

Audit and Risk Committee

Notice of Meeting
5 November 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
 - 3.1 Question Time
 - 3.1.1 The following question was taken on notice at the Audit and Risk Committee Meeting held 13 August 2018. The response is outlined below:
Question from Mr Tony Ransom, Pearl Villa, 453 Murray Street, Perth WA 6000

Question	Can the footpaths and ramps around Mclver Station and the western side of Lime Street be inspected from a risk perspective?
Answer	The City does intend to undertake a risk assessment of the area. The footpath, adjacent to the carpark, is infill concrete and not intended for use as designated footpaths but other improvements will be assessed.

- 4 Confirmation of Minutes – 13 August 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 the Committee resolve to close the meeting to the public prior to discussion of the following:

Attachment No.	Item No. and Title	Reason
Confidential Attachment 8.1B	Item 8.1 — Risk Management Quarterly Update	s5.23(2)(f)(i)(ii)
Confidential Attachments 8.3B and 8.3C	Item 8.3 — Review of Named Contractors in the Corruption and Crime Commission Report into Bribery and Corruption within North Metropolitan Health Service	5.23(2)(c)

Report No.	Item Title	Page
8.1	Risk Management Quarterly Update	1
8.2	Chief Executive Officer Review of Systems and Procedures 2018	57
8.3	Review of Named Contractors in the Corruption and Crime Commission Report into Bribery and Corruption within North Metropolitan Health Service	111
8.4	Outstanding Internal Audit Items – October 2018	203
8.5	Organisational Capability and Compliance Assessment – Status Report	213

9 Motions of which Previous Notice has been given

10 General Business

10.1 - Responses to General Business from a Previous Meeting

Non-Compliant Investments (Raised at meeting held 21 May 2018)

The City is seeking advice from the City's auditors regarding the investments, they are addressing the issue as part of the annual audit work.

If the investments are deemed to be outside of the legislation it will be documented as an audit issue.

10.2 - New General Business

11 Items for consideration at a future meeting

Outstanding Reports:

Nil

12 Closure


ERICA BARRENGER
ACTING CHIEF EXECUTIVE OFFICER
 1 November 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: [26/06/18]

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

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

Delegated Authority 1.1.3 – 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: info.city@cityofperth.wa.gov.au
- Question Sheets are also available on the City's web site: 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.

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.

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

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.



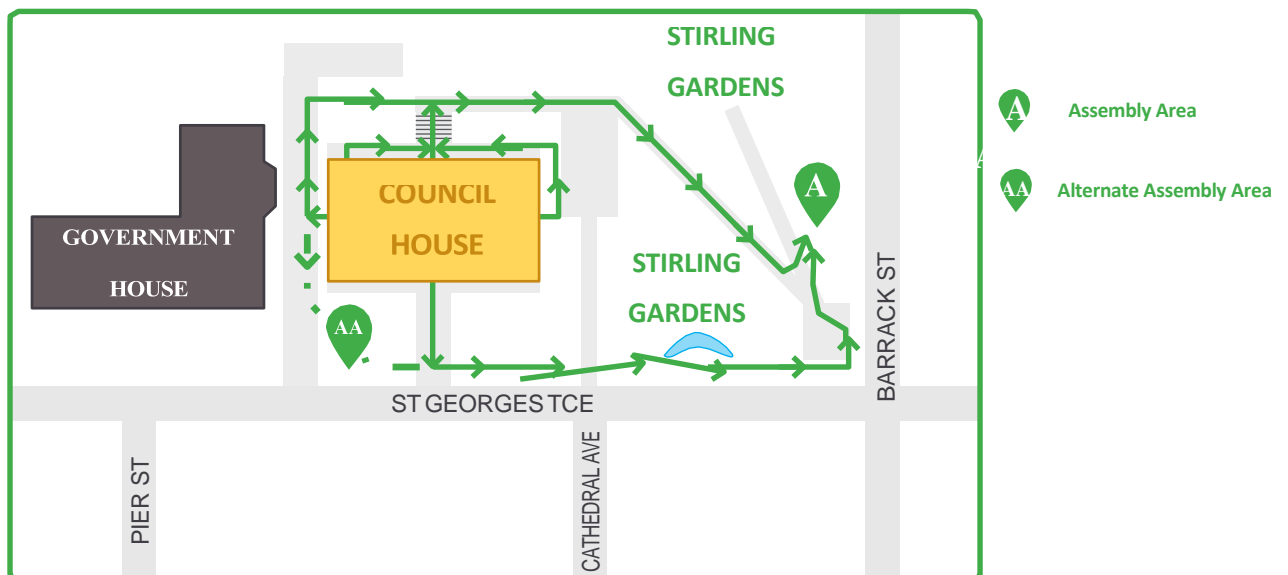
EVACUATION ALARM / PROCEDURES

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



Recommendation:

That the Audit and Risk Committee RECEIVES the Risk Management Quarterly Update for November 2018.

FILE REFERENCE: P1013822-3 – 275826/18
 REPORTING UNIT: Governance
 RESPONSIBLE DIRECTORATE: Office of the Chief Executive
 DATE: 29 October 2018
 ATTACHMENT/S: Attachment 8.1A – High and Extreme Risks Interim Report
 Confidential Attachment 8.1B – High and Extreme Risks Interim Report
 Attachment 8.1C– Risk Assessment Criteria
 Attachment 8.1D – Strategic Risk Summary November 2018
(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

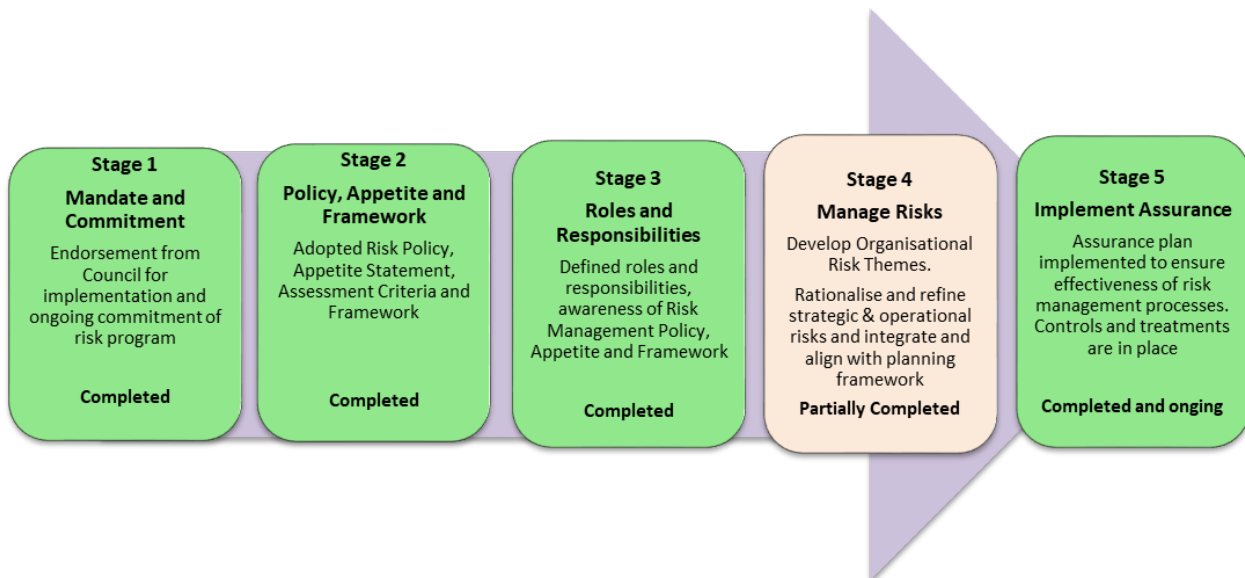
Integrated Planning and Reporting Framework Implications **Strategic Community Plan**
 Goal 7 - An open and engaged city

Policy
 Policy No and Name: 19.1 – Risk Management

Purpose and Background:

The City has completed the implementation of the majority of the recommendations and the “road map” contained in the Risk Management Maturity Assessment Report 2016, with the finalisation of risk themes, linkage to the Occupational Safety and Health Policies and approval of strategic risks by the Audit and Risk Committee, pending.

The following table is a representation of the progress made.



As at 29 October 2018, all 30 of the City’s Business Units’ operational risk assessments have been completed over approximately 50 three-hour workshops.

Risk reviews and reporting

Following completion of workshops all operational and strategic risks will be transitioned into the City’s new Risk, Safety and Compliance System in the first quarter of 2019.

The risks will be subject to ongoing review and reporting through the new system and reported to the Corporate OSH and Risk Management Committee and the Audit and Risk Committee as per the City’s Risk Acceptance Criteria (Attachment 8.1C).

Details:

Operational Risk Profile

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

Eight new high operational risks were identified as part of the rollout of the Risk Management Maturity Assessment Road Map, and are included in the City's operational risk profile. The risks are listed below:

1. **Risk Name:** Media Relations.
Risk Owner: Manager Corporate Communications – Office of the Chief Executive.
Key Service: Perform proactive and reactive media management activities to enhance and protect the reputation and brand of the City of Perth.
2. **Risk Name:** Licencing of Public Health Premises.
Risk Owner: Manager Health and Activity Approvals – Community and Commercial Services Directorate.
Key Service: Licencing (Public Health) – Provision of a licencing control program to ensure health premises comply with relevant legislation (Health Act, Food Act etc.).
3. **Risk Name:** On Street Parking Compliance Management.
Risk Owner: Manager Parking Services – Community and Commercial Services Directorate.
Key Service: Managing of parking compliance and safety of public in on street parking through enforcement of *City of Perth Parking Local Law 2017*.
4. **Risk Name:** Compliance Management.
Risk Owner: Manager Governance – Office of the Chief Executive.
Key Service: Implement and monitor compliance systems to ensure statutory compliance through effective controls.
5. **Risk Name:** Corporate Governance Framework.
Risk Owner: Manager Governance – Office of the Chief Executive.
Key Service: Assist the City to identify, implement and monitor effective programmes to achieve and maintain good governance.
6. **Risk Name:** *Event Management.
Risk Owner: Manager Marketing and Activation – Economic Development and Activation Directorate.
Key Service: Plan and deliver internally run city events to deliver social cultural and economic benefits to the community through increase in vibrancy, visitation, activation of the City, and meeting legislative requirements.
**Update to be provided at the next Audit and Risk Committee in February 2019.*

7. **Risk Name:** Event Approvals.
Risk Owner: Manager Health and Activity Approvals – Community and Commercial Services Directorate.
Key Service: Assessment and approval of activity applications – events public in public realm
8. **Risk Name:** *Facilities Management – PCEC Car Park.
Risk Owner: Manager CPP – Community and Commercial Services Directorate
Key Service: The management of off street car park facilities infrastructure through maintenance to achieve optimal performance to support car park operations.
**This risk is to be re-assessed against the City’s risk acceptance criteria for the proposed remedial works project and an update provided at the next Audit and Risk Committee in February 2019.*

Attachment 8.1A and Confidential Attachment 8.1B of this report provide the details for these risks including the status update for the corresponding risk treatment action plans.

The Strategy and Partnership risk workshop (completed 29 October 2018) identified two potential high risks relating to Corporate and Strategic Performance and Integrated Strategic Business Planning. An update on these risks will be provided at the next meeting.

Operational Risk Summary

As at 29 October 2018, there are 147 operational risks which make up the City’s Risk Profile in Figures 1 and 2 below;

0 Extreme Risk
 26 High Risks
 96 Medium Risks
 25 Low Risks

Figure 1: Distribution of risk ratings as at 29 October 2018

	As at 30 July 2018	As at 29 October 2018
Extreme Risks	0 %	0 %
High Risks	19%	17 %
Medium Risks	64%	66 %
Low Risks	17%	17 %

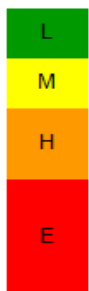
Figure 2: City of Perth Risk Profile (as at 29 October 2018)



Residual Risk Matrix

Risk Area Operational

		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Almost Certain	M	1 Risk(s)	4 Risk(s)	E	E
	Likely	M	3 Risk(s)	8 Risk(s)	E	E
	Possible	L	2 Risk(s)	54 Risk(s)	12 Risk(s)	E
	Unlikely	3 Risk(s)	19 Risk(s)	23 Risk(s)	12 Risk(s)	1 Risk(s)
	Rare	L	2 Risk(s)	1 Risk(s)	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 City's Strategic Risk Summary (Attachment 8.1D) has been reviewed by the Executive Leadership Group, with the below outcomes achieved:

- Current risks reviewed, including the risk treatment action plans;
- Alignment of the strategic risks to strategic community goals;
- Assignment of responsibility for risk treatment action plans;
- Assignment of completion date for the risk treatment action plans; and
- Refinement of the risk treatment plans with business units to confirm accountability and timeframes.

The strategic risks will be subject to ongoing review and reporting through the new system and reported to the Corporate OSH and Risk Management Committee and the Audit and Risk Committee as per the City's Risk Acceptance Criteria (Attachment 8.1C).

A status update on the risk treatment plans will be provided to the Audit and Risk Committee every six months, with full reviews of the risks carried out every 12 months.

Risk Maturity Assessment

The City has completed the second biennial Risk Management Framework Review and Maturity Assessment (Attachment 8.1E). The work was carried out by Riskwest Management Consultants, with new recommendations and a new road map (the 2018-2021 Road Map for Continuous Improvement – page 11) provided within the assessment report. The report is included as an attachment to Agenda Item 8.2 — Chief Executive Officer Review of Systems and Procedures – Risk Management (Attachment 8.2B).

The maturity assessment used a set of qualitative measures summarised below:

1. Intuitive;
2. Aware;
3. Structured;
4. Integrated; and
5. Optimised

The City was assessed at the level of:

STRUCTURED (with some parts of the operational risk management moving towards Integrated) – An organisation risk management policy and framework exist and has been endorsed by the accountable authority. Standardised risk management processes are defined and documented, and basic training conducted. Integration with the operations and broader governance processes is limited. Any risk appetite statements are high-level and qualitative.

Over the next three years, the Governance Unit will focus on implementing the recommendations and road map provided in the report, with the intention of progressing the maturity level of the City's Risk Management Framework towards the level of *INTEGRATED*.

Quarterly updates will be provided to both the Corporate OSH and Risk Management and Audit and Risk Committee, on the key milestones achieved.

Financial Implications:

Nil

Comments:

Quarterly updates will be provided to both the Corporate OSH and Risk Management and Audit and Risk Committee, on the key milestones achieved against the 2018-2021 Road Map for Continuous Improvement.

HIGH AND EXTREME RISK INTERIM REPORT

RISK ID 107

NEW RISK IDENTIFIED	
ASSESSMENT DATE: 07/08/2018	
RISK OWNER: Manager Corporate Communications	
RISK NAME: Media Relations	
KEY SERVICE: Perform proactive and reactive media management activities to enhance and protect the reputation and brand of the City of Perth	
Risk Description	Existing Controls
Failure to effectively perform proactive and reactive media management activities which enhance and protect the reputation and brand of the City of Perth	<p>Specialist Media and Corporate Communications Teams</p> <p>Established process and procedures and internal relationships to source information, if and when required</p> <p>Alternates in place by delegation</p> <p>Advice from Governance on legal and governance matters</p> <p>The City of Perth Code of Conduct and Media Policy</p> <p>Training and Awareness on the obligations of the media policy and code of conduct</p> <p>Governance protocols in place</p> <p>Constant sourcing of positive opportunities and stories</p> <p>Issue specific media strategies developed as required (Inquiry Panel etc)</p> <p>Pre-planned annual calendar of corporate communications activities and opportunities</p>
	Controls Effectiveness
	Adequate
	Risk Rating
	<p>Reputation and External Stakeholders</p> <p>Moderate / Almost Certain</p> <p>HIGH RISK</p>
Treatment Action Plans	
Current Progress	
1. Inquiry Communications Plan – corporate plan to ensure provision of clear, honest and current information to the stakeholders that clarifies the City’s response during the Inquiry Process	<p>The plan outlines the proactive and reactive communications activities both internally and externally. Roles and responsibilities and supporting documentation and implementation dates are provided within the plan.</p> <p>The plan has been drafted and will be presented for approval by the CEO and the Commissioners in October 2018.</p>

RISK ID 108

NEW RISK IDENTIFIED

RISK ID 108		NEW RISK IDENTIFIED	
RISK NAME: Licencing of Public Health Premises		ASSESSMENT DATE: April 2018	
KEY SERVICE: Licencing (Public Health) - Provision of a licencing control program to ensure health premises comply with relevant legislation (Health Act, Food Act etc.)		RISK OWNER: Manager Health and Activity Approvals(HAA) – Community & Commercial Services Directorate	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
Failure to effectively and efficiently provide a licence control program to ensure health premises meet the requirements of the relevant legislation (Food Act, Health Act etc.)	<p>I'm Alert education program (food safety) Information available on the City's website on start-up processes and licencing applications</p> <p>Relevant processes and procedures (currently under review and updating)</p> <p>Internal staff training, mentoring and peer reviews</p> <p>Pathways System for managing information from inspections</p> <p>Industry networks and liaison with state government agencies for advice and support</p> <p>Liaison with internal stakeholders (Governance)</p> <p>Development application and building permit process to include health premise assessments</p>	Inadequate	<p>Legal and Regulatory / Ethical</p> <p>Moderate / Likely</p> <p>HIGH RISK</p>
Treatment Action Plans		Current Progress	
1. Data Cleanse - Complete annual data cleanse and update of master licencing list			This was completed in August 2018.
2. Monitoring and reporting of licencing premises - Set up live monitoring and reporting in Content Manager			There is work underway with the Data and Information Unit to develop solutions. Completion date is set at June 2019.
3. Research into an alternate database system to pathway inclusive of the below initiatives;			The research is underway with a quote request for Open Office Health Manager to be completed in January 2019. Updates to the other initiatives are below;

<ul style="list-style-type: none"> ▪ Develop work instructions for administration officers and EHO users; ▪ Increased budget for 2019/2020 for IT platform purchase; ▪ Environmental Health Officers (EHO's) attend annual conference to expand legislation skillset; ▪ Internal work structure modified to ensure high risk activities are prioritised. 	<ul style="list-style-type: none"> ▪ In progress – due for completion in November 2018; ▪ Completed in 4-year budget forecast for the HAA business unit; ▪ Professional development focused on legislative requirements and application at 2018 National Conference to be attended by Environmental Health Officers ▪ The modified work structure has been completed.
<p>4. Alignment of Licencing Program with changes in the legislation – (Public Health Act 2016)</p>	<p>The new Public Health Act is being rolled out in a staged 5-year process. The Public Health and Wellbeing Plan is currently being managed by the Sustainability Unit, however if this changes there would be a cost implication. All other changes to the Act should not have a significant impact on the City licencing program and should be able to be integrated into business as usual.</p>
<p>5. Business Case Development – Research all IT platforms available as an alternative data management and process system with integration to existing City systems for managing all registered businesses (food premises, lodging houses, outdoor dining, public buildings, aquatic facilities, skin penetration).</p>	<p>Quotes are being sought to establish estimated costs for project. Systems are being researched. One quote has been received and 2 more to be finalised by 30 November 2018.</p>

NEW RISK IDENTIFIED			
RISK ID 109	RISK NAME: Corporate Governance Framework		
ASSESSMENT DATE: 09/10/2018	RISK OWNER: Manager Governance – Office of the Chief Executive		
KEY SERVICE: Assist the City to identify, implement and monitor effective programmes to achieve and maintain good governance			
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
The City's Governance Framework fails to demonstrate and monitor the City's progress in achieving and maintaining the identified tools to support the pillars of good governance	Strategic Community Plan Organisational Culture program established (Courage, Commitment, Respect & Teamwork) Code of Conduct Statement of Business Ethics Organisational Cultural Survey Decision Making Organisational Policy Risk Management Framework & Policy Mandatory staff induction on the City's code of conduct and disclosures of interest, fraud & corruption training Education and Awareness initiatives on the City's compliance obligations and processes Transparency & Accountability website Establishment of City of Perth Inquiry Project Team	Inadequate	Service Delivery / Strategic Objectives Moderate / Almost Certain HIGH RISK
Treatment Action Plans		Current Progress	
1. Develop and implementation of Governance Framework		To be presented to ELG for endorsement in November 2018.	
2. Develop and implementation of Compliance Policy, Framework & System		To be presented to the Audit & Risk Committee and Council for endorsement in May 2019.	
3. Develop and implementation of Fraud and Control Plan		To be presented to the Audit & Risk Committee and Council for endorsement in May 2019.	

NEW RISK IDENTIFIED			
RISK ID 110			
ASSESSMENT DATE:			
RISK NAME: On Street Parking Compliance Management			
RISK OWNER: Manager Parking Services – Community & Commercial Services Directorate			
KEY SERVICE: Managing of parking compliance and safety of public in on street parking through enforcement of City of Perth Parking Local Law			
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
<p>Failure to provide an efficient and reliable enforcement management system for on street parking in line with legislative requirements (City of Perth Parking Local Law, etc.)</p>	<p>Integrated Parking Management System Project (IPMS) underway to replace ageing equipment and systems Critical systems have been prioritised in implementation of IPMS system Manual work arrounds deployed as and if required Manual manipulation of on street parking databases to mitigate outdated technology and systems Training needs matrix for Parking Services Staff (four-week induction training and ongoing training) Monthly assessments of staff capability Supervisor coaching of staff Processes and Procedures 37 permanent parking officers Allocation of staff in line with Beat Management Procedure to meet business requirements Membership to Local Government Learning and Development Forum and Government Gazettes emailing list (e.g. Parking Australia) Auditing and exception reporting on all infringements issued</p>	<p>Inadequate</p>	<p>Financial Major / Possible HIGH RISK</p>
Treatment Action Plans		Current Progress	
<p>1. Integrated Parking Management System (IPMS) – implementation of integrated parking systems (new on street machines, sensors, systems and equipment) to support the efficient operations of the</p>		<p>The tender for the IPMS has been awarded, with negotiations currently underway with the preferred supplier to finalise the various components of the tender.</p>	

<p>City's parking operations, as well as improving customer experience and engagement.</p>	<p>The award of the contract is expected to be finalised during the negotiation process, including a review and update to the Risk Management Plan.</p> <p>During the negotiations, the Contract Management Plan will also be developed by the Project Manager who has been recently appointed.</p> <p>The City will continue to manage and monitor the critical infrastructure during the transition period prior to the rollout of the new equipment.</p>
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RISK ID 111

NEW RISK IDENTIFIED

RISK NAME: Statutory Compliance Management		ASSESSMENT DATE: 16 August 2018	
KEY SERVICE: Implement and monitor compliance systems to ensure statutory compliance through effective controls		RISK OWNER: Manager Governance – Office of the Chief Executive	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
Failure to effectively interpret, monitor, manage and apply the City's statutory requirements and obligations in line with relevant legislative requirements	<p>Compliance Calendar advisory processes</p> <p>Project currently underway to implement the new Risk, Safety and Compliance System (RSC) to enable proactive monitoring and reporting on the status of compliance obligations</p> <p>Documented compliance monitoring processes and procedures</p> <p>Monitoring of compliance obligations through stage agencies compliance reviews (Department of Local Government, Sport and Cultural Industries, Public Sector Commission, Corruption and Crime Commission)</p> <p>Internal and External Audits</p> <p>Training and professional development of staff</p> <p>Staff Induction on the City's code of conduct and disclosures of interest</p> <p>RSC Project will include rescoping the city's compliance obligations and processes</p> <p>Education and Awareness initiatives on the City's compliance obligations and processes</p> <p>Access to the information bulletin produced by the State Law Publisher enables ongoing updates to the City's compliance registers</p> <p>Monitoring of audit action items through the Audit and Risk Committee</p>	Inadequate	<p>Legal and Regulatory / Ethical</p> <p>Moderate / Almost Certain</p> <p>HIGH RISK</p>
Treatment Action Plans		Current Progress	
<p>1. Statutory Compliance Policy and Framework – the framework and policy will outline the process for identifying, recording, evaluating,</p>		<p>The Governance Unit is currently undertaking research into leading practice compliance management frameworks and standards. The outcomes of this</p>	

<p>prioritising, monitoring and reporting on the City's statutory compliance obligations</p>	<p>process will be the development a compliance policy, framework and implementation plan. The framework documents will be presented to the Executive Leadership Group (ELG) by 31 March 2019 for approval and endorsement. Subsequently, endorsement by the Audit and Risk Committee and Council will be sought thereafter. The implementation timeframes of the new framework will be agreed and signed off by ELG as part of this process.</p>
<p>2. Risk, Safety and Compliance System (RSC) – the system will enhance the City's ability to monitor and report on its compliance obligations.</p>	<p>The City is currently implementing a new risk, safety and compliance monitoring system, with system configuration underway. The implementation will commence in February 2019, in conjunction with the new Statutory Compliance Framework and associated procedures.</p>
<p>3. Governance Training Program (compliance management) – the program will be relaunched and education and awareness initiatives on the City's compliance obligations and process</p>	<p>The existing Governance Training Program is undergoing a comprehensive review. Awareness campaigns, guidance materials and training sessions are currently being planned and developed. The Program will be relaunched in January 2019.</p>
<p>4. Review and development of compliance procedures, policies, and protocols – the review will include all statutory compliance processes and procedures and identify any gaps and improvements</p>	<p>The review is expected to be completed by the December 2018. Key compliance procedures have been reviewed and improved following recommendations provided in the recent audit of the compliance annual return. The need for new and improved procedures has also been identified. This will also form part of the review.</p>

RISK ID 112		NEW RISK IDENTIFIED	
RISK NAME: Event Approvals		ASSESSMENT DATE: 10 April 2018	
KEY SERVICE: Assessment and approval of activity applications - events public in public realm		RISK OWNER: Manager Health, Activity Approvals – Community and Commercial Services Directorate	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
Failure to effectively process, assess and approve event applications in line with the City's policies and Legislative requirements (health & safety requirements, federal act crowded places, local laws, public building, food & noise legislation) and external stakeholders.	<p>Terms and conditions of approvals given</p> <p>Checklists of event compliance (insurance, risk management, traffic management, waste management, noise management, parking management, music licences, community consultation, building specs, engineering sign offs, safety and security, disability access and inclusion plans, running sheets)</p> <p>Regulation 18 Applicant Guideline.</p> <p>External support from stakeholders (WAPOL, PTA, MRA, Mainroads, Health Department, Department of Water and Environmental Regulation, Department of Mines and Petroleum)</p> <p>Pathways for processing of applications</p> <p>Dedicated Compliance Officer</p> <p>Regular internal stakeholder meetings</p> <p>Site inspections and debriefs post event</p> <p>Pre-and post-surveys with customers</p> <p>Requirement of risk management plans</p> <p>Environmental Health Officers site inspections (before, during event)</p> <p>Pathways manual for system use</p> <p>Post event complaints process</p> <p>Events approval process currently under review</p>	Inadequate	<p>People</p> <p>Major/Possible</p> <p>HIGH RISK</p>
Treatment Action Plans		Current Progress	
1. Implement a City of Perth Event Policy and Guideline		The policy and guidelines are currently being drafted, to be completed 30 November 2018	

<p>2. Review the suitability of replacing the Pathway online application process with the CRM system to increase usability and processing timeframes.</p>	<p>A graduated approach of building Customer Relationship Management (CRM) has commenced using simple applications such as weddings, then increasing complexity through to full mass attendance community events. Suitability of the CRM solution will not be known until early 2019. If suitable, the full system build will be included in the 2019/20 budget.</p>
<p>3. Training and upskilling of activity approval and environmental health officers on latest policy and legislation changes.</p>	<p>Staff Training – Attendance at forums for Hostile Vehicle Mitigation, Crowd Science, Crowded places in February, July and September 2018 respectively. The City's Environmental Health Officers and Activity Approval Officers that deal with event approvals attended the HVM training and Crowded Places forums in July 2018. Further training opportunities will be sought for Activity Approval Officers as well in early 2019.</p>

RISK ID – 104

RISK NAME: Transport Strategy		ASSESSMENT DATE: 10 April 2018	
KEY SERVICE: Implementation of the City's Transport Strategy and policy (frameworks and guidance for complex decision making for transport matters)		RISK OWNER: Manager Transport – Planning and Development Directorate	
Risk Description	Existing Risk Controls	Controls Effectiveness	Risk Rating
Misalignment between City's Transport Strategy and City of Perth Parking.	The City's endorsed Transport Strategy Inclusion of the City's Transport Strategy and the City Planning Strategy Internal peer reviews Internal and external liaison and collaboration Continuous review of transport policies and strategies Promotion of Transport Strategy Council approval of Transport Strategy Specialised resources within the Transport Unit to advise on transport matters Executive Leadership Team oversight of implementation of transport strategy	Adequate	Reputation and External Stakeholders Moderate / Likely HIGH RISK <i>(likelihood to be reviewed to possible and risk rating to Medium)</i>
Treatment Action Plans		Current Progress	
<ol style="list-style-type: none"> Transport Strategy - aims to ensure the city's transport systems contribute to a sustainable, productive, liveable and vibrant Perth. 		<p>The risk will be reviewed down to MEDIUM. The rationale is as follows;</p> <p>Off Street Parking (CPP) – The City of Perth operates a series of off street parking facilities for short and long stay purposes. The City has been endeavouring to operate these facilities as a separate entities and as such, any changes of land use require a Development Application. As Transport Unit undertakes Development Applications assessments, any Development</p>	

Application requiring proposed changes to the transport network will be undertaken by an external qualified transport professional as the means of risk mitigation. The assessments will use standard evaluation techniques and apply City of Perth and State Government policy to the evaluation.

On-Street Parking - A recent ELG decision has allocated responsibility of car parking bay allocation to the City's Transport Unit. Transport Unit applies council policy CP22.9 On-Street parking to all proposed changes to on-street parking. Given that the need for parking and parking allocation is determined by the Transport Unit, the design and revenue components of on-street parking are now separate.

RISK ID – 105

<p>RISK NAME: Electrical / Lighting / Christmas - Electrical infrastructure</p>		<p>ASSESSMENT DATE: 30 April 2018</p>	
<p>KEY SERVICE: Management of the City's Electrical / Lighting / Christmas - Electrical infrastructure</p>		<p>RISK OWNER: Manager Street Presentation & Maintenance</p>	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
<p>Failure to provide an electrical infrastructure that meets community expectations and safety standards and compliance to ensure safety of public and network</p>	<p>Visual inspections and condition surveys (fortnightly) Budget processes for electrical assets inspections and maintenance based on historical data. Currently recording and updating assets (old and new) Reactive rectification of non-compliance, incorrect installations, non-rated materials, products, aging assets Access to current standards Limited specialised resources in place to address risk issues Reactive maintenance of the electrical infrastructure Limited proactive quality assurance of new electrical assets to the city</p>	<p>Inadequate</p>	<p>Legal & Regulatory / Ethical Major / Possible HIGH RISK</p>
Treatment Action Plans		Current Progress	
<p>Asset Componentisation - 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, through the below activities;</p> <ul style="list-style-type: none"> ▪ Update of the Electrical Infrastructure Asset Management Plan ▪ Proactive compliance inspections and testing for new assets (including during construction) ▪ Review resourcing levels (internal and external) 		<p>It has been determined that a business case will be developed to investigate feasible methodologies and obtain accurate cost estimations for the implementation of the full project to address the risk.</p> <p>Stage One: Business Case Development: The scope is being prepared for a consultant to develop a business case on the works required to address the risk. The works will include the below;</p> <p>Desktop assessment of the current data, surveys, field audits, testing, data collection, detailed AS drawings, development of asset registers and upload to Hansen8 and Intramaps.</p>	

Stage Two: Council Approval and Tender Process: The accurate costings and schedule obtained from the business case will define the scope, costings and timeframes of the full project. A report will be presented to Council in October seeking funding approval to going to tender to seek specialised contractors to carry out the required works.

The project completion is provisionally set as end of September 2019, subject to the scope of works and budget approval.

Comment: The risk has been given high priority to ensure appropriate electrical standards and compliance are achieved.

RISK ID - 106

RISK NAME: Management of new assets (projects) handed over from State Government		ASSESSMENT DATE: 15 March 2018	
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 OWNER: Manager Street Presentation & Maintenance – Construction & Maintenance Directorate	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
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)	Steering groups to increase communication with the State Government (Metropolitan Redevelopment Authority MRA) Dedicated resources to address the risk Open channels of communication between city and MRA on issues (defects, vesting) Continuous negotiations with MRA regarding maintenance costs of handed assets	Inadequate	Financial – Management of budget Major / Possible HIGH RISK
Treatment Action Plans		Current Progress	
1. Engineering Risk Assessment – 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		Liaison with MRA to provide all required design verification documentation. Draft letter in preparation and legal advice to address these issues to executive level. This is expected to be sent mid-October. The letter is requesting to MRA Executive to arrange a meeting to follow up and to confirm formal channels of communication between the City of Perth and MRA.	
2. Executive Engagement – improvement of the channels of communication between the CEOs of the City of Perth and the MRA.			
3. Reporting – internal reporting protocols on status of MRA handed assets			

RISK ID - 102

RISK NAME: Recruitment		ASSESSMENT DATE: 11 April 2018	
KEY SERVICE: Timely recruitment of suitably qualified and capable employees to deliver against the City's objectives		RISK OWNER: Manager Human Resources - Corporate Services Directorate	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
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>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 Human Resources attendance)</p> <p>Internal candidate appointments</p>	Inadequate	<p>Legal & Regulatory / Ethical</p> <p>Major / Possible</p> <p>HIGH RISK</p>
Treatment Action Plans			
<p>1. Promotion of the City as a great place to work – this is set achieve the below outcomes;</p> <ul style="list-style-type: none"> - Improve the City's online presence as an employer of choice - Improving the City's profile with prospective employees - Provide information on the benefits of working at the City 		<p>Current Progress</p> <p>The first draft of the Talent Acquisition Identification and Management Strategy been completed</p> <p>New City of Perth website launched to include additional information about working at the City of Perth, including the benefits of working at the City.</p> <p>Currently HR is Engaging with external agents to better define the City's candidate requirements and expectations roles advertised, with the Position Description Standardisation project on target to be completed by 31 December 2018.</p>	

<p>2. Employee Commencement Program - E-learning tailored specifically for the onboarding and training new employees.</p>	<p>E-Learning has been implemented and all new City employees prior to commencement, will complete their mandatory training on line, effective 1 November 2018</p>
<p>3. Onboarding Program – inclusive of candidate profiling, pre-employment psychometric testing, induction and training</p>	<p>On Boarding Strategy is currently being reviewed by a panel of nominated manager representatives to incorporate feedback on the design and implementation of the On Boarding Program. This is due for completion by 31 December 2018 As part of the process HR is undertaking a gap analysis with the consultative group scheduled to commence in October 2018</p>



RISK ID – 94

RISK NAME: Records Management		ASSESSMENT DATE: 8 February 2018	
KEY SERVICE: Information Management - Management of digital and physical records in accordance with legislative requirements		RISK OWNER: Manager Data and Information – Corporate Services Directorate	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
Failure to appropriately manage the City's records physical and digital, in line with the City's Record Keeping Plan and relevant legislative requirements	Records Keeping Plan - Kept up to date and reviewed externally by State Records Dedicated Information Management Support Team and Helpdesk (Records Awareness, Focal Point and Module Owner Training, Overall System Training) Records Operations Team undertake Auditing and Compliance checks Digital Workplace Program currently under development to address manual handling, simplify processes and procedures and the complexities of the classification scheme Information Governance Framework currently under development to control ownership and governance of information Tools, resources and guidance available on City's intranet Regular liaison with internal and external stakeholders	Inadequate	Legal & Regulatory / Ethical Moderate / Likely HIGH RISK
Treatment Action Plans			
<p>1. Implementation of the Information Governance Framework – 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>A review of Information Computer Technology and Info Security Policies and Framework was launched in August 2018 via the IT Security Management Forum, to progress maturity ahead of PCI Compliance Audit in the first quarter of 2019.</p> <p>A review of the City's email policy commenced in August 2018 at the request of ELG:</p>			

The Information Governance Report, Policy, Framework and Roadmap is due to be submitted to ELG in mid-October 2018, together with Business Case for Program funding and resource approval.

