget required to sustain those service levels.</p>	<p>This activity is <b>complete</b> as improvements have been made to the asset management plans prepared in 2017/18. These plans directly informed the capital renewals budget for 2018/19. Although complete, we need to maintain this momentum into future years. The completion of this activity allowed a better understanding of the current health of the asset portfolio and the 10 year forecast renewals required. This allowed the risk owner (AMU) to recommend reducing the risk rating from EXTREME (Likely / Major) to HIGH (Likely / Moderate).</p>
<p><b>4. Asset Management Partnership Program</b> – Partnership between AMU staff and Asset Stakeholder Units in the City to integrate operational and corporate asset management. This will improve organisational consistency and standardise reporting.</p>	<p>This activity is <b>complete</b>.</p>
<p><b>5. New Asset Readiness</b> – A process to be financially and operationally ready to assume ownership of an asset. This includes estimated forecast impacts to budget and workforce, as well as the setup of all operational / maintenance plans to ensure the asset is assimilated into the City's work planning.</p>	<p>This activity has not yet commenced.</p>

Once the Asset Management Plans are aligned with Key Performance Indicators (KPI's) and a reporting structure established, this risk will be considered as adequately managed. This is envisaged to occur following the 2019/20 budgeting process.



**CONFIDENTIAL ATTACHMENTS 8.5B**  
**ITEM 8.5 – RISK MANAGEMENT QUARTERLY UPDATE – MAY 2018**

**FOR THE AUDIT AND RISK COMMITTEE MEETING**

**21 MAY 2018**

**DISTRIBUTED TO COMMISSIONERS UNDER SEPARATE COVER**

# Cladding Audit Process

	PHASE 1 IDENTIFY BUILDINGS (Audit Team)	PHASE 2 UNDERTAKE INITIAL RISK ASSESSMENT (Audit Team)	PHASE 3 GATHER DETAILED INFORMATION (Audit Team/PA/DFES)	PHASE 4 FINAL RISK ASSESSMENT AND INTERVENTION (Audit Team/PA/DFES)
Actions	<ol style="list-style-type: none"> <li>Using DFES PTS identify buildings of classes 2,3,4 or 9 over two storeys</li> <li>Coordinate the identification of buildings with cladding attached</li> </ol>	<ol style="list-style-type: none"> <li>Using a risk matrix identify buildings that potentially pose a high risk of fire spread</li> </ol>	<ol style="list-style-type: none"> <li>Identify: <ul style="list-style-type: none"> <li>Owner</li> <li>Designer</li> <li>Builder</li> <li>Building Surveyor</li> <li>Type of cladding</li> <li>How it is installed</li> <li>Who supplied it</li> <li>Evidence that it complies with the performance requirements</li> </ul> </li> <li>Carry out an inspection of the building</li> </ol>	<ol style="list-style-type: none"> <li>Assess the information gained during phase 3 and determine an appropriate intervention in relation to product compliance and safety issues. Potential interventions include: <ul style="list-style-type: none"> <li>Advice to building owners on recommended actions.</li> <li>Issue of a building order if the building is assessed as dangerous or unfit for human occupation: <ul style="list-style-type: none"> <li>Require owner to conduct a survey</li> <li>Require owner to remediate</li> </ul> </li> </ul> </li> <li>Building Commission to review whether further action is warranted in relation to alleged non-compliance.</li> </ol>
Details	<p>Cladding = <i>'a covering or coating on a structure or material'</i> (English Oxford Dictionary)</p> <p>Note that for the purposes of this audit, cladding could be used as an attachment or part of the wall construction.</p> <p>Cladding could also be insulation material attached in conjunction with another cladding material.</p>	<p>Factors that may influence risk, including:</p> <ul style="list-style-type: none"> <li>Mixed use</li> <li>Number of storey's</li> <li>Means of escape</li> <li>Means of fighting fire</li> <li>Location of panels</li> <li>Active fire precautions</li> <li>Sprinklers</li> </ul> <p><b>Initial risk assessment matrix being developed for this phase</b></p>	<p><b>Audit checklist being developed for this phase</b></p>	<ul style="list-style-type: none"> <li>Assessments to be undertaken in partnership between audit team, DFES and relevant permit authority.</li> <li>Potential to establish a panel of fire engineer experts to assist with assessments and recommended interventions.</li> <li>Building Commission to assist with the content of a building order if required.</li> </ul> <p><b>Final performance assessment being developed for this phase</b></p>
Potential issues	<p>DFES PTS system as a source of truth (alternative is for LGs to retrieve and review hard copy records)</p> <p>Regional LGs will be needed to assist with identification of buildings with cladding</p>	<p>For consistency and reporting this function could be undertaken by the audit team with assistance of a fire engineer.</p> <p>What level of involvement do LGs want in the initial risk assessment?</p>	<p>Plans and specification records to be retrieved from relevant permit authority.</p> <p>Is there a conflict of interest for LGs for licences issued by them? If so can this be managed? If so how?</p> <p>What other liability issues may arise for the permit authority during an inspection?</p>	<p>What further assistance do permit authorities require during this phase?</p> <p>Is there a potential conflict of interest among the surveyor cohort who will be engaged to undertake a survey? Is there a role for the regulators in managing a COI?</p>