RISK ID - 88

RISK NAME: Emergency Management Planning		ASSESSMENT DATE: October 2017	
KEY SERVICE: Emergency Management Planning - Development, implementation and continuous review of the City's emergency management arrangements and recovery plans		RISK OWNER: Manager Community Amenity & Safety – Community & Commercial Services Directorate	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
Failure to achieve compliance with the Emergency Management Act 2005 and achieve expected emergency management preparedness	<p>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</p> <p>Support from both the State and Local Emergency Management Committees</p> <p>Actions identified in the Emergency Management strategy development process currently being implemented</p> <p>Emergency Management risk analysis project and the bush fire risk management project has commenced</p> <p>Emergency Management arrangements as endorsed by Local and State Emergency Management Committees</p> <p>Emergency Management Arrangements – Includes Recovery Plan, Welfare Plan, Bushfire Risk Plan</p> <p>eMERGE- Electronic Portal – all contacts, resources, calendars, Meetings, Running Sheets and Library</p> <p>Emergency Management Strategic Plan – Developed in consultation with the Local Emergency Management Committee (LEMC)</p>	Adequate	<p>People – Community health and safety</p> <p>Major / Possible</p> <p>HIGH RISK <i>(the likelihood has been reviewed to rare, risk rating downgrades to medium)</i></p>
Treatment Action Plans		Current Progress	
<p>1. Welfare Centres – Establishment of Memorandum of Understandings with external agencies to enable Welfare Centres</p>		<p>The Welfare Centres are progressing with 2 locations signed up (with others pending) and an understanding with the Department of Communities with regard to State Level incidents and State Welfare Centres.</p>	

<p>2. PCMEMA – Perth City Major Emergency Management Arrangements</p>	<p>The Status of PCMEMA is that it is COMPLETE and has been endorsed by the Local Emergency Management Committee.</p>
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RISK ID - 35

<p>RISK NAME: Management of City Leases, Licences and Legal Agreements</p>		<p>ASSESSMENT DATE: November 2017</p>	
<p>KEY SERVICE: Estate Management – Management of leasing, acquisitions, disposals within the Properties’ Portfolio</p>		<p>RISK OWNER: Manager Properties – Construction & Maintenance Directorate</p>	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
<p>Failure to effectively and appropriately manage the City’s leases, licences and legal agreements to set income budget</p>	<p>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) External legal advice and support The City’s Lease Register</p>	<p style="text-align: center;">Adequate</p>	<p style="text-align: center;">Legal & Regulatory - Compliance with contractual requirements Catastrophic / Unlikely HIGH RISK</p>
Treatment Action Plans		Current Progress	
<p>1. Arrears Recovery Plan – The plan enables the City to track and recover debt from tenants.</p>		<p>The Arrears recovery plan continues to progress showing a stabilised trend. Current debt as follows:</p> <ul style="list-style-type: none"> - 30 Days \$32,320.32 - 60 Days \$97,844.91 	

<p>2. Lease Register – tracks the status of the City’s leases</p>	<p>Further revision is being undertaken to the lease register. Variable outgoing and rent reviews that weren’t identified before are now being normalised.</p>
<p>3. Commercial Property Strategy – decision-making guidelines for the acquisition, retention, growth, redevelopment and disposal of property assets.</p>	<p>Commercial Property Study has been advertised pursuing appointment of a consultant to undertake the plan. (expected to be completed by mid-January 2019)</p> <p>Further to the plan being completed, PPM will prepare a gap analysis to determine weaknesses and opportunities which will be incorporated in the 4-year Commercial Property Strategy. (final draft is estimated to be completed by 30 June 2019)</p>

RISK ID - 25

<p>RISK NAME: Delivery of Civil Engineering Projects</p>		<p>ASSESSMENT DATE: September 2017</p>	
<p>KEY SERVICE: Delivery of Construction Capital Works (detailed design though to construction, inclusive of procurement, tenders and contract management)</p>		<p>RISK OWNER: Manager Construction – Construction & Maintenance Directorate</p>	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
<p>Ineffective and Inadequate budget allocation, scheduling and management of Civil Engineering Projects, such that investment does not achieve the objectives of the projects</p>	<p>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</p>	<p>Inadequate</p>	<p>Financial – Management of Budget Major / Possible HIGH RISK</p>
Treatment Action Plans			
<p>Current Progress</p> <p>1. Project Portfolio Management System (PPMS) Project – 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>There has been considerable progress made regarding the controls inadequacy of this risk. The Construction Unit has created a standard suite of documents for use in managing projects. These are being progressively adopted as new projects commence. There has also been increased focus on the proper use of the project handover checklist to ensure project scope, budgets and deliverables are clearly defined at handover.</p> <p>The oversight of the handover process has been allocated to the Directorate Accountant and relevant Project Manager. Formal Project reporting and scheduling are now updated monthly through the revised gateways portal. Each project now has budget, time and cost forecasting updated and reported monthly.</p>			

	<p>New staff recruitment currently focuses on contract and design management experience to improve the skill set of the unit. The PPMS is also being built to improve the City's systems with a focus on consistency in project planning and delivery.</p> <p>The PPMS project will commence work on evaluating a project, portfolio management system in later October and this will feed in to the Operating Model and Implementation recommendation that will go to ELG for approval at the end of the year (December 2018).</p>
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RISK ID - 18

<p>RISK NAME: Safety Related Incidents during delivery of Civil Construction projects</p>		<p>ASSESSMENT DATE: September 2017</p>	
<p>KEY SERVICE: Engineering Consultancy Services and Coordination of construction Works (detailed design through to construction, inclusive of procurement, tenders and contract management)</p>		<p>RISK OWNER: Manager Construction – Construction & Maintenance Directorate</p>	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
<p>Project execution and delivery fails to meet safety standards and expectations</p>	<p>Site Inspections OSH Team support and collaboration Reactive safety improvements Contractor Inductions Pre-contract reviews Imbedding of Budget float 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</p>	<p>Adequate</p>	<p>People – Worker Safety & Wellbeing Major / Possible HIGH RISK</p>
Treatment Action Plans		Current Progress	
<p>1. Specifications to be provided for Key Performance Indicators (KPI's) for safety inspections for Project managers</p>		<p>The Construction Unit Manager has included Safety Key Performance Indicators (KPI's) into Project Managers' performance reviews in the mid-year reviews.</p>	

<p>2. Capturing of past performance of contractors via project reviews</p>	<p>A project specific template for a Project Contractor Performance Rating Form is being reviewed by the Construction Unit Manager for implementation on standalone contracts.</p>
<p>3. Formalisation of Project Teams and relevant structures (multi-disciplinary across the organisation) for each new project to consider safety in delivery of the project</p>	<p>As per the Project Delivery Flow chart the OSH Team are working collectively with the Construction Unit to provide technical safety contractor management advice to ensure the City of Perth is meeting its legal obligations to provide and maintain a safe work environment.</p> <p>This approach will ensure project safety continuity is achieved through the life cycle of the project by ensuring both the City of Perth and its contractors are fulfilling their respective duty of care requirements. The OSH team along with project officers conduct contractor inductions, review and approve all work methodologies and conduct random workplace contractor audits. This approach had been adopted for all construction projects going forward.</p>

In light of the improvements made over the past 12 months, the risk level will be reviewed in November 2018 and the outcomes of the review provided in the next risk management quarterly update.

RISK ID -60

RISK NAME: Maintenance of City Assets		ASSESSMENT DATE: September 2017	
KEY SERVICE: Asset Data Governance – Establishing maintenance schedules for assets (standards, performance and coverage)		RISK OWNER: Manager Asset Management – Corporate Services Directorate	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
Failure to maintain assets in a systematic manner which aligns to agreed service levels	City's Asset register is up to date Asset condition surveys by asset custodian Known risk (custodian unit managers recognise the inadequacies in managing this risk. Asset Management Unit (AMU) will be working with asset custodians to address the inadequacies) Asset Management Unit has investigated Hansen8 capabilities to manage this risk issue Current reliance on reactive maintenance	Inadequate	Financial – Management of budget Moderate / Likely HIGH RISK
Treatment Action Plans		Current Progress	
<p>1. Asset Componentisation - 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>This is progressing as below:</p> <ul style="list-style-type: none"> ▪ Infrastructure assets – complete ▪ Building assets – complete ▪ Open air carparks – complete ▪ CCTV – complete ▪ CPP equipment – Commencing ▪ Artwork, Plant & Equipment – Investigating feasibility ▪ Interior Furniture and IT General Assets – currently considered not feasible for componentisation. 	

<p>2. Work Orders – 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>Currently awaiting implementation of HRIS and then a pilot project for work order management system to be put in place for select infrastructure projects commencing from early 2019 onwards to mid-2019 (depending on the schedule of HRIS). This pilot project will include the collation of asset maintenance information for display on dashboards below.</p>
<p>3. Maintenance Performance Reporting – 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 projects currently in progress in conjunction with Data and Information Unit. The Asset Management Unit is working towards having a fully functioning asset reporting dashboard which will include, amongst other things, maintenance performance reporting, by June 2019.</p>

Once a work order system is in place to demonstrate maintenance progress and compliance, the risk will be considered medium, and adequately managed.

Once dashboard reporting in place, the risk will be considered low.



RISK ID -61

RISK NAME: Financial Sustainability of Assets		ASSESSMENT DATE: September 2017	
KEY SERVICE: Asset Management Partnership Program – Establishment of partnerships to improve organisational asset management practices		RISK OWNER: Manager Asset Management – Corporate Services Directorate	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
Failure to accurately and sustainably plan for asset management capital works requirements	<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 (AMU) 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> <p>Asset Management Partnership Program</p> <p>Best Practice Asset Management Plans (AMPs)</p>	Inadequate	Financial – Unforeseen expenditure Major / Possible HIGH RISK (reviewed down from extreme)
Treatment Action Plans		Current Progress	
<p>1. Asset & Infrastructure Strategy - 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 was scheduled for 30 April. The strategy is a CBP initiative to be completed by mid to late 2019. Further meetings to integrate the Asset & Infrastructure Strategy with the other 3 strategies have occurred, and a draft Terms of Reference outlining the scope of the strategy has been developed. No further progress on the strategy at this stage.</p>	
<p>2. An Asset Management Framework (AMF) – A procedural document that embeds standard asset management processes in the City to</p>		<p>A draft framework has been developed, however the scope has expanded and it needs refinement. An ELG report has been drafted to inform all directorates of this document and the consultation / steps involved to</p>	

<p>ensure consistency and repeatability so that results are relevant over a long term for analysis.</p>	<p>embed it. The asset management policy has been updated to align to the corporate business plan. The policy statements are designed to support the asset management framework. The policy and framework are intended to be completed by the end of 2018.</p>
<p>3. New Asset Readiness – 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 function is currently at low maturity. Discussions have commenced internally within AMU on the best way to advance this, and it has been planned that a life-cycle costing template and procedure will be developed to support business cases for new asset projects. Expected completion December 2019.</p>

Once the Asset Management Framework and Strategy is in place, this risk will be downgraded to medium risk, adequately managed.

Once New Asset Readiness is in place, this risk will be considered a low risk.



RISK ID - 100

RISK NAME: Building Compliance		ASSESSMENT DATE: 30 April 2018	
KEY SERVICE: State-wide Cladding Audit of all residential buildings over 3 storeys		RISK OWNER: Manager Development Approvals – Planning & Development Directorate	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
Failure to adequately address and respond to the findings of the audit through the implementation of the Statutory Responsibilities of the City.	<p>Close working relationship with the 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>	Adequate	<p>Legal & Regulatory / Ethical</p> <p>Major / Possible</p> <p>HIGH RISK <i>(the consequence has been reviewed to moderate, the rating to be medium)</i></p>
Treatment Action Plans		Current Progress	
<p>1. The Building Commission State Wide Cladding Audit – to identify the buildings to be included in Stage 4 of the audit</p>		<p>Building and Energy (formerly the Building Commission) is currently contacting the owners of all buildings which were identified as meeting the original scope of the Audit. Owners will be advised that their building is not continuing in the audit (low risk) or that their building requires further investigation (medium / high risk), based on the preliminary risk assessment. It could take up to 12 months for Building and Energy to complete the next stage of investigations.</p>	

RISK ID - 101

RISK NAME: Procurement		ASSESSMENT DATE: 17 April 2018	
KEY SERVICE: Acquisition of goods and services on behalf of the city		RISK OWNER: Manager Finance – Corporate Services Directorate	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
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.	<p>Processes and Procedures</p> <p>Providing information on intranet on procurement policies and procedures</p> <p>Mentoring of stakeholders</p> <p>Reporting and oversight (contract expenditure report, contract expiry, guidance to internal auditor for reviews)</p> <p>Power BI reporting being established to provide greater reporting and oversight</p> <p>External audits</p> <p>Dedicated procurement team</p> <p>Currently developing procurement strategy to centralise procurement</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>	Inadequate	<p>Legal & Regulatory / Ethical</p> <p>Moderate / Likely</p> <p>HIGH RISK</p>
Treatment Action Plans		Current Progress	
<p>1. Adoption and implementation of the Procurement Strategy – aims to centralise the management and control of procurement.</p>		<p>The Procurement Strategy has been completed and has been distributed to impacted Directors for comment. The Procurement Strategy is due to be tabled to the ELG end of October. The timeline for this has been delayed due to the timing of leave of key executives</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>	

	Budget provisions for the implementation of system upgrades have been included in the 2018/19 budget.
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RISK ID - 95

RISK NAME: Food Act enforcement		ASSESSMENT DATE: 8 February 2018	
KEY SERVICE: Oversight of the Inspection of Food Premises Contract		RISK OWNER: Manager Health and Activity Approvals – Community & Commercial Services Directorate	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
Failure to undertake sufficient risk assessments of registered food businesses, in accordance with the City’s obligations under the Food Act 2008.	<p>Tender Qualitative Selection Criteria applied through the Tender The selected tenderer is Food Technology Services (FTS). Process Performance training and assessment checks on the inspections to ensure consistency Inspection forms linked into City systems including records from iPads and paper Australian Food Safety Assessment (AFSA) report sheets available Contingencies on place to support data capture processes Customer Service expectations as the tenderers represent the City Contractor dress code consistent with the City’s environmental health officers (EHOs) Key Performance Indicators (KPIs) and reporting on performance. Contingency plans in place to employ temporary staff to perform the required inspections in case of early termination of contract. Induction and ongoing training for contractors provided by the City (including code of conduct) Audits will be carried out of inspections completed by the contractor</p>	Adequate	<p>People Major / Possible HIGH</p>
Treatment Action Plans		Current Progress	
<p>1. Performance training and assessment checks to ensure consistency</p>		<p>The Senior Environmental Officer attends a minimum of 5 inspections with each FTS officer to ensure they know how to use the tablet appropriately and to ensure that their inspection routine/approach meets the City’s expectations– this has been completed for all FTS officers.</p>	

	<p>In addition to this, monthly meetings are held with the owner of FTS. Any issues identified with collective or individual officer techniques are raised and solutions agree upon.</p> <p>New EHOs to the City also undertake inspections with the SEHO and other EHOs to gain a solid understanding of standard procedures relating to food business inspections. The number of inspections completed is dependent on the officer's experience and how quickly they adapt to the City's systems.</p> <p>Onsite inspections are also backed up by group peer discussions during which appropriate enforcement options are discussed for individual cases. This is now an ongoing process and will be included in the existing controls.</p>
<p>2. Inspection forms linked into City systems including records from iPads and paper inspection AFSA report sheets available</p>	<p>Paper inspection forms have been phased out and are only used as a last resort in case of technology failure. All inspections are now done on tablet and create an automatic record on Pathway upon completion. In the event of paper inspection forms being used, these are uploaded into Pathway desktop within 7 days.</p> <p>This is now an ongoing process and will be included in the existing controls.</p>

CONFIDENTIAL ATTACHMENT 8.1B
ITEM 8.1– HIGH AND EXTREME RISKS INTERIM REPORT

FOR THE AUDIT AND RISK COMMITTEE MEETING

5 NOVEMBER 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

MEASURE OF EXISTING CONTROLS

RATING	FORESEEABLE	DESCRIPTION
Effective	Doing more than what is reasonable under the circumstances	<ol style="list-style-type: none"> 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 Subject to continuous monitoring and regular testing
Adequate	Doing what is reasonable under the circumstances	<ol style="list-style-type: none"> 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 Subject to continuous monitoring and regular testing
Inadequate	Not doing some or all things reasonable under the circumstances	<ol style="list-style-type: none"> 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 Controls not operating as intended and have not been reviewed or tested

RISK ACCEPTANCE CRITERIA

RISK RANK	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
EXTREME	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
HIGH	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
MEDIUM	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to <u>semi-annual</u> monitoring	Business Unit Manager / Director
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to <u>annual</u> monitoring	Business Unit Manager

RISK RATINGS TABLES

Consequence Abbreviation	Consequence Description
P	People
F	Financial
SD/SO	Service Delivery / Strategic Objectives
L & R/E	Legal and Regulatory / Ethical
R & ES	Reputation and External Stakeholders
E	Environmental

Consequence Score	Consequence Rating
1	Insignificant
2	Minor
3	Moderate
4	Major
5	Catastrophic

Likelihood Score	Likelihood Rating
1	Rare
2	Unlikely
3	Possible
4	Unlikely
5	Almost Certain

SR RISK 1

RISK NAME: Strategic Vision		REVIEW DATE: 1 October 2018	
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating
Lack of clear, strategic vision and direction	Strategic Community Plan (including contributions from the Elected Members)		
Strategic Goal Alignment	Corporate Business Plan (including contributions from the Elected Members)		
<ul style="list-style-type: none"> Goal 2 – An exceptionally well designed, functional and accessible city Goal 4 – A future focused and resilient city Goal 8 – A city that delivers for its community 	Business Unit Plans Organisational Capability & Compliance Findings and Status Reporting Elected Member Training Executive Performance Shaping Internal communications Elected Members and Staff Communication Plan External Communications Stakeholder Management Toolkit	Inadequate	L&RE 4 x 3 R&ES 4 x 3 SD/SO 4 x 3 P 3 x 3 HIGH RISK
Risk Treatment Action Plans		Current Progress	Completion Date
		Allocated Responsibility	

1. Further develop external communication and stakeholder framework	Strategy & Partnership	In progress	June 2019
2. Develop an Elected Members and Staff Communication Plan	Governance	Completed	May 2018
3. Develop and deliver a City Planning Strategy (encompassing housing needs and local planning). The stakeholder and Council engagement to be completed by December 2018.	City Planning	In progress	December 2019
4. Strategic review and reform project <ul style="list-style-type: none"> ▪ Strategic Priority setting process and associated resource realignment ▪ Review of integrated planning and reporting framework ▪ Current Services review project and alignment to the Corporate Business Plan, Local Government Act and City of Perth Act. ▪ Establishment of decision making and monitoring framework for strategic planning (strategies, plans, project, services and business unit planning approval process) ▪ Establishment of Organisational Performance Monitoring. 	ELG and Strategy & Partnership	In progress	June 2019

Comment: This risk was also identified as part of the Organisational Compliance and Capability Assessment (OCCA). Upon the satisfactory completion of the above Risk Treatment Action Plans (RTAPs), the controls effectiveness will become **ADEQUATE**. This risk will be subject to future assessments and ongoing reviews, including the risk rating.

SR RISK 2

RISK NAME: Financial Sustainability		REVIEW DATE: 1 October 2018		
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating	
<p>Erosion of Councils Financial sustainability</p> <p>Strategic Goal Alignment</p> <ul style="list-style-type: none"> • Goal 4 – A future focused and resilient city • Goal 8 – A city that delivers for its community 	<p>Capital Expenditure & Operational Expenditure Budget processes and sign off (at multiple levels, including Controllable Operational Expenditure Measures)</p> <p>Draft Asset Management Strategy & Framework (including 'Asset Readiness Initiative', 'Partnership Programme & Improvement Plans)</p> <p>Long Term Financial Plan</p> <p>Corporate Business Plan prioritisation process</p> <p>Corporate Asset Management Plan</p> <p>Procurement Planning (including 'Serious Business Moves' Programme)</p> <p>Fraud and Misconduct Training for City of Perth staff</p> <p>Elected Members / Staff Codes of Conduct</p> <p>Statement of Business Ethics</p> <p>Public Sector Commission assessment of City's fraud and misconduct practices</p> <p>Legislative restrictions on investments</p>	<p>Inadequate</p>	<p>L&RE 4 x 3</p> <p>R&ES 4 x 3</p> <p>SD/SO 4 x 3</p> <p>F 4 x 3</p> <p>HIGH RISK</p>	
Risk Treatment Action Plans		Allocated Responsibility	Current Progress	Completion Date
1. Develop and implement an enhanced 'Asset Management Strategy & Framework'		Asset Management	In progress	June 2019
2. Develop a Fraud control policy and plan		Governance	In progress	March 2019
3. Develop a proposal for the creation of a new City of Perth 'Development Corporation'		Construction and Maintenance Director	In progress	December 2019

4. Develop a strategic ICT approach to determine an appropriate Enterprise Resource & Planning (ERP) system	IT and Finance	In progress	June 2019
5. Strategic review and reform project <ul style="list-style-type: none"> ▪ Strategic Priority setting process and associated resource realignment ▪ Review of integrated planning and reporting framework ▪ Current Services review project and alignment to the Corporate Business Plan, Local Government Act and City of Perth Act. ▪ Establishment of decision making and monitoring framework for strategic planning (strategies, plans, project, services and business unit planning approval process) ▪ Establishment of Organisational Performance Monitoring 	ELG and Strategy & Partnership	In progress	June 2019
6. Review of strategic long term financial plan in accordance with the revised Corporate Business Plan	Finance	In progress	June 2019
7. Develop a 'Commercial Parking' Business Plan <ul style="list-style-type: none"> - Scenario planning on decreasing parking revenue 	Commercial Parking (CPP)	In progress	December 2018
8. Implementation of the Data Mart Project, to be a repository for all data from all source systems <ul style="list-style-type: none"> a) Phase 1 – Financial data b) Phase 2 – to include other sources of information (including Hansen8 assets, Pathways - rates) 	Data and Information	In progress	a) June 2019 b) To be determined upon completion of phase 1.
9. Implementation of Business Intelligence (BI) Rapid reporting tool for Finance One	Finance	On hold	To be determined
10. Explore alternative revenue generation options	Finance	To commence	December 2019
11. Development and implementation of the City's Economic Development Strategy	Economic Development	In progress	June 2019
12. Development of the Commercial Property Strategy	Properties	In progress	September 2019

Comment: Upon the satisfactory completion of the above Risk Treatment Action Plans (RTAPs), the controls effectiveness will become **ADEQUATE**. This risk will be subject to future assessments and ongoing reviews, including the risk rating.

SR RISK 3

RISK NAME: Stakeholder Relationships		REVIEW DATE: 1 October 2018		
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating	
<p>Failure to maintain working relationships with state government agencies and other key stakeholders</p> <p>Strategic Goal Alignment</p> <ul style="list-style-type: none"> • Goal 6 – A city that celebrates its diverse cultural identity • Goal 7 – An open and engaged city • Goal 8 - A city that delivers for its community 	<p>City Planning Strategy</p> <p>Customer Relationship Management System (CRM) Advocacy (through WALGA)</p> <p>Implement the Customer Relationship Management (CRM) System</p> <p>Council Policy on Committee Representation</p> <p>Stakeholder Engagement Framework and processes</p> <p>Engage Perth Platform</p> <p>Engage with the State Government through the cop committee (with the Premier and Minister)</p> <p>Central Perth Planning Committee</p> <p>City of Perth Act Committee and Senior Officers' Group</p> <p>External Communications</p> <p>CBD Transport Plan</p> <p>City of Perth Council, Committee and External Boards and Representation</p>	<p>Inadequate</p>	<p>L&RE 3 x 3</p> <p>F 3 x 3</p> <p>MEDIUM RISK</p>	
Risk Treatment Action Plans		Allocated Responsibility	Current Progress	Completion Date
1. Develop a structural model for the effective engagement and management of community and key stakeholders		Strategy & Partnership	In progress	June 2019
2. Develop a policy position for the City of Perth Act (in relation to interpretation and operationalising of the Act		Strategy & Partnership	In progress	June 2019
- Identify how the City of Perth Act integrates with the City's Corporate and strategic planning framework				
3. Develop a stakeholder relationship management system, including a mobile application		Strategy & Partnerships and Customer Service	In progress	January 2019

Comment: The relationship between the City and the State Government has improved significantly, with a focus now on improving engagement processes and systems. Upon the satisfactory completion of the above Risk Treatment Action Plans (RTAPs), the controls effectiveness will become **ADEQUATE**. This risk will be subject to future assessments and ongoing reviews, including the risk rating.

SR RISK 4

RISK NAME: Environmental Change		REVIEW DATE: 3 October 2018		
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating	
<p>Failure to maintain the City's built and natural environment in a sustainable manner</p> <p>Strategic Goal Alignment</p> <ul style="list-style-type: none"> • Goal 1 – A city for people • Goal 3 – A city connected to its natural beauty • Goal 4 – A future focused and resilient city 	<p>Strategic Community Plan Corporate Plan Urban Forest Plan Energy Resilience Research 'Smart Cities' Federal Funding Programmes City of Perth Risk Management Framework Executive Performance Management Environmental Strategy and Action Plan CitySwitch Green Office program Waterwise Office Program reporting</p>	<p>Adequate</p>	<p>L&RE 4 x 3 R&ES 4 x 3 SD/SO 4 x 3</p> <p>HIGH RISK</p>	
Risk Treatment Action Plans	Allocated Responsibility	Current Progress	Completion Date	
1. Facilitate Scenario Planning / Horizon Planning Sessions (including Elected Members)	Strategy & Partnerships	In progress	June 2019	
2. Develop and apply a Sustainability Framework	Sustainability	In progress	June 2019	
3. Develop a Climate Change Risk Assessment and Adaption Planning Approach	Sustainability	In progress	June 2019	
4. Implement the City's Urban Forest – Implementation Plan and Monitoring Framework 18/19 -21/22	Parks	In progress	June 2022	
5. Biodiversity mapping and planning program	Parks	In progress	June 2019	
6. Corporate Energy Plan	Sustainability	In Progress	March 2019	

7. Foreshore Flood Modelling and Assessment Study	Sustainability	Commencing	March 2019
8. Water Sensitive City Action Plan	Sustainability	Commencing	August 2019

Comment: This risk will be subject to future assessments and ongoing reviews, including the risk rating.

SR RISK 5

RISK NAME: Business Continuity and Crisis Management		REVIEW DATE: 3 October 2018		
Risk Description	Existing Controls	Controls Effectiveness	Risk Rating	
<p>Failure to provide business continuity in the event of a major crisis/emergency</p> <p>Strategic Goal Alignment</p> <ul style="list-style-type: none"> • Goal 1 – A city for people • Goal 4 – A future focused and resilient city • Goal 7 – An open and engaged city 	<p>Crisis & Business Continuity Framework Emergency Management Strategy & Plans City of Perth Risk Management Framework Event Risk Management Regular and ongoing testing of plans, processes, protocols and training for staff External reviews of the City’s response plans emergency management plans The City’s Facilities’ Emergency Management Committee Local Emergency Management Committee, District Emergency Management Committee Working relationships with hazard management agencies</p>	Adequate	<p>P 5 x 2</p> <p>L&RE 3 x 2</p> <p>HIGH RISK</p>	
Risk Treatment Action Plans		Allocated Responsibility	Current Progress	Completion Date
<ol style="list-style-type: none"> On-going testing and review of the City’s response plans <ol style="list-style-type: none"> February Bi-annual Tests October Bi-annual Tests On-going testing and review of the City’s local emergency management plan <ol style="list-style-type: none"> September annual tests 		<p>Governance</p> <p>Community Amenities and Safety</p>	<p>In progress</p> <p>In progress</p>	<p>a) March 2019</p> <p>b) November 2019</p> <p>c) October 2019</p>

Comment: This risk will be subject to future assessments and ongoing reviews, including the risk rating.

Recommendation:

That the Audit and Risk Committee ACCEPTS the Chief Executive Officer review of the appropriateness and effectiveness of systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Regulation 17 of the Local Government Act 1995.

FILE REFERENCE:	P1029698-8
REPORTING UNIT:	Internal Audit
RESPONSIBLE DIRECTORATE:	Office of the Chief Executive
DATE:	22 October 2018
ATTACHMENT/S:	Attachment 8.2A – CEO Review of Systems and Procedures – October 2018 Attachment 8.2B – City of Perth Risk Management Framework Review and Maturity Assessment – October 2018

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 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

Policy
Policy No and Name: 19.1 – Risk Management

Purpose and Background:

On 8 February 2013, the then Department of Local Government and Communities advised local governments (Circular No. 05-2013) of amendments made to the *Local Government (Audit) Regulations 1996*. As part of these amendments, new regulation 17 required the Chief Executive Officer (CEO) to review the effectiveness of local government’s systems with regard to risk management, internal control and legislative compliance and report to the audit committee the results of that review at least once every two calendar years.

The first review was required by the Department of Local Government and Communities to be completed by December 2014 and was presented to the Audit and Risk Committee at its meeting held on 21 October 2014.

A second review was reported to the Audit and Risk Committee at its meeting held on 19 October 2016.

To meet the abovementioned legislative requirement, a review of systems and procedures was included within the Internal Audit Plan 2018/19 (scheduled for completion during September/October 2018 to meet the calendar year deadline of 31 December 2018). The Internal Audit Plan 2018/19 was approved at the Audit and Risk Committee meeting held on 21 May 2018. This plan was endorsed by Council at its meeting held on **29 May 2018**.

As part of the local government auditing reforms communicated to local governments on 28 June 2018 by the Department of Local Government, Sport and Cultural Industries (Circular No. 02-2018), the timeframe for undertaking this review was amended in regulation 17 to no less than once in every three financial years.

In spite of this change in timeframe, the completion of this review in October 2018 (as per the approved Internal Audit Plan 2018/19) meets the amended regulation 17 requirement.

Regulation 16(c) of the abovementioned regulations requires an audit committee “to review a report given to it by the CEO under regulation 17(3) (the CEO’s report) and is to:

- (i) report to the council the results of that review; and
- (ii) give a copy of the CEO’s report to the council.”

Details:

Attachment 8.2A provides details of a review of the appropriateness and effectiveness of systems and procedures relating to risk management, internal control and legislative compliance (CEO Review) carried out by the Internal Audit Team as required by regulation 17 of the *Local Government (Audit) Regulations 1996*.

Approach

This review was carried out in accordance with Appendix 3 of the Local Government Operational Guidelines Number 9 (Audit in Local Government) as issued by the Department of Local Government and Communities (now Department of Local Government, Sport and Cultural Industries) (latest revision September 2013). Appendix 3 lists “Issues that should be considered for inclusion in the CEO’s Review of Risk Management, Internal Control and Legislative Compliance”.

The 2014 and 2016 CEO Reviews were also completed by the City’s Internal Audit Team in line with the abovementioned Appendix 3. Other Councils have followed Appendix 3 in undertaking the CEO Reviews as evidenced within Council minutes published on their website e.g. the Cities of Melville, Cockburn and Bunbury.

Appendix 3 also refers to Section 7 (Internal Control Framework) of the abovementioned Department’s Western Australian Local Government Accounting Manual which “provides a comprehensive internal control framework related to internal control and risk management”. This manual was referred to in carrying out this 2018 CEO Review.

This 2018 CEO Review was completed by means of examination of current controls as well as discussions with relevant staff in relation to risk management, internal controls and legislative compliance matters.

Risk Maturity Assessment

The Chief Executive Officer has arranged for a City of Perth Risk Management Framework Review and Maturity Assessment. This assessment was undertaken by RiskWest Management Consultants during September and October 2018. A report on this assessment is provided in Attachment 8.2B and forms part of this CEO Review.

Conclusion

The overall conclusion from this CEO Review is that the City has established appropriate and effective systems and procedures (in accordance with the abovementioned guidelines) in relation to risk management, internal control and legislative compliance.

Observations

Notwithstanding the above conclusion, one observation has been identified in relation to internal controls (Organisational Policies, refer Attachment 8.2A page 10) and two observations identified regarding legislative compliance (Financial Management Systems and Procedures Review, refer Attachment 8.2A page 15 and Public Sector Commission Evaluation, refer Attachment 8.2A page 18).

These observations have been discussed and agreed with relevant management. The table below provides a summary of these observations.

CEO Review Section	Observation	Proposed actions to address issues	Responsible parties	Timeframe
Internal Controls	Organisational Policies. In a number of instances lack of evidence of review as due, no assignment of risk rating, inconsistency between risk rating and review frequency.	Review of Organisational Policies recently completed by the Governance Unit. Executive Leadership Group (ELG) report to seek endorsement of priority for review of Organisational Policies based on the reassessment of risk as well as the ongoing review frequency.	Manager Governance	November 2018 (ELG report)
Legislative Compliance	Financial Management Systems and Procedures Review. Not undertaken as per Regulation 5(2)(c) of the <i>Local Government (Financial Management) Regulations 1996</i> as well as Provision of Audit Services Contract (111-15/16).	Seek quotations for a Financial Management Systems and Procedures Review. Selection of suitable contractor to undertake the review.	Manager Finance Chief Accountant	First quarter of 2019
Legislative Compliance	Public Sector Commission (PSC) evaluation (carried out in 2016) of arrangements at the City for managing misconduct with respect to Part 4 of the <i>Corruption Crime and Misconduct Act 2003</i> . Report on the PSC evaluation not provided to the Audit and Risk Committee in line with the committee's Terms of Reference for reviewing compliance with legislative obligations.	Audit and Risk Committee to be provided with a report on the PSC evaluation.	Manager Governance	February 2019 (Audit and Risk Committee meeting)

The implementation of the proposed actions to address issues is to be followed up by Internal Audit.

Organisational Capability and Compliance Assessment (OCCA)

In 2017 Deloitte carried out an OCCA on the City's operations which focused on the following elements:

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

Deloitte provided a report on their assessment in June 2017 which included five recommendations and 17 findings. In response, the City has identified 29 high level initiatives to address these findings and recommendations. These initiatives have either been completed or currently in the process of being completed. Implementation of these initiatives is being reported to the Audit and Risk Committee by the City's Strategy and Partnership Unit.

During the course of the CEO Review, it was recognised that a number of these high-level initiatives have resulted or will result in improvements in systems and procedures that fall within the scope of this review. These high-level initiatives are described within Attachment 8.2A (internal controls and legislative compliance sections).

Financial Implications:

There are no financial implications related to this report.

Comments:

As a result of following the structure within Appendix 3 of the abovementioned Guidelines, an extensive review of systems and procedures in the areas of risk management, internal controls and legislative compliance has taken place.

Completion of this CEO Review and presentation of results at the November 2018 Audit and Risk Committee (and Council following the Committee Meeting) enables the City to meet the requirements of amended regulation 17 of the *Local Government (Audit) Regulations 1996*.

CEO REVIEW OF SYSTEMS AND PROCEDURES – OCTOBER 2018

<p>Risk Management As per Operational Guideline No 9 (Audit in Local Government) “internal control and risk management systems and programs are a key expression of a local government’s attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include”:</p>	<p>Current systems and procedures (controls)</p> <ul style="list-style-type: none"> The risk management framework consists of Council Policy 19.1 (Risk Management), Risk Management Framework document, Risk Appetite Statement, online risk management safety system, monitoring and reporting of risks by the Risk Management Team (Governance Unit) to the Corporate OSH and Risk Committee as well as the Audit and Risk Committee and Council. Contract for a new risk, safety and compliance system was awarded in August 2018. Configuration workshops have commenced with the system provider, Corporate Governance Risk, to import all risk, safety and compliance data into the new system. Rollout of the new system is planned for early 2019. During August 2018, quotations were sought from relevant consultants to undertake an organisational risk maturity assessment of the City’s risk management framework, systems and processes. Following a quotation evaluation process, Riskwest, was selected as the consultant to carry out this assessment which has now been completed (refer assessment report in Attachment B). This assessment report has been reviewed by ELG (Executive Leadership Group) on 17 October 2018 and will be presented at the 5 November 2018 Audit and Risk Committee meeting. An organisational risk maturity assessment was previously carried out in 2016 by LGIS (Local Government Insurance Services). This 2016 assessment provided the City with a risk management “road map” to achieve capital city leading practice in risk management. The City has been implementing the stages of this road map whereby three of the five stages have been completed while the remaining two stages are in progress of completion. As part of the 2018 organisational risk maturity assessment, Riskwest will report on the progress of the City against the documented risk management “road map” and provide an updated “road map” for the next three years.
<p>Operational Guideline No 9 (Audit in Local Government) item</p> <p>1. Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately considered.</p>	<ul style="list-style-type: none"> The City has a number of Crisis and Business Continuity Plans and Procedures in place. These include a Crisis Management Plan, Critical Incident Control Team Plan, Crisis Communication Protocol, Director Crisis Communication Protocol, Information Technology Disaster Recovery Plan as well as location specific business continuity plans. These location specific business continuity plans include Council House, Osborne Park Depot, Library, Surveillance Centre, Parks Outstations, Community Services Facilities and Commercial Parking. Six monthly testing on the City’s business continuity arrangements has been undertaken since June 2017. This testing has involved staff based on a particular floor of Council House being relocated to the Citiplace Community Centre (alternate location for Council House) for the day. To date three of these tests have been undertaken. In addition, in June 2017 and June 2018 the City has undertaken a crisis exercise test with further testing planned for early 2019. Business continuity management activities as coordinated by the Risk Management Team is reported to the Audit and Risk Committee every six months as part of the Risk Management Quarterly Update Report. A recommendation arising from the Organisational Risk Maturity Assessment carried out in 2016 is for the City to “rationalise and refine strategic and operational risks and integrate and align with planning framework”. To address this recommendation the Risk Management Team has been undertaking Business Unit operational risk assessments aligned with the City’s Risk Management Framework and Risk Assessment Criteria. To date 29 out of 30 Business Unit operational risk assessments have been completed.
<p>2. Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time.</p>	<ul style="list-style-type: none"> The City has a number of Crisis and Business Continuity Plans and Procedures in place. These include a Crisis Management Plan, Critical Incident Control Team Plan, Crisis Communication Protocol, Director Crisis Communication Protocol, Information Technology Disaster Recovery Plan as well as location specific business continuity plans. These location specific business continuity plans include Council House, Osborne Park Depot, Library, Surveillance Centre, Parks Outstations, Community Services Facilities and Commercial Parking. Six monthly testing on the City’s business continuity arrangements has been undertaken since June 2017. This testing has involved staff based on a particular floor of Council House being relocated to the Citiplace Community Centre (alternate location for Council House) for the day. To date three of these tests have been undertaken. In addition, in June 2017 and June 2018 the City has undertaken a crisis exercise test with further testing planned for early 2019. Business continuity management activities as coordinated by the Risk Management Team is reported to the Audit and Risk Committee every six months as part of the Risk Management Quarterly Update Report. A recommendation arising from the Organisational Risk Maturity Assessment carried out in 2016 is for the City to “rationalise and refine strategic and operational risks and integrate and align with planning framework”. To address this recommendation the Risk Management Team has been undertaking Business Unit operational risk assessments aligned with the City’s Risk Management Framework and Risk Assessment Criteria. To date 29 out of 30 Business Unit operational risk assessments have been completed.
<p>3. Assessing the internal processes for determining and managing material operating risks in accordance with the local government’s identified tolerance for risk.</p>	<ul style="list-style-type: none"> The City has a number of Crisis and Business Continuity Plans and Procedures in place. These include a Crisis Management Plan, Critical Incident Control Team Plan, Crisis Communication Protocol, Director Crisis Communication Protocol, Information Technology Disaster Recovery Plan as well as location specific business continuity plans. These location specific business continuity plans include Council House, Osborne Park Depot, Library, Surveillance Centre, Parks Outstations, Community Services Facilities and Commercial Parking. Six monthly testing on the City’s business continuity arrangements has been undertaken since June 2017. This testing has involved staff based on a particular floor of Council House being relocated to the Citiplace Community Centre (alternate location for Council House) for the day. To date three of these tests have been undertaken. In addition, in June 2017 and June 2018 the City has undertaken a crisis exercise test with further testing planned for early 2019. Business continuity management activities as coordinated by the Risk Management Team is reported to the Audit and Risk Committee every six months as part of the Risk Management Quarterly Update Report. A recommendation arising from the Organisational Risk Maturity Assessment carried out in 2016 is for the City to “rationalise and refine strategic and operational risks and integrate and align with planning framework”. To address this recommendation the Risk Management Team has been undertaking Business Unit operational risk assessments aligned with the City’s Risk Management Framework and Risk Assessment Criteria. To date 29 out of 30 Business Unit operational risk assessments have been completed.

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<p>Risk Management As per Operational Guideline No 9 (Audit in Local Government) “internal control and risk management systems and programs are a key expression of a local government’s attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include”:</p>	<p>Current systems and procedures (controls)</p> <p>These risk assessments have resulted in the identification of operational risks rated as extreme, high, medium and low in accordance with the Risk Management Framework.</p> <ul style="list-style-type: none"> • On completion of each risk assessment, identified risks were loaded into the risk system (RMSS). These risks will be imported into the new risk system (refer point 1 above) in early 2019. Information on risks is subject to ongoing review and reporting (Risk Management Quarterly Update) to the Corporate OSH and Risk Committee as well as the Audit and Risk Committee and Council as per the City’s Risk Acceptance Criteria. • A Risk Management Quarterly Update report is produced by the Risk Management Team and provided to the Corporate OSH and Risk Committee as well as the Audit and Risk Committee and Council for monitoring and review of the City’s risks. The City’s risk profile categorised under ratings of extreme, high, medium and low risks is provided within the report. • A full description of the high and extreme rated risks is provided within an attachment to the abovementioned report including treatment action plans and their current progress. Any new extreme or high rated risks are highlighted both within the report and attachment.
<p>3. Continued.</p>	<p>The City currently has in place fourteen insurance policies as follows:</p> <ul style="list-style-type: none"> o Local Government Special Risks. Insurance coverage for City of Perth property. o Public Liability. Legal liability payments by way of compensation in respect of death/personal injury, product liability, loss or damage to property and professional indemnity against negligence, errors or omissions. o Casual Hirers Liability. Covers legal liability to a third party against death, illness, injury and loss or damage to property. o Crime. Covers loss as a result of an act of employee dishonesty. o Workers’ Compensation. Coverage is granted in accordance with the <i>Workers Compensation and Injury Management Act 1981</i> including unlimited common law cover and accidents that occur whilst a worker is travelling to and from the workplace. o Contract Works. Covers contract work, third party legal liability (personal injury, property damage) and loss of plant, equipment, tools, etc. o Environment Impairment Liability. Covers loss or claims arising from pollution conditions. o Management Liability. Loss and legal expenses in respect of employment related wrongful acts. o Motor Vehicle. Covers all motor vehicles and trailers against loss or damage and third-party liability. o Marine Cargo. Covers loss of or damage to all goods in transit within Australia. o Personal accident. Covers elected members, commissioners, voluntary workers. Insures travel to and from normal place of business/direct travel to and from authorised work. This covers weekly benefits, medical and lifestyle protection benefits. o Journey Injury. Covers injury to employees whilst engaged in a journey to and from residence and place of work or to a place of training for work. o Travel. Covers all employees, elected members and volunteers for trips beyond 50km from normal place of residence or business premises.
<p>4. Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported.</p>	<p>5. Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance.</p>

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<p>Risk Management As per Operational Guideline No 9 (Audit in Local Government) “internal control and risk management systems and programs are a key expression of a local government’s attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include”:</p> <p>Operational Guideline No 9 (Audit in Local Government) item</p>	<p>Current systems and procedures (controls)</p>
<p>5. Continued.</p>	<ul style="list-style-type: none"> ○ Contingency. Relates specifically to Skyworks. ● Local Government Special Risks, Public Liability, Casual Hirers Liability, Crime and Workers Compensation insurance policies are underwritten by Local Government Insurance Service (LGIS). The other insurance policies are underwritten with other insurers (chosen as a result of a tender process coordinated by LGIS). ● Information in relation to insurable assets/events is collated for the insurers in March of each year (for the ensuing financial year). Collation of this information from relevant areas e.g. Properties Unit (buildings), Plant and Equipment Unit (motor vehicles and plant), Arts Culture and Heritage Unit (artworks), Marketing Unit (events) of the organisation is carried out by the Asset and Insurance Accountant. Information for Skyworks insurance is collected in November/December prior to the event in January. In addition, information on insurable assets is also collated by the Asset and Insurance Accountant following the capitalisation of assets into the Finance One Assets Register. ● Building assets are valued by the Valuer General every three years for insurance purposes. Yearly CPI is applied to the value of these assets. Other insurable assets e.g. artworks are revaluated from time to time to maintain adequate insurance coverage. ● In relation to motor vehicle and plant, any additions more than \$600,000 during the financial year must be notified to the insurer immediately. All other additions and deletions are able to be sent to the insurer at the end of the financial year. ● The adequacy of the City’s processes to manage insurable risks, where applicable, is reviewed as part of internal audits reported to the Audit and Risk Committee. ● Insurable risks and controls for managing these risks may be assessed during business unit operational risk workshops undertaken by the Risk Management Team and reported to the Audit and Risk Committee via the Risk Management Quarterly Update (extreme/high risks).
<p>6. Reviewing the effectiveness of the local government’s internal control system with management and the internal and external auditors.</p>	<ul style="list-style-type: none"> ● The City’s Audit and Risk Committee is scheduled to meet four times per calendar year i.e. February, May, August and November. This committee consists of three elected members (now Commissioners) and an external independent member who presently is the Presiding Member. The CEO, Directors, relevant Management and staff, Internal Audit and Governance Unit teams attend these meetings as well as the external auditors as required e.g. to present their financial statement audit results. In addition, there may be an occasion to hold a special Audit and Risk Committee meeting e.g. for the external auditors to present their audit planning report for the upcoming financial year. ● The Audit and Risk Committee meetings are an opportunity for the members of this committee to review the effectiveness of the local government’s internal control system with management and the internal and external auditors. This is done via review of audit reports as prepared for the committee. The effectiveness of internal control systems can also be gauged from risk management reports presented at the committee meetings by the Risk Management Team as well as from any reports presented on the City’s controls as prepared by external parties.

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<p>Risk Management As per Operational Guideline No 9 (Audit in Local Government) “internal control and risk management systems and programs are a key expression of a local government’s attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include”:</p> <p>Operational Guideline No 9 (Audit in Local Government) item</p> <p>7. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk.</p>	<p>Current systems and procedures (controls)</p> <ul style="list-style-type: none"> • The City maintains a myriad of preventative and detective controls in relation to managing transactions. These controls are supported by relevant legislation, policies and procedures. Key controls include the following: <ul style="list-style-type: none"> ○ Delegations of authority register that specifies activities or transactions that need approval by specific officers before they can be performed or executed by employees. ○ Financial authority limits for approval of purchase requisitions and invoices. ○ Supervisory approval for high risk activities or transactions. A supervisor’s approval (manual or electronic) implies that he or she has verified and validated that the activity or transaction conforms to established policies and procedures. ○ A requirement for payments (EFT, cheques and payroll) to be authorised/signed off by two authorised staff members. ○ Segregation of duties e.g. in the area of purchasing duties of creation of purchase requisitions, review of requisition and release of purchase order, confirmation of receipt of goods/services and approval of invoice. ○ Preparation and independent supervisory review of reconciliations to account for transactions. ○ Management review of reports, statements, and other information e.g. Financial Management Taskforce meets on a monthly basis to compare information about current performance to budgets, forecasts, prior periods or other benchmarks. This taskforce monitors the extent to which financial objectives are being achieved and identifies any unexpected results or unusual transactions which require follow-up. • Assessment of relevant controls for identifying unusual and/or risky transactions is provided, as applicable, within internal and external audit reports as well as risk management reports to the Audit and Risk Committee.
<p>8. Assessing the local government’s procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied.</p>	<ul style="list-style-type: none"> • Procurement policies/procedures have included probity principles as appropriate. Examples of probity principles discussed within key policies/procedures are as follows: <ul style="list-style-type: none"> ○ Ethics and integrity. Principles, standards and behaviours that must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties. ○ Procedural fairness. ○ Disclosure of interest of employees. ○ Maintenance of confidentiality of submissions/evaluation process. ○ Protocols for contact with tenderers. ○ Maintenance of adequate documentation on purchasing activities. • The City has a Statement of Business Ethics which provides guidance on the City’s ethical standards and expectations that all employees, elected members, committee members, contractors and goods and services suppliers must adhere to. This statement accompanies the issue of a purchase order as well as being included within tender documentation. • Overall, the City’s policies and procedures provides clear guidance to staff in relation to procurement matters. • Evidence on the application of relevant policies and procedures has been obtained during the undertaking of internal audits relating to procurement. A number of these audits have been carried out in recent years and reported to the Audit and Risk Committee. The 2018/19 Internal Audit Plan includes a tender audit as well as a purchasing audit.

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<p>Risk Management As per Operational Guideline No 9 (Audit in Local Government) “internal control and risk management systems and programs are a key expression of a local government’s attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include”:</p> <p>Operational Guideline No 9 (Audit in Local Government) item</p> <p>9. Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government’s control environment.</p> <p>10. Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.</p>	<p>Current systems and procedures (controls)</p> <ul style="list-style-type: none"> As mentioned under point 6 above, scheduled Audit and Risk Committee meetings provide an opportunity for this committee to periodically meet with key management, internal and external auditors, and compliance staff (Governance Unit), to understand and discuss any changes in the City’s control environment. Changes in the City’s control environment are highlighted within reports presented at the committee by Internal Audit (Internal Audit reports), Governance (Risk Management reports) and by other units where applicable. Reports prepared by external parties on the City’s control environment are also presented at the committee meetings for discussion. The option of calling a special Audit and Risk Committee meeting to discuss changes in controls is available. Research carried out with the Risk Management Coordinator has confirmed that fraud and misconduct risks have been identified during business unit risk assessments carried out by the Risk Management Team in April 2018. Specifically, these risks were identified during discussions on the procurement and cash handling risks at the relevant business unit risk assessment. Treatment plans involving relevant staff are in place for addressing these risks. Implementation of these treatment plans will also assist in addressing the abovementioned identified risks of fraud and misconduct. The progress of implementation of these treatment plans was reported within the Risk Management Quarterly Update report for May and August 2018 prepared for the relevant Corporate OSH and Risk Committee as well as the Audit and Risk Committee and Council meetings and will be included in future update reports to the abovementioned forums. Part 8 of the City’s Code of Conduct Policy 10.1 deals with the reporting of breaches of this code as well as misconduct both internally and externally i.e. Corruption and Crime Commission (serious misconduct) or Public Sector Commissioner (minor misconduct). The City does not currently have in place any other policy that deals with fraud and misconduct. However, it has been confirmed that the development of a “fraud and corruption control plan/policy” is a project within the 2018/19 Governance Unit Business Plan. As per this business plan this project is scheduled for completion in April 2019. Every year the City’s Audit and Risk Committee reviews the external auditor reports and their opinion whether, in all material respects, the annual financial report complies with Council’s direction including assessment of risks of material misstatement of the financial report whether due to fraud or error.
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CEO REVIEW OF SYSTEMS AND PROCEDURES – OCTOBER 2018

<p>Internal Control As per Operational Guideline No 9 (Audit in Local Government) “aspects of an effective control framework will include”:</p>	
<p>Operational Guideline No 9 (Audit in Local Government) item</p>	<p>Current systems and procedures (controls)</p>
<p>1. Delegation of authority.</p>	<ul style="list-style-type: none"> • The City maintains a Delegation of Authority Register which is managed by the Governance Unit. It contains the statutory decision-making authorities delegated by Council to the CEO and sub-delegated by the CEO to other specified employees only. The register outlines the following delegations: <ul style="list-style-type: none"> Statutory delegations under the <i>Local Government Act 1995</i> <ul style="list-style-type: none"> ○ Delegations to Committees of Council. ○ Delegations to the CEO. ○ CEO Delegated Authorities. Statutory Delegations – Other legislation. <ul style="list-style-type: none"> ○ <i>Bush Fires Act 1954.</i> ○ <i>Food Act 2008.</i> ○ <i>Building Act 2011.</i> ○ <i>Planning and Development Act 2005.</i> ○ City Planning Scheme. ○ <i>Cat Act 2011.</i> ○ <i>Liquor Control Act 1988.</i> ○ <i>Dog Act 1976.</i> ○ <i>Public Health Act 2016.</i> ○ <i>Health (Miscellaneous Provisions) Act 1911.</i> Statutory Delegations to Local Government from External Agencies. <ul style="list-style-type: none"> ○ <i>Environmental Protection Act 1986.</i> ○ <i>Planning and Development Act 2005.</i> ○ Main Roads Western Australia. • The register and delegations contained within is considered to provide an adequate decision-making control. Reference to the relevant delegated authority is required for the making of decisions. The Delegations of Authority Register is reviewed on an annual basis as required by the <i>Local Government Act 1995</i>. Latest updates to the register following the annual review process were approved by Council on 28 June 2018. • In addition, the City has established a Statutory Authorisations Register which provides a record of employees with a delegated authority under the <i>Local Government Act 1995</i> as well as other legislation and local laws. The procedure for maintaining this register lies with the Governance Unit. • Authorisation cards are being issued for employees listed on the Statutory Authorisation Register. All authorisation cards are issued for a two-year period to allow for renewal and review of authorisations.

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<p>Internal Control As per Operational Guideline No 9 (Audit in Local Government) “aspects of an effective control framework will include”:</p>	<p>Operational Guideline No 9 (Audit in Local Government) item</p> <p>2. Documented policies and procedures.</p> <ul style="list-style-type: none"> • <i>Council Policy Manual</i> The City maintains a comprehensive manual on policies which contains policy statements as adopted by Council. This manual focuses on the strategic and statutory decision-making obligations of Council and its oversight of the administration of the City, establishing principles which guide the day to day operations. Elected members and employees (and where applicable contractors to the City) are required to act in accordance with Council Policies. The Council Policy Manual is managed by the Governance Unit. Council policies within this manual are categorised under the following headings: <ul style="list-style-type: none"> ○ 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 and Planning. ○ Parks and Reserves. ○ Plant, Equipment and Stores. ○ Recreation and Cultural Services. ○ Risk Management. ○ Roads. ○ Sewerage and Drainage. ○ Traffic and Transport. ○ Waste Management. • <i>Organisational Policy Manual</i> The City also has in place an Organisational Policy Manual containing policy statements relevant to corporate administration and operational management of the City of Perth. Responsibility for managing the Organisational Policy Manual lies with the Governance Unit. The following policies are currently contained within this manual: <ul style="list-style-type: none"> ○ Decision Making Framework. ○ Employee Farewell Functions. ○ Fleet and Plant Safe Management. ○ Equal Employment Opportunity (EEO).
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<p>Internal Control As per Operational Guideline No 9 (Audit in Local Government) “aspects of an effective control framework will include”:</p> <p>Operational Guideline No 9 (Audit in Local Government) item</p>	<p>Current systems and procedures (controls)</p>
<p>2. Continued.</p>	<ul style="list-style-type: none"> o Paid Partner Leave. o Prevention and Management of Workplace Bullying. o Work Experience/Internship. o Dress Standards Policy. o Motor Vehicle Fleet – Acquisition, Allocation and Management. o Record Keeping. o Electronic Signatures. o Asbestos Management. o End User ICT Information Security Policy. o ICT Operational Security Policy. o Occupational Safety and Health Policy. o Corporate Endorsement Policy. <p>Employees (and where applicable, contractors to the City) are required to act in accordance with the Organisational Policy Manual.</p> <ul style="list-style-type: none"> • <i>Procedures</i> A range of procedures has been established and is being maintained by the City. These procedures cover the full spectrum of the City’s operations. Procedures can be classified as follows: <ul style="list-style-type: none"> o Corporate – procedures applicable to all staff. o Directorate – procedures applicable to a particular Directorate. o Unit – procedures applicable to a particular Unit. o Position – procedures applicable to a particular position. <p>A system is in place for the review and update of procedures by custodians (refer section 5 below - effective policy and process review).</p>
<p>3. Trained and qualified employees.</p>	<ul style="list-style-type: none"> • All employees recruited by the City must have received the required training and qualification(s) as specified in the relevant position documentation. Evidence of this training/qualification(s) is obtained during the recruitment process. To enable integration into the workplace, all new employees are required to undertake the City’s onboarding (induction) program. • In addition to receiving on the job training, there are various types of training provided to staff as follows: <ul style="list-style-type: none"> o CityLearn (eLearning online training). Covers mandatory compliance/regulatory training including code of conduct (includes courses required to be undertaken as part of the onboarding program). o Corporate training calendar. Corporately led and organised by the Learning and Development Team. This training may cover a range of topics such as strategic thinking, writing a business case, policy and procedure writing, leadership development, etc. o Individual training. Opportunities for professional and personal development as required. These opportunities may be identified via the City’s performance development system (Performance Shaping). o Training in key job-related areas such as purchasing, finance, recordkeeping and information systems. o Team building exercises on a specific topic as coordinated by the Learning and Development Team. • The City provides assistance for study towards a formal qualification. Study leave and monetary assistance is subject to management

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<p>Internal Control As per Operational Guideline No 9 (Audit in Local Government) “aspects of an effective control framework will include”:</p>	
<p>Operational Guideline No 9 (Audit in Local Government) item 3. Continued.</p>	<p>Current systems and procedures (controls)</p> <p>approval.</p> <ul style="list-style-type: none"> The Organisational Capability and Compliance Assessment (OCCA) completed by Deloitte in 2017 identified two high level initiatives required in relation to training. Firstly, development of an Onboarding Strategy. This strategy has now been developed by the Learning and Development Team within the Human Resources Unit and is planned for implementation on 1 November 2018. Under this strategy, online training for new employees will take place prior to commencement of duties (pre-boarding). The onboarding program will commence on the first day of employment and continue for six months. <p>Secondly, development of compliance training matrices to ensure that the City is able to clearly identify what compliance and statutory training is required for positions. These matrices have now been completed and are being applied by the Learning and Development Team.</p>
<p>4. System controls.</p>	<ul style="list-style-type: none"> General IT Controls Controls over the City’s Information Technology (IT) environment are centrally managed and monitored by relevant staff within the Information Technology Unit. These controls include the following: <ul style="list-style-type: none"> IT policies i.e. End User ICT Information Security Policy and ICT Operational Security Policy (included within the Organisational Policy Manual, refer section 2 above). Antivirus/antimalware software is in place to protect all servers and computer equipment continuously for malware, viruses and spam. This includes web filtering software and software to control incoming and outgoing emails. Backup of all data in production mode occurs on a daily, weekly and monthly schedule. These backups are maintained in an IT collocated facility as well as in the City’s disaster recovery site. Centralised system password and access controls. Hardware and software tools to protect information systems by analysing data entering and leaving the network e.g. internal and external firewalls, Intrusion Detection Systems. Application IT controls Each computer based application system has its own input/output controls, processing controls and master files/data controls in place which are configured by relevant staff within the City’s Information Technology Unit. Core application systems include Finance 1 (financial application), Pathway (revenue and land information systems), Hansen (asset management), Content Manager (record keeping), Empower (HR and payroll). This system to be replaced by a new Human Resources Information System). These application systems have restrictions on system access and ability to carry out certain functions e.g. application password and access controls, data entry restrictions, processing restrictions and reporting restrictions.
<p>5. Effective policy and process review.</p>	<ul style="list-style-type: none"> Separate corporate procedures are in place for the management of Council Policies and Organisational Policies. These procedures cover the creation of a new policy or the review and amending of an existing policy. As described within these procedures a new policy or the review and amending of an existing policy may be instigated by the business unit who is custodian of the policy. These procedures also outline the relevant approvals required for a new or amended policy.

<p>Internal Control As per Operational Guideline No 9 (Audit in Local Government) “aspects of an effective control framework will include”:</p> <p>Operational Guideline No 9 (Audit in Local Government) item</p> <p>5. Continued.</p>	<p>Current systems and procedures (controls)</p> <ul style="list-style-type: none"> • <i>Policy review</i> Council Policies <p>In terms of Council Policies, the OCCA found that 60% of policies within the Council Policy Manual had not been reviewed in the last five years and risk ratings for Council Policies had either not been completed or were inconsistently applied and not aligned with the City’s Risk Management Framework.</p> <p>To address these findings the City has undertaken the following two high level initiatives.</p> <ul style="list-style-type: none"> ○ Conduct a foundation review of all policies (Phase 1). ○ Propose changes and initiate new policies based on Phase 1 work (Phase 2). <p>Phase 1 has been completed and Council Policies have been assessed by the Policy Short Term Action Group and the City’s Risk Management Team as high, medium and low risk. On the 17 January 2018, the Executive Leadership Group (ELG) endorsed this assessment of Council Policies as well as a Policy Review Risk Assessment Criteria and the timeframe for review of policies in line with the criteria. Review timeframes are based on the risk rating determined for the policy. Policies assessed as being high risk are to be reviewed within six months (July 2018) and then subject to an ongoing annual review. Medium risk policies are to be reviewed within 12 months (February 2019) and then subject to an ongoing two-yearly review. Low risk policies are to be reviewed within 18 months (July 2019) and then subject to an ongoing four yearly review.</p> <p>Work on phase 2 has commenced with a review of the nineteen identified high risk Council Policies by relevant policy custodian units. As at 22 October 2018, three amended high risk policies have been adopted by Council. Two reviewed high risk policies are to be considered in the October 2018 Council meeting. Review undertaken on two other high risk policies has identified that these policies do not require amendment. The remaining twelve high risk policies are scheduled for submission to Council within the next three months. The status of implementation of all OCCA high level initiatives are being reported to the Audit and Risk Committee.</p> <p>In addition, in August 2018 the Governance Unit commenced reporting to ELG on the status of the review on the high-risk Council policies.</p> <p><u>Organisational Policies</u></p> <p>The City currently has sixteen policies within its Organisational Policy Manual. A review of policies within this manual was carried out. As a result of this review, evidence was not able to be obtained that policies listed within this manual as due for review have actually been reviewed by the policy custodian unit (eleven policies). In addition, seven of these policies do not have a risk rating assigned. Inconsistencies were also noted between the risk rating assigned and review frequency for these policies. Review frequency may not be in line with the ongoing review timeframe determined for Council Policies above. This observation in relation to Organisational Policies has been highlighted within the Audit and Risk Committee report on this CEO Review.</p> <p>During October 2018, it was identified that the Governance Unit had recently completed a review of these Organisational Policies. This review has examined the content of these policies as well as their current risk rating and review frequency. The examination of content has resulted in recommendations to merge two policies, revoke one policy and remove some text within three policies. Risk ratings for the Organisational Policies have been reassessed and based on this reassessment a review frequency (as adopted for Council Policies refer above) applied. It was advised by the Governance Unit that an ELG report will be submitted in November 2018 to seek endorsement</p>
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CEO REVIEW OF SYSTEMS AND PROCEDURES – OCTOBER 2018

<p>Internal Control As per Operational Guideline No 9 (Audit in Local Government) “aspects of an effective control framework will include”:</p>	<p>Operational Guideline No 9 (Audit in Local Government) item</p> <p>5. Continued.</p> <p>of priority for review of Organisational Policies based on the reassessment of risk as well as the ongoing review frequency. Follow up on this matter is planned to be undertaken by Internal Audit. Finally, it was confirmed by the Governance Coordinator that the new Risk, Safety and Compliance system will be used as a means for the Governance unit to monitor review of Council and Organisational Policies by business units. This system will be rolled out to the organisation in early 2019.</p> <ul style="list-style-type: none"> ● <i>Process Review</i> In April 2016, the City established a Business Improvement Team within the Community and Commercial Services Directorate. The work undertaken by this team related to “short, sharp reviews on specific processes to remove waste or non-value add steps, resulting in capacity generation, reduced timeframes, improved customer experience and reduced costs associated with the delivery of the process or service”. <p>Business improvement projects were determined on a priority basis and approved by ELG. Management of these projects by the team has been undertaken using the Lean Six Sigma methodology. Projects carried out by the team have included process reviews on the following:</p> <ul style="list-style-type: none"> ○ Obstruction permits. ○ Financial process for road closure advertisements. ○ Event approvals. ○ Management of environmental health licenses. ○ Administration of The Lord Mayor’s Distress Relief Fund. ○ Processes associated with the iCity volunteers. ○ Development approvals. ○ Sponsorships/partnerships/grants. ○ Lord Mayor Speech Requests. ○ Activation and Events Team Review. <p>In 2018 the Business Improvement Team was transferred to the Strategy and Partnership Unit. A high-level initiative to address relevant findings/recommendations of the OCCA is to “Identify cross Business Unit processes”. As part of implementing this initiative the City has commenced a project to review its events booking process in order to identify process inefficiencies and deliver reforms to better provide value to customers. This 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, Surveillance Centre, Rangers and Properties. A project team made up of staff from the above areas of the City as well as the Business Improvement Team was formed to undertake this project which commenced in January 2018 and will continue through 2018 and into 2019. The project team have expressed their preference for going live with the new process around 30 June 2019 to coincide with the least busy time of the year for events. Another OCCA high level initiative is to “Develop Target Business Model”. Projects to review processes identified as part of the Target Business Model to be transferred to other business units has commenced with background analysis conducted. These processes include bookings for feature lighting, banners and busking permits as well as heritage rate concessions.</p>
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<p>Internal Control As per Operational Guideline No 9 (Audit in Local Government) “aspects of an effective control framework will include”:</p>	<p>Operational Guideline No 9 (Audit in Local Government) item</p> <p>5. Continued.</p> <p>As mentioned above, the status of implementation of all OCCA high level initiatives are being reported to the Audit and Risk Committee by the Strategy and Partnership Unit. Finally, the Strategy and Partnership Unit has confirmed that the identification of other City processes that require reform will be a key output of the Strategic Review and Reform Project.</p> <ul style="list-style-type: none"> • <i>Procedure review</i> <ul style="list-style-type: none"> As previously mentioned the City’s procedures are classified as follows: <ul style="list-style-type: none"> ○ Corporate – procedures applicable to all staff. ○ Directorate – procedures applicable to a particular Directorate. ○ Unit – procedures applicable to a particular Unit. ○ Position – procedures applicable to a particular position <p>Corporate procedure PR0001, Procedure Management, provides instruction on the creation, review and cancellation of procedures. As per PR0001, once a procedure has been drafted it must be approved by the appropriate level of management as follows:</p> <ul style="list-style-type: none"> ○ Position and unit procedures by the Manager. ○ Directorate procedures by the Director. ○ Corporate procedures by a Director. The Manager Governance is to approve corporate procedures owned by Governance, Strategy and Partnership and Corporate Communications Units. ○ ELG to be advised of critical corporate or high-risk procedures. <p>Approved procedures are registered on the Content Manager record keeping system and published on the Intranet by the Information Management Team within the Data and Information Unit.</p> <p>Procedures are required to be reviewed on a periodic basis (as specified within each procedure) by the procedure owner. When a procedure review date becomes due, Content Manager automatically notifies the procedure owner that the procedure is required to be reviewed. The procedure owner is then required to complete the review on Content Manager which may involve completion of action (if no changes to procedure are required) or edit the procedure if changes are needed.</p> <p>In accordance with PR0001, written approval to cancel a procedure is required from either the relevant Manager or Director as follows:</p> <ul style="list-style-type: none"> ○ Position and unit procedures by the Manager. ○ Directorate procedures by the Director. ○ Corporate procedures by the Director. <p>Following confirmation of relevant approval, the Information Management Team is required to cancel the procedure on Content Manager and remove it from the Intranet.</p>
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CEO REVIEW OF SYSTEMS AND PROCEDURES – OCTOBER 2018

<p>Internal Control As per Operational Guideline No 9 (Audit in Local Government) “aspects of an effective control framework will include”:</p>	
<p>Operational Guideline No 9 (Audit in Local Government) item</p>	
<p>6. Regular internal audits.</p>	<p>Current systems and procedures (controls)</p> <ul style="list-style-type: none"> Internal audits are carried out throughout the financial year by the Internal Audit Team in accordance with the City’s Internal Audit Plan as approved by the Audit and Risk Committee and Council. The Internal Audit Team reports on internal audit activities to the Audit and Risk Committee and Council. In addition, the team reports on the status of internal audit recommendations at each Audit and Risk Committee meeting. This team is comprised of two staff members. A total of 2,247 hours has been allocated for internal audits within the 2018/19 Internal Audit Plan.
<p>7. Documentation of risk identification and assessment.</p>	<ul style="list-style-type: none"> As mentioned in the risk management section above, a recommendation arising from the Organisational Risk Maturity Assessment carried out in 2016 by LGIS is for the City to “rationalise and refine strategic and operational risks and integrate and align with planning framework”. To address this recommendation the Risk Management Team (Governance Unit) has been undertaking Business Unit operational risk assessments aligned with the City’s Risk Management Framework and Risk Assessment Criteria. As at 1 October 2018, 29 of 30 Business Unit operational risk assessments have been completed. These risk assessments have resulted in the identification of operational risks which have been rated as extreme, high, medium and low in accordance with the Risk Management Framework. On completion of each risk assessment, identified operational risks have been loaded into the City’s risk system for ongoing monitoring and reporting. Information on these risks is subject to ongoing review and reporting (Risk Management Quarterly Update) by the Risk Management Team to the Corporate OSH and Risk Committee as well as the Audit and Risk Committee and Council as per the City’s Risk Acceptance Criteria. This update report provides a summary of the number and percentage of operational risks identified as extreme, high, medium and low risks. Details on each risk rated as extreme and high risk are included within the update report for monitoring purposes. These details include risk causes, impacts, existing controls and effectiveness, treatment action plans and current progress of these action plans. The City’s strategic risks were identified during a number of workshops held in late 2017 and early 2018. These workshops were facilitated by Riskwest and involved ELG, Governance and Strategy and Partnership Units. Following the workshops, a Strategic Risk Report completed by Riskwest was presented to ELG and the Audit and Risk Committee in February and March 2018 respectively. Included as an appendix to this report is a Strategic Risk Register which outlines the identified five strategic risks, associated potential causes and impacts, risk ratings, risk controls effectiveness ratings and relevant treatment action plans. The Strategic Risk report contains recommendations to further enhance the strategic risk information as well as integrate the information within the City’s decision making and reporting process. As reported in the last Risk Management Quarterly Update Report (August 2018) and confirmed by the Risk Management Coordinator, strategic risks are in the process of being reviewed by the ELG. Activities that have taken place in the last three months from August 2018 include the following: <ul style="list-style-type: none"> Workshop to review current strategic risks and identify any new risks. Alignment of the strategic risks to strategic community goals. Assignment of responsibility for risk treatment action plans. Endorsement of strategic risks by the Corporate OSH and Risk Committee. The reviewed strategic risks are to be presented to the Audit and Risk Committee for endorsement at the 5 November 2018 meeting.

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<p>Operational Guideline No 9 (Audit in Local Government) item</p>	<p>Current systems and procedures (controls)</p>
<p>7. Continued.</p>	<p>The following activities are planned for the next three months.</p> <ul style="list-style-type: none"> ○ Refine risk treatment plans with business units to confirm accountability and timeframes. ○ Align risk treatment action plans with business unit plans. ● The identification and assessment of risks for the area under review are included within internal audit reports presented to the Audit and Risk Committee and Council.
<p>8. Regular liaison with auditor and legal advisors.</p>	<ul style="list-style-type: none"> ● <i>External auditor</i> Each financial year the City liaises with its external auditor in relation to the financial year end audit carried out as per the <i>Local Government Act 1995</i> and <i>Local Government (Audit) Regulations 1996</i>. In relation to the financial year end, audit liaison occurs between the external auditor and relevant staff including the Chief Accountant, Manager Finance and Internal Auditor. This liaison takes place during external audit planning, field work as well as at the conclusion of the audit in regard to exit interviews, audit findings, reporting, etc. On 28 October 2017, the <i>Local Government Amendment (Auditing) Act 2017</i> was proclaimed giving the Auditor General the mandate to audit local governments. The City of Perth financial year end audit has been contracted out to Grant Thornton with oversight by the Auditor General. For the 2017/18 financial year end audit a special Audit and Risk Committee meeting took place in June 2018 for Grant Thornton to present and discuss with the committee a plan for this audit. Also present at this meeting was a representative of the Office of the Auditor General. Grant Thornton and a representative from the Office of the Auditor General will discuss with the Audit and Risk Committee the results of the 2017/18 financial year end audit in a committee meeting scheduled late in 2018. ● <i>Legal advisors</i> Since July 2014 the City has accessed the WALGA Preferred Supply panel for Legal Services. As required liaison between City of Perth staff and suppliers on this panel occurs in relation to a range of legal services. In addition, staff queries in relation to the Local Government Act and Regulations as well as other relevant legislation and Local Laws may be dealt with by the City’s Governance Unit.

CEO REVIEW OF SYSTEMS AND PROCEDURES – OCTOBER 2018

<p>Legislative Compliance As per Operational Guideline No 9 (Audit in Local Government) “the compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include”:</p>	
<p>Operational Guideline No 9 (Audit in Local Government) item</p>	<p>Current systems and procedures (controls)</p>
<p>1. Monitoring compliance with legislation and regulations.</p>	<ul style="list-style-type: none"> • On 26 June 2018, amendments to the <i>Local Government (Audit) Regulations 1996</i> and <i>Local Government (Financial Management) Regulations 1996</i> were gazetted. The amendments result from the transition of responsibility for oversight of local government audits to the Office of the Auditor General. • As a result of these amendments, the role of the Audit Committee has been changed in Regulation 16 of the Audit Regulations so that the committee has greater involvement in assisting the CEO to carry out the review under Regulation 17 of the Audit Regulations of systems and procedures concerning risk management, internal control, and legislative compliance (CEO Review) as well as under Regulation 5(2)(c) of the Financial Management Regulations a review of the appropriateness and effectiveness of the financial management systems and procedures (Financial Management Systems and Procedures Review). The Audit Committee is empowered to ‘monitor and advise’ the CEO in these reviews which now must take place no less than every three financial years. <p>In addition, under Regulation 16 of the Audit Regulations, the Audit Committee will also support the auditor as required and have functions to oversee:</p> <ul style="list-style-type: none"> ○ the implementation of audit recommendations made by the auditor, which have been accepted by council; and ○ accepted recommendations arising from the abovementioned reviews. <ul style="list-style-type: none"> • As part of the specification for tender 111-15/16 Provision of Audit Services, a Financial Management Systems and Procedures Review was required to be undertaken by the successful tenderer (the City’s external auditor). Confirmation was obtained from relevant Finance Unit staff that this review was not completed and this omission has been acknowledged by the external auditor. This omission was due to a misunderstanding by the external auditor of this requirement. In recent discussions between Internal Audit and relevant Finance Unit staff it was agreed that to address this issue, quotations should be sought for the undertaking of this review. Planned timeframe for the undertaking of this review is the first quarter of 2019. This matter has been included as an observation within the Audit and Risk Committee report for this CEO Review and will be subject to follow up by Internal Audit with relevant Finance Unit staff. • To cater for the abovementioned amendments, the Terms of Reference for the City’s Audit and Risk Committee were updated and noted at the committee meeting of 13 August 2018. According to the updated Terms of Reference the committee is to review and make recommendations to the Council regarding legislative compliance as follows: <ul style="list-style-type: none"> ○ the integrity, adequacy and effectiveness of the City’s systems and controls for legislative compliance; ○ the level of compliance with legislative obligations as well as the City’s policies; ○ the CEO’s report on the review of the City’s legislative Compliance systems, at least once triennially; and ○ the annual statutory Compliance Audit Return (CAR). • Audit and Risk Committee meetings take place on a quarterly basis to enable monitoring of legislative compliance.