**CONFIDENTIAL ATTACHMENTS 8.5D**  
**ITEM 8.5 – RISK MANAGEMENT QUARTERLY UPDATE – MAY 2018**

**FOR THE AUDIT AND RISK COMMITTEE MEETING**

**21 MAY 2018**

**DISTRIBUTED TO COMMISSIONERS UNDER SEPARATE COVER**

MEASURES OF CONSEQUENCE

Measures of Consequence						
Rating	People	Financial	Service Delivery / Strategic Objectives	Legal and Regulatory / Ethical	Reputation and External Stakeholders	Environmental
Insignificant 1	Incident only, no medical treatment required	<100K recurrent reduction in Council budget<\$500K one off loss (<5% overrun of project budget)	Key services disrupted for up to half a day, usual scheduled interruptions. Negligible impact on objectives	Minor breach of contractual or statutory obligations with request to comply. One off minor legal matters. Minor opportunistic incident involving a single person	Insignificant public comment or local media coverage.	Transient impact on environment, no long term effect or short term negative impact on urban design, or loss of sense of place for part of area.
Minor 2	Minor injuries treated by first aid, routine industrial issues	\$100K-\$1M recurrent reduction in Council budget \$500K-\$2M one off loss (5-10% overrun of project budget)	Key services disrupted for a full day. Isolated customer complaints. Isolated service standard failure. Minor setbacks that are easily remedied.	Minor breach of contractual or statutory obligations with request to comply. The City sued or fined or otherwise liable for up to \$50K. Opportunistic incident involving several people.	Heighted concerns from a narrow group of residents, one off negative metro media coverage.	Short term effects on environment, no long term effect or short term negative impact on urban design, or loss of sense of place for part of area.
Moderate 3	Serious injury requiring medical treatment, staff turnover slightly higher than 20%, one off industrial issues	\$1M-\$2.5M recurrent reduction in Council budget \$2M-10M one off loss (10-15% overrun of project budget)	Key services disrupted up to 2 days. Higher than normal level of one off customer complaints. One off service standard failure affecting multiple people. Some of the organisation’s objectives cannot be met.	Breach of contractual or statutory obligations resulting in investigation, ongoing legal issues not easily addressed. The City sued or fined or otherwise liable for between \$50K and \$250K. Planned unethical action by one or more staff.	Concerns from cross section of public, ongoing negative metro media coverage.	Medium term effects on environment, long term recovery or long term negative impact on urban design, or loss of sense of place for part of area.
Major 4	Life threatening injury or multiple serious injuries requiring hospitalisation, fatality, staff turnover well above 20%, ongoing industrial action	\$2.5M - \$10M recurrent reduction in Council budget \$10M - \$25M one off loss (15-20% overrun of project budget)	Key services disrupted for between 2 and 5 days. High level of customer complaints over sustained period. Repeated service standard failure or one that affects multiple people. Some important objectives of the organisation cannot be met.	Major breach of contractual or statutory obligations resulting in significant legal action. The city sued or fined or otherwise liable for between \$250K and \$1M. Major one off fraud or corruption by a senior person.	Significant outcry from public, significant negative state level media coverage.	Major environmental impact, long term negative impact on urban design, or loss of sense of place for the whole area.
Catastrophic 5	Multiple Fatalities, sustained and serious industrial action, loss of multiple staff at once	>\$10M recurrent reduction in Council budget >\$25M one off loss (20-25% overrun of project budget)	Key services disrupted for over 5 days. Systemic customer complaints or serious complaints relating to more than one programmed area over a sustained period. Most of the organisation’s objectives cannot be met.	Serious breach of contractual or statutory obligations resulting in significant prosecution and fines. The city sued or fined or otherwise liable for more than \$1M. Systemic fraud and corruption, major external investigation with adverse findings.	Significant and widespread public outcry, sustained negative national media coverage.	Irreversible environmental harm or permanent negative impact on urban design.

MEASURES OF LIKELIHOOD

CODE	LIKELIHOOD	QUALITATIVE DESCRIPTOR	PROBABILITY OF OCCURRENCE
5	Almost certain	Is expected to occur in most circumstances	Greater than 95%
4	Likely	Will probably occur in most circumstances	66% to 95%
3	Possible	Might occur at some time	36% to 65%
2	Unlikely	Could occur at some time	5% to 35%
1	Rare	May occur only in exceptional circumstances	less than 5%

RISK EVALUATION MATRIX

LIKELIHOOD		CONSEQUENCE				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
5	Almost certain	Medium	Medium	High	Extreme	Extreme
4	Likely	Medium	Medium	High	Extreme	Extreme
3	Possible	Low	Medium	Medium	High	Extreme
2	Unlikely	Low	Low	Medium	Medium	High
1	Rare	Low	Low	Low	Medium	Medium

## RISK ASSESSMENT CRITERIA

### MEASURE OF EXISTING CONTROLS

RATING	FORESEEABLE	DESCRIPTION
<b>Effective</b>	Doing more than what is reasonable under the circumstances	<ol style="list-style-type: none"> <li>Existing controls exceed current legislated, regulatory and compliance requirements, and surpass relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation</li> <li>Subject to continuous monitoring and regular testing</li> </ol>
<b>Adequate</b>	Doing what is reasonable under the circumstances	<ol style="list-style-type: none"> <li>Existing controls are in accordance with current legislated, regulatory and compliance requirements, and are aligned with relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation</li> <li>Subject to continuous monitoring and regular testing</li> </ol>
<b>Inadequate</b>	Not doing some or all things reasonable under the circumstances	<ol style="list-style-type: none"> <li>Existing controls do not provide confidence that they meet current legislated, regulatory and compliance requirements, and may not be aligned with relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation</li> <li>Controls not operating as intended and have not been reviewed or tested</li> </ol>

### RISK ACCEPTANCE CRITERIA

RISK RANK	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
<b>EXTREME</b>	Urgent Attention Required	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 <u>monthly</u> continuous monitoring Quarterly reports will be provided to Council on all Extreme Risks.	CEO
<b>HIGH</b>	Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to <u>quarterly</u> monitoring Quarterly reports will be provided to Council on all High Risks.	Director / CEO
<b>MEDIUM</b>	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to <u>semi-annual</u> monitoring	Business Unit Manager / Director
<b>LOW</b>	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to <u>annual</u> monitoring	Business Unit Manager

Report to the Audit and Risk Committee**Agenda  
Item 8.6****Organisational Capability & Compliance Assessment – Status  
Report**

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**Recommendation:**

***That the Audit and Risk Committee RECEIVES the Implementation Status Report on addressing the findings from the Deloitte Organisational Capability & Compliance Assessment.***

FILE REFERENCE:	P1034631
REPORTING UNIT:	Strategy and Partnership
RESPONSIBLE DIRECTORATE:	Office of the CEO
DATE:	16 May 2018
ATTACHMENT/S:	Attachment 8.6A - Organisational Capability & Compliance Assessment - Implementation Plan Attachment 8.6B - Organisational Capability & Compliance Assessment - Implementation Status

**Council Role:**

- |                                     |                |   |
|-------------------------------------|----------------|---|
| <input type="checkbox"/>            | Advocacy       | <i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>   |
| <input type="checkbox"/>            | Executive      | <i>The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>  |
| <input type="checkbox"/>            | Legislative    | <i>Includes adopting local laws, town planning schemes and policies</i>   |
| <input type="checkbox"/>            | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input checked="" type="checkbox"/> | Information    | <i>For the Council/Committee to note.</i>   |

**Legislation / Strategic Plan / Policy:****Legislation***Local Government Act 1995**Regulation 17 of the Local Government (Audit) Regulations 1996***Integrated Planning and Reporting Framework Implications****Strategic Community Plan**

Goal 8 A city that delivers for its community

**Purpose and Background:**

At the Ordinary Council Meeting held on **11 October 2016** Council resolved to engage an external agency through a public tender process, to conduct a comprehensive assessment of the City's operations, including – but not limited to – the City's procurement processes, compliance with legislation, governance and decision making processes, finance and financial systems, business structure and performance measurement, and reporting processes.

Subsequent to this Council Resolution, the City of Perth appointed Deloitte to fulfil the assessment, focusing on the following elements:

- Legislative compliance;
- Organisational capability maturity;
- Organisational spend;
- Governance;
- Finance; and
- Procurement.

The subsequent Deloitte Organisational Capability & Compliance Assessment identified 17 findings and made 5 recommendations. In response, the City identified 29 initiatives to address these findings and recommendations. The Deloitte recommendations, findings and the City's response is set out in the attached *Implementation Plan - Organisational Capability & Compliance Assessment*. The purpose of this report is to provide the Audit and Risk Committee with the attached update on the Implementation Plan.

**Reporting on Progress**

Further status reports will be provided to the Audit and Risk Committee on a quarterly basis.

**Financial Implications:**

There are no direct financial implications associated with this status report.

ATTACHMENT 8.6A



# City of Perth

## **Implementation Plan**

### **Organisational Capability and Compliance Assessment**

September 2017



## Introduction

The City of Perth is committed to working towards addressing the findings from the Organisational Capability and Compliance Assessment, produced by Deloitte. The following section provides the high level initiatives that will be conducted, with indicative timeframes, to address each recommendation and findings.