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<p>Legislative Compliance As per Operational Guideline No 9 (Audit in Local Government) “the compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include”:</p>	
<p>Operational Guideline No 9 (Audit in Local Government) requirements</p>	
<p>2. Reviewing the annual Compliance Audit Return and reporting to Council the results of that review.</p>	<p>Current systems and procedures (controls)</p> <ul style="list-style-type: none"> • The Audit and Risk Committee reviews the annual CAR (as prepared by Internal Audit) in its February meeting of each year. Following this review the CAR is presented to Council in its March meeting for consideration and endorsement. This process allows for sufficient time to meet the statutory requirement of submitting the CAR to the Department of Local Government, Sport and Cultural Industries by 31 March. • The Audit and Risk Committee stays informed on how management is monitoring legislative compliance matters via receipt of internal audit reports or relevant reports provided by the Governance Unit containing recommendations on improving compliance with the <i>Local Government Act 1995</i>, Regulations, Local Laws, City policies and procedures as applicable. The above-mentioned reports are presented at the committee meetings for discussion. Recommendations for improving compliance may be agreed by the committee and recommended to Council for approval. Alternatively, the committee may suggest other changes/improvements to compliance which are actioned by relevant staff and later reported to the committee for their consideration. • In accordance with regulation 10(3)(b) of the Audit Regulations, the external auditor reports to the committee on the financial year end audit includes any matters indicating non-compliance with Part 6 of the Act, the <i>Local Government (Financial Management) Regulations 1996</i> or applicable financial controls in any other written law. • 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 2016 and 2017 CAR. During discussions on potential audit areas for the Internal Audit Plan 2018/19, the Independent Chair of the committee proposed an audit to review the adequacy of controls for facilitating compliance with the requirements of the Act and its regulations as contained within the annual CAR. A CAR Controls Review was subsequently approved by the committee to be included within the Internal Audit Plan 2018/19 and was carried out by Internal Audit in July 2018. A report including recommendations for improving controls over compliance with the Act and its regulations was reviewed by the committee and approved by Council in August 2018. The implementation of recommendations within this report are currently being followed up by Internal Audit and reported to the committee.
<p>3. Staying informed about how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary.</p>	<ul style="list-style-type: none"> • The City has the following framework in regard to complaints management. <ul style="list-style-type: none"> ○ <i>Code of Conduct</i> ○ Information on reporting complaints/misconduct within the City is contained in Part 8 of the Code of Conduct. ○ <i>Statement of Business Ethics</i> ○ The City implemented a Statement of Business Ethics in late 2015. It provides the principles on ethical standards for all sectors of the community when conducting business with the City and guidance on who to contact about suspected corrupt behaviour. The statement appears on the intranet and City’s website as well as being provided to existing suppliers with the issue of purchase orders and included within tender documentation. ○ <i>Complaints Officer</i> ○ The City’s Chief Executive Officer (CEO) is the Complaints Officer. ○ The CEO manages any allegation or situation involving misconduct within the City and reports to the Corruption and Crime
<p>4. Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints.</p>	<ul style="list-style-type: none"> • The City has the following framework in regard to complaints management. <ul style="list-style-type: none"> ○ <i>Code of Conduct</i> ○ Information on reporting complaints/misconduct within the City is contained in Part 8 of the Code of Conduct. ○ <i>Statement of Business Ethics</i> ○ The City implemented a Statement of Business Ethics in late 2015. It provides the principles on ethical standards for all sectors of the community when conducting business with the City and guidance on who to contact about suspected corrupt behaviour. The statement appears on the intranet and City’s website as well as being provided to existing suppliers with the issue of purchase orders and included within tender documentation. ○ <i>Complaints Officer</i> ○ The City’s Chief Executive Officer (CEO) is the Complaints Officer. ○ The CEO manages any allegation or situation involving misconduct within the City and reports to the Corruption and Crime

<p>Legislative Compliance As per Operational Guideline No 9 (Audit in Local Government) “the compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include”:</p>	<p>Current systems and procedures (controls)</p> <p>Commission (serious misconduct) or to the Public Sector Commission (minor misconduct). The City’s Code of Conduct states that any person may report a breach, or suspected breach, of this Code by an elected member or an employee to the CEO and by the CEO to the Lord Mayor. A Register of Complaints of Minor and Serious Breaches is maintained by the CEO. Currently, the City refers to the Local Government Standards Panel guidelines for making a complaint.</p> <ul style="list-style-type: none"> ○ <i>Public Interest Disclosures Officer</i> ○ The City has four appointed Public Interest Disclosure (PID) Officers, being the Chief Executive Officer (CEO), Manager Governance, Manager Library, Manager Plant and Equipment. Under the <i>Public Interest Disclosure Act 2003</i> illegal or improper conduct by a government official or public authority or government contractor may be disclosed to a PID Officer. ○ <i>City of Perth Public Interest Disclosure Manual and Guide</i> <p>The manual and guide provide for the manner in which the City will comply with its obligations under the <i>Public Interest Disclosure Act 2003</i>. Included within the manual and guide are details on proper authorities for receiving and investigating Public Interest Disclosures, taking action following an investigation, reporting to an informant on the progress and outcome of an investigation and reporting requirements, protecting informants, public interest disclosure register, making information available as well as details on maintaining confidentiality throughout the investigation process, form of public interest disclosure, etc.</p> <ul style="list-style-type: none"> ○ <i>City of Perth Ombudsman</i> <p>The City has an independent service available to customers to review their service complaints. The City’s Ombudsman reviews the matter of complaint, conducts an investigation if necessary and provides a report to the CEO. Alternatively, the Ombudsman may conduct conciliation. The Ombudsman will investigate:</p> <ul style="list-style-type: none"> ➤ a decision or recommendation; ➤ an act done or omitted; or ➤ a procedure, relating to a matter of administration by a City employee or Elected Member whereby a person is, or may be, aggrieved. <p>Decisions of the Council, or those made under Delegated Authority from the Council, are not included. There are some limitations, the major ones being where:</p> <ul style="list-style-type: none"> ➤ an adequate remedy or right of appeal already exists; ➤ the complaint has not been adequately considered through the City’s Service Complaint Procedure PR0558 (refer below); ➤ relates to the conduct (behaviour) of an Elected Member or employee. <p>The City has a corporate procedure, PR0909 Managing City of Perth Ombudsman Documentation as well as City of Perth Ombudsman Guidelines.</p> <ul style="list-style-type: none"> ○ <i>Service Complaints Procedure - PR0558 (from external customers only)</i>
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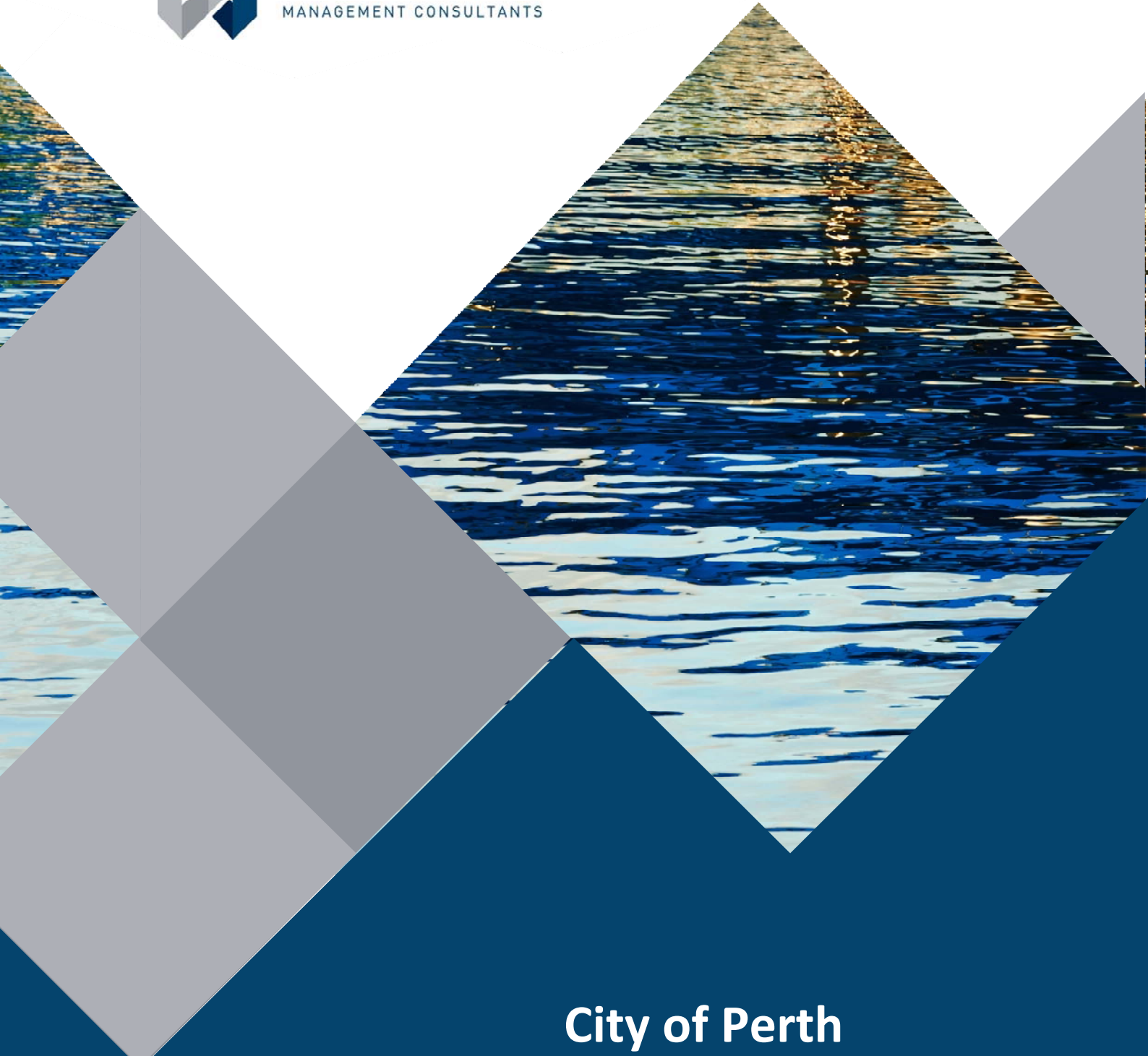
<p>Legislative Compliance As per Operational Guideline No 9 (Audit in Local Government) “the compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include”:</p>	
<p>Operational Guideline No 9 (Audit in Local Government) requirements</p>	<p>Current systems and procedures (controls)</p>
<p>4. Continued.</p>	<p>The objective of this procedure is to resolve service complaints. The procedure includes receiving and responding to service complaint details, appeal and review process, recording and reporting as well as exclusions.</p> <ul style="list-style-type: none"> ○ <i>Human Resources – Disciplinary Guidance Notes (PR0439) and Workplace Grievance Management (PR0442).</i> ○ Corporate Procedure PR0439 provide supervisors and managers with a model process for managing employees with unsatisfactory work performance, behaviour and/or conduct. This includes misconduct or serious misconduct in the workplace. ○ Workplace Grievances Procedures (PR0442) provide employees and supervisors with an effective means of resolving workplace grievances. ○ <i>Reporting complaints to external agencies</i> ○ Information on the City’s intranet and website make it clear that any individual is able to report misconduct to external agencies i.e. Public Sector Commission for minor misconduct and Corruption and Crime Commission for serious misconduct. This information is also contained within the City’s monthly Newsletter. ● <i>Public Sector Commission Evaluation of Arrangements to Manage Misconduct</i> <p>In October 2016, the Public Sector Commission (PSC) undertook an evaluation of arrangements at the City for managing misconduct. The City was chosen as one of 12 public authorities to be subject to an evaluation.</p> <p>The objective of the evaluation was to assess, make observations and provide advice to the Commissioner and public authorities with respect to Part 4 of the Corruption Crime and Misconduct Act 2003, specifically (i) the general arrangements used by public authorities to manage misconduct, and (ii) the notification of minor misconduct to the Commissioner by public authorities.</p> <p>A number of suggestions for improvements for managing and notifying misconduct were provided by the PSC to the City. These suggestions for improvement were accepted by the City and have now been implemented.</p> <p>It was understood, from relevant Governance Unit staff, at the time of carrying out the previous CEO Review of Systems and Procedures (October 2016) that a summary of the PSC evaluation and recommendations was to be provided to the Audit and Risk Committee in line with the committee’s Terms of Reference for reviewing compliance with legislative obligations. However, it has been noted that the PSC summary and suggestions for improvement (as well as subsequent implementation completed by the City) were not provided to the committee. This oversight has been included as an observation within the Audit and Risk Committee report on this CEO Review. The Governance Unit have confirmed that a report on the PSC evaluation will be provided to the Audit and Risk Committee in the February 2019 committee meeting. Follow up on this matter is planned to be undertaken by Internal Audit.</p>
<p>5. Obtaining assurance that adverse trends are identified and review management’s plans to deal with these.</p>	<ul style="list-style-type: none"> ● Internal Audit provides assurance to the Audit and Risk Committee regarding legislative compliance and any adverse trends in this compliance via completion and presentation of the annual Compliance Annual Return. ● In addition, a review of legislative compliance is included in other audits carried out by Internal Audit as applicable. Any adverse trends in legislative compliance as identified during these other audits are documented within relevant audit reports to the Audit and Risk Committee.

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<p>Operational Guideline No 9 (Audit in Local Government) requirements</p>	<p>Current systems and procedures (controls)</p>
<p>5. Continued.</p>	<ul style="list-style-type: none"> • Risk assessments as carried out by the Risk Management Team (Governance Unit) may identify adverse trends in complying with relevant legislation. These risk assessments are reported to the Audit and Risk Committee within the Risk Management Quarterly Update report. • Reporting on these adverse trends by the Internal Audit and Risk Management Teams also comprises management plans to address relevant matters and status of follow up action.
<p>6. Reviewing management disclosures in financial reports of the effect of significant compliance issues.</p>	<ul style="list-style-type: none"> • Following the audit of the financial year statements by the external auditor, the Finance Unit provides a report to the Audit and Risk Committee seeking approval of the annual report (includes audited financial statements). Acceptance by Council of the annual report is required by 31 December each year as per section 5.54(1) of the <i>Local Government Act 1995</i>. Any compliance issues are disclosed in these reports to the committee. The presentation of these reports at the committee meeting allows the committee to review management disclosures of significant compliance issues.
<p>7. Reviewing whether the internal and/or external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee.</p>	<ul style="list-style-type: none"> • The Audit and Risk Committee reviews internal and external audit practices in accordance with the committee’s Terms of Reference and legislation. This review includes examining whether appropriate risks including compliance and ethics risks have been considered within their respective audit plans and in the conduct of their audit projects. The committee reviews compliance/ethical issues within relevant audit reports. • <i>Internal Audit</i> Compliance and ethics risks are examined as part of specific audits as contained within the Internal Audit Plan. Internal Audit staff performs testing to confirm compliance with applicable legislation, regulations, Council policies, procedures governing the City’s activities. Ethics risks such as fraud and misconduct are also examined as part of audits where applicable. • <i>External Audit</i> Every year the Audit and Risk Committee reviews the City’s auditor reports and their opinion whether, in all material respects the annual financial report complies with Council’s direction including: <ul style="list-style-type: none"> ○ Giving a true and fair view of the financial position and performance; ○ Compliance with Australian Accounting Standards including the Australian Accounting Interpretations to the extent they apply to the audit; ○ That the annual financial report is prepared in accordance with the requirements of the <i>Local Government Act 1995</i> Part 6 (as amended) and Regulations under that Act; ○ Assessment of risks of material misstatement of the financial report whether due to fraud or error; and ○ Details of key areas of audit focus and risks, audit procedures performed and conclusions. <p>As a result of the Compliance Audit Return Controls Framework Review carried out in July 2018, the Governance Unit have included the external audit plan legislative requirement within the City’s Corporate Compliance Calendar in order to facilitate follow up by the Finance Unit for ensuring that the City’s Auditor has provided their audit plan to the committee (this requirement was not complied with for the 2015/16 and 2016/17 financial years).</p>

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<p>Operational Guideline No 9 (Audit in Local Government) requirements</p>	<p>Current systems and procedures (controls)</p>
<p>8. Considering the internal auditor’s role in assessing compliance and ethics risks in their plan.</p>	<ul style="list-style-type: none"> • Refer item 7 above.
<p>9. Monitoring the local government’s compliance frameworks dealing with relevant external legislation and regulatory requirements.</p>	<ul style="list-style-type: none"> • As per its Terms of Reference the Audit and Risk Committee reviews and recommends to the Council regarding legal compliance: <ul style="list-style-type: none"> ○ the integrity, adequacy and effectiveness of the City’s systems and controls for legislative compliance; ○ the level of compliance with legislative obligations as well as the City’s policies; ○ the CEO’s report on the review of the City’s legislative Compliance systems, at least once triennially; and ○ the annual statutory Compliance Audit. • Internal Audit informs the Audit and Risk Committee on the City’s compliance with relevant legislation, regulations, local laws, Council policies, procedures, guidelines via the presentation of internal audit reports. • The external auditor provides the Audit and Risk Committee with its audit plan and report on the audited accounts and financial statements once every year in line with legislative requirements. The City’s Auditor is to indicate any matters of non-compliance with the <i>Local Government Act 1995</i>, the <i>Local Government (Financial Management) Regulations 1996</i> or applicable financial controls in any other relevant law. • As previously mentioned the City’s Strategy and Partnership Unit has been reporting to the Audit and Risk Committee on the implementation of high level initiatives developed by the City in order to address the recommendations and associated findings arising from the OCCA. One of these high-level initiatives addresses an OCCA finding relating to legislative compliance i.e development of City of Perth Parking Major Undertaking and Business Plan as per section 3.59 of the <i>Local Government Act 1995</i>. • The following relevant objectives are listed within the Governance Unit Business Plan 2018/19 to improve monitoring compliance with legislation, regulations and practices: <ul style="list-style-type: none"> ○ Review of policies (high, medium and low risk); ○ Develop and implement compliance policy and framework; ○ Develop and implement Governance Framework; ○ Implementation of new Risk, Safety and Compliance software; ○ Development of Gift and Primary/Annual Return software; ○ Ongoing review of local laws; ○ Develop and implement a register and procedures to support administration of Statutory Authorisations (maturity standard); ○ Develop and implement Fraud and Corruption Control Plan/Policy. <p>Where applicable, completion of these objectives is to be reported to the committee in accordance with its Terms of Reference in regard to internal controls and legislative compliance.</p>

<p>Legislative Compliance As per Operational Guideline No 9 (Audit in Local Government) “the compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include”:</p>	<p>Current systems and procedures (controls)</p> <ul style="list-style-type: none"> • The Audit and Risk Committee members are currently three Commissioners (as Council is suspended since March 2018) and one external independent member. This is in line with section 8.30 and 7.1A of the <i>Local Government Act 1995</i> respectively. • The City’s Code of Conduct (Policy 10.1) states that a member of the committee must not make improper use of his or her office or position to gain an advantage for themselves or for any other person, or to cause detriment to the City or any other person (clauses 4.3 and 4.4). The abovementioned code also states that conflict of interests must be disclosed (Part 3). • The City has a number of mechanisms to promote compliance with statutory requirements imposed on Audit and Risk Committee members as follows: <ul style="list-style-type: none"> ○ An Elected Member/Commissioner Induction program which includes information on relevant legislative requirements; ○ Declaration by elected member (Form 7) and Commissioner (Form 8) to observe the Local Government Constitution Regulations 1998; ○ Disclosure of Members’ Interests (included as an agenda item in the Audit and Risk Committee meetings); ○ Governance staff members monitoring statutory compliance; ○ Annual Compliance Audit Return (CAR); ○ The independent member receives a Governance induction which comprises information on statutory requirements. ○ Terms of Reference of the Audit and Risk Committee; and ○ The Council has delegated to the committee to meet with the City’s Auditor on behalf of the Council at least once every year as required by legislation.
<p>Operational Guideline No 9 (Audit in Local Government) requirements</p> <p>10. Complying with legislative and regulatory requirements imposed on audit committee members, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government and disclosing conflicts of interest.</p>	



City of Perth
Risk Management Framework Review
and Maturity Assessment

FINAL 10th October 2018

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1. Background

In September 2018, Riskwest were engaged to carry out a high-level review of the City of Perth's Risk Management Framework (RMF) and make recommendations to assist with the continuing improvement of the framework and the maturity of risk management practices across the organisation. 'Riskwest' is a specialist management consulting firm providing advisory and assurance services in risk management, crisis management, and business continuity to a broad range of corporate, government and community service organisations in Australia and across Asia.

The engagement comprised of a review of the following documents:

- City Council Policy Manual CP19.1 (RM Policy)
- City of Perth Risk Management Framework (RMF) Feb 2017
- City of Perth Risk Assessment and Classification Tables
- Risk Management Quarterly Update August 2018 (sample) plus attachments
- City of Perth Audit and Risk Committee Terms of Reference (OCM 28/08/18)
- City of Perth Corporate OSH and Risk Management Committee Terms of Reference
- Ordinary Council Meeting Minutes 28 august 2018 (sample)
- Current Draft Strategic Risk Register and Risk Profile
- A selection of current Business Unit Operational Risk Registers (samples)

In addition, a series of meetings were held with the following groups to gather feedback as to the effectiveness of the framework and the progress against the 2016 Road Map:

- Chair of the Audit and Risk Committee (Robert Maurich)
- Executive Leadership Group and Manager Governance
- Managers (Jason Tan, Konrad Seidl, Nicola Brandon, Kirk Linares)
- Internal Audit and Governance Team (Mario Cheldi, Niloha Mendoza, Patricia Halley, Desmond Ngara)

It should be noted that the engagement did not constitute an audit.

The review was undertaken by Sandra Hackett (Partner, Riskwest). See Appendix 3 for a summary biography of the reviewer.

2. Approach

The approach to the review was to consider the current Risk Management Policy, Framework and risk register in the context of contemporary practice within local government and across other sectors, and to provide a set of recommendations for improvement.

The review focused on four key elements of *any* Risk Management Framework (RMF):

- Risk Governance & Leadership - Policy, Strategy & Culture
- Embedding Risk Management – Integration and Hierarchy of Risks
- Risk Management Process
- Capability, Support & Continuous Improvement

These elements align with the guidelines set out in AS/NZS ISO 31000:2009 Risk Management¹ as shown in the table below:

Framework Element	Reference to AS/NZS ISO 31000:2009
1. Risk Governance & Leadership - Policy, Strategy & Culture	Mandate and commitment (4.2) Understanding the organisation and its context (4.3.1) Establishing risk management policy (4.3.2) Accountability (4.3.3)
2. Embedding Risk Management - Integration and Hierarchy of Risks	Integration into organisational processes (4.3.4) Establishing internal communication and reporting mechanisms (4.3.6) Establishing external communication and reporting mechanisms (4.3.7) Implementing the framework for managing risk (4.4.1)
3. Risk Management Process	Implementing the risk management process (4.4.2)
4. Capability, Support & Continuous Improvement	Resources (4.3.5) Monitoring and review of the framework (4.5) Continual improvement of the framework (4.6)

The review findings are detailed in Appendix 1.

On completion of the review, the current status of the City's current Risk Management practices were reviewed against the Local Government Insurance Services (LGIS) 2016-18 Road Map activities (Section 3) and any remaining activities, along with the additional recommendations from this review, have been incorporated into a new road map for 2018-2021 (refer to Section 4).

¹ AS/NZS ISO 31000:2009 is an internationally recognised standard which is used across all sectors and provides a set of principles and guidelines for the development and implementation of a risk management framework.

3. Assessment of the City’s progress against the “2016 Road Map”

In July 2016, the Local Government Insurance Services (LGIS) carried out an Organisational Risk Management Maturity Assessment which resulted in a 2-year road map of planned actions to further develop the City’s risk management practices.

Riskwest have been requested to provide a status update against each of the activities contained in the LGIS 2016-18 Road Map and incorporate any remaining activities, along with the additional recommendations from this review, into a new road map for 2018-2021.

The follow table represents a status update provided by the City’s Governance Team of the progress of activities outlined in the roadmap and indicates those activities which will be carried over to the next period of continuous improvement.

Phase	Implementation Schedule	Status Update as of October 2018
1) Mandate and Commitment	<ul style="list-style-type: none"> Briefing to Executive, OSH and Risk Management Committee and Audit and Risk Committee; 	Completed.
	<ul style="list-style-type: none"> Finalise risk management road map; 	Completed.
	<ul style="list-style-type: none"> Obtain endorsement for implementation and ongoing commitment; 	Completed.
2) Appetite, Policy and Governance Framework	<ul style="list-style-type: none"> Revise risk appetite statement and translate into revised risk criteria and key indicators; 	Partially completed. Risk appetite statements have been developed. Risk indicators and limits are carried over to the 2018-21 Road Map reference 4. Risk Appetite.
	<ul style="list-style-type: none"> Revise RMF with specific focus on awareness, practical application and roles and responsibilities; 	Completed.
3) Roles and Responsibilities	<ul style="list-style-type: none"> Confirm and define roles and responsibilities; 	Completed. Roles and responsibilities have been defined in the RMF
	<ul style="list-style-type: none"> Distribute appetite, framework, policy, procedures and risk criteria; 	Completed.

Phase	Implementation Schedule	Status Update as of October 2018
	<ul style="list-style-type: none"> ▪ Arrange risk management awareness sessions; 	<p>Completed.</p> <p>Awareness training conducted as part of the Business Unit risk workshops held in 2018.</p>
	<ul style="list-style-type: none"> ▪ Ensure all managers understand their responsibilities in managing risk, modifying position descriptions where appropriate; 	<p>In progress.</p> <p>Further training and the integration of RM roles and responsibilities in job description and performance management processes are carried over to the 2018-21 Road Map reference 2. Risk Management Culture.</p>
4a) Manage Strategic Risks	<ul style="list-style-type: none"> ▪ Develop and report strategic risk information with key internal stakeholders. 	<p>Partially completed.</p> <p>The strategic risk register is in draft form.</p>
	<ul style="list-style-type: none"> ▪ Treatment of strategic risks incorporated in strategic and operational planning; 	<p>In progress.</p> <p>Governance Team is currently finalising the strategic risk register</p>
	<ul style="list-style-type: none"> ▪ Monitor and review strategic risk information; 	<p>In progress.</p> <p>Strategic risk register to be reported to the ARC and Council in November 2018</p>
4b) Develop Organisational Risk Themes	<ul style="list-style-type: none"> ▪ Develop and report corporate risk themes, key controls and key indicators with internal stakeholders; ▪ Monitor and review of corporate risk information; 	<p>In progress.</p> <p>This is in progress and will be completed as part of the implementation of a new Risk Management Information System. As such, this is carried over to the 2018-21 Road Map reference sections 5 to 9.</p>
4c) Manage Operational Risks	<ul style="list-style-type: none"> ▪ Integrate and align with planning framework to identify and manage operational risks and reporting requirements; 	<p>In progress.</p>
	<ul style="list-style-type: none"> ▪ Identify, assess and prioritise risks as part of operational planning or dedicated workshop; 	<p>Completed.</p> <p>Initial workshops completed, and actions plans developed / integrated with budget planning</p>
	<ul style="list-style-type: none"> ▪ Develop risk treatment strategies as part of operational planning; 	<p>In progress.</p>
	<ul style="list-style-type: none"> ▪ Monitor and review operational risks and risk treatment strategies as part of regular operational management process; 	<p>In progress.</p>

Phase	Implementation Schedule	Status Update as of October 2018
	<ul style="list-style-type: none"> ▪ Report risks, key indicators and treatment strategies to risk management committee as required; 	<p>Partially completed.</p> <p>Risks and treatments are reported. Key indicators are work-in-progress. Completion of integration activities are carried over to the 2018-21 Road Map reference sections 5 to 9.</p>
4d) Manage Hazard Risks	<ul style="list-style-type: none"> ▪ Refer to Occupational Safety and Health Policies, Procedures and Committee; 	<p>Partially completed</p> <p>OSH Policies, Procedures and Committees are said to be in place. RMF is to be updated to show the specific linkages between OSH and Corporate Risks.</p> <p>Completion of integration activities are carried over to the 2018-21 Road Map reference sections 5 to 9.</p>
	<ul style="list-style-type: none"> ▪ Refer to Public Safety Policies, Procedures and Checklists; 	<p>Completed.</p> <p>Public Safety Policies, Procedures and Checklists are said to be in place.</p>
	<ul style="list-style-type: none"> ▪ Refer to Emergency Management Policies, Procedures and Local Arrangements; 	<p>Completed.</p> <p>Emergency Management Policies, Procedures and Local Arrangements are said to be in place.</p>
4e) Manage Project Risks	<ul style="list-style-type: none"> ▪ Contribute to City's project methodology to ensure identifying, assessing and reporting project risks is incorporated within project management processes; 	<p>In progress.</p> <p>Refer to specific recommendations relating to the integration of project risks into the overall corporate risk management and reporting framework. Completion of integration activities are carried over to the 2018-21 Road Map reference sections 5 to 9.</p>
5) Implement Assurance Activities	<ul style="list-style-type: none"> ▪ Develop and implement an assurance plan to ensure the effectiveness of the risk management process, management of key risks, controls and treatment implementation; 	<p>In progress.</p> <p>Completion of integration activities are carried over to the 2018-21 Road Map reference 7. Controls Assessment and Assurance.</p>

4. Assessment of current Risk Management Maturity

The maturity of an organisation with regard to their risk management practices is assessed using a set of qualitative measures ranging from “Intuitive” through to “Optimised” as defined in Table 1: Risk Management Maturity Assessment Criteria.

2018 Maturity Assessment

Based on the information provided for the review, the City of Perth’s risk management practices are assessed at the level of **STRUCTURED**, with some parts of the operational risk management activities moving towards **INTEGRATED**.

It is important to note that this assessment excludes Project Risk Management which has not been specifically reviewed as part of this maturity assessment as it does not form part of the overall Risk Management Framework. It is understood that project risk management is limited and adhoc and would therefore rate as INTUITIVE on the scale below.

Section 5: 2018 to 2021 Road Map for Continuous Improvement contains a set of recommended actions to drive the maturity of the City’s risk management practices over the next three years. Successful completion of these activities would lead the City to a maturity assessment rating of between INTEGRATED and OPTIMISED.

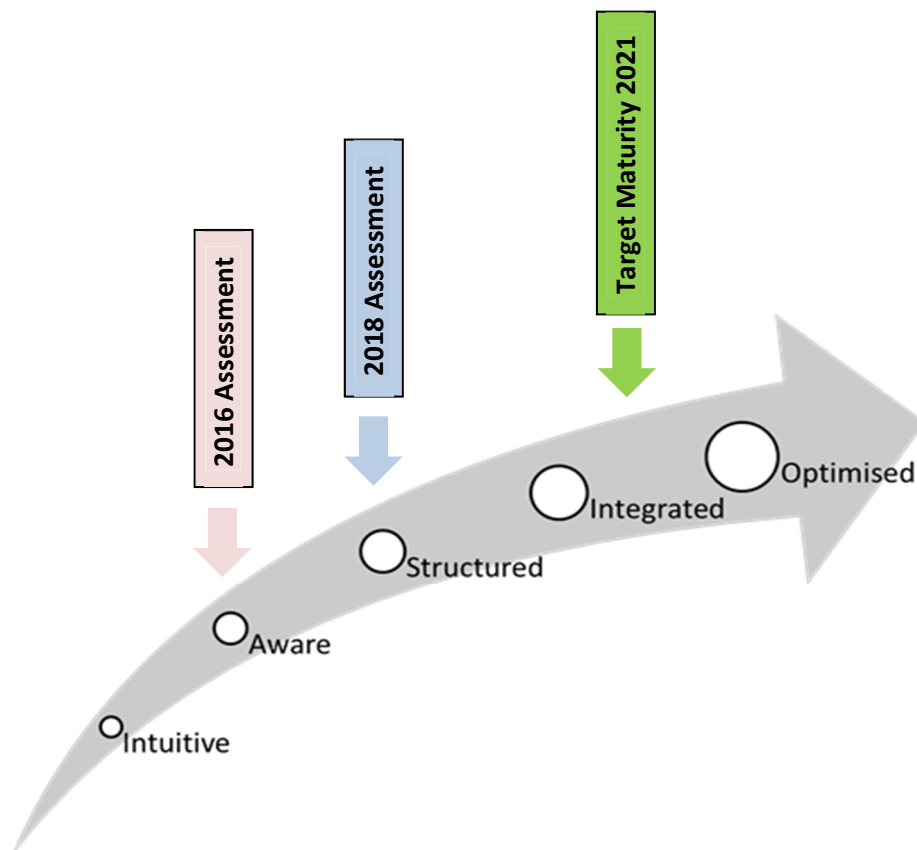


Table 1: Risk Management Maturity Assessment Criteria

Intuitive:	There is minimal awareness and no formal risk management processes in place across the organisation. Risk management is performed on an adhoc and largely reactive basis. There is an absence of a common risk language.
Aware:	There is some awareness of the importance of risk management and however there is a lack of consistent, formal processes in place. Some definition of risk language is in place, however inconsistent across the organisation. There is limited formal communication of training. Risk management is more reactive than proactive.
Structured:	An organisation risk management policy and framework exist and has been endorsed by the accountable authority. Standardised risk management processes are defined and documented, and basic training conducted. Integration with the operations and broader governance processes is limited. Any risk appetite statements are high-level and qualitative.
Integrated:	Organisation-wide risk management is fully implemented across the business and consistently applied and used in decision making and day to day management. Risk management processes are measured, evaluated and fed back into continuous improvement. Principles and policies are implemented, and aggregated reports are prepared and reported to those charged with governance. Risk management facilitates the proactive identification of current, future, emerging and systemic risks. Key Risk indicators are developed and monitored. Risk management. Risk appetite statement contains both quantitative and qualitative elements which are linked to strategy and communicated to all staff
Optimised:	Risk management is fully defined, implemented and integrated across all levels of the organisation and embedded into day to day management. Risk management is used as a key value driver supporting decision making and pursuit of opportunities. Risks, including emerging risks are proactively identified and monitored through key leading indicators. Formal communication processes are in place. Risk appetite statement, including tolerances and limits for risk categories are used consistently to inform decision making

5. 2018-21 Road Map for Continuous Improvement

The table below outlines the actions required to implement the key recommendations arising from this review, which along with the outstanding items from the 2016-18 Road Map, support the further development and maturity of the City's risk management practices:

Element	Recommended Actions
1. Risk Governance	<ul style="list-style-type: none"> ▪ Review and agree the specific risk governance role of the Council, particularly in relation to the oversight of “material risks” facing the City, risks which sit outside the risk appetite of the Council, the identification of strategic/external risks and the development of risk appetite. (Ref OI 3). ▪ Consider the reporting needs of the Council and ARC, particularly in relation to trends in the direction of key risks and visibility over those risk with a potential Major or Catastrophic impact. ▪ Include “material” project risks as part of the risk reports.
2. Risk Management Culture	<ul style="list-style-type: none"> ▪ Ensure options and decision papers across all levels of management within the City are supported by relevant risk information ▪ Embed risk management as a standing agenda item of regular senior manager and executive meetings ▪ Review the extent to which the CEO, Directors and Managers are proactive in the driving of risk assessments within each of their areas. Include risk management responsibilities in Job Descriptions and ensure an assessment of risk management performance is included as part of the performance management review. (Ref OI 6)
3. Risk Assessment and Acceptance Criteria Tables	<ul style="list-style-type: none"> ▪ Review the effectiveness of the criteria and implement the recommendations to improve the clarity within the tables. (Ref OI 7)
4. Risk Appetite	<ul style="list-style-type: none"> ▪ Build on the high-level statements to develop a series of risk acceptance principles, tolerances and limits to further enhance the definition of the risk appetite. ▪ Communicate the risk appetite to all internal and external stakeholders ▪ Implement mechanisms to ensure that risk-taking is within the defined appetite. This would include the development, aggregation and reporting of key risk indicators to provide an organisational-wide view of the risk exposure ▪ Ensure there is a mechanism in place whereby risk which sit outside the defined risk appetite are escalated to the Council for review and decision-making. (Ref OI 8)

Element	Recommended Actions
5. Risk Management Integration	<ul style="list-style-type: none"> ▪ Define the mechanism by which new risks are identified and managed on an ongoing basis (<i>e.g. any new risks since the development of strategic/operational plans</i>) ▪ Review the processes for managing contracts, partnership, joint ventures or alliances, to ensure risk allocation carefully considered and clearly allocated such that all parties accept responsibilities for the allocation and have a clear understand of how the risk sharing arrangement will work. ▪ Review the process by which low probability/ high consequence risks events (“black swan events”) are identified and managed and implement scenario testing to ensure that the City can recover quickly from major incidents/ disruptions /outages setbacks (Ref OI 9)
6. Risk Management Hierarchy	<ul style="list-style-type: none"> ▪ Complete the Strategic Risk Register, including the allocation of responsibilities and timeframes for the implementation of treatment action plans, and review on an annual basis to ensure that risks associated with the specific and agreed strategies are identified and appropriately managed. (Ref OI 10) ▪ Ensure that the development and review of all Business Unit risk registers are linked to the Business Unit planning process and any treatment actions with budgetary requirements are factored into the budget planning cycle. (Ref OI 11) ▪ A structured approach to project risk management, and the broader project governance, should be implemented in line with the approach defined in the RMF. Event Risk Management should also be integrated within the overall RMF and all project and event risk registers incorporated into a single risk information repository. (Ref OI12) ▪ Consider how strategic, operational and project risk registers interface and align with each other (<i>e.g. how the City reports on projects which may have an impact on strategic or operational activities</i>) (Ref OI 13)
7. Controls Assessment and Assurance	<ul style="list-style-type: none"> ▪ Implement a mechanism to highlight those risks with a potential catastrophic impact to ensure that the appropriate level of assurance is in place (such as scenario testing and routine internal/external audits). (OI 16)
8. Risk Treatment	<ul style="list-style-type: none"> ▪ As part of the implementation of a new Risk Management Information System, incorporate the recommendations noted in OI 17, OI 18 and OI 19. ▪ Include the development of risk categories or “themes” as noted in the 2016-18 road map.