## Implementation Plan initiatives

### Recommendation 1:

<b>Recommendation</b>	Clarify the City's legislative framework and corporate governance framework to improve transparency in how legislative obligations and objectives are interpreted and applied
<b>Associated Findings</b>	<b>1.</b> One instance of previously undisclosed non-compliance with in-scope legislation was identified (CPP)
	<b>3.</b> The high degree of interpretation required means the City must rely on strategy and policy to guide decision making, however the City's current strategy and policy frameworks are insufficient in their current form
	<b>5.</b> Certain corporate business controls are weak
	<b>7.</b> Aspects of governance and risk are being improved through the development and rollout of new tools and frameworks
	<b>8.</b> Compliance risks remain, particularly in the context of an unprecedented number of changes in the workforce
	<b>13.</b> Business processes are at varying stages of redesign and levels of maturity

Initiatives to address the recommendation and subsequent findings are:

High Level Initiatives	Indicative Timeframe
Development of CPP Major undertaking and Business Plan	Oct 2017
Conduct a Legislative Compliance Review	July 2017
Conduct a foundation review of all policies (Short Term Action Group Phase 1)	July-Sept 2017
Propose changes and initiate new policies based on Phase 1 work (Short Term Action Group Phase 2)	Oct-Nov2017
Identify cross Business Unit processes	Nov-Dec 2017
Define Control Frameworks and Accountabilities	Oct 2017
Develop on-boarding program	Sept-Mar 2018
Define corporate compliance unit role and soft skill training/requirements	Sept-Dec 2017
Review delegation requirements based on new business model	Nov-Dec 2017
Implement actions associated with high level initiatives	Jan-Dec 2018

## Recommendation 2:

<b>Recommendation</b>	Complete the development of a clear organisational strategy that makes explicit strategic choices on the City's priorities and how it balances competing expectations
<b>Associated Findings</b>	<b>6.</b> Management reporting is inconsistent and does not provide the executive leadership with the information required to make effective decisions
	<b>9.</b> There is no clear alignment between organisational strategy and business unit strategies
	<b>10.</b> The organisation is managing to overall budget, not to business outcomes

Initiatives to address the recommendation and subsequent findings are:

High Level Initiatives	Indicative Timeframe
Develop Strategy Hierarchy	July-Sept 2017
Development of Integrated Corporate Planning and Reporting Framework	July-Dec 2017
Development of Organisational Business Strategy (Corporate Business Plan)	July-Sept 2017
Implementation of Integrated Corporate Planning and Reporting Framework	Oct 2017 – Jun 2018
Develop appropriate Management Reports (Short Term Action Group)	Oct 2017 – Jun 2018
Develop Directorate KPIs and dashboards	Oct 2017 – Jun 2018
Development of KPI framework aligned to Strategic and Corporate Reporting (Hierarchy and Structure)	Oct-Nov 2017
Develop Corporate Planning Calendar	Oct – Dec 2017
Implement actions associated with high level initiatives	Jan-Dec 2018

### Recommendation 3:

<b>Recommendation</b>	Based on a clear organisational strategy, make deliberate choices about the organisations business future
<b>Associated Findings</b>	2. The majority of the City's services are discretionary in nature and not prescribed by legislation

Initiatives to address the recommendation and subsequent findings are:

High Level Initiatives	Indicative Timeframe
Conduct a foundation review of all City of Perth Services (Short Term Action Group Phase 1)	July-Sept 2017
Conduct ELG Strategic Priority Setting/Workshops	Sept 2017
Review Customer Channels	Oct-Nov 2017
Develop Target Business Model	Sept–Nov 2017
Implement actions associated with high level initiatives	Jan-Dec 2018

### Recommendation 4:

<b>Recommendation</b>	Strengthen the City's operating model design, aligning in-flight and planned work towards a common and consistent target state
<b>Associated Findings</b>	4. Decision making process vary leading to inefficient decision making
	11. The City is limited in its ability to make informed decisions on workforce management (PD standardisation)
	12. New roles and responsibilities are not well understood across the organisation, particularly for processes that are executed across multiple business units
	14. Procurement spend could be optimised through improved sourcing, consolidation and contract compliance

Initiatives to address the recommendation and subsequent findings are:

High Level Initiatives	Indicative Timeframe
Develop a Decision Making Matrix for operational decision making abilities (Short Term Action Group)	July-Sept 2017
Clarify Position Description Structure and role titles for consistency	Oct-Dec 2017
Align roles and responsibility to services	Oct-Dec 2017
Review the Procurement model and System	Sept 17 – Dec 18
Implement actions associated with high level initiatives	Jan-Dec 2018

## Recommendation 5:

<b>Recommendation</b>	Align the leadership in support of the transformational change
<b>Associated Findings</b>	<b>15</b> While the restructure is nearing completion, other important elements of successful change have not yet been addressed, representing a major risk in terms of performance, culture and retention
	<b>16.</b> The ELG is insufficiently aligned to support successful transformation
	<b>17.</b> The ELG's capacity to shape and lead the change is constrained by a high proportion of time devoted to operational matters

Initiatives to address the recommendation and subsequent findings are:

High Level Initiatives	Indicative Timeframe
Establish OCCA Management Office for oversight and delivery of OCCA response	July 2017
Conduct ELG workshops on key elements – Strategic Priorities; Corporate Strategy/Business Plan; Target Business Model	July-Nov 2017
Conduct organisational culture survey	July-Sep 2017
Develop and deliver culture refresh program	Aug-Nov 2017
Implement actions associated with high level initiatives	Jan-Dec 2018

It is worth acknowledging that many initiatives will work towards more than one recommendation and/or finding. Whilst it is listed under a best fit 'recommendation' this does not reduce its impact across multiple areas.

ATTACHMENT 8.6B



# City of Perth

**Organisational Capability and Compliance Assessment**

## **Implementation Plan – Status Report**

May 2018

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## IMPLEMENTATION STATUS

High Level Initiatives	Original Timeframe	Adjusted Deadline	Status	Status Commentary
Development of CPP Major undertaking and Business Plan	October 2017	August 2018	Draft developed for Public Comment	<ul style="list-style-type: none"> <li>Initiative placed on hold due to Election and Council Suspension until March 2018.</li> <li>Major undertaking has been drafted and is scheduled to be advertised for public comment on 23 May 2018. Public comment will be open until 4 July 2018, at which time a report will be developed for Commissioner consideration, anticipated in late July</li> </ul>
Conduct a Legislative Compliance Review	July 2017	N/A	Initiative Completed	<ul style="list-style-type: none"> <li>Completed and implemented (Refer Compliance Accountability Listing and Compliance Calendar).</li> </ul>
Conduct a foundation review of all policies (Short Term Action Group Phase 1)	September 2017	N/A	Initiative Completed	<ul style="list-style-type: none"> <li>Completed – Approved by Executive Leadership Group (ELG) 17 January 2018.</li> </ul>
Propose changes and initiate new policies based on Phase 1 work (Short Term Action Group Phase 2)	November 2017	June 2019	Policy update approach developed; Implementation factored in Business Plans	<ul style="list-style-type: none"> <li>High Risk Policies are to be completed by 30 June 2018, Medium Risk 31 December 2018 and low risks 30 June 2019, High Risk Policy Listing attached in Appendix.</li> </ul>
Identify cross Business Unit processes	December 2017	September 2019	Process reviews commenced	<ul style="list-style-type: none"> <li>The City's events booking process is currently under review to identify process inefficiencies and deliver reforms to better provide value to customers. The project is a major cross functional undertaking for the City as the Events service is delivered by officers from Health and Activity Approvals, Development Approvals, Parking Services, Transport, Waste and Cleansing, Parks, Customer Service, Activation and Events, Finance, the Surveillance Centre, Rangers and Property units.</li> <li>Interviews with Events customers to fully understand their needs and expectations.</li> <li>Measuring value and failure demand.</li> <li>Measuring and analysing Days from permit issue to bump-in.</li> <li>Interviews with process participants to understand their needs and improvement ideas and map the current state process.</li> <li>Evaluating the possibility that current IT systems will be suitable to support the redesigned process.</li> </ul>

High Level Initiatives	Original Timeframe	Adjusted Deadline	Status	Status Commentary
				<ul style="list-style-type: none"> <li>In addition, projects to review processes identified as part of the Target Business Model project to be transferred to other business units has begun with background analysis conducted.</li> </ul>
Define Control Frameworks and Accountabilities	October 2017	December 2018	Initial definition complete; Further review pending	<ul style="list-style-type: none"> <li>The City's control frameworks and the responsibilities of each business unit have been identified (as set out in attached appendix). Further review of the control frameworks are planned as part of the Business Transformation Project (as set out in the Corporate Business Plan).</li> </ul>
Develop on-boarding program	March 2018	January 2019	Scope Completed; Implementation commenced	<ul style="list-style-type: none"> <li>Scope and resourcing requirements for project developed.</li> <li>Talent Acquisition and Management specialist appointed and commencing 21 May 2018 to further progress on boarding process.</li> <li>Pre-boarding (prior to arrival into organisation) program has been developed to be launched on 1 August 2018.</li> </ul>
Define corporate compliance unit role and soft skill training/requirements	December 2017	December 2018	Position Description Clarity and standardisation Completed; Compliance and soft skills training matrix completed; Implementation of compliance information commenced	<ul style="list-style-type: none"> <li>Verification and cleansing of positions descriptions and creation of standardised template has been completed.</li> <li>Transfer of existing Position Description to new template has commenced with standardisation of role titling anticipated to be completed by August 2018.</li> <li>Introduction of Policy ownership and compliance to delegation for Managers to be featured in Position Description, expected to be completed by December 2018.</li> <li>Compliance and soft skills training matrix has been completed 30 March 2018.</li> </ul>
Review delegation requirements based on new business model	December 2017	N/A	Initiative Completed	<ul style="list-style-type: none"> <li>Any changes to business structure will trigger a further review to ensure delegations are adequately captured.</li> </ul>
Develop Strategy Hierarchy	September 2017	N/A	Initiative Completed	<ul style="list-style-type: none"> <li>Target state consisting of reduction of existing strategies, replacing with 5 Strategic Plans, now incorporated into the current Integrated Planning and Reporting Framework.</li> </ul>



High Level Initiatives	Original Timeframe	Adjusted Deadline	Status	Status Commentary
Development of Integrated Corporate Planning and Reporting Framework	<b>December 2017</b>	<b>N/A</b>	Initiative Completed	<ul style="list-style-type: none"> <li>Existing Framework reviewed alongside best practice.</li> <li>Proposed target state consisting of reduction of existing strategies, replacing with 5 Strategic Plans.</li> <li>Framework implementation embedded into corporate Business Plan.</li> </ul>
Development of Organisational Business Strategy (Corporate Business Plan)	<b>September 2017</b>	<b>N/A</b>	Initiative Completed	<ul style="list-style-type: none"> <li>Review of compliance requirements and best practice.</li> <li>Development of Corporate Business Plan conducted.</li> <li>Briefing to Elected Members with support provided on the high level initiatives.</li> <li>Corporate Business Plan endorsed by Council – December 2017.</li> </ul>
Implementation of Integrated Corporate Planning and Reporting Framework	<b>June 2018</b>	<b>N/A</b>	Initiative Completed	<ul style="list-style-type: none"> <li>Existing Framework reviewed alongside best practice.</li> <li>Proposed target state consisting of reduction of existing strategies, replacing with 5 Strategic Plans.</li> <li>Framework implementation embedded into corporate Business Plan.</li> </ul>
Develop appropriate Management Reports (Short Term Action Group)	<b>June 2018</b>	<b>N/A</b>	Enterprise Performance Framework Development Commenced	<ul style="list-style-type: none"> <li>Review of existing reporting formats has commenced.</li> <li>Development of Finance Data Warehouse.</li> <li>Continuous improvement of Financial Management Task Force reporting.</li> <li>Development and evaluation commenced on PowerBI opportunities for dashboard reporting.</li> <li>Enterprise Performance Framework Project has commenced. This framework will set out the process and approach to deliver feedback on performance through Business Unit Reports, Directorate Reports and the Corporate Business Plan.</li> <li>Draft Directorate KPIs Developed.</li> <li>Demonstration of the Finance One system module on business planning and reporting scheduled for 21 May 2018.</li> </ul>

High Level Initiatives	Original Timeframe	Adjusted Deadline	Status	Status Commentary
Develop Directorate KPIs and dashboards	June 2018	N/A	Development of Draft Dashboard and KPIs commenced	<ul style="list-style-type: none"> <li>Organisational KPIs developed and endorsed as part of the Corporate Business Plan.</li> <li>Draft KPIs have been created for each of the City's Directors, aligned with the Corporate Business Plan.</li> <li>Initial scoping of dashboard options commenced, with conceptual design in development, as shown in appendix.</li> <li>Development and evaluation commenced on PowerBI opportunities for dashboard reporting.</li> </ul>
Development of KPI framework aligned to Strategic and Corporate Reporting (Hierarchy and Structure)	November 2017	September 2018	Development of Draft KPIs commenced	<ul style="list-style-type: none"> <li>Organisational KPIs developed and endorsed as part of the Corporate Business Plan.</li> <li>Draft KPIs have been created for each of the City's Directors, aligned with the Corporate Business Plan.</li> <li>Business Unit KPI development will be factored in as part of the full review of Business Plan process and template requirements.</li> <li>Reporting mechanisms yet to be created.</li> </ul>
Develop Corporate Planning Calendar	December 2017	July 2018	Draft Developed	<ul style="list-style-type: none"> <li>Draft developed, as shown in appendix, with internal engagement commenced on its practical implementation.</li> </ul>
Conduct a foundation review of all City of Perth Services (Short Term Action Group Phase 1)	September 2017	N/A	Initiative Completed	<ul style="list-style-type: none"> <li>Short Term Action Group initiated.</li> <li>Terms of Reference and Outputs required completed.</li> <li>Organisational service audit conducted and database created.</li> <li>Presentation to ELG on findings completed.</li> <li>Outputs from Short Term Action Group used as input into the Target Business Model process.</li> </ul>
Conduct ELG Strategic Priority Setting/Workshops	September 2017	N/A	Initiative Completed	<ul style="list-style-type: none"> <li>Baseline information collated.</li> <li>Facilitation methodology created and signed off by ELG.</li> <li>Workshop conducted.</li> <li>Outcome of workshop guided development of Corporate Business Plan.</li> </ul>