Element	Recommended Actions
9. Risk Monitoring, Reporting and Review	<ul style="list-style-type: none"> ▪ Ensure that the City’s incident management process (<i>including the type of incidents/losses/near misses recorded, any investigation processes, root cause analysis etc.</i>) links back to the risk profile to provide valuable insight into the assessment of the perceived risks. ▪ Key risk indicators should be established and monitored to give early warning of control failure and emerging risk issues. (Ref OI 20)
10. Capability and Support	<ul style="list-style-type: none"> ▪ Develop and implement a structured training program to ensure that all accountable officers have the skills to be able to identify, assess and manage the risk within their own areas of responsibility and are held to account for monitoring and reporting risk information in accordance with the RMF. (Ref OI 21)
11. Continuous Improvement	<ul style="list-style-type: none"> ▪ The City is to satisfy itself that the internal audit plan focusses on the “material” risks of the organisation (from an inherent risk perspective), that the plan is being adhered to and that any findings from the audits are addressed in a timely manner. (Ref OI 22) ▪ It is recommended that the RMF is reviewed based on significant changes in the internal or external environment, at least once per year – with a formal review taking place once every 2/3 years (Ref OI 23)

Thank you for submitting your RMF and associated documentation for review. Please be aware that changes in legislation, community expectations and tolerances, lessons learned etc. mean that the bar for the application of risk management is never static.

As an example, the ISO Risk Management Standard, which the Australian Standard reflects, has recently been updated to ISO31000:2018 (see <https://www.iso.org/standard/43170.html>). This has yet to be reflected in the Australian Standard but will do so over the coming months and needs to be considered. Our observations in Appendix 2 have attempted to reflect what this may mean for the City in the context of your current Risk Management Framework.

If you have any queries, or require clarification, please contact me on 08 9321 9292 or sandra.hackett@riskwest.com.au.

Sandra Hackett
Partner, Riskwest
10th October 2018

Appendix 1: Review Findings

The following table represents a summary of **Observations and opportunities for improvement** derived from the document review. Each of the observations are tied to a **Framework Element** and for reference purposes the table also provides the broad **Criteria** associated with each element against which the RMF documentation has been reviewed.

Each section has been colour coded as follows:

Framework Element

Criteria

Observations and opportunities for improvement

1. Risk Governance & Leadership - Policy, Strategy & Culture
1.1 Risk Management (RM) Policy - Criteria
<p>A) Commitment</p> <p>An organisation’s risk management policy is a formal acknowledgement of its commitment to taking an enterprise-wide approach to managing risk. The policy should outline the purpose of the risk management and its high-level objectives. The policy should also reference the standard(s) against which the RMF has been developed.</p> <p>B) Communication</p> <p>Effective communication of the policy to all staff and key parties (e.g. contractors) is critical.</p> <p>C) Roles and Responsibilities</p> <p>A RM Policy should identify risk-related roles and responsibilities.</p> <p>Typically, there are two distinct functions in relation to RM:</p> <ul style="list-style-type: none"> ▪ Responsibilities regarding the development, approval, implementation and continuous improvement of the RMF; ▪ Responsibilities regarding the proactive identification and management of risks at the strategic, operational and project levels. <p>D) Risk Management Culture</p> <p>Risk Management is fully embedded when it is accepted and integrated with all “day to day” management activities. Risk management is considered by all as “regular practice”, is discussed openly and objectively and there is an established culture of risk-based decision making.</p>

1.1 Risk Management (RM) Policy - Observations and Opportunities for Improvements

A) Commitment

The Background section of the **City Council Policy Manual CP19.1 (RM Policy)** documents the City's commitment to "To protect the community, the City of Perth and its workers against foreseeable risks through developing a whole of organisation culture of risk awareness, plans that reduce our risk exposure and systems that provide information to assist in informed decision making," This is also supported by the **Introduction section of the City of Perth Risk Management Framework Feb 2017 (RMF)** which incorporates a signed statement of commitment from the City's CEO.

The *rationale for managing risk* is outlined in **Section 2.1.1 Policy Statement** which defined the risk management policy objective.

(OI 1) Consider expanding the *rationale for managing risk* in the context of the internal and external operating environment of the City and different types of risk (both positive and negative) it faces.

This could include:

- greater visibility of risks in the context of opportunities (and what they may be);
- preparation for adverse events to improve organisational resilience (and provide examples);
- greater confidence to address uncertainty in the external operating environment (and provide examples) and
- ability to demonstrate its approach to management of risk to external stakeholders (including who that may be).

Reference to 'AS/NZS ISO 31000:2009' as the relevant Standard has been made both in the Policy and the RMF. In addition, the 11 Principles of the Standard are listed. The RMF should consider each of these Principles and make reference to how these principles are practically applied at the City.

B) Communication of the Policy

Neither the RM Policy nor RMF explains the process by which each of these documents are communicated to staff and other key parties.

(OI 2) The RMF should provide brief details of how the communication of the City's RM Policy and Framework occurs and how updates are provided to staff and key parties across the whole of the organisation.

C) Risk Governance, Role and Responsibilities

The City has documented the risk management roles and responsibilities in **Section 3.4 Roles and Responsibilities**.

(OI 3) There is an opportunity to include further reference to the specific risk governance role of the Council, particularly in relation to the oversight of "material risks" facing the City. This should include , the identification of strategic/external risks, the development of documented risk appetite and the identification, assessment and management of risks which sit outside the risk appetite of the Council..

(OI 4) It is recommended that the Corporate Occupational Safety & Health (OSH) and Risk Management Committee be split to create;

- 1) **A Corporate Risk Committee with specific responsibilities for the implementation of the RMF and the oversight of the City's key strategic, operational and projects risks**
- 2) **An OSH committee with specific responsibilities for the duties of an "OSH committee" in accordance with the OSH Act and Regulations.**

This will strengthen the corporate risk function and enable the two committees to have the appropriate membership to focus on each of the different areas of responsibilities. Note that the role defined for the Corporate OSH and Risk Management Committee in the RMF currently focuses on risk management rather than OSH. Likewise, it is recommended to separate the Directorate OSH and Risk Groups and clearly define each of their responsibilities.

(OI 5) It is recommended that risk responsibilities are included in job descriptions so that all staff are fully aware of their part in the risk process and staff have sufficient delegated authority to exercise their level of responsibility.

D) Risk Management Culture

The RMF review is predominantly based on a review of relevant risk management documentation and as such, the ability to assess an organisation's risk management culture is limited. However, the following comments provide some indication of a culture where risk management is embedded within the City's risk thinking and decision making:

- All Business Cases are reported as containing a risk assessment component.
- It is understood that the risk implications of decisions are standing items of reports to Council.
- There is a Corporate OSH and Risk Committee which comprises of members of the Executive and CEO and is scheduled to meet quarterly.

(OI 6) It is recommended that the following aspects of embedding risk management are considered:

- **Ensure options and decision papers across all levels of management within the City are supported by relevant risk information.**
- **Move to embedding risk management as a standing agenda item on regular senior management/executive meeting agendas.**
- **Review the extent to which the CEO, Directors and Managers are proactive in the driving of risk assessments within each of their areas. Include risk management responsibilities in Job Descriptions and ensure that an assessment of risk management performance is included as part of the performance management and review process.**

1.2 Risk Assessment Criteria

The Framework should define the Organisation's Risk Assessment Criteria, which outlines the criteria for the assessment of likelihood, consequence and overall level of risk.

Consequence categories should reflect organisational measures of success (*e.g. financial, operations, people safety, environment, reputation etc.*) and should be mutually exclusive.

1.2 Risk Assessment Criteria - Observations and Opportunities for Improvements

Appendix A of the RMF document provides the City's Risk Assessment and Acceptance Criteria Tables. The criteria is well structured and includes the required components of Control Effectiveness, Consequence Measures, Likelihood Measures, Level of Risk and Risk Acceptance Criteria.

The Risk Assessment Criteria is based on a 5 x 5 matrix of consequence and likelihood. Although there is no requirement to use this, in practice it provides the optimum level of granularity across many different industries and sectors, without generating undue complexity.

The Measure of Consequence table provides criteria for a range of impact areas across a range of Insignificant to Catastrophic.

(OI 7) Recommendations to improve the clarity within the tables are summarised below:

MEASURES OF CONSEQUENCE

- **Review the Financial Impact Criteria to ensure that the three types of assessment are equivalent in terms of magnitude of impact.** For example, under the Major impact level, is a \$10-\$25M one off loss equivalent to 15-20% overrun of project?
- **Review the People category to expand on the criteria to include consideration of psychological impact and wellbeing.**
- **Review the Service Delivery/Strategic Objectives Impact Criteria to ensure that the three types of assessment are equivalent in terms of magnitude of impact.**
- **Review the Environmental Health Impact Criteria to assess how this relates to the criteria defined in the Environmental Management Act.**
- **Review the Legal and Regulatory/Ethical Impact criteria to ensure that the three types of assessment are equivalent in terms of magnitude of impact**
- **All categories - ensure that a specific level of impact (e.g. Level 5 Catastrophic) is "equivalent" across all the different impact categories.**

MEASURES OF LIKELIHOOD

- **Consider reviewing the likelihood criteria to provide reference to the frequency of a risk event, as well as the probability.**

RISK ACCEPTANCE CRITERIA

- **Clarify the use of the term "responsibility" and define how that relate to the role and responsibility of the specific risk owner and the required escalation.**

Where the term inherent risk is used, such as in relation to Project Risks, ensure this is reflected in the RMF.

1.3 Risk Appetite - Criteria

ISO 31000 provides guidance on the concept of 'risk criteria', but no specific guidance to the commonly used concept of 'risk appetite', even though the term is defined in the ISO Guide 73:2009 *Risk management – Vocabulary* as meaning "the amount and type of risk that an organisation is willing to pursue or retain". Despite this, it is widely recognised that an important element of an RMF is an understanding of the organisation's risk appetite which also includes consideration of risk capacity and risk tolerance.

This is often reflected in a series of Risk Appetite Statements (RAS) and supporting indicators and limits which are underpinned by the risk assessment criteria and provides guidance to all staff on the amount of risk the organisation is willing to accept in pursuit of its objectives.

1.3 Risk Appetite - Observations and Opportunities for Improvements

The City's RM Policy contains a series of RAS which 'guide the City's decision making ... as to the amount of risk to which the City is prepared to accept in pursuit of its objectives and before action is deemed necessary to reduce the risk'. In order for these statements to be operationalised, the appetite statements need to align with the risk ratings developed through the application of the risk assessment criteria. The City's statements are difficult to implement as they do not currently directly link to the levels of risk defined.

(OI 8) It is recommended that the City;

- **builds on the high-level statement to develop a series of risk acceptance principles, tolerances and limits to further enhance the definition of the risk appetite**
- **communicates the risk appetite to all internal and external stakeholders**
- **implements mechanisms to ensure that risk-taking is within the defined appetite (note: this would include the development, aggregation and reporting of key risk and control indicators to provide an organisational-wide view of the risk exposure)**
- **Ensure there is a mechanism in place whereby risk which sit outside the defined risk appetite are escalated to the Council for review and decision-making**

2. Embedding Risk Management - Integration & Hierarchy of Risks

2.1 Integration - Criteria

Contemporary practice integrates risk thinking with management and reporting activities across all aspect of an organisation's operations, including Strategic Management, Operational Management and Project Delivery.

2.1 Integration - Observations and Opportunities for Improvements

RMF Section 5 Establishing the Risk Management Context provides the context for which risk are defined, identified and managed and also highlights the accountability of key staff in the risk management process. Along with section **4.3 Framework Review Cycles** and **3.1 Three Lines of Defence Assurance Model**, these sections illustrate the links between risk, planning and operations.

(OI 9) There is an opportunity to further clarify the integration of RM and the RMF document itself by separating out the activities and responsibilities associated with developing and implementing the Framework from the responsibilities of identifying, managing, monitoring and reporting risks. As part of this, the following questions should also be considered:

- **What is the mechanism by which new risks are identified and managed on an ongoing basis (*e.g. any new risks since the development of strategic/operational plans*)**
- **What is the level of direct involvement of front-line managers at all levels and the degree to which risk assessments are effectively conducted by all business areas?**
- **What assurance activities are conducted to measure the extent to which corporate goals and risk management issues are clearly understood at all levels?**

- In the case of contracts, partnership, joint ventures or alliances, to what extent is risk allocation carefully considered and clearly allocated such that all parties accept responsibilities for the allocation and have a clear understand of how the risk sharing arrangement will work?
- How are low probability/ high consequence risks events (“black swan events”) identified and managed and what scenario testing is carried out to ensure that the City can recover quickly from major disruptions/outages/setbacks?

2.2 Hierarchy of Risks – Criteria

Risk registers are summaries of the key strategic, operational and project risks across the organisation. AS/NZS ISO 31000:2009 emphasises a proactive, top-down approach which can be easily integrated with existing management systems.

A RMF should indicate interfaces with other systems and processes for managing specific types of risks (e.g. Occupational Health and Safety, Environmental Risk Management and Fraud Control).

2.3 Hierarchy of Risks - Observations and Opportunities for Improvements

Section 2.4.1 Establishing the Risk Management Context defines the three levels of context (*i.e. strategic, operational and project*) for which risks are defined, identified and managed.

Strategic and business unit operational risk registers were considered as part of the RMF review. Project and event risk registers which are currently managed off line from the corporate risk, safety and compliance system were not reviewed.

(OI 10) Complete the Strategic Risk Register, including the allocation of responsibilities and timeframes for the implementation of treatment action plans, and review on an annual basis to ensure that risks associated with the specific and agreed strategies are identified and appropriately managed.

(OI 11) Ensure that the development and review of all Business Unit risk registers are linked to the Business Unit planning process and any treatment actions with budgetary requirements are factored into the budget planning cycle.

(OI12) Project management governance, risks and reporting.

Whilst the project management risk process was not part of the scope of this review, it is understood to be ineffective as a means of ensuring critical project risks are identified, managed and reported. As such, it is recommended that a structured approach to project risk management, and the broader project governance, is implemented in line with the approach defined in the RMF for operational and strategic risks. Event Risk Management should also be integrated within the overall RMF and all project and event risk registers incorporated into a single risk information repository.

(OI13) Consider how strategic, operational and project risk registers interface and align with each other (*e.g. how the City reports on projects which may have an impact on strategic or operational activities*)

With regard to interfaces with other risk-based management systems, the RMF makes reference to the Safety Management System and Local Emergency Management Plans.

(OI 14) The RMF should include reference to how the specific risk functions, such as safety management, integrates with the overall approach to risk management (*i.e. are the specific risk functions listed in the RMF actually “controls” for high-level risks which are documented in the organisational risk register?*).

<h3>3. Risk Management Process</h3>
<h4>3.1 Risk Assessment (Identification, Analysis and Evaluation) - Criteria</h4>
<p>The mechanism by which risks are identified, at each level in the risk hierarchy, is driven by the type of approach (i.e. top down or bottom up). A top-down risk identification process ensures that risks associated with the ability of the organisation to achieve its objectives are captured. These can then cascade down to the business unit level where more detailed risks are captured.</p>
<h4>3.1 Risk Assessment (Identification, Analysis and Evaluation) - Observations and Opportunities for Improvements</h4>
<p>RMF Section 2.4 Risk Management Process provides an explanation of the risk identification, analysis and evaluation process.</p> <p>(OI 15) The City may wish to consider including in the procedure guidance on the use of alternative means of identifying and analysing risks for specific situations. This could include the use of multiple mechanisms for risk identification (e.g. brainstorming, checklists, incidents register and audit reports), and the use of Bow-Tie analysis for complex, high consequence scenarios where causal relationships need more detailed analysis, and where both controlling (preventative) and mitigation (reactive) strategies need to be considered.</p>
<h4>3.2 Controls Assessment and Assurance - Criteria</h4>
<p>Controls assessment and assurance is an integral part of an effective RMF. AS/NZS 31000:2009 describes that risks are analysed taking into account “existing controls and their effectiveness and efficiency”.</p> <p>All controls should be evaluated for their effectiveness and assurance mechanisms put in place. These typically include self-assessment processes and internal/external assessment (e.g. <i>audits and reviews</i>).</p> <p>Inherent risk is not featured in AS/NZS ISO 31000:2009. However, it is used in many organisations to estimate the level of risk assuming a breakdown in controls. The controlled or residual risk level of risk is commonly used as the regularly communicated risk rating (i.e. <i>the level of risk with the controls in place</i>).</p> <p>An additional risk rating based on the predicted level of risk (after treatment action plans are implemented) is also used by some organisations to inform the analysis of the action.</p>
<h4>3.2 Controls Assessment and Assurance - Observations and Opportunities for Improvements</h4>
<p>The RMF differentiates between ‘Controls’ (material items in place to affect the likelihood or consequence of a risk eventuating) and ‘Treatment Actions’ (proposed items to be put in place to improve a control environment and/or risk rating) and guides the risk owner to assess the risks based on the “level of exposure with controls in effect”.</p> <p>(OI 16) There is an opportunity to</p>

- Provide further information relating to the actual mechanisms by which critical controls are monitored and tested including self-assessment (*how often and by whom*), line management oversight (*how does this happen?*) and internal/external audit (*focus/links to the risk profile?*) as part of the Three Lines of Defence Model. In addition, include reference to the Control Review Reports in the RMF, including the mechanism by which teams/risk are selected for review.
- Provide a Glossary of Terms within the RMF to define key terms in use.
- Include a mechanism to highlight those risks with a potential catastrophic impact to ensure that the appropriate level of assurance is in place (such as scenario testing and routine internal/external audits).
- Consider the use of inherent risk in the assessment of any high-risk operating environments and/or projects and events.

3.3 Risk Treatment / Actions - Criteria

The management of risk involves both the monitoring of existing controls to ensure continued effectiveness and the implementation of actions to improve existing controls, create new controls or mitigate the risk in some other way.

Information regarding risks, controls and actions should be clearly documented to provide the required visibility to both internal and external stakeholders, as required.

3.3 Risk Treatment / Actions - Observations and Opportunities for Improvements

The RMF provides a section on **Risk Treatment (section 5.2)** which outlines the process for the selection and implementation of risk mitigation actions.

The recording of risk information in the form of a risk register is a critical part of the risk management process. It is imperative that organisations are able to demonstrate the decision-making with regard to the acceptance of risk and can provide a reliable audit trail for risk information, particularly in the event of a critical incident. As noted in **RMF Section 5.4 Risk Tools** "Information from the risk management process is to be recorded, reported and monitored using the City's various risk register templates. The City has two ways to record risks:

- Risk safety and compliance system– An online risk management tool, to assist the City in recording, monitoring and reporting operational and strategic risk information.
- Offline risk registers – These are various risk register templates used for projects, programs, events and hazard assessments. This information is not kept within the current risk safety and compliance system."

A sample set of risk registers were reviewed for completeness and clarity. The reports contained much of the important information relating to a particular risk, however there were key pieces of information relating to Treatment Actions were not represented on the "risk register" documents and also inconsistencies in the way the details of the Treatment Actions were captured.

(OI 17) It is recommended that the following be considered and further information is provided on the reports:

- There is only one “impact” category selected for a risk. This limits the value of the assessment information as there is a need to understand the full impacts of a potential risk across the range of impact areas defined in the risk assessment criteria. Consider adding multiple impact ratings as appropriate.
- There is no opportunity to capture the ‘owners’ of controls, which may be different from the risk owners.
- There is no indication on the reports who has accepted the risk and when.
- Treatment Actions are not clearly identified. There are no clear dates for the completion of the actions and no person specifically allocated as responsible.

(OI 18) It is recommended that the City ensures that the offline risk templates and tools (e.g. those used for Projects and Events) are consistent with the principles and processes outlined in the RMF with any accepted divergences noted clearly in the RMF. All information regarding risks, controls and actions should be documented such that, at any point in time, it is clear how risks are identified, what is currently in place to manage the risk, how effective it is, what is the current level of risk, who owns the risks and the controls, what more is going to be done (if anything), when and by whom.

3.4 Risk Monitoring, Reporting and Review - Criteria

Risk review and reporting processes should be a planned part of the risk management process, RMFs should clearly identify what information needs to be reported and how often, who will provide the information, and how is the information to be used by the ‘receiver’ of that information.

3.4 Risk Monitoring, Reporting and Review - Observations and Opportunities for Improvements

RMF Section 5.5 Risk Reporting provides an overview of the risk reporting workflow across the organisation.

The Quarterly Risk Summary Reports provide information relating to those risk with a residual HIGH or EXTREME risk rating. This is provided to the Corporate OSH and Risk Committee, the Audit and Risk Committee and the Council on a quarterly basis. The report provides an overview of the risk, causes, impacts, existing controls, control effectiveness and risk rating.

(OI 19) Consideration should be given to including the following information on the Quarterly Risk Summary Reports:

- Clarity over whether the “risk update” section of the report attachments represent additional controls that are now in place (*in which case they should be listed in the table under existing controls*) or they indicate treatment actions that are in progress. If they are actions, they should include status, a person responsible and a clear date for completion.

3.5 Lead and lag indicators and validation mechanisms - Criteria
The RMF should indicate how leading and lagging indicators are used to add value to the risk management process. Reference to the processes for incident/loss analysis to identify trends, root causes of potential risks and validation of risk assessment ratings should also be included.
3.5 Lead and lag indicators and validation mechanisms - Observations and Opportunities for Improvements
(OI 20) Consider how the City's incident management process (<i>including the type of incidents/losses/near misses recorded, any investigation processes, root cause analysis etc.</i>) links back to the risk profile to provide valuable insight into the assessment of the perceived risks. It is recommended that indicators are established and monitored to give early warning of control failure and emerging risk issues.

4. Capability, Support & Continuous Improvement
4.1 Capability and Support - Criteria
A RMF should contain information on staff capability across the organisation and how the organisation's understanding, management and reporting on key risks can be assured. For example, a training strategy to build the required level of capability within the organisation is incorporated into the existing staff professional development processes.
4.1 Capability and Support - Observations and Opportunities for Improvements
RMF Section 6. Training and Education provides an overview of the approach to the training of staff. (OI 21) The City may wish to expand on how this happens in practice and who has the responsibility for ensuring that staff across all levels of the organisation, including Council members, are adequately trained and experienced in relation to risk management in the context of their specific responsibilities. In addition, the City should ensure the following: <ul style="list-style-type: none"> ▪ That there are sufficient resources provided to support the business to fully embed risk management in day-to-day organisational practices. This may include the provision of risk experts or 'champions' available to each of the business units to provide support and advice to staff on request. ▪ That risk management competency is a prerequisite for promotion to leadership positions.
4.2 Continuous Improvement – Criteria
Section 4.5 of the Standard describes how organisations should monitor and review the RMF to ensure its effectiveness and its ability to support organisational performance.

4.2 Continuous Improvement – Observations and Opportunities for Improvements

RMF Section 2.5 Assurance describes the validation and assurance program to monitor and improve the implementation of the risk management framework. For clarity, it is recommended that this information is combined with the relevant information in the Risk Actions Table to link each of these assurance activities with specific responsibilities, timeframes and importantly, status updates.

(OI 22) The City is to satisfy itself that the internal audit plan focusses on the “material” risks of the organisation (from an inherent risk perspective), that the plan is being adhered to and that any findings from the audits are addressed in a timely manner.

(OI 23) It is recommended that the RMF is reviewed by exception based on significant changes in the internal or external environment, at least once per year – with a formal review taking place once every 2/3 years.

Appendix 2: ISO 31000: 2018

February 2018 saw the release of the new '*ISO 31000: 2018 – Risk Management – Guidelines*'. This document was prepared by 'Technical Committee ISO/TC 262, Risk Management', and this second, technically revised edition cancels and replaces the first edition (ISO 31000:2009).

Historically, the challenge for many organisations and individuals has been their inability to recognise the International Risk Management Standard as non-prescriptive, principles-based and leadership-focused rather than compliance and certification orientated.

The main changes in the updated International Standard are:

- Whilst remaining structured along the previous '*Principles, Framework & Process*' model, it has been reduced in length, had some of the content re-written in simpler language and been streamlined with a view to it fitting with multiple contexts.
- The '*Principles*' section has been reduced from 11 to 8. 3 principles have not disappeared but have been articulated within the 8 remaining principles and 'value creation and protection' now sits at the core. The City's RM Policy and RMF would need to be updated to reflect this change.
- The '*Framework*' commentary highlights the need to establish an organisational framework which is suitable, adequate and effective. This means placing an even greater emphasis on the need for governance, leadership and commitment, particularly to ensuring risk management is integrated. Leadership and integration are leant heavily upon in the new Standard. Integration of risk management into the structure, operations and processes of organisations is highlighted, including in strategic planning, business activities, organisation-wide decision making and performance management. Given the ever evolving external and internal context for many of us, the need for greater flexibility and iteration throughout is emphasised.
- The '*Process*' itself remains significantly unchanged, although 'Establishing the context' has now been refined to 'Scope, Context, Criteria' and 'Recording and Reporting' is required throughout the circular process (in addition to the existing 'Monitor and Review' requirement). The language within the RMF would need to be updated to reflect this change and align with the new Standard.

The new standard can be downloaded through the ISO website (<https://www.iso.org/standard/65694.html>) and will no doubt soon be adopted by Standards Australia as the updated AS/NZS 31000.

Appendix 3: Lead Consultant Biography

SANDRA HACKETT M.Eng (Hons), MAICD

Sandra has over twenty-five years' experience in providing a range of strategy, risk, project management and governance services to industry and government, including the provision of strategic risk advisory and facilitation services to major state infrastructure and service delivery projects. She has considerable experience working with Boards, both as an advisor as well as a Board member for 12 years. She is currently a Non-Executive Director of St Bartholomew's House and Chair of the Nominations, Governance and Risk Committee. With a background in engineering, Sandra brings to the team experience in project management and engineering across a range of industries including Chemicals, Petrochemicals, and Oil and Gas. She has a Master of Engineering Degree in Chemical Engineering and is a member of the Australian Institute of Company Directors.



CONTACT INFORMATION

Riskwest Pty Ltd
Suite 22, Level 5, Ashton
Chambers 189 St
Georges Terrace Perth,
WA 6000, Australia

T +61(0)8 9321 9292

F +61(0)8 6141 3101

E enquiries@riskwest.com.au

riskwest.com.au

Agenda
Item 8.3

Review of Named Contractors in the Corruption and Crime Commission Report into Bribery and Corruption within North Metropolitan Health Service

Recommendation:

That the Audit and Risk Committee RECEIVES the report on the review of Named Contractors in the Corruption and Crime Commission Report into Bribery and Corruption within North Metropolitan Health Service which concluded that dealings between the City and the named contractors within the report were for legitimate required services.

FILE REFERENCE:	P102969-8
REPORTING UNIT:	Governance
RESPONSIBLE DIRECTORATE:	Office of the Chief Executive
DATE:	1 October 2018
ATTACHMENT/S:	Attachment 8.3A – Corruption and Crime Commission Report into Bribery and Corruption in Maintenance and Service Contracts within North Metropolitan Health Service Confidential Attachment 8.3B – Report – Review of named contractors in the Corruption and Crime Commission Report into Bribery and Corruption within North Metropolitan Health Service Confidential Attachment 8.3C – North Metropolitan Health Service Contractor Review Analysis Attachment 8.3D – Statement of Business Ethics <i>(Confidential Attachments are distributed to Commissioners under separate cover)</i>

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 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

Policy
Policy No and Name: 19.1 - Risk Management

Purpose and Background:

Receipt of the report on the Review of Named Contractors in the Corruption and Crime Commission Report into Bribery and Corruption within North Metropolitan Health Service.

Details:

The findings of this review are detailed in the Confidential Attachments 8.3B and 8.3C.

Financial Implications:

There are no financial implications related to this report.

Comments:

Nil



Report into bribery and corruption in maintenance and service contracts within North Metropolitan Health Service

16 August 2018



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Corruption and Crime Commission

Postal Address	PO Box 330 Northbridge Post Shop WA 6865	Email	info@ccc.wa.gov.au
		Website	www.ccc.wa.gov.au
Telephone	(08) 9215 4888 1800 809 000 (toll free for callers outside the Perth metropolitan area)	Twitter	@CCCWestAus
		Office Hours	8.30 am to 5.00 pm, Monday to Friday
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INTRODUCTION

- [1] When does the cost of doing business or building working relationships become a bribe?
 - a) When senior public officers are the constant recipients of expensive meals and personal travel within Australia and overseas.
 - b) When contracts involving public funds are inflated to cover the cost of largesse lavished on the public officers.
 - c) When various contractors collude to spread work about to pay for the gifts and benefits so freely given.
- [2] For many years in North Metropolitan Health Service (NMHS), all this and more, corrupted the contractual arrangements for building maintenance and essential services.
- [3] Only when a whistleblower contacted the Commission did an investigation uncover the breadth of wrongdoing.
- [4] Whatever may be the practice in the private sector (and the Commission doubts that the behaviour would be acceptable), public servants should receive no reward for doing the job they are paid to do, except 'thanks'.
- [5] NMHS had proper policies and procedures in place. These were ineffective to prevent what happened.
- [6] Warning signs were left unexplored. Fear for their jobs prevented some NMHS officers from speaking out.
- [7] Over the course of a six to 10 year period, a group of building and facility maintenance contractors invoiced NMHS for tens of millions of dollars of work. An introduction to the group of favoured building contractors was coveted and actively sought.
- [8] How did those contractors gain entry to that special group? How did they establish close relationships with public officers working at NMHS? How did they get the favoured treatment?
- [9] Public officers employed within the executive management at NMHS ensured those contractors received work and that their invoices were authorised for payment.
- [10] Two senior public officers were notable for the financial influence and prominence that attached to their executive leadership at NMHS - Mr John Fullerton, former Executive Director of Facilities Management at

NMHS and Mr David Mulligan, former Executive Director of Perth Children's Hospital Integration.

- [11] Various contractors paid tens of thousands of dollars for the public officers and sometimes their partners, to travel interstate and overseas. They renovated the private residence of Mr Fullerton. Some contractors extended regular invitations to public officers for expensive, boozy lunches. They took the public officers to entertainment venues in Northbridge and to upscale restaurants.
- [12] Corrupt relationships became firmly established.
- [13] More than \$125,000 was spent on lunches for NMHS employees over a decade. More than \$150,000 was spent on travel for the benefit of Mr Fullerton and Mr Mulligan. The travel was interstate and overseas, both economy and business class.
- [14] In return, the public officers awarded some of these contractors multiple NMHS contracts. They also authorised the payment of many invoices to NMHS that covered corrupt payments. These were a layer of 'fat' that some contractors added to legitimate invoices to recoup the money they spent on lunches, travel, accommodation and cash payments. On occasion, money added to NMHS invoices were purely for greed rather than to recoup money spent on 'gifts'.
- [15] Sometimes, those who engage in unlawful or improper conduct, seek to excuse it by rationalising that it is a normal, accepted practice in the sector. They try to suggest that those who sit in judgment do not understand the realities of obtaining work as a contractor. It is described as business development and claimed as a tax deduction. This is an attempt to deflect proper scrutiny and accountability. The standards that apply to the allocation of short term building maintenance projects by public officers are no different to the standards of honesty and integrity that must apply to all persons engaged in the process of public decision making.
- [16] These standards expect and value integrity, accountability, transparency, and honesty. They require decision making that is free from influence and free from a conflict of interest. Adherence to these standards ensures that the right outcomes are achieved; public monies appropriately expended; and public confidence in decision making is maintained.
- [17] Is it wrong for a public officer to use an existing network of contacts to drive business by quickly allocating short term building contracts? It can be argued that for lower value contracts, it is not wrong. However, the engagement of contractors must be fair, transparent and provide value

for money. It may be efficient. But public officers are held to a higher standard of accountability because they are not spending their own money. When an individual who holds public office is confronted with choosing between the duties and demands of their position and their own private interests, they are expected to defend the public purse. And they are expected to act fairly.

Bribes and fraud

- [18] Regular and expensive gifts and gratuities given to some NMHS public officers were bribes. Systematic manipulation of procurement practices was financial fraud.
- [19] This investigation uncovered the allocation of lucrative work at NMHS hospitals and services, including Sir Charles Gairdner Hospital (SCGH), PathWest, Graylands Hospital, Midland and Joondalup Health campuses. Also involved was the allocation of work by NMHS for the integration of the QEII site into the new Perth Children's Hospital.¹ Contracts ranged in value from \$10,000 up to \$600,000.
- [20] Corruption is not a solo activity. It requires agreement between the public officer who holds the power to allocate public funds, and the person who offers and provides the public officer the private benefit or 'gift'.
- [21] At NMHS, a middle man, Mr Grant Alexander, was recruited by the public officers as a Project Manager. He was the 'fixer' and facilitator for Mr Fullerton and Mr Mulligan. He was the conduit between the public officer and the person offering the public officer the gift. He facilitated the financial benefit up to the public officer and made arrangements to return the favour to the gift giver.
- [22] At NMHS, Mr Fullerton, and to a lesser extent, Mr Mulligan, were widely rumoured to be regularly out to lunch with contractors. Witnesses examined and/or interviewed by the Commission knew of whispers that it was occurring, but the practice was not openly questioned or challenged. In this silence, the culture of complacency grew. It became accepted practice. With the imminent voluntary redundancy of Mr Fullerton in late 2016, the Commission believes some contractors looked to the future and started to cultivate and groom potential new decision makers.

¹ Note: The allocation of work relating to the integration of the two sites was separately handled to the allocation of contracts to build the new Perth Children's Hospital.

- [23] Mr Shaun Ensor, Acting Manager of Area Facilities Development at SCGH and Princess Margaret Children's Hospital became one of the new decision makers. From early 2016, he was courted with expensive lunches that coincided with decisions he made to award work or approve invoices. By the end of 2016, one contractor alone had spent over \$5,000 on restaurant meals where Mr Ensor had been in attendance. The magnitude took Mr Ensor by surprise when exposed by the Commission.
- [24] The Commission heard evidence of serious misconduct of the following types:
- public officers accepting gifts of interstate and overseas travel and accommodation from contractors in return for awarding them work;
 - public officers accepting gifts of expensive restaurant meals, entertainment and alcohol in return for awarding work;
 - public officers receiving tens of thousands of dollars in cash payments from contractors in return for awarding them continued work;
 - a public officer using contractors to renovate his private residence at a discount and then facilitating the building contractors to fraudulently invoice NMHS approximately \$170,000 for works carried out on his private residence; and
 - public officers facilitating contractors to fraudulently invoice NMHS to cover the costs of the corrupt benefits of travel, accommodation, meals, entertainment and cash they received.
- [25] The emphasis of this investigation focused on serious misconduct at its most egregious: corrupt relationships resulting in the misuse and theft of public funds.
- [26] The Commission has been told by many of the contractors that the gifts of hospitality, alcohol and travel given to Mr Fullerton, Mr Mulligan and Mr Ensor were given without any expectation of obtaining particular work at NMHS. The cost in some cases is said to be insubstantial with no expectation to obtain a benefit. Similarly, some public officers have told the Commission that the gifts of hospitality and travel did not impact on the procurement decisions they made on behalf of NMHS.
- [27] Each public officer held a financial delegation to be exercised at their discretion. They exerted control as to where the discretion was exercised. Several contractors recognised this and used gift giving and hospitality as a means of building a relationship with the public officer. The public officer will naturally favour the person with whom he has a relationship, or he will direct or ask a colleague to favour that person. The contractor,

by buying the public officer a meal, is fostering the relationship and the opportunity to be favoured (or the opportunity to influence) rather than buying a specific procurement project (although this was the case with two contractors).

- [28] The insidious nature of the conflict of interest that develops from allowing public officers to privately benefit is that a direct connection between a particular lunch date and a particular procurement decision is difficult to prove. The conflict of interest, once established in relation to a particular contractor, colours all decisions then made by that public officer.
- [29] There was a range of engagement in corrupt conduct and not all the contractors engaged were participants in all the corrupt activities identified. Specific roles are detailed in the report.

A warning to other agencies

- [30] Procurement fraud is a well-recognised type of fraud usually, though not always, involving a corrupt public officer.
- [31] This investigation highlights some common features of procurement fraud:
- a) bribes;
 - b) conflicts of interest;
 - c) collusive tendering/bid rigging;
 - d) inflated invoices; and
 - e) contract variations.
- [32] There are many maintenance and service contracts in government, awarded and administered by mid-level and senior public officers.
- [33] How certain are departmental heads, Directors General and Chief Executive Officers that behaviour identified in this investigation is not happening under their noses?

CHAPTER ONE

Summary of the investigation: Operation Neil

An investigation begins

- [34] On 3 September 2014, the Commission received an anonymous allegation that the Executive Director of Facilities Management NMHS, Mr Fullerton, favoured certain companies when awarding WA Health project work. It was also alleged that procurement practices were not routinely followed when contracts for project work were awarded.
- [35] On 24 October 2014, the Commission referred the allegations back to WA Health for investigation and action to be documented in a detailed report. WA Health advised their intention to commence an investigation.
- [36] On 26 April 2015, WA Health provided the Commission with a report which found there were serious issues of concern regarding procurement practices in the NMHS Facilities Management Directorate. The report stated 'In summary there was little or no evidence found of adherence to the basic tenets of good procurement and contract management and this is compounded by inadequate administration and record keeping practices'.² The report detailed improvements which could be made in systems and processes around procurement.
- [37] The report failed to address the conduct of any particular public officer. While the will to improve procurement processes is recognised, WA Health did nothing to deal with the public officers who were responsible. WA Health did not deal adequately with the initial allegations. Procurement practices at NMHS were tightened, but Mr Fullerton's corrupt activities continued and increased.
- [38] The Commission continued engagement with WA Health between April and December 2015.
- [39] WA Health appointed an internal investigator to examine further. In March 2016, preliminary findings caused WA Health to request the Commission consider an investigation into alleged serious misconduct. The Commission commenced an investigation in April 2016.
- [40] The Commission investigation initially focused on activities surrounding the renovation of Mr Fullerton's private residence during 2015. The exposure of serious misconduct during that period was the catalyst for

² North Metropolitan Health Service: Sir Charles Gairdner Hospital - Facilities Management Procurement Review Document.

the procurement practices of NMHS to be scrutinised prior to, and after 2015. As a result, the Commission investigation uncovered evidence of public officers obtaining corrupt benefits as far back as 2003 and continuing into the present. It uncovered evidence of numerous contractors aiding the corruption by supplying benefits.

- [41] As the Commission investigation drew to a conclusion, it has become apparent that many of the initial allegations made by the anonymous whistleblower³ have been proved correct.

Coercive powers

- [42] The Commission investigation has been lengthy and comprehensive, and necessitated the use of the full suite of statutory coercive powers including the power to examine witnesses under oath.

Power to obtain documents

- [43] The Commission issued over 80 notices to compulsorily obtain documentary evidence.⁴ The documents obtained were wide ranging and were obtained in hardcopy or imaged from electronic devices.

- [44] Analysis of the volume of documents was time consuming. It was important to identify relationships and establish patterns of behaviour (the regularity of travel events and lunch appointments are an example).

- [45] The absence of documents produced in response to a Commission request is informative. The Commission was disappointed that WA Health were unable to locate some documents that it would expect to exist. An example is the absence of letters of engagement between NMHS and Pukete Alexander Projects Pty Ltd trading as 'PA Projects' (Mr Grant Alexander) during the period August 2013 to April 2015. The result of this particular omission is the question of whether Mr Alexander fell within the Commission's jurisdiction as a 'public officer', was not able to be definitively answered. This is despite Mr Alexander project managing tens of millions of dollars in NMHS works during the four year period his company was engaged by and received more than \$2m from NMHS for the same. It raises the question whether documents of the engagement of Mr Alexander during that time period ever existed.

³ The Commission has interviewed the whistleblower but will maintain the person's anonymity.

⁴ *Corruption, Crime and Misconduct Act 2003* (CCM Act) s 95.

Search warrants

- [46] On 24 August 2017, the Commission executed a search warrant at the home of building contractor, Mr Philip Wood and a search warrant at the business premises of Fox United Building Pty Ltd (Fox).
- [47] Forensic analysis of the electronic devices seized, corroborated by evidence obtained during the private examinations of Mr P Wood and Mr Alexander, confirmed that Mr P Wood had attempted to delete key documents and destroy evidence relevant to the investigation. Mr P Wood admitted to trying to delete and destroy these documents. The key documents were forensically retrieved and it has been confirmed that their contents record itemised corrupt financial payments.

Surveillance

- [48] The Commission placed key persons of interest under surveillance after obtaining relevant warrants under the *Surveillance Devices Act 1998* (WA) and the *Telecommunications (Interception and Access) Act 1979* (Cth). As a result, the Commission became aware that attempts had been made to destroy evidence. The Commission also identified collusion between particular witnesses in regard to what evidence they would provide and/or had provided once the investigation became generally known by persons of interest.
- [49] The Commission conducted 21 private examinations over the period August 2017 to May 2018. Summonses to attend to give evidence were served on all the contractors named in this report as well as public officers. Additional witnesses who could provide contextual evidence were also examined or participated in voluntary interviews with Commission officers.

Examinations

- [50] Examinations are an opportunity for a witness to give the Commission information under oath that is relevant to the scope and purpose of the inquiry. If during the course of the investigation the Commission has reason to suspect a witness has engaged in wrongdoing, examination is an opportunity for the witness to comment.
- [51] Examinations are conducted by experienced counsel appointed to assist the Commissioner in the investigation. Witnesses have the right to legal representation. Most witnesses were represented.
- [52] The Commission received evidence in private examinations from multiple witnesses. They included non-public officers who were professionally involved with Mr Fullerton, Mr Mulligan, Mr Alexander and Mr Ensor. The

majority of witnesses gave evidence about Mr Fullerton and Mr Mulligan, in their roles as NMHS Executive Directors who corruptly and systemically sought and received bribes.

[53] Some contractors were compelled to participate in examinations on more than one occasion. In verifying or corroborating earlier evidence from a witness, the Commission became aware that the witness had either lied during their evidence, or had deliberately omitted to inform the Commission of relevant facts.

[54] For example, on one occasion, a building contractor to NMHS (Mr P Wood) was questioned about a competitor who had quoted for a particular project alongside his company. He was asked under examination about his association with the competitor:

Have you or at that time had you had an historical relationship with him?---Yes. Yep. A long term, yes.

A friendship or just a professional association?

---Professional association; but again our relationship between myself and Shane Cary, you know, I'll have him as a friend on Facebook. I have – you know, he is a client of mine. We do work for them on an ongoing basis. Fox United's – again this client list, it's small but we do work for a lot of those project management type companies.⁵

[55] In attempting to verify his evidence, the Commission identified that Mr P Wood (Director of Fox) was also a silent owner of Aurora Project Group Pty Ltd (Aurora). This was relevant to the Commission's investigation into whether contractors Fox and Aurora were encouraged by public officers to collude on price when applying for project work at NMHS.

[56] Mr P Wood was resummoned to give evidence before the Commission at a later date:

You did not say you are a part-owner in his company, did you, Aurora Projects?---No, but I can – I did not keep that away as anything specific. It was I said I had a professional relationship with him.

Why was it that you didn't say that you actually owned part of this company?---Um, it didn't come into my mind at the time. I didn't think that that was – I said I had a professional relationship with him.

It didn't come into your mind at the time?---No.

⁵ P S Wood transcript, private examination, 30 January 2018, pp 15-16.

That's your evidence?---Yes. It was not - - -

A few days after you gave evidence here, did you then try and divest yourself of that shareholding?---Yes, I did. Yes, I did. Yes.⁶

- [57] Another building contractor was summoned to the Commission to give further evidence after having one week earlier given evidence on oath that exonerated a public officer from serious misconduct. After reflection and seeking legal advice, the witness asked to be resummoned to the Commission. The witness gave evidence that he had lied under oath the week earlier. The building contractor admitted to paying \$75,000 in travel expenses and approximately \$10,000 in hospitality (in the form of business lunches) and gifts during the period his company sought work from NMHS.
- [58] Predominately, the examination process resulted in the witnesses admitting to their role in possible corruption. Admissions from witnesses were not proffered immediately but eventually obtained when the witnesses were confronted with the Commission's analysis of the documentary and surveillance evidence.
- [59] A notable exception was the witness Mr Alexander, Director of PA Projects and contracted Project Manager to NMHS. Mr Alexander gave the Commission early assistance with his full and frank evidence under oath. His evidence has been consistently corroborated by other witnesses and primary source documents. He was intimately involved in corruption, actively facilitating Mr Fullerton and Mr Mulligan's corruption. However, unlike some other witnesses, Mr Alexander was honest in examination and assisted the Commission throughout the investigation.
- [60] Because corruption is a secret activity, witnesses such as Mr Alexander are vital to a law enforcement agency because they can unravel the dark threads. For this reason and because of his cooperation, the Commission does not recommend any prosecution against Mr Alexander be commenced.
- [61] Before this report was finalised, the Commission gave every person adversely referred to in the draft an opportunity to make representations. Many responded and each representation has been considered. Where appropriate, the Commission has amended the report.

⁶ P S Wood transcript, private examination, 29 March 2018, pp 2-3. It was suggested to and accepted by P S Wood that he was a part owner of Aurora Project Group Pty Ltd.

- [62] A common theme in examination or response was that the lunches were part of business development or building relationships. Business was usually discussed. There was no advantage to the contractor because work did not necessarily follow from lunches or other benefit given. For some, the amount spent on lunches was relatively insubstantial.
- [63] In some responses, it was contended the actions were those of individuals, not the company. These responses miss the point. The Commission's view is that while business may have been discussed, that was a subterfuge for the public officer to be treated to fine dining. If not to gain at least the possibility of a benefit or influence, why spend the money?
- [64] The fact that the actions were those of individuals is immaterial. The 'relationship building' was for the benefit of the company, performed through its agent.

CHAPTER TWO

Procurement procedures and practices

WA Health

- [65] WA Health comprises Department of Health, six Health Service Providers and Health Support Services. Department of Health provides management of the health system as a whole, while the Health Service Providers are statutory authorities governed by Health Support Boards. NMHS is one such Board. Each Board is independently administered and accountable for its financial performance.

North Metropolitan Health Service

- [66] NMHS is responsible for the management of major Perth metropolitan hospitals, campuses and services: SCGH, Queen Elizabeth II Medical Centre (QEII), Osborne Park Hospital, Graylands Hospital, King Edward Memorial Hospital, Perth Children's Hospital⁷ and Joondalup Health Campus. NMHS is also responsible for major medical services including NMHS Mental Health and NMHS ambulatory care and was until the beginning of July 2018, responsible for PathWest. As at 1 July 2018, PathWest was established as a managed statutory authority.
- [67] NMHS provides health services to more than 36 per cent of Western Australia's population.⁸
- [68] NMHS is a statutory authority governed by the NMHS Board. The senior executive leadership until December 2016, included Mr Fullerton and Mr Mulligan.

Procurement practices

- [69] WA Health has rigorous policies and procedures regarding procurement. However, unless the culture of the organisation requires compliance and commitment to the policies and procedures and sees them through to implementation, they are in vain.

⁷ Until its opening in May 2018, the Perth Children's Hospital site was operated by Strategic Projects overseen by the Department of Finance. Upon project completion, management of the facilities moved to NMHS. Prior to project completion, NMHS's role with the Perth Children's Hospital was in relation to the integration of the facilities with the remainder of the QEII site.

⁸ Government of Western Australia North Metropolitan Health Service, *About Us* <http://www.nmahs.health.wa.gov.au>.

[70] The procurement policies and procedures in operation at NMHS for building maintenance and facilities management during the relevant period were clear.⁹ Purchase methods varied depending on the value of the proposed contract. Procurement officers required approval for a procurement process, or not; depending on their financial delegation. Financial delegation thresholds differed according to the seniority of the position held by the public officer.

[71] What should have occurred during a procurement process at NMHS was the following:

- Contracts worth up to \$20,000, could be directly sourced by the procurement officer without obtaining quotes from other suppliers.¹⁰
- Contracts worth between \$20,001 and \$50,000 required the procurement officer to request a verbal quote from at least two contractors. An evaluation report for verbal quotes template must have been used. The quotes were then subject to a desktop evaluation process and written acceptance provided to the successful contractor.¹¹
- Contracts worth between \$50,001 and \$250,000 required the procurement officer to obtain written quotes from two to five suppliers. An evaluation panel must have been established. Written acceptance letters were to be sent and contract award details published on the Tenders WA website.¹²
- Contracts worth over \$250,000 were to be put to open public tender utilising the assistance of the Department of Finance.¹³

[72] Exemptions from competitive procurement processes could be obtained but a process of documentary approval was required. Procurement was also to be conducted subject to the WA Health policies regarding the management of conflict of interests and the acceptance of gifts.

[73] Documentary evidence of the process should have been available. This would have included client request forms (to initiate the purchase and record quotes received), purchase orders and letters of engagement.

⁹ Office of the Chief Procurement Officer, Government of Western Australia, Department of Health, *Guide to Procurement and Contract Management for WA Health, Goods & Services and ICT* (October 2015, version 4).

¹⁰ Ibid 16.

¹¹ Ibid 17.

¹² Ibid 18-19.

¹³ Ibid 20.

- [74] The Commission expected to be able to inspect these documents from NMHS' holdings in respect of all procurement undertaken in the period January 2015 to December 2016. However, there were significant gaps and some documents produced were unsigned.
- [75] Most contractors to NMHS examined by the Commission were unaware of the standard requirements regarding procurement at NMHS, despite having each invoiced NMHS for hundreds of thousands of dollars of work over several years.¹⁴
- [76] The Commission has found evidence that procurement practices at NMHS were poorly understood by public officers and deliberately not followed in order for the purported purpose of 'getting things done'. The repeated failure to comply with required policy and procedures contributed to an apathetic culture within the NMHS that was exploited by Mr Fullerton and Mr Mulligan for their own benefit. In the case of Mr Ensor, the impact of the policies and Code of Conduct that specified how an individual public officer should behave were subjugated to the allure of the free lunch. Mr Fullerton and Mr Mulligan had the seniority and financial delegation to exercise their powers corruptly for considerably more personal benefit.
- [77] Corruption hides in poor processes and lazy oversight.

¹⁴ For example, Mr T Wood was asked in examination the project value that required tendering rather than quoting. He replied "I couldn't tell you". Mr T Wood has invoiced \$10m of work to NMHS over the last 20 years. A R Wood transcript, private examination, 31 January 2018, p 4.

CHAPTER THREE

The public officers

Mr John Fullerton - Former Executive Director of Facilities Management, North Metropolitan Health Service

- [78] Mr Fullerton held this position for over five years prior to his voluntary redundancy in December 2016. He reported directly to the NMHS Chief Executive.
- [79] His responsibilities included oversight of the maintenance personnel, security personnel, campus managers and project officers at NMHS facilities already identified. Mr Fullerton also had oversight of additional WA Health campuses at Swan District Hospital, Kalamunda Hospital and Princess Margaret Children's Hospital.
- [80] Mr Fullerton's primary responsibility was to supervise the operations of the NMHS facilities management and to allocate resources to meet the servicing and maintenance of these physical facilities. Mr Fullerton held a delegation to spend up to \$1m to meet this responsibility. He was required to ensure the management of the servicing and maintenance facilities was conducted in a manner 'congruent with the whole-of-health governance framework' and which met 'all public sector compliance & accountability requirements'.¹⁵
- [81] Prior to becoming Executive Director of Facilities Management, Mr Fullerton held a financial delegation of \$500,000 as SCGH Campus Manager. After moving into the directorship role, he distanced himself from direct project management by outsourcing to contractors or a handful of NMHS employed project managers. Potential NMHS contractors received a request to tender or quote through the project manager rather than directly from Mr Fullerton.
- [82] From mid-2016, it became known that Mr Fullerton would be leaving his position by the end of that year. With the departure of Mr Fullerton, some favoured contractors who had been supplying him corrupt benefits saw their work fall away considerably at NMHS. Other contractors saw it as an opportunity to groom the next public officers in line.

¹⁵ Job Description Form, Executive Director Facilities Management, Position Number: 000199 (November 2009).

Mr David Mulligan - Former Executive Director of Perth Children's Hospital Integration, North Metropolitan Health Service

- [83] Mr Mulligan commenced working at WA Health in 1999 and was appointed to his substantive role as the Executive Director of Clinical Planning and Redevelopment in 2011. He also reported directly to the NMHS Chief Executive. As Executive Director of Perth Children's Hospital Integration, Mr Mulligan was employed by NMHS and was responsible for the integration of QEII into Perth Children's Hospital.
- [84] Mr Mulligan's role concerned project management of large new NMHS building works projects and he had oversight of projects worth over \$50m that required input from other government agencies. Such projects included the State Cancer Centre, the multi-deck car parking facility at SCGH, the building of St John of God Midland Public Hospital and the \$300m redevelopment of the Joondalup Health Campus.
- [85] Mr Mulligan had an active role in the initial stages of the site integration of the new Perth Children's Hospital to the existing QEII. He was a member of the Perth Children's Hospital Project Control Group for 12 months. For the 12 months prior to leaving NMHS, Mr Mulligan was appointed Executive Director of Perth Children's Hospital Integration. He was appointed to this position at NMHS on 3 March 2016 but commenced work in mid-February 2016.¹⁶

Mr Shaun Ensor - Former Acting Manager of Area Facilities Development, North Metropolitan Health Service

- [86] Mr Ensor was, until recently, the Acting Manager of Area Facilities Development at NMHS. Mr Ensor left the employ of NMHS on 26 June 2018 after accepting a voluntary severance scheme package. From May 2014 and during the period Mr Fullerton was Executive Director of Facilities Management, Mr Ensor reported directly to him as the Acting Facilities Manager for SCGH. He had previous experience in the same role at Princess Margaret Children's Hospital.
- [87] From May 2014, Mr Ensor was responsible for the maintenance and repair of the NMHS buildings located at SCGH and QEII campus. As a procurement officer, he held a financial delegation of \$20,000 and was able to directly source contractors for projects up to that amount without seeking further approval.

¹⁶ Contract signed on 3 March 2016 with a commencement date of 15 February 2016.

- [88] Mr Ensor started to accept offers of hospitality from Ms Natalie Bell of Gowdie Management Group Pty Ltd (Gowdie) in 2015 after the completion of a successful project. In a period of just over two years, Gowdie spent \$5,353 on hospitality in the form of expensive lunches that were attended by Mr Ensor. The frequency of lunch invitations increased substantially in the latter half of 2016, such that Mr Ensor was being feted every fortnight. Ms Bell and Mr Ensor gave evidence that alcohol was typically consumed at the lunches. Ms Bell referred to the practice as 'business development'. Although denied by Ms Bell, an inference is open that Mr Ensor was being groomed to give favourable consideration to future bids by Gowdie.
- [89] Mr Ensor also socialised with other vendors who contracted onsite at NMHS, such as Mr Anthony Williams of New Zealand Holdings Pty Ltd trading as 'Westside Fire Services' (Westside), and accepted hospitality from contractors.¹⁷ Mr Ensor was involved in awarding and/or managing work performed at NMHS by those contractors.

¹⁷ The Commission's investigation is ongoing. It is anticipated that further vendors who have participated in and/or facilitated serious misconduct and/or criminality at NMHS will be identified by the Commission at another time or referred to the Department of Finance.

CHAPTER FOUR

Contractors to the public sector

Mr Grant Alexander - Pukete Alexander Projects Pty Ltd trading as 'PA Projects'

- [90] Mr Alexander was initially employed by Aurora Projects Pty Ltd¹⁸ as a Project Director with full time responsibility for one client, NMHS. While performing this role, he met Mr Fullerton during 2010/2011. He was introduced by Mr Mulligan.
- [91] Mr Alexander left employment with Aurora Projects Pty Ltd in 2011. At the suggestion of Mr Mulligan, Mr Alexander formed a consultancy company in late 2011 for the purpose of creating a corporate structure to invoice NMHS for project management services. PA Projects was a business owned by him and his wife.
- [92] Mr Alexander, through PA Projects, was initially appointed by Mr Mulligan to consult with NMHS in relation to the development of the groundworks for the new Perth Children's Hospital site adjacent to SCGH. Mr Alexander assisted in the integration of the new hospital with the existing site facilities.
- [93] Mr Alexander was soon identified by Mr Fullerton and appointed to manage his projects. He managed the procurement process on Mr Fullerton and Mr Mulligan's behalf until the point where the public officer was required to exercise his financial delegation and award the tender. Mr Alexander had direct and regular access to Mr Fullerton and Mr Mulligan. At Mr Fullerton and Mr Mulligan's direction and/or facilitation, he was able to manipulate the procurement process for the personal financial benefit of both public officers.
- [94] Mr Alexander also benefitted financially. Between 2012 and 2016, PA Projects invoiced WA Health \$2,077,965 in project management fees. The majority of invoices referenced NMHS projects.
- [95] Mr Alexander project managed the renovation of Mr Fullerton's private residence in Glen Forrest during 2015 and 2016; and the renovation of Mr Fullerton's mother's house in High Wycombe during late 2014 and early 2015. Mr Fullerton's mother, Mrs Nellie Fullerton, is now deceased.

¹⁸ This is a separate entity to Aurora Project Group Pty Ltd which has been referred to in this report as Aurora and is managed by S C Cary.

- [96] Management of personal projects for Mr Fullerton was a blatant conflict of interest when Mr Alexander was receiving NMHS work from Mr Fullerton. Importantly, the situation presented Mr Alexander and Mr Fullerton with the opportunity to personally benefit from Mr Fullerton's power and authority to spend public funds.
- [97] At Mr Fullerton's direction, Mr Alexander arranged for part of Mr Fullerton's house renovation to be covertly and fraudulently invoiced to NMHS. Certain NMHS building contractors were engaged to work on Mr Fullerton's private residence. In return, they were guaranteed work at NMHS and used those projects to present invoices for payment that related to the house renovation.
- [98] Mr Alexander spent tens of thousands of dollars on expensive lunches, domestic travel and accommodation for Mr Fullerton and Mr Mulligan. He did this in order to ensure he was continually retained by Mr Fullerton and Mr Mulligan to do project management work at NMHS. Mr Alexander gave Mr Fullerton and Mr Mulligan regular cash payments. Mr Alexander's expenditure on Mr Fullerton and Mr Mulligan was recouped by covertly invoicing WA Health in regular monthly invoices, which he did at their direction and participation.

Mr Philip Wood - Fox United Building Pty Ltd

- [99] Mr P Wood is a Director of Fox, a building maintenance company which provided building contractor services to government departments as both head and sub-contractor. Mr P Wood had been acquainted with Mr Fullerton since 1994. Fox had been providing building maintenance services to WA Health since 2001. Mr P Wood provided building services to WA Health through another entity from 1996.
- [100] Fox was engaged by Mr Fullerton and Mr Alexander in August 2015 to renovate Mr Fullerton's private residence. In return, Fox was awarded NMHS building maintenance contracts. Mr P Wood used this opportunity to fraudulently invoice NMHS for a portion of the work Fox had performed on Mr Fullerton's private residence. This was an arrangement, facilitated by Mr Alexander but carried out with the knowledge of Mr Fullerton. Mr P Wood stated that he had discussions with Mr Alexander as to how the house renovation job was to "run. But as far as we're concerned, John was the end user, so, you know, any deal that I do with Grant is a deal with John".¹⁹
- [101] The arrangement was that Fox would bill Mr Fullerton personally on a 'cost plus' basis for the house renovation to a total sum of \$700,000 to

¹⁹ P S Wood transcript, private examination, 30 January 2018, p 61.

\$900,000. The 'plus' was the builder's margin which ranged from 10 to 30 per cent on top of the cost including placing a margin on materials. In addition, Fox would retain approximately \$100,000 of credits billed to NMHS through invoices submitted for payment in relation to legitimate NMHS projects. The invoicing of the credits was to be done by adding at least five per cent to NMHS project invoices. Half of the five per cent was to be credited against the cost of work carried out by Fox on Mr Fullerton's private residence. The other two and a half per cent was to be retained by Fox as a 'convenience fee' or additional profit margin, as a reward for undertaking the house renovation.

[102] Mr Alexander and Mr P Wood decided which invoices to NMHS could accommodate a portion of the renovation cost or 'invoice fat'. Agreement was documented in a spreadsheet (the retention spreadsheet) authored by Mr P Wood but provided to Mr Alexander periodically for verification. In effect, the retention spreadsheet was the living document that tracked the detail of the agreement between Mr P Wood and Mr Fullerton (through his recruit, Mr Alexander) to obtain corrupt payments from NMHS. The Commission initially obtained a copy of the document during the forensic acquisition and examination of electronic devices seized during the search warrant executed at the offices of Fox.

[103] A copy of the spreadsheet is annexed to this report.²⁰

[104] During examination before the Commission, Mr P Wood explained to the Commission how the retention spreadsheet worked:

So let's say ambo ward I quoted it and it was \$3000, okay. I would have had a discussion with Grant Alexander. He would have said, "I think that we can invoice 10,062 or we can invoice 10 grand, up your quote to \$10,000." The third column, Value Added, would have been the difference between what my job quoted would have realistically been if we'd have been doing it honestly. The second is what he would have said to actually invoice so we added on to that project which should have cost North Metro Health \$3000, we added on an additional 7062, 50 per cent of which was kept by Fox United, 50 per cent went against John's job.²¹

[105] Fox had guaranteed opportunities to invoice NMHS for the corrupt payments because the arrangement included colluding with competitor contractors on quoted prices. Fox was guaranteed to win projects. On numerous occasions, Fox colluded with competitor building companies Aurora, Latitude XL Pty Ltd. On occasion, Swan Group WA Pty Ltd was involved. Within this group, the practice was referred to as obtaining a 'cover quote'.

²⁰ This document has been retyped by the Commission in order to be legible.

²¹ P S Wood transcript, private examination, 30 January 2018, p 32.

- [106] The competitors agreed to the practice with the expectation that they would win NMHS projects or other government department projects in the future. As an additional complication, until February 2018, Mr P Wood was secretly part owner of Aurora. This interest was never declared by Mr P Wood to NMHS when he was tendering competitively for projects against Aurora.
- [107] It was important for Mr P Wood to maintain the relationship with Mr Fullerton because it was financially lucrative. Between 2010 and 2016, Fox invoiced WA Health for a total of \$10,144,945 in building maintenance project fees. Fox made a profit on the renovation of Mr Fullerton's private residence, estimated to be in the order of \$190,000.
- [108] Prior to admitting his misconduct, Mr P Wood tried to evade the Commission's investigation. He admitted to purchasing a mobile phone SIM card through a third party for the purposes of covertly communicating with other Commission witnesses. He also attempted to destroy key incriminating documents.

Mr Philip Wood's remorse

- [109] To his great credit, Mr P Wood has shown genuine and practical remorse. He has accepted that his actions were illegal. He has made restitution to WA Health in the sum of \$49,191, an amount calculated by the Commission. For this, he is to be commended.

Ms Natalie Bell - Gowdie Management Group Pty Ltd

- [110] Ms Bell is employed by Gowdie to provide project management services to contracted parties. She commenced working with NMHS in mid-2013 and has provided project management services for building facility maintenance projects at NMHS campuses on a continuing basis. As part of her role with Gowdie, Ms Bell was tasked with developing new business. In that capacity, Ms Bell routinely took Mr Fullerton and Mr Ensor out separately for long lunches at a restaurant of their choosing. The restaurant bill was paid using the Gowdie business credit card. Ms Bell acquitted the monthly expenditure on the credit card statements as 'BD - NMHS' or 'business development - NMHS'.
- [111] Ms Bell described the purpose of business development as 'relationship building' so that she could get more or continuing work at NMHS. She was given an uncapped budget by her employer for such a purpose.

- [112] Between 2013 and 2016, Gowdie invoiced WA Health a total of \$1,656,193 in project management fees, of which, 95 per cent related to projects conducted at NMHS campuses.
- [113] Mr Ensor was a participant in lunches paid for by Gowdie to the value of \$5,353 over a period March 2015 to June 2017.

Mr Liam Howard - Howzat Constructions Pty Ltd

- [114] Mr Liam Howard established and ran Howzat Constructions Pty Ltd (Howzat) as a sole trader from 2012 until September 2016. Between 2012 and 2016 Howzat invoiced NMHS a total of \$1,690,405 in fees for building and maintenance services. The highest billing year was 2015 which coincided with the period during which Howzat was working on Mr Fullerton's house renovation.
- [115] Howzat also worked on the renovation of Mrs N Fullerton's private residence from mid-October 2014 to March 2015. Howzat commenced work on Mr Fullerton's private residence in January 2015 and left the site in late August 2015 after being replaced by Fox.
- [116] During 2015 and 2016, Howzat was awarded numerous significant NMHS projects.
- [117] Mr Howard invoiced Mrs N Fullerton and Mr Fullerton for their house renovations on a 'cost plus' basis. Mrs N Fullerton paid Howzat cash in the sum of \$60,000 to \$70,000 for the renovation of her private residence. Mr Fullerton's invoices were sent to his private residence but were handled by Mr Alexander. Mr Alexander arranged for those invoices to be paid by Mrs N Fullerton.
- [118] Mr Howard was instructed by the onsite project manager, Mr Alexander, to invoice NMHS for a portion of the house renovation cost relating to both renovations. This was done covertly by increasing the value of NMHS quotes and contract variations as agreed with Mr Alexander.
- [119] The agreement was that Howzat would quote the project as expected by adding a builder's margin. The quote would then be further increased by negotiation between Mr Howard and Mr Alexander to account for a portion of the house renovation.
- [120] Mr Howard was awarded three main projects at NMHS in order to invoice NMHS for the house renovations. The process of awarding each of those contracts was fixed in order to achieve the desired result of awarding Howzat the project.

- [121] Mr Howard maintained a handwritten ledger of individual invoices submitted to NMHS in relation to particular jobs. He recorded the portion of the invoice that was to be credited against what Mr Fullerton owed for his house renovation.
- [122] Mr Howard invoiced NMHS a total of approximately \$3,500 that related to Mrs N Fullerton's renovation. He did this over four invoices. In relation to Mr Fullerton's private residence, NMHS were invoiced a total of \$43,700 by Howzat.
- [123] Although Mr Howard did not speak directly to Mr Fullerton about the work he obtained at NMHS, or about the practice of falsely invoicing NMHS, he was confident Mr Fullerton knew of the arrangement "How do you know that Mr Fullerton was aware of this? ---Well, he was the only one to really get any benefit for it. Grant [Mr Alexander] was never going to get any benefit from it ..." ²²
- [124] On several occasions, Mr Howard directly approached Mr Fullerton to request NMHS pay his invoices. Mr Fullerton then directed the speedy payment of those invoices, some of which were the false invoices containing payment for the house renovation.

Mr Shane Cary - Aurora Project Group Pty Ltd

- [125] Aurora is a commercial fit-out and office refurbishment building company established in 2009. The Commission notes that this company is unrelated to Aurora Projects Pty Ltd, a separate entity that historically provided contracted services to NMHS. There is no evidence of any misconduct by Aurora Projects Pty Ltd. Mr Shane Cary was a founding Director of Aurora and co-owner with three others that included Mr P Wood as a silent partner. Mr P Wood received dividends on an annual basis until he divested himself of the last of his remaining shareholding in February 2018, during the course of the Commission investigation and after he had given evidence at a private examination on 30 January 2018. During that examination he omitted to inform the Commission that he was a business partner and financial beneficiary of Aurora.
- [126] Mr P Wood's shareholding was deliberately obscured. This was achieved by creating a separate entity that held the shares in Aurora, which in fact, belonged to Mr P Wood.

²² L G Howard transcript, private examination, 31 January 2018, p 9.

[127] Mr P Wood and Mr Cary used the covert shareholding to their advantage when tendering competitively against each other. They colluded with each other and Mr P Wood facilitated the collusion with other building contractors when pricing quotes for NMHS.

[128] Mr Cary stated:

Phil rang me one day and said, "Shane, would you be interested in being on a closed tender for Charlie Gairdners?" I said, "What's this – what's that about?" He said – his comment was, "We have a thing where three of us are pricing this job, pricing the work at Charlie Gairdners and, in essence, we take turns as to who wins the job."²³

[129] Within six months, Aurora were requested by letter from Mr Alexander to submit a quote for work to be undertaken refurbishing three offices in T Block at SCGH. Mr P Wood provided Aurora with the dollar amount to quote to ensure their quote was materially higher than Fox's quote.

[130] On the same day, Aurora received from Mr P Wood a second request from Mr Alexander to submit a dummy quote backdated to October 2015. The job was to convert an existing office on the ground floor of T Block into two new offices.

Mr Anthony Wood - Starnet (WA) Pty Ltd trading as 'IT Communications and Electrical Services'

[131] Mr Anthony Wood (known as Tony) is a Director of Starnet (WA) Pty Ltd trading as 'IT Communications and Electrical Services' (IT Communications).

[132] Mr T Wood's company started working with WA Health in 1997. Predominately, IT Communications have worked for WA Health at NMHS sites and NMHS was IT Communications' major client. Mr T Wood met Mr Fullerton back in 1997. Their wives are friends and Mr T Wood has a friendship with Mr Fullerton that extends to socialising outside of work.

[133] Mr T Wood told the Commission that Mr Fullerton has been responsible for engaging the services of IT Communications at NMHS from the commencement of the relationship. Mr Fullerton denied this and told the Commission that IT Communications was awarded projects through another department, apart from a fibre optic run project in April 2016.

[134] IT Communications invoiced NMHS a total of \$4,258,183 over the period 2010 to 2016, but Mr T Wood estimated that over the history of the relationship, the total value of work done at WA Health by IT Communications, was possibly \$10m.

²³ S C Cary transcript, private examination 19 February 2018, p 12.

- [135] Despite this, Mr T Wood told the Commission that on the occasions IT Communications was contracting directly with NMHS, Mr Fullerton requested he submit a quote and directly engaged his company.
- [136] Mr T Wood was shown a letter of engagement drafted by Mr Alexander for the signature of Mr Fullerton. The letter was for the installation of a fibre optic cable run in the basement of L Block and was dated January 2016. Mr Alexander's evidence was the letter was a sham as he was requested by Mr Fullerton in August 2016 to draft 'five or six such letters'. It is more likely that Mr Fullerton engaged Mr T Wood's services without following any formal procurement process.
- [137] When questioned regarding the L Block project, Mr T Wood said he 'couldn't say' whether he had received the letter, he didn't think he had ever seen a copy of the general conditions of contract referred to and couldn't say whether he received a purchase order from Mr Fullerton.
- [138] IT Communications performed work on Mr Fullerton's house renovation in 2015 and have carried out adhoc electrical jobs at his private residence since 2012. The work performed during the house renovation period in 2015 was directly arranged by Mr Fullerton, not Mr Alexander. Mr Fullerton asked Mr T Wood for the invoices to be sent to his mother, addressed to her company and falsely referencing the scope of work done as works done for her company, Western Refrigeration. Mr Fullerton agreed this was the case "I just told him how to knock the invoices up".²⁴ Mr T Wood complied with this request. The invoiced work was paid by Mrs N Fullerton and totalled \$42,615.
- [139] Mr T Wood's evidence was that he went to lunch with Mr Fullerton between six to 10 occasions alone or with other NMHS contractors. He admitted to paying for Mr Fullerton on occasions. Mr Fullerton stated the lunch appointments with Mr T Wood were more frequent as they occurred three or four times a year and that Mr T Wood paid. Mr T Wood denied that he always paid and maintained that Mr Fullerton paid for lunch on occasion. The Commission notes this would be contrary to the normal practice between Mr Fullerton and the other contractors who regularly took him out to lunch.
- [140] Mr T Wood paid over \$6,000 in travel costs for the benefit of Mr Fullerton (and on one occasion, for his wife, Mrs Jacqui Fullerton) to travel to Melbourne and/or Canberra over two weekends during 2009 and 2010. Despite being presented with this evidence, Mr T Wood failed to recall that Mr and Mrs J Fullerton had flown to Canberra in 2009 or to

²⁴ J B Fullerton transcript, private examination, 3 April 2018, p 24.

Melbourne in 2010, and could not say why IT Communications would have paid for those flights.

- [141] Mr T Wood and his wife attended the wedding of Mr Fullerton's son in Canada along with Mr and Mrs J Fullerton, Mr Williams of Westside and his partner.
- [142] Mr T Wood denied inflating his invoices to NMHS to account for work performed at Mr Fullerton's private residence. He also denied knowledge of the practice by other shareholders. Mr T Wood told the Commission he did not see any correlation between the personal friendship he had with Mr Fullerton and the fact that IT Communications was obtaining sustained, lucrative contract work at NMHS; and denied that the personal relationship increased the likelihood of him obtaining work at NMHS.
- [143] The Commission does not accept this denial. Mr T Wood initially told the Commission he had never paid for travel on behalf of Mr Fullerton and, to the contrary, that Mr Fullerton had actually paid for Mr T Wood's wife to travel. When shown the evidence of travel paid and taken in 2009 and 2010 which he failed to recall, Mr T Wood was likely attempting to minimise gifts paid to Mr Fullerton.

Mr Garth Delavale - Axis Fire Solutions Pty Ltd trading as 'One Fire Group'

- [144] Mr Garth Delavale started One Fire Group (One Fire) in May 2008 as a fire protection company concentrating on the 'passive' fire business that ensures buildings have structural fire protection compliant with the Australian Standards. Mr Delavale stated he attempted to grow "the passive side of our business by targeting people like North Metro [NMHS]".²⁵
- [145] One Fire was directly sourced by Mr Fullerton to undertake work at NMHS. It was for this reason that Mr Delavale began paying for domestic travel for Mr Fullerton and his wife. He also took Mr Fullerton out to lunch.
- [146] Between 2009 and 2016, Mr Delavale spent \$8,600 on meals attended by Mr Fullerton. On nearly every occasion, Mr Fullerton brought his personal assistant to lunch with him. On two occasions, Mr Mulligan accompanied Mr Fullerton and his personal assistant.
- [147] Mr Delavale told the Commission that the restaurants most frequented were Matilda Bay Restaurant and Galileo Buona Cucina Restaurant. Alcohol selected by Mr Fullerton was consumed by all present. The lunch

²⁵ G N Delavale transcript, private examination, 29 May 2018 p 4.

- appointments were made by Mr Fullerton or his personal assistant, who would send an electronic meeting request. One Fire always paid the bill.
- [148] Mr Delavale initially travelled with Mr Fullerton to the US, visiting Las Vegas, Los Angeles and San Francisco in April 2007 for a three week holiday. On that occasion, Mr Delavale was working for Westside. Mr and Mrs J Fullerton's travel to the US was paid for by Westside.
- [149] Between 2009 and 2014 (inclusive), One Fire paid for travel once a year to Melbourne for Mr Fullerton, and on one occasion, for Mrs J Fullerton to accompany him. The exception was 2010 when Mr Fullerton suggested to Mr Delavale that they travel to Melbourne on 9 July 2010 to see a '... [H]awthorn/Cats game at the MCG on Saturday the 10th of July and get the late flight home on the Sunday after shopping.'²⁶ Mr Delavale does not recall that this trip eventuated, but stated it was indicative of how the trips were organised.
- [150] One Fire paid approximately \$4,600 in airfares for Mr Fullerton and his wife to fly to Melbourne. Mr Delavale assumed that One Fire paid for Mr Fullerton's accommodation in Melbourne but was unable to definitively recall, or verify the amount. On occasion, Mr Fullerton accompanied the One Fire directors to the football in Melbourne as their guest.
- [151] Mr Delavale conceded that One Fire had paid for Mr and Mrs J Fullerton to travel and that the company had not been reimbursed, with one exception. Mr Delavale stated that at Melbourne airport on 12 May 2013, Mr Fullerton gave him a white envelope containing cash in the sum of \$1,400. Mr Delavale claimed the cash was repayment of the travel expenses paid for by One Fire.
- [152] While the One Fire directors normally included some business meetings in their travel itinerary to Melbourne, Mr Delavale stated that Mr Fullerton's reasons for travel appeared to be personal.
- [153] Mr Delavale stated that the purpose of paying for Mr Fullerton's travel was to "keep the relationship strong" and "the potential of work at the hospital, I could see there was a mountain of potential of work, so the service industry, so you perform the best you can and obviously build relationships".²⁷
- [154] The Commission believes this approach worked very successfully for One Fire as the generous gifts to Mr Fullerton were rewarded with an increase in invoiced project work at NMHS. One Fire invoiced NMHS a total of

²⁶ Email from J B Fullerton to G N Delavale, 10 March 2010.