High Level Initiatives	Original Timeframe	Adjusted Deadline	Status	Status Commentary
Review Customer Channels	November 2017	December 2018	Implementation of CRM pilot and single contact point completed; Finalisation and transfer of customer channels commenced.	<ul style="list-style-type: none"> <li>Customer channels are being reviewed as part of the development of the first point resolution centre and the outcomes of the Customer Service Deloitte Report from 2016.</li> <li>CRM Pilot solution has been implemented as at December 2017.</li> <li>A systematic approach to transfer unit customer channels into the first point resolution centre has commenced, due to be completed by December 2018.</li> <li>Finalisation of preferred customer channels to be developed in line with the stakeholder engagement guidelines (currently under development).</li> <li>A 'single email and phone number' approach has been implemented for customer contact.</li> </ul>
Develop Target Business Model	November 2017	August 2018	Agreement to functional alignment partially implemented	<ul style="list-style-type: none"> <li>Review of Services provided by Short Term Action Group.</li> <li>Outcome of Priority Session with ELG communicated to Business Unit Managers.</li> <li>Workshops held with all Business Unit Managers and Directors on core business purpose and functional responsibilities.</li> <li>Workshops with ELG on organisational pain points.</li> <li>Development and agreement on functional alignment as the driver for change.</li> <li>Workshops with ELG on repositioning organisational functions and services, based on functional alignment methodology.</li> <li>Implementation Plan for Target Business model endorsed by ELG – December 2017.</li> <li>Implementation was halted to minimise organisational disruption during the suspension of Council. Prior to this, some components had been completed (eg movement of Health &amp; Activity Approvals from Planning &amp; Development Directorate to Community &amp; Commercial Services Directorate and review of Council Security and management of alfresco). Implementation of the remaining elements will commence in June 2018.</li> </ul>
Develop a Decision Making Matrix for operational decision making abilities (Short Term Action Group)	September 2017	N/A	Initiative Completed	<ul style="list-style-type: none"> <li>Short Term Action Group initiated and draft report completed.</li> <li>Terms of Reference and Outputs required completed.</li> <li>Organisational Decision making audit conducted.</li> <li>Presentation to ELG on findings and proposed structure completed.</li> <li>Implementation timeframe to be assessed in line with Target Business Model activities.</li> <li>Further refinement of operational decision making and controls to be developed during 2018.</li> </ul>

High Level Initiatives	Original Timeframe	Adjusted Deadline	Status	Status Commentary
Clarify Position Description Structure and role titles for consistency	December 2017	August 2018	Position Description standardisation completed; Transfer commenced	<ul style="list-style-type: none"> <li>Verification and cleansing of positions descriptions and creation of standardised template has been completed.</li> <li>Transfer of existing Position Description to new template has commenced with standardisation of role titling anticipated to be completed by August 2018.</li> </ul>
Align roles and responsibility to services	December 2017	December 2018	Phase one commenced	<ul style="list-style-type: none"> <li>Phase 1 will include the delivery of consistent Position Descriptions, in August 2018.</li> <li>Phase 2 is anticipated to involve the review of the Business Unit Plan structure and process to ensure clarity of service and unit purpose.</li> </ul>
Review the Procurement model and System	December 2018	September 2018	Policy review, tender evaluation and standardised formats completed; Strategy approach drafted	<ul style="list-style-type: none"> <li>Procurement Policy and procedures have been reviewed and updated, implemented in February 2018.</li> <li>RFQ &amp; RFT formats updated and implemented March 2018.</li> <li>Tender evaluation scorecard updated and implemented in April 2018.</li> <li>Procurement Strategy has been drafted, to be tabled with ELG in June 2018.</li> </ul>
Establish OCCA Management Office for oversight and delivery of OCCA response	July 2017	N/A	Initiative Completed	<ul style="list-style-type: none"> <li>Office Terms of Reference created and signed off by ELG.</li> <li>Governance structure created.</li> <li>Internal human resources repurposed to become the OCCA Management Office.</li> <li>Office decommissioned in December 2017, with implementation of OCCA decentralised into technical areas of expertise, with oversight assigned to Strategy and Partnership Unit.</li> </ul>
Conduct ELG workshops on key elements – Strategic Priorities; Corporate Strategy/Business Plan; Target Business Model	November 2017	N/A	Initiative Completed	<ul style="list-style-type: none"> <li>Baseline information collated for each focus.</li> <li>Facilitation methodology created and signed off by ELG.</li> <li>Workshops conducted.</li> <li>Outcomes of workshop guided development of Corporate Business Plan and Target Business Model.</li> </ul>
Conduct organisational culture survey	September 2017	N/A	Initiative Completed	<ul style="list-style-type: none"> <li>Second survey scheduled for September 2018, with HR meeting survey provider 8 June 2018.</li> </ul>
Develop and deliver culture refresh program	November 2017	December 2018	Organisation Values Completed; Cultural Refresh commenced	<ul style="list-style-type: none"> <li>Organisational Reward and Recognition program developed and subsequently launched 15 May 2018.</li> <li>Organisation change champions group selected and identified four key priorities for the organisation, in respect to culture change management.</li> </ul>

High Level Initiatives	Original Timeframe	Adjusted Deadline	Status	Status Commentary
				<ul style="list-style-type: none"> <li>• Organisation change champions workshopped and developed new organisational values, which were launched to the organisation in February.</li> <li>• Values tagline competition was developed and launched to involve staff in assisting with embedding values within the organisation.</li> <li>• Terms of Reference developed for implementation of cultural refresh, driven by change champions, has been drafted to be reviewed by ELG in June 2018.</li> <li>• Appointment of consultancy to conduct ELG coaching workshop, launched 5 June 2018.</li> <li>• Embedding workplace values session with external provider scheduled and to be launched 20 August.</li> <li>• Values have been embedded into induction process, feature in all Position Descriptions and performance evaluation processes.</li> </ul>

## APPENDIX

### 1. CITY OF PERTH HIGH RISK POLICY LISTING

Policy No.	Policy Title	Year of Original Approval by Council	Year last amended	Lead Business Unit	Risk Rating	REVIEW FREQUENCY
1.9	Public Relations and Social Media Policy - Media Statements and Press Statements	1989	Jul-17	GOV	HIGH	Annual
6.12	Safer Design	2004		CDU	HIGH	Annual
6.2	Comment and Recommendations on Development Proposals referred to the City by Statutory Authorities	2010		DAU	HIGH	Annual
9.1	Budget Policies	2000	2014	FIN	HIGH	Annual
CP9.7	Purchasing Policy	2011	2016	FIN	HIGH	Annual
9.10	Management of Leases	2011	2016	PPM	HIGH	Annual
CP9.12	Asset Management Policy	2013	2015	AMU	HIGH	Annual
CP9.15	Contributed Asset Policy	2015	New policy 2015	AMU	HIGH	Annual
10.3	Elected Members - Interstate and Overseas Travel and Expenses	2006	2011	GOV	HIGH	Annual
14.1	Alfresco Dining	2000	2011	HAA	HIGH	Annual
14.10	Issue of Certificates and Permits under the Liquor Control Act 1988	2010		DAU	HIGH	Annual
18.10	Street Marches and Public Meetings - CBD Retail Precinct	1990	2007	HAA	HIGH	Annual
20.7	Lighting	1992	Aug-16	CDU	HIGH	Annual
20.13	Road Safety Audits	2010		TU	HIGH	Annual
CP22.3	Traffic Management within the Road Reserve	2012	2015	TU	HIGH	Annual
CP22.6	Resident On-Street Parking Policy	2004	2015	PSU	HIGH	Annual
22.9	On Street Parking	2009		PSU	HIGH	Annual
23.4	Waste Removal Service - Commercial	1986	1998	WAC	HIGH	Annual
23.6	Waste Removal Service - Special Clean Up	1992	1998	WAC	HIGH	Annual

## 2. CITY OF PERTH CONTROL FRAMEWORKS

The City of Perth Administration is governed by a range of control frameworks to guide and direct decision making and the execution of processes. These control frameworks are set out below.