²⁷ G N Delavale transcript, private examination, 29 May 2018, p 33.

\$1,116,845 between 2008 and 2016. In the five years from commencement of the business in 2008, invoicing to NMHS by One Fire increased 9000 per cent. After 2013, work for One Fire at NMHS was limited to urgent works and there was a resulting decrease in invoicing so that from 2014, payment to One Fire from NMHS halved. At the same time, One Fire ceased paying for any of Mr Fullerton's private travel.

Mr Ian Tremain - QED Environmental Services Pty Ltd

- [155] QED Environmental Services Pty Ltd (QED) is a business that assesses the performance of air conditioning systems, reports on air quality and asbestos management, and advises generally on the management of air quality issues. Mr Ian Tremain was the Founder and Managing Director until his retirement at the end of 2015.
- [156] QED has provided services to WA Health for 20 years and over this period Mr Tremain developed a friendship with Mr Fullerton. QED were predominately retained by being awarded many specific low dollar value projects directly by Mr Fullerton. Mr Tremain was normally approached by Mr Fullerton via phone or email to do specific site works at NMHS. QED invoices were sent directly to Mr Fullerton for payment approval.²⁸ Mr Tremain could only recall tendering for one project, the asbestos management program. The rest of the work allocated to QED by Mr Fullerton was directly assigned due to the low dollar value of each project.
- [157] Mr Fullerton admitted that lower value jobs could be directly assigned by him to a contractor and that this was a practice he used to give QED work at NMHS.
- [158] QED invoiced NMHS on average \$440,000 per calendar year. In total between 2000 and 2016, QED was paid \$7.5m by WA Health, of which the majority was invoiced to NMHS.
- [159] Mr Fullerton discussed potential work for QED during lunch meetings. Mr Tremain told the Commission "he liked to go to lunch and say, look, I've got this problem ... that was his sort of way of getting to find the people he thought would be right to do the works". Mr Tremain always paid the lunch bill because it was assumed that he would. The relationship was of such longstanding that lunch would sometimes include Mr Tremain's daughter, Ms Michelle Scholz, and his son, Mr Ryan Tremain. Both had roles in the management and administration of QED. On occasion, Mr Tremain paid for dinners for the Fullerton family at a restaurant in the Perth Hills.

²⁸ I J Tremaine transcript, private examination, 19 February 2018, p 10.

- [160] In total, QED paid for meals attended by Mr Fullerton to the value of \$24,399 at restaurants that included Rockpool Bar & Grill, Nobu at Crown Perth, Coco's in South Perth and Galileo Buona Cucina in Shenton Park. Ms Scholz (QED's former Accounts and Administration Supervisor and Mr Tremain's daughter) stated "when you're ordering something and we want the \$40 wine, he'd want the \$150 wine, you know, and he'll have the entrée, main and dessert, whereas we'd all have maybe just a main".²⁹
- [161] Mr Tremain was aware that Mr Fullerton went out to lunch with other contracting and consulting groups regularly, once or twice a week. Mr Tremain was also aware that his former son-in-law, Mr Howard (Howzat), had been asked to invoice some of the house renovation work through the NMHS projects he had been awarded.
- [162] In addition to meals, QED paid for travel for Mr Fullerton and his wife. Mr Fullerton admitted this fact. In November 2012, Mr and Mrs J Fullerton went to Melbourne for the weekend on the QED credit card. The trip included accommodation at Crown Towers and dinners paid for by QED. Other travel paid for by QED included a three week trip to the UK in 2003 for Mr and Mrs J Fullerton which included business class airfares. Mr Tremain's own estimate of money spent on Mr Fullerton's travel was \$25,000 and \$30,000 on lunches.
- [163] Mr Fullerton was asked "How was it that Mr Ian Tremain or QED came to pay for travel and accommodation on your behalf?---It was a gift ..."³⁰
- [164] Mr Tremain was asked the purpose of the gift "Why? ---Well, I guess just in the interests of keeping the relationship going. And the purpose of keeping the relationship going was for what?---Well, I guess just to keep, I guess, our name at the forefront ..."³¹
- [165] The relationship between Mr Tremain and Mr Fullerton developed over the two decades, to become one characterised by mutual dependence and habit.

²⁹ M C Scholz transcript, private examination, 21 March 2018, p 7.

³⁰ J B Fullerton transcript, private examination, 3 April 2018, p 5.

³¹ I J Tremaine transcript, private examination, 19 February 2018, p 20.

[166] Ms Scholz described the relationship:

... you know, we didn't need him but it's just the way he – I think the way he developed his relationship with my dad and then my dad puts the pressure on the boys to say we've got to keep him happy; but we didn't really have to keep him happy, it was just that he just sort of had the impression that we had to.³²

...

We just didn't know how to remove ourselves from him.³³

[167] In its response to a draft of this report, QED attempted to distinguish the actions of Mr Tremain from the company QED. It is a distinction without a difference.

Mr Blaise Paris - Latitude XL Pty Ltd

[168] Mr Blaise Paris is the Managing Director of Latitude XL Pty Ltd (Latitude), a small construction company which does commercial fit-out and building projects. On occasion for specific projects, Latitude subcontracted the building services of Fox and had done so for the previous 10 to 15 years. This resulted in a longstanding, professional relationship between Mr P Wood and Mr Paris.

[169] Latitude was used by Mr P Wood to provide dummy quotes for two projects at NMHS in T Block. Fox had been promised the contract to provide three new offices and to convert an existing office into two new offices. The request for quote was made from Mr Alexander to Latitude in two emails received on 4 and 5 January 2016.

[170] At the time of the email request, it was obvious the T Block minor building works were already complete and Latitude were asked by Fox to submit a retrospective dummy quote with a dollar figure of seven per cent over (for T Block minor works) and 12 per cent over (for T Block creation of new offices) the figures being submitted by Fox. This was accepted by Mr Paris during examination.

[171] Mr Paris' evidence is that he engaged in tender collusion and providing a sham price as requested by Mr P Wood on (at most) five instances as a favour to Mr P Wood. Latitude had no ongoing dealings with NMHS as a contractor and Mr Paris could not recall ever meeting Mr Alexander or Mr Fullerton. It is not suggested that Mr Paris paid bribes to anyone. He did collude however in what may be regarded as aiding another to defraud NMHS.

³² M C Scholz transcript, private examination, 21 March 2018, p 8.

³³ M C Scholz transcript, private examination, 21 March 2018, p 12.

Mr Wayne Robinson - Swan Group WA Pty Ltd

- [172] Mr Wayne Robinson is the General Manager for Swan Group WA Pty Ltd (Swan), a building company specialising in fit-out work. Mr Robinson's role is primarily client development and sales. As part of his role, he was provided with a company credit card which he was encouraged to use to incur expenses associated with client hospitality. He initially met Mr Alexander in 2013 while Mr Alexander was engaged by NMHS to project manage specific works. Mr Robinson was introduced to Mr Mulligan. From 2014, Mr Robinson's employer gave him primary responsibility for developing and maintaining the relationship with Mr Mulligan. Mr Robinson never met Mr Fullerton.
- [173] Mr Robinson invited Mr Mulligan to the horse races or (AFL) football on seven occasions between November 2013 and November 2016. Mr Mulligan attended on five of those occasions. During the same time period, Mr Mulligan was offered and accepted numerous gifts of bottles of wine and was offered and accepted hospitality in the form of meals and drinks. Over a two year period, Swan expended a total value of \$3,014 on gifts and hospitality on occasions where Mr Mulligan was in attendance and benefitted.
- [174] Through Mr Alexander, Mr Robinson was requested to provide a request for tender for the construction of a new office in T Block at SCGH. The parties to the request colluded in order for Fox to win the project on price. Soon after, by letter dated 10 May 2016 to Mr Fullerton, Mr Alexander indicated that Fox would be the successful bidder against Swan and Aurora.
- [175] Mr Robinson told the Commission there was a practice at NMHS involving Mr Alexander obtaining a 'cover price' from Swan for particular projects. Mr Robinson said it was a practice amongst building contractors to help each other in this manner. In particular, Mr Robinson nominated Fox as a company that colluded with other vendors in price fixing. Mr Robinson's employer has acknowledged that 'cover pricing' is a practice used in the construction industry in Western Australia but was unaware that Mr Robinson was engaging in the practice on behalf of Swan at NMHS.
- [176] On one occasion, Mr Alexander sent a text message to Mr Robinson with an image and a request for 'a price'. Accompanying the image was a number that indicated 'the price' Swan were to submit. Swan had no intention of winning the tender and knew that the work had already been allocated to another builder. Mr Robinson said he knowingly participated

in this activity because he and Mr Alexander had "a decent working relationship around there, so I wanted to help him out".³⁴

- [177] A 'decent working relationship' was Mr Robinson's characterisation of a corrupt relationship to the detriment of the public purse. Mr Alexander told the Commission that Swan agreed to submit fixed price tenders as directed because "They were virtually guaranteed a project on site" and could benefit by dictating their contract price within reason.³⁵
- [178] Swan was awarded the refurbishment of R Block, Level 4 and the refurbishment of V Block in late 2016. Mr Robinson agreed under examination that V Block and perhaps R Block were examples of the agreement with Mr Alexander so that Swan would be 'in the box seat' for winning the tender as a reward for providing cover quotes. Mr Robinson has since recanted from that position and has told the Commission those jobs were awarded to Swan Group on merit.
- [179] Mr Robinson did not have a direct relationship with Mr Fullerton. He has never met him. Rather, his relationship with Mr Mulligan was integral to Swan maintaining a presence on the NMHS sites. Mr Robinson stated he was introduced to Mr Mulligan in early 2015 and that he took Mr Mulligan for meals, drinks and entertainment in order to gain information on upcoming work. In an email to Mr Mulligan on 15 January 2015, Mr Robinson stated 'I was just wondering when we can catch up for a beer or coffee and have a chat about some of those opportunities we were discussing'. They agreed to meet the following week at the Subiaco Hotel. The opportunities discussed were potential projects at NMHS. The cultivation of communication back channels to the NMHS decision makers was very useful in winning tenders. Mr Robinson has told the Commission that the practice of cultivating relationships with potential clients is common practice within the industry.
- [180] Mr Robinson took Mr Mulligan, Mr Alexander and a couple of other contractors to Northbridge for entertainment at the Galaxy Nightclub involving paid hostesses. He estimated that in one evening he paid \$500 to \$600 in entertainment expenses. Within two weeks, Mr Robinson was contacted by Mr Mulligan who told him that he was recommending Swan for the refurbishment of the State Quadriplegic Centre.

³⁴ W Robinson transcript, private examination, 20 February 2018, p 10.

³⁵ G R Alexander transcript, private examination, 18 October 2017, pp 22-23.

- [181] Mr Robinson took several opportunities to provide Mr Mulligan and other clients with hospitality in the form of lunches, alcohol and entertainment such as Melbourne Cup lunches and golf days. In submissions to the Commission, Swan indicated that the company, in reviewing its practices, has introduced new gift and entertainment policies and instituted a more rigorous internal tender process.
- [182] There was no guarantee that as a result of the gifts and hospitality offered to Mr Mulligan and/or Mr Alexander by Mr Robinson that every tender submitted to NMHS by Swan Group would be awarded to them. Client hospitality is expended to maintain good client relationships. It provides the opportunity to influence and be favoured. In the period 2013 to 2016, Swan was paid \$1.61m in fees by WA Health.

Mr Anthony Williams - New Zealand Holdings Pty Ltd trading as 'Westside Fire Services'

- [183] Mr Williams has been the Managing Director of Westside since 2004, and in this role has the responsibility for generating work for the business. The business focus is the supply, installation and maintenance of fire protection systems.
- [184] Westside was doing work for NMHS from before 2004. Forty percent of Westside's work originated from the SCGH site. Mr Williams met Mr Fullerton in 2000 when he was in charge of the air conditioning servicing at the SCGH site and a friendship developed. The two socialised outside of work.
- [185] Mr Williams paid for Mr and Mrs J Fullerton to travel interstate to Melbourne and overseas to Canada and the US. The first trip was overseas to the US in 2007 and expenditure on Mr Fullerton and his wife totalled \$14,985, this included airfares and accommodation. Other international travel paid by Westside for Mr and Mrs J Fullerton included a trip to China and Hong Kong in 2009, a trip to Bali in 2010 and a trip to Dubai in 2013.
- [186] Mr Williams paid for Mr and Mrs J Fullerton to travel business class to Canada for their son's wedding in 2014. The cost for Mr and Mrs J Fullerton was \$24,752 and included travel and accommodation in Quebec. Westside was not reimbursed for this expenditure or any travel expenditure made by Mr Williams for the benefit of Mr Fullerton or his family.

- [187] Westside paid for trips to Melbourne for Mr Fullerton each year from 2012 to 2016, inclusive (excluding 2015). Some domestic travel paid by Westside also included air tickets for Mr Fullerton's children. During domestic trips, Mr Williams paid for other travel expenditure such as accommodation expenses, Grand Final tickets and meals. During the 2012 trip to Melbourne, Mr Williams paid \$1,235 on gifts of cologne and shoes for Mr Fullerton. During the 2013 trip to Melbourne, Mr Williams paid for cologne, perfume, a business suit and a shirt for Mr Fullerton at a cost of approximately \$3,770. During the 2014 trip, Mr Williams spent \$1,900 on gifts of clothing for Mr Fullerton. During the 2016 trip, \$900 was spent on gifts of perfume and cologne for Mr Fullerton.
- [188] In total, Mr Williams spent \$32,833 on domestic travel expenses for Mr Fullerton and a further \$59,387 on international travel. In addition, Mr Williams paid for accommodation and meals in Melbourne for Mr Fullerton.
- [189] Westside also paid significant amounts for lunches Mr Fullerton attended. This started earlier than 2010, possibly even from 2005. The total expenditure on meals attended by Mr Fullerton (and on occasion his wife) by Mr Williams was \$7,259.
- [190] It is open to conclude that Westside benefited from these gifts. By 2010 when Westside was paying for significant travel for Mr Fullerton, NMHS paid Westside \$895,713 in fees. In 2014 at the height of expenditure by Mr Williams, Westside received in excess of \$1m from NMHS. Mr Fullerton was largely responsible for granting Westside the NMHS work.

CHAPTER FIVE

How North Metropolitan Health Service controls were subverted: Some examples

[191] Certain projects at NMHS were marked by Mr Fullerton and Mr Alexander as projects where it was convenient to covertly and fraudulently manipulate invoices. This was done in order to recoup from NMHS, monies being spent in renovating Mr Fullerton's private residence, paying for his interstate travel, buying him expensive lunches and giving him cash.

Case study - Doctors' common rooms in R Block

[192] Mr Ensor stated he was not aware of the collusion amongst tenderers or of corrupt payments associated with this project but that he was aware this "was a very bad project. Um, I - I understood that was being run by John and Grant Alexander".³⁶

[193] On 24 March 2015, Howzat submitted a written quote to Mr Fullerton and Mr Alexander in the sum of \$81,400 (including GST) for the demolition of the interior of the Doctors' common rooms.

[194] Howzat were awarded this project by Mr Fullerton and were instructed by Mr Alexander to use the NMHS invoicing process as an opportunity to recoup agreed amounts relating to work Howzat performed at Mr Fullerton's private residence. Mr Fullerton reviewed and approved Mr Howard's invoices for payment. An example, is Howzat's progress payment invoice number 605311 for \$14,800 emailed to Mr Fullerton for 'approval and processing' on 15 May 2015. On that invoice, \$5,000 had been allocated as a credit for the house renovation.

[195] The second part of the project was awarded to Howzat as a result of a competitive quote process managed by Ms Bell of Gowdie. The project was managed by a staff project manager who reported to Mr Fullerton. Howzat won the second part of the project through collusion with other competitors and used the invoices to NMHS to pay for the house renovation. Ms Bell has denied any knowledge that she was aware Howzat won the project by collusion. Howzat negotiated the payment of the house renovation by negotiation of individual invoices with Mr Alexander, which were ultimately approved by Mr Fullerton.

³⁶ S R Ensor transcript, private examination, 30 May 2018, p 12.

- [196] Payment was made to Howzat by progress payments, each under \$20,000. Variations to the original quote due to night work and increase in the scope of works resulted in the final amount invoiced by Howzat being in excess of \$120,000. Contractual variations were a useful vehicle to overspend on projects without scrutiny.

Case study - R Block, Levels G, 1 and 4

- [197] Both Levels 1 and 4 R Block building maintenance contracts were won by Fox after collusion with other competitors during the competitive quotation process. They were projects that were earmarked as suitable for Fox to add 'fat' to the NMHS invoices.
- [198] The collusion arrangement was overseen by Mr Alexander in order to ensure that the contractor (Fox), who needed to recoup monies from NMHS for work done on Mr Fullerton's house renovation, had the opportunity to do so.
- [199] Mr Howard (Howzat) stated that he wanted to put in a competitive bid for R Block, Level 4 because he had already done maintenance on the ground level. However, he was dissuaded because it had been earmarked for awarding to Fox:

It was an arrangement where there were other occasions where you had to price high so that they could come in low?---Yeah, there was one time that I remember in, um, R Block, I think it was level 4, um, where I initially put a price in and then I got told to make it higher because I wasn't going to get that job. It would be - - -

Who told you that?---Grant Alexander.³⁷

- [200] Mr Alexander stated the tender documentation was prepared by himself for Mr Fullerton's approval. Mr Ensor was then allocated the project management by Mr Fullerton and had no input into the selection of tenderers or development of the scope of works.
- [201] This was done for a particular purpose. Mr Alexander stated that although on paper it looked like Mr Ensor was wholly responsible for the project, this was not the reality:

John was being careful to ensure that wherever Fox was winning projects, he didn't - he had distanced himself from those projects by putting it on to his own project managers at a point where they didn't really have any ability to influence that.³⁸

- [202] The R Block, ground floor demolition work was awarded to Howzat in mid-2015 for the purpose of recouping costs of the house renovation work. From invoices commencing mid-July 2015, Howzat invoiced NMHS

³⁷ L G Howard transcript, private examination, 31 January 2018, p 17.

³⁸ G R Alexander transcript, private examination, 19 October 2017, p 13.

\$82,914 of which, 22 per cent or \$18,500 related to work performed on Mr Fullerton's house renovation.

Case study - Queen Elizabeth II Medical Centre and Hollywood Private Hospital consultant access walkway

- [203] Mr Alexander invoiced NMHS for work carried out by PA Projects to project manage this build. In invoicing NMHS, Mr Alexander stated he added a percentage to his invoices to account for the considerable time he spent managing the renovation of Mr Fullerton's private residence, including onsite. This was done at Mr Fullerton's direction and participation and Mr Fullerton was aware of the value of the invoices.
- [204] Mr Fullerton ensured he was at arms' length from the project by allocating Mr Ensor the job of project sponsor in 2016 to start the physical build. Contractors had already been awarded the job at the time of allocation to Mr Ensor. Mr Ensor was not responsible for authorising payment of Mr Alexander's invoices relating to this job. Mr Fullerton retained this authority.
- [205] The actual build was managed by another builder, however, it seems likely that Howzat were asked to tender for the job.³⁹

Case study - T Block Executive offices - two projects for alteration to three offices

- [206] On 25 November 2015, Fox invoiced NMHS for work carried out on this project. The invoice was a vehicle for Fox to recoup costs of doing work on Mr Fullerton's private residence. The project worksheet has the project sponsor listed as Mr Ensor. He told the Commission he could not account for this as he had no involvement in the project.
- [207] Mr P Wood stated that during this job, he was in daily or weekly contact with Mr Fullerton.
- [208] The project had been divided into two separate portions. One concerned developing an existing office into two new offices and the other, concerned fit-out works for three new offices. Fox had won this latter job with a tender quotation of \$149,800. Fox had successfully been awarded the first portion of the project with a quotation of \$19,916. Fox's competitors (Aurora and Latitude) had each put in a sham quotation for both jobs after colluding with Fox and Mr Alexander on price.

³⁹ Diary entry in L G Howard's diary dated April 2015 - 'HH Consultant Access Walkway'.

- [209] The projects were awarded to, and completed by Fox without NMHS formalising the request for quotation process. Mr Alexander reconstructed the procurement document trail several months later, in January 2016.
- [210] By letter dated 6 January 2016 sent via email, Mr Cary of Aurora was requested by Mr Alexander to submit a tender for fit-out works for the three new offices in T Block. The email also contained a request in identical terms addressed to Mr Paris of Latitude. Similarly, Mr Alexander had emailed Mr P Wood on 4 January 2016 to request tender documentation be submitted 'should you wish to submit a tender'. Attached was a letter from PA Projects inviting Fox to tender for the fit-out works for the three new offices. The letter was forward dated two days after the email was sent.
- [211] The request for formal written quotes by Mr Alexander was a sham.
- [212] Mr Cary was taken by surprise on receiving the request for tender and rang Mr P Wood to ask if the letter was "one of those ... where you just want a price?"⁴⁰ Mr P Wood contacted Mr Cary by email and advised him of the dollar figure Fox would be submitting together with a request that Aurora submit a quote six per cent higher. The following day, Mr Cary submitted Aurora's quote by letter to Mr Alexander with a quoted price six per cent higher than Fox.
- [213] Mr P Wood contacted Mr Paris of Latitude by email on 6 January 2016, attached the Fox quote for \$149,800 and asked Mr Paris to tender a price 12 per cent over the Fox quote. Mr P Wood emailed:

Blaiso

Attached is what I will be submitting for the exec offices tender which closes next Monday

Quote can be emailed to Grant rather than having to be dropped in. You can just do a lump sum rather than tender breakdown with a price 12% over mine please

Cheers & thanks

Phil Wood

- [214] For the project requiring the development of an existing office into two new offices, Mr P Wood contacted Mr Paris on 6 January 2016 and asked him to submit a quote that was seven per cent higher than Fox's. Mr P Wood asked Mr Cary to submit a tender that was 13 per cent over the tender price that was to be submitted by Fox. Mr P Wood made it

⁴⁰ S C Cary transcript, private examination, 19 February 2018, p 14.

clear that the request for quotes was a sham as the job had been completed:

Blaise

This is actually a separate quote he requires for a job already completed

Please see below & attached. If you can please email him a lump sum (no breakdown required) quote @ approx 7% over the attached that would be great

Note quote date 30/10/2015

I will have the other one required to be lodged Monday to you today as well. Both have drinks /lunch @ cocos included in them J

Cheers

Phil Wood⁴¹

- [215] In fact, by January 2016, the job had been completed by Fox, invoiced (dated 25 November 2015) and submitted for payment. Payment was authorised in March 2016.
- [216] The payment included an allocation to Fox for work completed on Mr Fullerton's house renovation.
- [217] On a third and separate occasion, Mr Alexander arranged for Fox to win the tender for the construction of one new office in T Block at SCGH. Mr Alexander sought a sham quote, or non-competitive bid from Swan and Mr P Wood sought a sham quote from Aurora. Mr Alexander met Mr Robinson in a coffee shop and told him that "I need another price. I'll text you the number".⁴² Mr Alexander then texted Mr Robinson the tender price Fox would submit.
- [218] The documentation indicated Fox were recommended to win the tender.

Case study - Pre-admission Clinic and Level 4, G Block

- [219] Mr Howard of Howzat was awarded this project by Mr Fullerton. Howzat made arrangements through consultation with Mr Alexander to recoup monies for work he had performed at Mr Fullerton's private residence and at Mrs N Fullerton's private residence.

⁴¹ Email from P S Wood to B D Paris, 6 January 2016, 'NMHS Tender Minor Works G. 136', attaching Fox quotation.

⁴² G R Alexander transcript, private examination, 18 October 2017, p 25.

- [220] Howzat were awarded the contract to demolish and strip out Level 4, G Block at SCGH. Work commenced in early 2015 while Howzat were contracted to commence the building renovation at Mr Fullerton's private residence. This project was considered to be a good vehicle for Howzat to invoice NMHS for work performed at Mr Fullerton's private residence.
- [221] The initial invoicing to NMHS dated 3 April 2015 had an amount of \$2,200 added to it to be credited against the house renovation cost. In total, an amount of \$110,011 was invoiced to NMHS by Howzat, of which, 24 per cent or \$26,200 was related to the house renovation rather than NMHS site works.
- [222] Three invoices submitted for payment by Howzat contained an allocation for renovation work done by Howzat on Mrs N Fullerton's private residence. The total amount allocated towards Mrs N Fullerton's house renovation was \$3,000, over invoicing of approximately \$27,000. The invoices were approved for payment by Mr Fullerton in two instances.

CHAPTER SIX

An attempted cover-up to thwart the Commission's investigation

Destruction of evidence

- [223] On 7 April 2017, the Commission served a Notice to Produce on Mr P Wood seeking all documentation regarding the renovation of Mr Fullerton's private residence. Thereafter, it was generally known that the Commission was conducting an investigation into activities of public officers at NMHS. This presented Mr P Wood with two problems. Firstly, he kept a copy of the retention spreadsheet in a folder on the top of his desk at work. Secondly, the retention spreadsheet was attached to email traffic between himself and Mr Alexander that was being held on his server. Further, the retention spreadsheet indicated Fox was still owed \$44,395 in retention credits not yet invoiced to NMHS.
- [224] Mr P Wood told the Commission he panicked. He contacted and met with Mr Alexander on 8 April 2017, who then met with Mr Fullerton. All agreed that they needed to keep quiet, "making sure that nobody tells anybody anything, make sure we didn't discuss it et cetera, et cetera and just trying to make sure that no information was provided to you guys".⁴³
- [225] Mr P Wood, Mr Fullerton and Mr Alexander conferred with each other in an attempt to create a feasible 'story' and avoid the Commission becoming aware of the corrupt payments concerning the house renovation. Part of the attempt included creating the appearance of legitimate outstanding invoices regarding the house renovation. This would allow for the payment of the outstanding \$44,395 to Fox to withstand scrutiny.
- [226] Mr P Wood stated:
- ... there was a series of emails going backwards and forwards ... where we were trying to hide - and we were using those as a bit of a ruse, trying to make it so that you guys didn't realise that we had that \$49,000 credit.*⁴⁴
- [227] Mr P Wood deliberately held back incriminatory emails from the documents he supplied to the Commission in response to the Notice to Produce.
- [228] The Commission served an additional Notice to Produce on Mr P Wood on 3 August 2017. This Notice had a non-disclosure notation⁴⁵ attached.

⁴³ P S Wood transcript, private examination, 30 January 2018, p 48.

⁴⁴ P S Wood transcript, private examination, 30 January 2018, p 51.

⁴⁵ A non-disclosure notation prohibits disclosure of information about the Notice: CCM Act s 99.

[229] Mr P Wood, Mr T Wood and Mr Fullerton had lunch at the Rose and Crown Hotel in Guildford in early August 2017. Mr P Wood said the purpose was to find out details of the Commission investigation from Mr Fullerton. Mr T Wood told the Commission the purpose of the lunch was a friendly 'get together' to which he invited his brother. Mr P Wood stated "I wanted to find out what he knew. I wanted to find out, you know, what was going on; what had been hidden, whether he had been contacted by the CCC et cetera, et cetera".⁴⁶

[230] They discussed the Commission's investigation. Mr Fullerton offered to pay for Mr P Wood to obtain a lawyer, although Mr T Wood asserted that this discussion about legal fees took place without his knowledge.

[231] In a conversation covertly obtained by the Commission, Mr P Wood discussed with Mr Alexander how he could permanently erase the emails referencing the retention spreadsheet from his computer:

Wood: I didn't send them those ones. The, the biggest issue is that if they ever do a raid and seize my system basically even if I delete them off my personal computer they can always pick 'em up. They can always go back on to the actual main hard drive for my emails and pick 'em up. Uhm, I've spoken to my computer guy and basically said, or a computer guy, and basically said well how do I get rid of this? He said the only way that you can get rid of those emails and make them so they never ever existed is basically to nuke you bloody uhm

Alexander: Hard drive.

*Wood: Nuke your hard drive uh which will look extremely fucken suspect.*⁴⁷

[232] The Commission executed a search warrant at the home of Mr P Wood and at the business premises of Fox on 24 August 2017. The following day, Mr P Wood, at his request, was provided with a new telephone SIM card by Mr T Wood's employee, with the intent of communicating with Mr Alexander and other relevant persons without the Commission being aware. Mr T Wood denies knowledge that the SIM card was provided to his brother for this purpose.

[233] The Commission was able to forensically retrieve three email documents from Mr P Wood's computer system that referenced the credits on the retention spreadsheet. An attempt had been made to delete them.

⁴⁶ P S Wood transcript, private examination, 30 January 2018, p 56.

⁴⁷ P S Wood and G R Alexander transcript of conversation, 17 August 2017.

Collusion between witnesses

- [234] In December 2016, Mr Fullerton flew to Melbourne to meet with Mr Alexander to discuss how the outstanding credits to Fox from the house renovation could be cleared.
- [235] Mr Williams and Mr Fullerton met in mid-2017 at the Merrywell, Crown Perth. During the conversation, Mr Fullerton asked Mr Williams to lie about the travel expenditure on him and say he had been repaid in cash. Mr Williams did follow this request during his first Commission examination on 20 March 2018.
- [236] Mr Fullerton admitted he and Mr Williams discussed the Commission investigation on that day and at that location but he denied telling Mr Williams to say he repaid him in cash. Mr Fullerton said "No, I just told him to delete all the files he had [regarding the travel]".⁴⁸ Later in his evidence, Mr Fullerton conceded that he did have a conversation about repayment in cash with Mr Williams.
- [237] Mr Fullerton admitted he never repaid Mr Williams in cash for the gifts of travel.

Recommendation

- [238] The Commission recommends a relevant authority give consideration to the prosecution of Mr P Wood for alleged breaches of the *Corruption, Crime and Misconduct Act 2003*.
- [239] The Commission does not recommend Mr Williams be subject to prosecution for lying to the Commission. At his first examination, the Commission is satisfied he did attempt to mislead the Commission. However, after leaving the Commission, he immediately sought legal advice. As a result of that very good advice, he returned for a further examination during which he made full admissions and gave truthful evidence. In these circumstances, the Commission was not ultimately misled. The Commission encourages witnesses who give false evidence to make amends promptly.

⁴⁸ J B Fullerton transcript, private examination, 3 April 2018, p 28.

CHAPTER SEVEN

How the conduct remained undetected

- [240] The policies of NMHS were fine. Their implementation was a different matter.

Oversight of North Metropolitan Health Service Directors - Performance review process

- [241] Between 2011 and 2016, Mr Mulligan received only one formal performance review within the first 18 months in his new role. Otherwise, performance reviews were an informal process subsumed into his weekly meetings with the Chief Executive.

Lack of induction for contractors at North Metropolitan Health Service site

- [242] Contractors engaged to work onsite at NMHS were subject to a rudimentary induction process, despite the WA Health Code of Conduct explicitly stating that contractors were subject to the same obligations and expectations as public officers under the WA Health Code of Conduct.

What was the induction process [for a contractor]?---Um, it was – then, it was a single – a single page, um, process, where you ran through a number of line items just so that they were familiar with the process of working on a Health campus.⁴⁹

- [243] The Commission concludes that the lack of formal and comprehensive induction of contractors resulted in a lack of awareness of the WA Health Code of Conduct and procurement guidelines.

Engagement of Mr Alexander at North Metropolitan Health Service

- [244] The circumstances of the engagement of Mr Alexander at NMHS in early 2012 was central to the escalation of the serious misconduct from the receipt of gifts of hospitality and travel to include the fraudulent invoicing of NMHS.

- [245] Mr Alexander incorporated PA Projects for the sole purpose of being able to enter into a contract with one client, NMHS. His appointment had been sought and arranged by Mr Mulligan "For what purpose did you incorporate that company?---To undertake consulting works. Was it incorporated for the purpose of consulting works with any particular client?---For the North Metro Health department".⁵⁰

⁴⁹ S R Ensor transcript, private examination, 30 May 2018, p 5.

⁵⁰ G R Alexander transcript, private examination, 18 October 2017, pp 2-3.

- [246] Mr Alexander later told the Commission "I'd had a conversation with David Mulligan, who had indicated there was some work there that he would like me to do, but I needed a company to be able to invoice".⁵¹
- [247] Mr Alexander knew Mr Mulligan from 2010 when Mr Alexander worked full time at Aurora Projects Pty Ltd as a project director for NMHS, who was a client. During 2010, Mr Alexander also met Mr Fullerton.
- [248] Mr Alexander was contracted on six monthly rollover contracts which were renegotiated separately with both Mr Fullerton and Mr Mulligan directly. Mr Fullerton agreed that Mr Alexander generally reported directly to him for those projects, he was engaged directly by Mr Fullerton. As each Executive Director was accountable to a separate cost centre, it was Mr Alexander's understanding that this necessitated the separate billing arrangements. Initially on a retainer of \$20,000 per month with Mr Fullerton, this increased to \$25,000 per month in the latter half of 2015.
- [249] Mr Alexander's appointment was outside the rigour of public sector recruitment in line with Public Sector Commission standards. The flexible contractual arrangement allowed Mr Alexander and Mr Fullerton to negotiate a contractual sum for his services that accommodated the money Mr Alexander was spending on lunches and travel for Mr Fullerton. Mr Alexander explained:

*I explained to him that I can't subsidise lunches and whatever travel you want to do, it's costing me X amount per month, I can't remember exactly what the amount was, and that I need to be able to cover that.*⁵²

- [250] At one point in 2016, Mr Alexander had three overlapping contracts with NMHS through Mr Fullerton and Mr Mulligan. This meant that PA Projects was being paid \$18,000 fixed fee for one month under one contract, \$42,000 for a three month contract and \$25,000 per month under a separate contract. The \$18,000 fixed fee contract was entered into by Mr Mulligan for the purpose of Mr Alexander being able to recoup cash payments he was making to Mr Mulligan in 2016.

Missing documentation

- [251] The 'North Metropolitan Health Service: Sir Charles Gairdner Hospital - Facilities Management Procurement Review' Report (the procurement review report) delivered in April 2015, made damning findings concerning the lack of documentation relating to procurement contracts in NMHS Facilities Management.

⁵¹ G R Alexander transcript, private examination, 18 October 2017, p 3.

⁵² G R Alexander transcript, private examination, 18 October 2017, p 32.

- [252] Documentation that was absent included service and maintenance agreements, risk assessments, documents indicating how requests for quotes/tenders were delivered to the market, quote/tender evaluation reports, conflict of interest registers and contract administration documents.
- [253] In some cases, the only documentary evidence produced that confirmed a procurement process had commenced, was the building contractor invoice endorsed for payment. Mr Alexander told the Commission that in order for a contractor to be paid, Mr Fullerton would need to produce an engagement letter, proof of tendering process and approved invoice against the tendered amount. Every contractor engagement letter Mr Alexander drafted for Mr Fullerton to sign, referred to a purchase order being issued, however he didn't "believe there was ever a purchase order issued to any contractor".⁵³
- [254] In hindsight, the lack of documentary evidence of procurement was indicative of a deliberate strategy to conceal a corrupt process rather than a lack of understanding of good procurement and contract management. An example is the creation of sham engagement letters addressed to IT Communications regarding the fibre optic cable run in J and L Blocks. Mr T Wood denied receiving those letters. Mr Alexander stated the purpose of creating those letters after the finalisation of the project was "to cover the tracks of the fact that it had not been put in the system before, and John was concerned that he needed to have paperwork in place, because he told me that".⁵⁴
- [255] Despite delivery of the procurement review report, corrupt practices relating to invoicing and procurement continued in NMHS Facilities Management throughout the remainder of 2015 and 2016.
- [256] The procurement review report highlighted the lack of supporting documentation relating to particular procurement projects and resulted in the creation of additional documentary templates. While the more rigorous practice was communicated to staff, it was not routinely followed.
- [257] In October 2015, the NMHS Works Procurement Working Group rolled out a form for recording verbal quotes for projects up to \$50,000. The form included an explicit section to record conflicts of interest. This form was not used by Mr Fullerton, Mr Ensor or by Mr Alexander on their behalf.

⁵³ G R Alexander transcript, private examination, 18 October 2017, p 20.

⁵⁴ G R Alexander transcript, private examination, 18 October 2017, p 20.

Awareness of the WA Health Code of Conduct

- [258] The Commission's investigation revealed a lack of understanding by the examined public officers as to the identification and management of conflicts of interest despite all three public officers having completed online training in Accountable and Ethical Decision Making. An inability to identify a conflict extended to a lack of awareness as to how an unmanaged conflict of interest can influence decision making "What's your understanding of what a conflict of interest is?---Well, where my interests in two things – my interest in one thing might benefit my interest in another from joining the dots".⁵⁵
- [259] Mr Ensor was asked his understanding about specifically what was required to be recorded in the conflict of interest portion of the form 'Verbal or Written Quotation Form (up to \$50,000)' required to be used from October 2015 for procurement under \$50,000. He answered "my understanding was it was if we had relationships that were beyond professional relationships".⁵⁶ There was a lack of understanding that conflicts of interest could develop as a result of the nature of some professional relationships.
- [260] Similarly, in relation to WA Health policy on receiving gifts, the Commission found two NMHS executives and one manager wilfully disregarded the gift policy or failed to recognise that expensive meals were caught: "did you receive any gifts in your time? ---Of? Yes, but of – again of, um, not of a material value. What kind of gifts?---Yeah, like maybe a bottle of wine".⁵⁷
- [261] Mr Fullerton was fully aware of his obligations to disclose conflicts of interest and to declare offers of gifts. He was aware he would have needed to declare the gift to the Chief Executive and that NMHS had a gift register. His initial response was "I didn't give it much thought at all".⁵⁸ He later conceded "I didn't want anyone to know".⁵⁹
- [262] Mr Fullerton was asked about how and why he asked an NMHS contractor to project manage his house renovation:

Just tell me again how it is that you came to ask Mr Alexander to do this personal work for you?---Just asked him if he could do it.

Where were you when you asked him?---I beg your pardon?

⁵⁵ D L Mulligan transcript, private examination, 10 April 2018, p 12.

⁵⁶ S R Ensor transcript, private examination, 30 May 2018, p 7.

⁵⁷ D L Mulligan transcript, private examination, 10 April 2018, p 13.

⁵⁸ J B Fullerton transcript, private examination, 3 April 2018, p 7.

⁵⁹ J B Fullerton transcript, private examination, 3 April 2018, p 53.

Where were you when you asked him?---At work.

You said you considered the conflict of interest. Did you consider that at the time that you asked him to do this personal work for you?---Yeah, that's why I wanted the contract with him – him and my mother.⁶⁰

- [263] The Commission investigation found no evidence that WA Health contractors were aware the Code of Conduct was applied to their conduct and specifically, their interactions with some NMHS employees. In response to notification by the Commission of the risk of serious misconduct in procurement, NMHS informed the Commission that it has revised and updated the policy relating to acceptance of gifts. Staff education is planned.

Entrenchment of a culture of using public resources for private benefit

- [264] Both Mr Fullerton and Mr Mulligan were responsible for many team members. Their responsibilities were, by design, cascaded down to individual campus managers and localised facilities managers.
- [265] The Commission was told Mr Fullerton did not seek to hide the fact that he regularly left the office to attend a long lunch with contractors. It was an open secret. The contractors were aware that it was a necessary price of doing business with NMHS through Mr Fullerton and Mr Mulligan.
- [266] It was also known to other NMHS executive staff who occupied adjacent offices in T Block. On 10 February 2015, the Executive Director of PathWest sent Mr Fullerton the following email:

Is Mr Fullerton available on the 20th March (2015, as I know how far ahead you're booked)? Caught up with Russ last week and he can make that day in March. If you're available I'll book Galileo (note spelling!) so you can add to your frequent diner points.

Cheers⁶¹

- [267] The Commission heard from several witnesses that it was rumoured Mr Fullerton was regularly taken out to lunch by contractors. The witnesses could rarely give any detail and could not recall with whom this had been discussed. Mr Ensor's evidence is typical:

Were you aware that Gowdie took North Metro Health employees, other than yourself, out to lunch on a fairly regular basis?---Not that regular, no.

⁶⁰ J B Fullerton transcript, private examination, 4 April 2018, p 20.

⁶¹ Email from S Palladino to J B Fullerton and D J Russell-Weisz, 10 February 2015. Note: The Commission does not suggest it is improper for three WA Health Executives to meet for lunch. This email is instructive for the level of knowledge displayed in relation to J B Fullerton's history of taking lunch at a particular restaurant.

But you were aware that it was occurring?---Oh, yeah I'd – I'd heard it was occurring.

Where had you heard that?---Oh, it was just rumour that people were going out to lunch, in corridor conversation, that sort of thing.

And who were you told was going out to lunch?---Oh, you'd hear that, ah, John was out to lunch but - - -

Is that John Fullerton?---Yeah, but you'd never know who with, but just that he'd gone for the day, or whatever.⁶²

- [268] Mr Ensor knew Mr Fullerton was being taken out to lunch, probably by contractors but he had no discussion with anyone about whether that was appropriate or not.
- [269] Their absence, regularly at long, alcohol infused lunches, sent the message to staff that it was acceptable to conduct business in this way. When Mr Ensor was asked why he thought he could accept hospitality invitations from contractors, he stated "I guess because I thought if John could do it, I could" and "I guess I accepted it as a bit of an okay practice".⁶³
- [270] Mr P Wood was asked about the practice of lunch invitations from contractors. He told the Commission "it was an open - open acknowledgment that that was the way that it was inside there. So, yes, in answer to your question, other contractors did take John out, I guarantee it".⁶⁴
- [271] Mr Alexander stated that in his opinion "it wouldn't be any surprise to anybody in the head office there, [Mr Fullerton] didn't make any secret of it, bragged about it basically".⁶⁵
- [272] Nor did Mr Fullerton hide the fact that he used NMHS contractors to renovate his private residence. It is concerning that Mr Fullerton's colleagues did not appear to appreciate the conflict of interest in such a practice, even if unaware of the means by which contractors were being paid. Mr Mulligan's attitude was the norm "Grant [Alexander] was pretty much the architect and designer and Liam was the builder, initially. I don't – I didn't pay too much attention after it started really because it had no bearing on me or my job."⁶⁶

⁶² S R Ensor transcript, private examination, 30 May 2018, p 24.

⁶³ S R Ensor transcript, private examination, 30 May 2018, p 61.

⁶⁴ P S Wood transcript, private examination, 30 January 2018, p 63.

⁶⁵ G R Alexander transcript, private examination, 18 October 2017, p 33.

⁶⁶ D L Mulligan transcript, private examination, 10 April 2018, p 58.

[273] Mr Fullerton and Mr Mulligan's disregard of procurement practices sent a message that the means of completing a project were irrelevant as long as the project was completed. Mr Fullerton's use of NMHS contractors to perform private renovation work demonstrated a belief that the maintenance of a strict separation between work and personal financial matters was not necessary. This behaviour telegraphed there was no such thing as a 'conflict of interest' or the offer of a gift that should be refused. The WA Health Code of Conduct was diminished to the point of irrelevance.

Targeting of public officers by private contractors

[274] The procurement system in relation to projects worth less than \$20,000 was reliant on the public officer possessing knowledge of and confidence in a small number of contractors who they directly sourced, or asked to provide quotes.

[275] Obtaining a high volume of these lower priced contracts was lucrative. Invariably, the procurement officer had a financial delegation that covered the contractual amount which avoided the scrutiny of an approval process by NMHS managers or supervisors. Contractors deliberately targeted procurement officers in order to obtain this work.

[276] Mr P Wood stated:

... in 2014 I started going back into Charlie Gairdner's [SCGH] trying to redevelop my relationships with key personnel in there, um John Fullerton being one of those but also [two others]. There were - there were, you know, quite a few people that I could get in contact with to potentially get work out of, get the opportunity to actually tender on work and I think the majority of those were controlled by John[Fullerton].⁶⁷

[277] It is significant that regular lunches, travel and other benefits were offered to public officers by some contractors.

[278] The excuse that these were working lunches sounds hollow when the venues, menus and wine purchased are examined.

[279] Work may well have been discussed, but in the Commission's opinion, the predominant purpose on the part of those contractors who paid for lunches was to groom the public officer in order to be given favourable consideration for work.

⁶⁷ P S Wood transcript, private examination, 30 January 2018, p 11.

CHAPTER EIGHT

Mr Fullerton's conduct: Opinions and recommendations

Central allegations

[280] A bribe is defined in the Criminal Code:

*The term bribe means any property or benefit of any kind, whether pecuniary or otherwise, sought, offered, promised, agreed upon, given or obtained for the person being or to be bribed or any other person, in respect of any act done or to be done, or any omission made or to be made, or any favour or disfavour shown or to be shown, in relation to the performance or discharge of the functions of any office or employment, or the affairs or business of a principal.*⁶⁸

[281] For years, some contractors at NMHS offered or were asked by Mr Fullerton to offer benefits in exchange for being given significant dollar value contracts with WA Health. The benefits offered were in the form of services, hospitality, travel expenses and cash.

[282] Mr Fullerton obtained a direct benefit of approximately \$170,000 from three NMHS contractors who fraudulently (but covertly) invoiced NMHS for a proportion of the cost of renovating his private residence. Mr Fullerton signed invoices authorising payment by NMHS to those contractors. In effect, the discounted rate the contractors offered Mr Fullerton for his house renovation was paid for by invoicing NMHS. The contractors obtained in return, the financial benefit of contracts for maintenance and services with NMHS.

[283] Since 2005, Mr Fullerton was regularly taken for lunch to expensive restaurants by at least seven contractors. The restaurants were those that met with his approval. So frequent were the lunches that some restaurants referred to Mr Fullerton in the bookings register as a 'VIP'. The direct benefit obtained by Mr Fullerton is estimated as in excess of \$50,000.⁶⁹ Those contractors who paid the benefit were the recipients of significant building maintenance contracts from NMHS.

[284] Since 2005, Mr Fullerton, and on occasion his wife, were given gifts of flights, meals, perfume, clothes and accommodation both interstate and overseas by some NMHS contractors. These were paid for by contractors seeking building and/or maintenance contract work at NMHS. The direct benefit obtained by Mr Fullerton and his family is estimated at \$150,000. In return, those contractors obtained regular work at NMHS.

⁶⁸ *Criminal Code* s 1(1).

⁶⁹ In his response, Mr Fullerton does not accept the accuracy of the total dollar value for meals, number of restaurant visits and the number of domestic and overseas trips. He did not provide any alternate figures.

- [285] During 2016, Mr Fullerton was paid \$6,500 in cash by Mr Alexander. The payments consisted of five payments of \$1,300 each. This was in addition to two adhoc payments of \$200 made by Mr Alexander, once when he was travelling interstate with Mr Fullerton and another occasion in Perth. Mr Fullerton denied receiving any cash payments. However, the Commission has accepted Mr Alexander and other witnesses' evidence as credible and truthful on this point.
- [286] In addition to NMHS being fraudulently invoiced for a portion of Mr Fullerton's house renovation costs, invoices from PA Projects paid by NMHS, included a percentage to cover the cost of lunches and travel given to Mr Fullerton. Mr Fullerton authorised these invoices from Mr Alexander for payment by NMHS.

Lunches

- [287] Most contractors who worked at NMHS examined by the Commission took Mr Fullerton, at his request, to expensive lunches at restaurants he had approved. The contractor always paid.
- [288] Over the course of the professional relationship, the Commission estimates that each contractor listed below spent the following figure on meals attended by Mr Fullerton:
- Gowdie \$ 9,150
 - PA Projects \$20,000
 - Fox \$ 1,000 (estimated)
 - IT Communications \$ 1,000 (estimated)
 - Westside \$ 7,259
 - One Fire \$ 8,600
 - QED \$24,399
- [289] Ms Scholz told the Commission "we wouldn't say let's take you to lunch, he would say let's take me to lunch and we'll have this person, this person, this person at the lunch. There was a lot of lunches in Shenton Park".⁷⁰
- [290] Mr Fullerton admitted that QED took him to lunch and that the company were indirectly repaid by the award of substantial NMHS contracts over several years.

⁷⁰ M C Scholz transcript, private examination, 21 March 2018, p 12.

- [291] For the majority of contractors, this was the price of doing business with Mr Fullerton and the cost was subsumed into their business operating costs. For Mr Alexander however, the lunches were of such regularity and at such a financial cost, that he felt compelled to recoup the cost through inflating the monthly invoices of PA Projects to NMHS. This was Mr Fullerton's idea.
- [292] The contractors took Mr Fullerton to lunch to maintain the relationship and to increase the likelihood of obtaining further work with NMHS. This outcome also required contractors to maintain relationships with the contracted project managers who worked closely with Mr Fullerton, Mr Alexander and Ms Bell. Lunch appointments often involved the attendance of Mr Alexander and/or Ms Bell.
- [293] Mr P Wood took Mr Fullerton, Ms Bell, Mr Alexander and Mr T Wood to lunch at Galileo's Buona Cucina in mid-2015.
- [294] Mr T Wood took Mr Fullerton to a long lunch three or four times a year.
- [295] Mr Fullerton admitted that Ms Bell took him to lunch once every two weeks.
- [296] Mr Williams from Westside took Mr Fullerton to lunch at least eight times a year since 2005 to a restaurant of Mr Fullerton's choice. This was conceded by Mr Fullerton during examination. Mr Fullerton admitted that Westside obtained indirect benefits from the gifts of lunch and travel in the form of work onsite at NMHS.
- [297] Mr Alexander took Mr Fullerton and Mr Mulligan to lunch once a week for the period 2013 to 2015 to one of the two or three restaurants Mr Fullerton favoured. Mr Alexander was asked about payment for the lunches:
- How did you come to understand that you were expected to pay for the lunches?--He told me, "Put it on my bill."*
- What did he mean, "Put it on my bill"? Which bill?---His monthly bill, his monthly invoice that I would put into him.*
- What were the average costs of these lunches?---Getting towards \$500. It progressed up to, you know, mainly the most expensive wine he could find on the menu.⁷¹*
- [298] The 'monthly bill' to which Mr Alexander referred was the invoice PA Projects presented to NMHS every month under the terms of their engagement with NMHS.

⁷¹ G R Alexander transcript, private examination, 18 October 2017, p 34.

North Metropolitan Health Service invoiced for part of Mr Fullerton's house renovation

- [299] Mr Fullerton asked Mr Alexander to project manage the renovation of his mother's private residence in High Wycombe and then to project manage a full scale renovation of his private residence at Glen Forrest. The building works commenced in High Wycombe in October 2014 and in Glen Forrest in January 2015.
- [300] Mrs N Fullerton paid significant renovation cost invoices that originated from contractors Howzat and Fox for work completed on Mr Fullerton's private residence.
- [301] Mr Fullerton admitted he had arranged with the Project Manager, Mr Alexander, for the building contractors who had renovated his private residence to be awarded NMHS projects. The same contractors also carried out works on Mrs N Fullerton's private residence, although Mr Fullerton did not admit NMHS projects were awarded solely in response to those renovations.
- [302] Mr Alexander made the tender award recommendations to Mr Fullerton and arranged the payment terms for the contractors renovating the house, with one exception. Three contractors used this mechanism to covertly invoice NMHS for a portion of this cost. These contractors were Howzat, Fox and PA Projects.
- [303] The one exception was IT Communications. Mr Fullerton directly contracted Mr T Wood's company to perform work on the house renovation. Mr T Wood benefited through direct engagement by Mr Fullerton to undertake works at NMHS sites. The Commission has found no evidence to suggest Mr T Wood inflated invoices submitted to NMHS for payment to reflect work completed on the house renovation.
- [304] Mr Fullerton admitted that Fox and PA Projects were fraudulently invoicing NMHS for house renovation services but did not admit the invoicing 'fattening' arrangement was in place for the work undertaken on his private residence by Howzat. However, the Commission is satisfied that the arrangement was in place for all three contractors and was both known to, and facilitated by, Mr Fullerton at the time it was occurring.
- [305] Mr Howard and Mr Alexander admitted to the corrupt relationship between the engagement of Howzat at Mr Fullerton's private residence and the work obtained by Howzat at NMHS until December 2016. These witnesses admitted falsifying invoices submitted to NMHS for the benefit of Mr Fullerton.

- [306] Mr Howard and Mr P Wood have each independently produced a contemporaneous, handwritten ledger detailing the corrupt benefits received by each company. Mr Fullerton personally authorised some of the Howzat invoices for payment by NMHS.
- [307] Given the procurement processes in place at WA Health, the arrangement for NMHS to be invoiced for a portion of Mr Fullerton's private residence work required the award of some NMHS projects to be 'fixed' for the benefit of Howzat and Fox.
- [308] This was done by Mr Fullerton through a conduit. Mr Fullerton directly engaged PA Projects to provide project management services at NMHS. Mr Alexander of PA Projects arranged for Howzat and Fox to tender through the direct quotation system for particular projects. Mr Alexander ensured that Howzat and Fox were the lowest quote on price. Mr Alexander then negotiated the individual quotes and invoices submitted by Fox and Howzat by meeting with Mr P Wood and Mr Howard individually on a regular basis.
- [309] Mr Alexander documented the recommendation to Mr Fullerton that the engagement of preferred contractors Howzat or Fox was approved. This sometimes did not occur until well after the project commenced.
- [310] Negotiations between Mr Alexander and Fox or Howzat included an allocation of funds within the invoice that was in addition to the usual builder's margin and for the purpose of crediting against the price of Mr Fullerton's house renovation. Mr Howard stated "Yeah, he would tell me exactly what - what that [invoice] should be and what we then cut off - taken off John's bill at [address]".⁷²
- [311] Mr Howard and Mr P Wood kept detailed ledger records of the invoice numbers, amounts and the percentage that was to be credited against the house renovation cost. Mr Alexander's evidence was that he showed Mr Fullerton the Fox retention spreadsheet.
- [312] The entire house renovation cost was not paid through invoicing NMHS. A portion of the cost of Mr Alexander's services were charged to and paid for by Mrs N Fullerton early in 2015. These charges included a \$15,000 payment for management of the architectural design phase and obtaining the development approval. Further payments were made by Mrs N Fullerton to Mr Alexander in cash.

⁷² L G Howard transcript, private examination, 31 January 2018, p 10.

[313] Mr Alexander, at Mr Fullerton's direction, also accounted for his time and services project managing the renovation by fraudulently invoicing NMHS covertly through ordinary monthly invoices submitted to Mr Fullerton for payment approval.

[314] It was Mr Alexander's opinion that Mr Fullerton did not care what the final cost would be for Mr Alexander to project manage the house renovation to completion. Mr Alexander told the Commission "His expectation was that he just wanted the project at the end. He didn't care how it was - how it was managed to get it there".⁷³

[315] Mr Alexander discussed with Mr Fullerton which specific NMHS invoices he should use to add the cost of project managing the house renovation. The discussions took place in Mr Fullerton's office and Mr Alexander would present him with draft invoices for approval or amendment to hide the extra payment:

What did he say about that to you?---We agreed what each of the projects I was putting them against he was happy with.

How was it that you came to choose particular projects? What was it about the project that enabled you to put on that bit of fat?---If it was a project that John had given me directly, and that he was directly looking after, and that was a lot of what I call planning projects, then the hours are a little vague on those, it's unknown, they're not allocated a set amount of hours, whereas a building contract has a set amount of hours that you can quantify; so these were easier to add an hour here or an hour there.⁷⁴

[316] As an example, on an invoice of \$1,200 relevant to the Hollywood Private Hospital consultant access walkway, Mr Alexander and Mr Fullerton may have allocated \$300 as credit towards Mr Alexander's project management of the house renovation. Once a particular project was chosen as one that could easily hide the extra payments, Mr Alexander then tended to use it each month as a vehicle to fraudulently invoice NMHS for the house renovation project management.

[317] PA Projects paid for Mr and Mrs J Fullerton's removal costs to move out of the private residence while construction was occurring and to move back in at Christmas 2015. In addition, Mr and Mrs Alexander offered the use of their Dawesville property as a residence for six months, rent free.

⁷³ G R Alexander transcript, private examination, 19 October 2017, p 15.

⁷⁴ G R Alexander transcript, private examination, 19 October 2017, p 9.

- [318] Mr Alexander played a central role in securing the arrangement for payment of the house renovation on Mr Fullerton's behalf. Mr Alexander agreed to be the conduit for Mr Fullerton to ensure favoured contractors received their reward of work at NMHS in lieu of the personal benefits given to him.
- [319] The Commission does not suggest that Mrs N Fullerton was aware of the arrangement to invoice NMHS covertly for further renovation costs. There is no evidence of wrongdoing on her part.

Awarding contracts

- [320] The 'fixing' of contracts at NMHS was for the purpose of ensuring Howzat, and later Fox, had the opportunity to invoice NMHS during the house renovations. Where it was for the benefit of Fox, the arrangements were made by Mr P Wood contacting the principals of Latitude, Swan and Aurora:

How did you put the proposition to him, what was said?---I basically said are you interested in doing some work in at um- North Metro Health is the – there's a potential for some work and stuff like that, but I need to get a cover quote on a couple of projects for – that I'm doing for Grant Alexander.⁷⁵

- [321] Mr Fullerton kept close oversight of the activity on particular projects through weekly meetings with the project managers and campus managers. These meetings took place in his office and projects were routinely tracked using spreadsheets maintained by Mr Fullerton's personal assistant and by Mr Alexander. Mr Fullerton was aware of contractors allocated to do particular projects, or he had the means to inform himself.
- [322] The project managers directly engaged by Mr Fullerton provided him with a buffer so that the corrupt procurement decisions had the appearance of occurring 'at arms' length'.
- [323] There was a direct correlation between the work performed on Mr Fullerton's house renovation and the award of projects at NMHS. Contractors who performed work on Mr Fullerton's house renovation were rewarded with significant and lucrative work at NMHS.
- [324] A poor result onsite at the house renovation equally translated into a diminution of work at NMHS. Mr Howard was the initial building contractor onsite at Mr Fullerton's private residence. Mr Alexander had weekly meetings with Mr Howard in his role as project manager for the house renovation. Mr Alexander told the Commission that he had to take

⁷⁵ P S Wood transcript, private examination, 30 January 2018, p 16.

Mr Howard to task over his performance on Mr Fullerton's house renovation site:

The costs were escalating on the works that Liam [Howard] was undertaking, and there seemed to be not a great deal of progress at that time, so the questions were around why it was being delayed. I would say that, you know, John's gone out of his way to help you with projects, and yet you're not completing what we have asked you to do here.⁷⁶

[325] In August 2015, Mr Howard was replaced by Fox for the renovation. Mr Howard saw an immediate drop in the work he received from NMHS. Mr Alexander stated he had a conversation with Mr Howard during which he said, "You've got no chance of getting future work on the sites. At this stage I'll put your name up but, you know, you've got no chance. You need to look elsewhere".⁷⁷ Mr Howard had failed to deliver the house renovation targets in a timely manner. Mr Fullerton influenced the work he achieved at NMHS sites to Mr Howard's benefit and detriment.

[326] The contractors Howzat and Fox told the Commission that while they did not directly discuss the arrangement with Mr Fullerton, they were aware that the practice of falsely invoicing NMHS was for the end benefit of Mr Fullerton:

And did you understand that that was not a legal basis for you to be paid?--- Absolutely, yes.

That North Metro had nothing to do with Mr Fullerton's house?---Yes.

...

[I was] Being put in a position where I'm being asked by somebody who holds the – the – the purse strings, for want of a better description, of North Metro Health and - - -

...

Grant Alexander was one of the people who was, as far as I was concerned, John Fullerton's representative.⁷⁸

[327] Mr Fullerton approved the award of a NMHS procurement project to a particular building contractor, held the financial delegation to authorise payment and had oversight of the NMHS building facilities management program as a whole. It was Mr Fullerton who financially benefited from invoicing NMHS for the discount on his house renovation.

[328] Mr Fullerton often awarded multiple small procurement projects under the \$25,000 threshold. QED, Westside and IT Communications gave

⁷⁶ G R Alexander transcript, private examination, 18 October 2017, p 8.

⁷⁷ G R Alexander transcript, private examination, 20 October 2017, p 18.

⁷⁸ P S Wood transcript, private examination, 30 January 2018, p 20.

evidence that Mr Fullerton directly engaged their services. The projects above that financial threshold were awarded through a process controlled by contracted project managers, PA Projects (Mr Alexander) and Gowdie (Ms Bell).

[329] In effect, the allocation of work at NMHS was tightly controlled by Mr Fullerton and two others. Mr Alexander stated that in a particular project, Mr Fullerton made it known who he wanted to be the head contractor "John would say that he wanted this person to do the air conditioning and this person to do the fire ...".⁷⁹

[330] Mr Ensor gave evidence that Mr Fullerton made it known that the Project Managers, such as Mr Alexander and Ms Bell were to be used to assist in the allocation of project work:

What role did Mr John Fullerton have in ensuring that particular contractors were given projects by you, if any role?---His role in - - -

Yes?---Um - - -

Did he take any interest in who you appointed as a direct source?---Ah, the bigger projects or the smaller projects?

Any projects?---Ah, yes, certainly the – the – what we call capital projects, yes.

And how would he express his interest, or how would he engage with you about that?---Ah, he would let me know that he has got certain sub-consultants or specialty consultants on board to get this underway.⁸⁰

[331] When Mr Ensor was asked directly what involvement Mr Fullerton had in awarding particular contracts for fit-out work to particular contractors, he stated "he would approve the process",⁸¹ however, he did not direct Mr Ensor to use any particular contractor. Rather, a project would be handed over to Mr Ensor as a project sponsor after a decision had been made by Mr Fullerton as to the allocation of the work to a particular contractor.

Now, if Mr Fullerton had told the Commission that the campus project managers, meaning yourself and Mr de Sousa, were responsible for dealing with Howzat or dealing with Fox on site at North Metro, for contracting them in particular, what would you say to that allegation?---Um, we had responsibilities for making sure that they were signed on, ah, the – the appropriate work permits, the – the detail with contractors coming on and off site. Um - - -

⁷⁹ G R Alexander transcript, private examination, 19 October 2017, pp 20-21.

⁸⁰ S R Ensor transcript, private examination, 30 May 2018, p 10.

⁸¹ S R Ensor transcript, private examination, 30 May 2018, p 11.

But in terms of actually being the decision maker to get them on site, did you have a role in that?---No, not always. Ah, quite often that was - particularly in the first 18 months I was there, that was often already done when it was handed to either Douglas or myself.⁸²

[332] Tenders of the value awarded were usually evaluated and ranked solely on price with the lowest price applicant tenderer being awarded the contract. The 'fix' was arranged in one of two ways; either other contractors provided a 'dummy quote' on the basis that they would get a 'winning' turn in a similar fix in the future; or other contractors were informed of the cost of the 'winner's' quoted price so they could ensure their quote was slightly higher.

[333] It was also essential to the corrupt arrangement that the invoices presented for payment by the contractors were paid without question. Mr Fullerton either directed his campus managers to authorise payment or he directly authorised the payment:

Did Mr Fullerton ever instruct you to pay certain invoices or did he get involved in that approval process for your - - - ?---He would – he would certainly - - -

- - - projects?--- - - - um, he would – I got taken to task a number of times because some invoices were outstanding for a long period of time.⁸³

[334] Mr Fullerton kept close scrutiny of payment of contractor invoices. Mr Ensor stated that Mr Fullerton would become aware of outstanding payments due to contractors in several ways: invoicing was discussed during weekly meetings with Mr Fullerton, Mr Alexander and campus managers; the invoices were directed straight to Mr Fullerton for authorisation; Mr Ensor verbally sought reassurance from Mr Fullerton that particular invoices should be paid.

[335] By way of example, in an email from Mr Fullerton to Mr Ensor and Mr Simon Marsh, sent 7 December 2016, Mr Fullerton stated 'Boys I gave you both the outstanding accounts statement from Gowrie [sic] at least three weeks ago and look they are still on the attached statement why is this taking so long???'⁸⁴

[336] The usual practice was for invoices presented by contractors for payment approval, to be approved by the person who had engaged the contractor. Mr Ensor stated "If I engaged him, I would've approved those [invoices]"⁸⁵

⁸² S R Ensor transcript, private examination, 30 May 2018, pp 57-58.

⁸³ S R Ensor transcript, private examination, 30 May 2018, p 17.

⁸⁴ Email from J B Fullerton to S Marsh and S R Ensor, 7 December 2016, 'FW: NMHS Statement' attaching GMG NMRH statement 061216.

⁸⁵ S R Ensor transcript, private examination, 30 May 2018, p 19.

Cash payments

- [337] Mr Alexander paid Mr Fullerton \$1,300 on five occasions between May and September 2016. In addition, the Commission was told that Mr Alexander paid Mr Fullerton a cash sum of \$200 on two occasions. Once was on a trip to Melbourne in 2014, the other was in Perth in mid-2015. Mr Fullerton denied the receipt of cash.
- [338] Mr Fullerton did not reimburse Mr Alexander. The arrangement was that Mr Fullerton's personal expenses in any form were to be recouped by PA Projects invoicing NMHS.

Travel

- [339] Mr Fullerton was given significant gifts of travel including accommodation, flights and meals over a considerable period of time, 2007 to 2016. The earliest travel was in 2007 when Westside paid for Mr and Mrs J Fullerton to travel to the US.
- [340] Mr Fullerton was provided with gifts of travel by Mr T Wood of IT Communications, Mr Delavale from One Fire, Mr Tremain from QED, Mr Williams of Westside and Mr Alexander of PA Projects.
- [341] Mr Alexander commenced paying for travel for Mr Fullerton in March 2013 when he told Mr Fullerton he was going to Melbourne for a business trip and Mr Fullerton said "I'm coming along"⁸⁶ at the last minute. Mr Alexander subsequently paid for flights, accommodation and meals for Mr Fullerton during interstate travel on seven occasions between March 2013 and February 2016.
- [342] Mr Fullerton maintained that some trips paid for by Mr Alexander were business trips that "I should've put it through the hospital".⁸⁷ This was despite the fact that Mr Fullerton had taken annual leave to travel. For other trips paid for by Mr Alexander, Mr Fullerton admitted the reason for travel was "Just went away - we just got away for a couple of days".⁸⁸
- [343] Mr Fullerton was asked why a contractor would pay for numerous trips on his behalf. He replied "Because obviously he thought he'd get more work out of it".⁸⁹
- [344] Mr Alexander stated he inflated his NMHS invoices to accommodate the travel costs for Mr Mulligan and Mr Fullerton but not for any other public

⁸⁶ G R Alexander transcript, private examination, 19 October 2017, p 23.

⁸⁷ J B Fullerton transcript, private examination, 3 April 2018, p 39.

⁸⁸ J B Fullerton transcript, private examination, 3 April 2018, p 41.

⁸⁹ J B Fullerton transcript, private examination, 3 April 2018, p 44.

officer because he "wasn't asked to".⁹⁰ After the initial trip in 2013, Mr Alexander asked Mr Fullerton how he was to get reimbursed for the cost of the travel. Mr Fullerton replied "Add it to these invoices".⁹¹ Mr Fullerton then assisted him to allocate the cost to particular current NMHS projects. Usually, it was allocated over several projects and under Mr Fullerton's direction, and never appeared as an itemised line on an invoice to NMHS. Mr Fullerton agreed he told Mr Alexander to invoice NMHS for the travel because "it was easier".⁹² He also agreed the invoice on its face would not show an allocation of costs for travel.

- [345] Mr Fullerton conceded he went through the invoices presented by Mr Alexander and 'checked the hours'. He used the project spreadsheet and discussed each project with Mr Alexander. Asked if the WA Health system ever queried any invoices he approved for payment, he stated "Not as far as I'm aware".⁹³
- [346] Over time, Mr Alexander started using the same method to invoice NMHS for his own travel costs in addition to Mr Fullerton and Mr Mulligan's trips. He acknowledged the interstate trips were not related to work he was performing at NMHS.
- [347] Similarly to Mr Delavale and Mr Tremain's evidence, Mr Alexander stated that usually he was going interstate for work and Mr Fullerton decided to tag along.
- [348] Mr T Wood paid for travel for Mr Fullerton and his wife on two occasions, once in 2009 and once in 2010.
- [349] Mr Delavale paid for travel to Melbourne once a year for five years. QED paid for flights to Melbourne in 2012 and for meals in Melbourne.
- [350] QED and Westside both paid for international trips. Mr Fullerton admitted this travel. Westside paid for a trip to Melbourne once a year from 2012 to 2016. Mr Fullerton admitted this was usually to attend the football and on occasion, they travelled business class and Mrs J Fullerton attended.
- [351] In response to being asked why Mr Williams paid for Mrs J Fullerton to travel, Mr Fullerton stated "No idea. He was just generous".⁹⁴ When asked why Mr Tremain would pay for business class tickets to the UK for

⁹⁰ G R Alexander transcript, private examination, 18 October 2017, p 11.

⁹¹ G R Alexander transcript, private examination, 19 October 2017, p 26.

⁹² J B Fullerton transcript, private examination, 3 April 2018, pp 58-59

⁹³ J B Fullerton transcript, private examination, 4 April 2018, p 4.

⁹⁴ J B Fullerton transcript, private examination, 3 April 2018, p 9.

Mr Fullerton and his wife, Mr Fullerton stated "He probably wanted to get more work".⁹⁵

- [352] Mr Fullerton conceded during examination that on numerous occasions since 2005, Westside paid for flights and accommodation for himself, and on occasion his wife, for both international and domestic travel. However, Mr Fullerton was unable to recall the number of trips.
- [353] The Commission estimates that in the period 2012 to 2016 inclusive, Mr Fullerton was being flown to Melbourne by a NMHS contractor on average approximately once every two months.

The motivation to accede to Mr Fullerton's corrupt requests

- [354] Mr Fullerton's requests were agreed to and acted upon by contractors because it ensured they received constant work from NMHS. Mr Fullerton was courted by the contractors because he had the ability to award the WA Health work at NMHS.
- [355] Mr P Wood:

Now why did you feel loyalty to Mr Fullerton?---The building industry, we develop very close relationships with some clients.

...

Um, it's – it's very difficult to get into that sort of situation, um, and very easy to be kicked out of that situation, so.

What was it about Mr Fullerton's position at North Metro that meant that it was important for you to maintain that relationship with him?---He was the man who made things happen at North Metro.⁹⁶

- [356] Mr Alexander conceded that he also acted from greed:

Why did you agree to it?---Looking back on it, just being greedy and wanting to continue on working.

So what did you see you were going to get in return for giving him this?---Just the extra work; just the continuation of work, continuity of work.⁹⁷

- [357] Mr Howard of Howzat told the Commission he was not surprised when he was asked to invoice NMHS for Mr Fullerton's house renovation:

Why weren't you surprised?---Probably because of what I'd heard around the traps of how things got done and stuff around the hospital.

⁹⁵ J B Fullerton transcript, private examination, 3 April 2018, p 33.

⁹⁶ P S Wood transcript, private examination, 30 January 2018, pp 9-10.

⁹⁷ G R Alexander transcript, private examination, 20 October 2017, p 22.

What had you heard?---Well, that just to get the jobs and to get that you had to come and, you know, get on board with what they were wanting to do, so.

What specific things were you told you would have to do to get on board?---Well, it's just I think – I mean, John would certainly get taken out for a lot of lunches and dinners and, you know, certainly get looked after by trades throughout, so I wasn't surprised that this was part of, I don't know, getting on to – get an opportunity to work there, that you had to, you know, play by those sort of rules.⁹⁸

[358] And later, Mr Howard explained why he felt obligated to 'get on board':

So why is it that you felt like you had to go along with that arrangement to pay him?---Well, I suppose it's – I moved over from Victoria. Um, I didn't have a big network of – and it wasn't really like there was a whole lot of work around, so this was an opportunity for me and it was a great opportunity to keep sustained – a sustained amount of work and a big work flow going. I had a small team but it was – yeah, it was a really good opportunity for me to do some work.⁹⁹

[359] Mr Delavale of One Fire conceded the gifts were to ensure Mr Fullerton gave work to his company:

Well, if you saw that there was work to be given out - - - ?---Mm'hm.

- - - and you were performing, why did you feel that you had to give him a gift of travel?---Never felt like I had to give him a gift, I always just felt, um, as I said, thought it would strengthen the relationships when – if - you know, if there was a – if there was a opportunity there.

So another way of describing it, Mr Delavale, is as a bribe, would you agree with that?---No, I never tried to bribe John – John Fullerton.

Well, you were paying thousands of dollars, in effect, for his travel, correct, since 2009 and they're the ones that we've looked at so far. Is that correct, thousands of dollars of travel?---Correct.

...

You say you did that without any expectation of getting repaid?---Yes.

You only got repaid on one occasion? You're nodding again?---I did, yes.

And you did it so that you would get more work at North Metro Health, because you knew there was work to be given out, correct?---Correct.

And Mr Fullerton was the one who made the decision who would get the work at North Metro, wasn't he?---On most occasions.

I suggest to you, Mr Delavale, that it was a bribe?---No.¹⁰⁰

⁹⁸ L G Howard transcript, private examination, 31 January 2018, pp 12-13.

⁹⁹ L G Howard transcript, private examination, 31 January 2018, p 16.

¹⁰⁰ G N Delavale transcript, private examination, 29 May 2018, p 34.

Recommendations

- [360] A statutory purpose of the Commission is to improve continuously, the integrity of and reduce the incidence of misconduct in the public sector.¹⁰¹
- [361] The Commission has power to form an opinion that serious misconduct has occurred.¹⁰²
- [362] The Commission gathers information from many sources including examinations. A statement made by a witness to a question the Commission requires the witness to answer is not admissible in evidence against the person making the statement in any criminal proceedings.¹⁰³
- [363] The Commission is not a prosecuting authority nor does it have a role in investigating crimes except insofar as they may be evidence of serious misconduct.
- [364] The Commission may assemble and furnish to a relevant authority, evidence which may be admissible in the prosecution of a person for a criminal offence.¹⁰⁴
- [365] The Commission recommends that a relevant authority gives consideration to the prosecution of Mr Fullerton for corruption in public office¹⁰⁵ or any other offence that may be disclosed.
- [366] The Commission recommends that prosecution be considered for such offences as may be disclosed by admissible evidence after further investigation.
- [367] The contractors for whom prosecution might be considered include:
- Mr Philip Wood
 - Ms Natalie Bell
 - Mr Anthony