### Legislation

The function of the City of Perth Council and Administration is governed by the Local Government Act 1995. The operations of the Administration is governed by a range of State and Federal legislation related to specific functions (eg human resources and equal opportunity, environmental amangement, financial management etc...).

### Council resolutions

Council resolutions are provided via Council meetings on range of issues as permitted under the Local Government Act 1995.

### Council policies

Policies adopted by Council focus on the high level strategic and statutory decision-making obligations of Council.

Over 100 Council policies guide the Administrations operations in areas of:

- Community Relations
- Community Services
- Corporate Management
- Customer Service
- Development and Building Controls
- Energy Supply and Telecommunications
- Environmental Management
- Financial Management
- Governance
- Government Relations
- Human Resources
- Information Management
- Land Use Planning
- Parks and Reserves
- Plant, Equipment and Stores
- Recreation and Cultural Services
- Risk Management
- Roads
- Sewerage and Drainage
- Traffic and Transport
- Waste Management

Elected Members and Employees are required to act in accordance with Council Policies.

### Administration Policies

Organisational policies are statements relevant to corporate administration and operational management of the City of Perth. These include policies regarding:

- Decision Making
- Employee Farewell Functions
- Fleet and Plant Safe Management
- Equal Employment Opportunity (EEO)
- Paid Partner Leave
- Prevention and Management of Workplace Bullying
- Work Experience / Internship
- Dress Standards Policy
- Motor Vehicle Fleet – Acquisition, Allocation and Management
- Record Keeping
- Electronic Signatures
- Asbestos Management
- End User ICT Information Security Policy
- ICT Operational Security Policy
- Occupational Safety and Health Policy

### Corporate and Unit Procedures

The execution of the City's functions are facilitated through 186 Corporate Procedures and 350 Unit Procedures. Corporate procedures relate to tasks conducted across the organisation while Unit procedures relate to tasks generally conducted by a single business unit.

### Executive Leadership Group resolutions

The Executive Leadership Group, comprised of the Chief Executive Officer and the Directors of the Administrations five directorates, provide decision making and direction setting for the organisation. ELG decision making is typically focussed on internal matters or relate to guidance and recommendations on matters that are to be presented to Council.

### Risk Management Framework

The City's Risk Management Framework sets out the key principles that guide how risk management is embedded at all levels — among them, customer service, development approvals, events, government and commercial partnerships and services to the rate payers of, and visitors to the City of Perth. The Framework outlines how the City will ensure that risk is managed effectively and appropriately.

### Delegations Register

The Delegations of Authority register contains authorities provided under the *Local Government Act 1995* and which are delegated to committees, the Chief Executive Officer and City of Perth.



### 3. CITY OF PERTH ADMINISTRATION ACCOUNTABILITIES

The City of Perth Administration is comprised of six directorates: The Office of the CEO, Economic Development and Activation, Planning and Development, Construction and Maintenance, Community and Commercial Services and Corporate Services. Thirty two business units are spread across these directorates.

The functions of these business units are set out in an individual business unit plan required for each unit. Within this plan, the projects and initiatives to be delivered must be clearly linked to the City's Corporate Business Plan. The responsibilities of each business unit is set out below.

#### **CEO Office**

Function: Provide clear direction, guidance and accountability to the organisation based on strategic and regulatory objectives that delivers for the community. (Residents, businesses, stakeholders and visitors).

#### Strategy and Partnership

The Strategy and Partnership unit provides direction to the organisation to enable effective delivery of strategic objectives.

Responsibilities:

- Corporate Strategy, Planning and Performance
- Stakeholder Engagement and Advice
- Intergovernmental Support and Liaison
- Business Improvement

#### Governance

The Governance Unit champions good governance risk management and policy and compliance frameworks for the City of Perth. The Governance unit provides processes and information for Elected Members, the Executive and all staff in their decision making

Responsibilities:

- Management of Governance advisory service.
- Management of legal matters, including Local Laws.
- Elected Member support.
- Management of Business Continuity & Risk Management.
- Electoral Services.

#### Corporate Communications

The Corporate Communications Unit is a full-service communications agency that protects and enhances the City of Perth's reputation. The team develops and maintains a constructive and engaging conversation between the City of Perth and its stakeholders.

Responsibilities:

- Lead the City of Perth's strategic communications, media, government relations and community engagement program.
- Provide strategic communications and engagement advice.

- Responsible for the City of Perth's corporate brand management.
- Provides internal and external communications support to all business units (including graphic design).

### **Corporate Services**

Function: Providing the supporting products and services that enable the organisation's business units to provide quality outcomes for the community.

#### Human Resources

The Human Resources Unit provides advice, support and systems that assist managers to manage staff and provide support to all employees.

Responsibilities:

- HR Business Partner Support
- Employee Relations
- Occupational Safety and Health
- Learning and Development
- Organisational Development

#### Finance

The Finance Unit manages corporate finance and provides financial and related services to the organisation. It has an integrated approach and a focus on responsible management of resources.

Responsibilities:

- Financial Accounting
- Payroll
- Funds Management
- Management Accounting
- Procurement and Contract Management

#### Information Technology

The Information Technology Unit provides the hardware and software necessary to activate the organisation. The unit manages the enterprise architecture and the systems that it comprises to ensure users are equipped to do their best.

Responsibilities:

- User Support System
- Operations Support
- Business Systems
- Enterprise Architecture

### Data & Information

Responsible for the management, storage and utilisation of the City's information assets. The Unit provides solutions and access to information that enables enhanced decision making and generates additional value for the City of Perth. Partnering with the business to provide strategic, analytical, and technical direction in relation to business intelligence activities, this Unit ensures accurate and relevant data is accessible to all users to drive performance and enable the organisation in achieving its goals.

#### Responsibilities:

- Records
- Social Listening Capacity
- Spatial Data Management
- ECM/eService Capability Development and Data Management

### Asset Management

The Asset Management Unit is responsible for delivering the organisations integrated Corporate Asset Management Plan, which is a key component of the Integrated Planning and Reporting Framework. The Unit is responsible for developing Asset Management strategies and operational practices to effectively manage the City of Perth's asset portfolio worth \$1.4 billion.

#### Responsibilities:

- Asset Management Strategy
- Corporate Asset Management Plan
- Effective Management of City's Asset Portfolio

## **Planning & Development**

Function: Plan the city places and spaces to enable the community to utilise their city effectively, focussing on liveable qualities.

### City Planning

The City Planning Unit is responsible for the long term strategic planning of the city, including the establishment of a robust knowledge and research base which will also benefit the business activities of the wider organisation. The Unit possesses great expertise and passion in each of the fundamental planning disciplines necessary to plan an aspirational and sustainable city.

Responsibilities:

- Economic, Environmental and Social Research
- Strategic Land-use Planning
- Strategic Social Planning
- Strategic Infrastructure Planning
- Strategic Environmental Planning

### Coordination & Design

The Coordination and Design Unit is responsible for the design, coordination and appropriate delivery trajectory of projects and programs within the public realm in the City, as identified by the City's strategic plans and vision.

Responsibilities:

- Investment Gateways Management
- MRA Project Interface Management
- Urban Projects Concept Development
- Drafting Services
- Project Scoping and Business Case Development

### Transport

The Transport Unit will provide innovative direction and advice on a range of strategic traffic and transport issues for the City of Perth and integrate strategic traffic and transportation planning with a range of disciplines implementing the objectives of the City of Perth Investment Gateways Management.

Responsibilities:

- Transport Planning
- Traffic Management
- Traffic Modelling
- Parking Planning

### Development Approvals

The Development Approvals Unit has a statutory responsibility for handling applications for the development of the built environment in the City of Perth and ensuring compliance with approvals.

Responsibilities:

- Development Approvals
- Building Approvals
- Development Compliance
- Statutory Process Management

### Sustainability

The Sustainability Unit works with both internal and external stakeholders to build key relationships and to collaboratively implement the City's sustainability priorities, including educating and providing a better understanding of operationalising and embedding sustainability.

#### Responsibilities:

- Identifies synergistic opportunities across all business units and all sectors of the community to address, in a mutually beneficial manner, multidisciplinary priorities as identified in the Strategic Community Plan.

## **Community & Commercial Services**

Function: Focused on delivering community services and enabling their customer experience journey to be effective.

### Customer Service

The Customer Service Unit is responsible for the majority of external customer contact on behalf of the organisation and acts as the facilitating interface between customers. The Unit strives to ensure our customers value their experience and their impression of the City is positive.

Responsibilities:

- Call Centre
- Customer Service Centre
- Training and Information
- Complaints
- Customer e-Service
- Elected Member enquiries

### Parking Services

The Parking Services Unit provides information and assistance to users of the City's street parking and regulates the use of parking to ensure usage and accessibility is optimised.

Responsibilities:

- Street Patrolling (information and enforcement)
- Infringement Processing
- Event Parking

### Commercial Parking

The Commercial Parking Unit operates under the business name City of Perth Parking (CPP) and is responsible for the operation and management of 34 car parks, totalling 10,892 bays, as well as machine maintenance and financial management of 6,000 on-street bays

Responsibilities:

- Business Development
- Marketing
- Car-park Operations
- Technical Services

### Library

The Library provides a hub of knowledge and activity for the whole community to enjoy.

Responsibilities:

- Library Services and Operations
- Collections Management
- Young People's Library
- Children's Library
- Room and Facility Hire

### Community Amenity & Safety

The Community Amenity and Safety Unit provide essential services that enhance community lifestyle within the City. The Unit works closely with key stakeholders within the business and externally to make the City safe and secure for visitors and residents equally, to maintain a lifestyle at the highest possible level.

#### Responsibilities:

- Surveillance
- Ranger Services
- Community Development and Support
- Public Safety
- Disaster Management

### Community Services

Community Services Unit is responsible for the provision of community services, programs and partnerships that meet the needs of the community in a sustainable manner. The unit is comprised of Community Development, Citiplace Community Centre, Citiplace Child Care Centre, Citiplace Rest Centre, Perth Town Hall, iCity Kiosk and the Lord Mayor's Distress Relief Fund.

#### Responsibilities:

- Access and Inclusion
- Health and Wellbeing
- People with disability
- Seniors
- Culturally and Linguistically Diverse
- Children and families
- Youth
- Sport and recreation
- Homelessness
- Aboriginal and Torres Strait Islander Peoples
- Volunteerism
- Visitor services
- Public Amenity
- Function and meeting spaces
- Community services
- Statewide disaster relief

### Health & Activity Approvals

The Health and Activities Unit ensures the community can enjoy a healthy lifestyle free of unnecessary risks, while carefully managing the impact on the natural environment locally and globally. They are the City's custodians of sustainability with an integrated approach to public health and environmental management encompassing a multi-disciplinary team of professionals committed to managing health risks to the Community.

#### Responsibilities:

- Environmental Planning
- Environmental Approvals
- Public Health Approvals
- Promotional and Preventative Health and Well-being
- Environmental and Public Health Compliance
- Environmental Monitoring and Reporting

## **Construction & Maintenance**

Function: Maintain, in a sustainable manner, and operate the city's built and natural assets to facilitate opportunities for community enjoyment.

### Construction

The Construction Unit is responsible for all construction project activities for the City of Perth. The Unit delivers projects and essential building services to provide infrastructure that contributes to the growth and development of the City

#### Responsibilities:

- Construction Tendering and Contract Management
- Materials and Cost Management
- Design and Drafting
- Civil Infrastructure Construction
- Building Construction

### Street Presentation & Maintenance

The Street Presentation and Maintenance Unit are responsible for the way the City looks. The Unit presents and maintains infrastructure in public places to a high standard and is responsible for asset inspection and maintenance regimes

#### Responsibilities:

- Presentation Surveillance
- Materials and Cost Management
- Programmed Maintenance
- Reactive Maintenance
- Trades Maintenance
- Third Party Utility Works Oversight

### Waste & Cleansing

The Waste and Cleansing Unit provides essential street cleaning, waste collection and waste disposal services and actively promotes responsible waste minimisation, reuse and recycling to City of Perth businesses and residents.

#### Responsibilities:

- Business Development
- Street Cleaning
- Waste Collection
- Waste Minimisation

### Parks

The Parks Unit is responsible for the horticultural presentation of the City and management of 140 hectares of open parkland including reserves, boutique gardens, streetscapes, pocket parks and theming of horticultural displays to compliment major events in the City.

#### Responsibilities:

- Materials and Cost Management
- Horticulture/Arboriculture
- Parks (East, Central and West)
- Irrigation/Mowing



### Properties

The Properties Unit maintains and manages all of the buildings and properties the City owns or occupies to ensure occupants are able to undertake their activities in the best way possible.

#### Responsibilities:

- Materials and Cost Management
- Business Development
- Leasing and Licensing
- Programmed Maintenance
- Periodic Maintenance and Project Management

### Plant & Equipment

The Plant and Equipment Unit is responsible for the management and technical maintenance of the City's owned plant, fleet and equipment.

#### Responsibilities:

- Depot and Store
- Fleet Procurement
- Fleet Maintenance
- Electrical Engineering
- Mechanical Engineering
- Street Lighting and Christmas Decorations

## **Economic Development & Activation**

Function: Activate and promote the city's spaces and places to enhance the vibrancy, facilitate activity and drive growth

### Economic Development

The Economic Development Unit is responsible for seeking opportunities for our City in various industry sectors.

#### Responsibilities:

- Economic Planning and Research
- Energy and Resources Sector support
- Creative Industries Sector support
- Tourism and Conference Sector strategic support (not including Destination Marketing)
- Investment Attraction

### Marketing & Activation

The Marketing and Activation Unit is responsible for marketing the City and all it has to offer in conjunction with engaging the community and stakeholders to establish and maintain relationships.

#### Responsibilities:

- Events
- Civic Events and Catering
- Northbridge Piazza and Forrest Place
- Community Engagement

### Arts & Culture

The Arts, Culture and Heritage Unit provides support and creates opportunity for our community to enjoy the finest arts, cultural and heritage activities and manages our collections.

#### Responsibilities:

- Cultural engagement and research
- Events and exhibitions
- Public art
- Heritage assessment and advice
- History Centre
- Social history and memorabilia collection

### Business Support & Sponsorship

The Business Support and Sponsorship Unit provides information and support for the businesses which operate in our city. The Unit also manages a wide range of sponsorship and grants on offer to the Community.

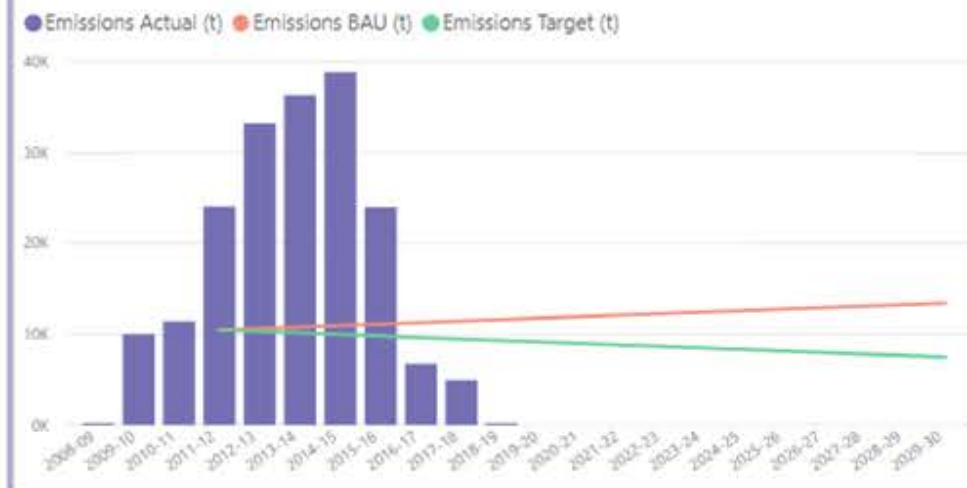
#### Responsibilities:

- Business Engagement and Research
- Business Information and Support Programs
- Sponsorship and Grants
- Funding Programs
- Place Development

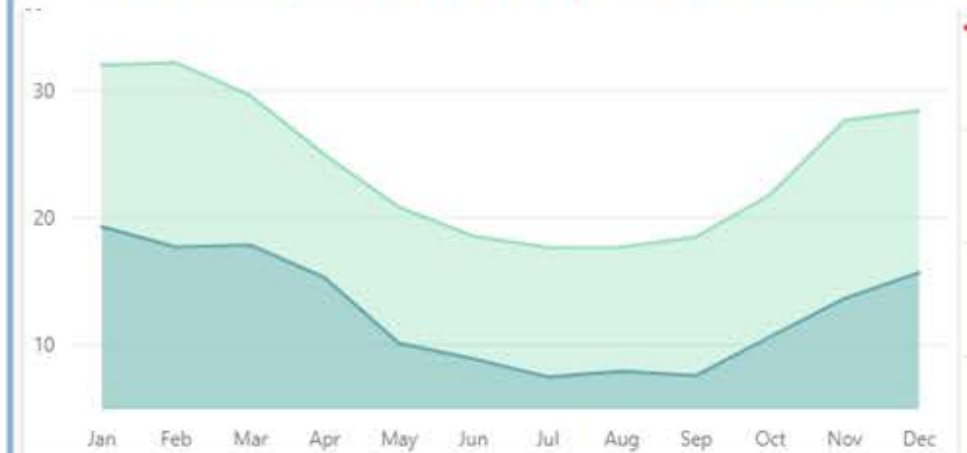
## 4. CITY OF PERTH DRAFT DASHBOARD CONCEPTS

### Sustainability Performance

Total Corporate Emissions from Baseline Year with BAU, Target and Current Tracking



Residential Water Consumption (kL) per Capita and Target (Excl. Subiaco and Nedlands)



### 2030 Targets

#### CORPORATE

**50,000**  
community members  
engaged per year



**All**  
CoP Management  
Plans climate-proofed



**30%**  
reduction in  
operational emissions



**25%**  
operational energy  
from renewable or low  
carbon sources



**25%**  
reduction in  
scheme water use



**70%**  
recovery of  
commercial and  
industrial waste

**65%**  
recovery of municipal  
solid waste

#### COMMUNITY

**30%**  
NLA participating in  
environmental programs

**50% or above**  
the City's score in  
Disaster Resilience  
(UN ODRP)\*

**30%**  
reduction in  
city-wide emissions

**20%**  
city-wide energy  
from renewable or  
low carbon sources

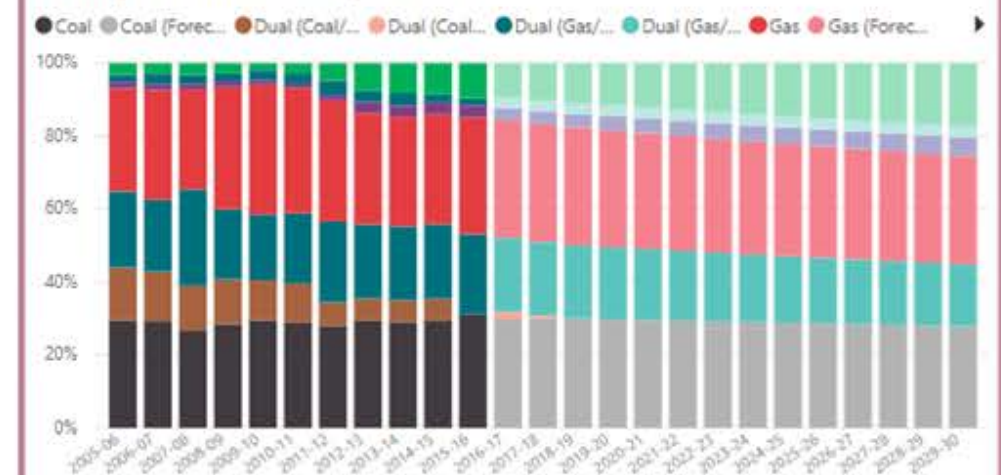
**78kL**  
limit per person  
residential water use

**75%**  
recovery of  
construction and  
demolition waste

Total Community Emissions from Baseline Year with BAU, Target and Current Tracking

Financial Year	Emissions BAU (t)	Emissions Target (t)	Emissions Actual (t)
2017-18	1,078,632.00	905,832.00	251,633.06
2016-17	1,069,296.00	910,896.00	519,378.55
2015-16	1,059,960.00	915,960.00	512,711.16
2014-15	1,050,624.00	921,024.00	521,433.76
2013-14	1,041,288.00	926,088.00	543,244.26

Electricity Generation Mix (%) by Fuel Source



City of Perth

## 5. CITY OF PERTH DRAFT CORPORATE PLANNING CALENDAR

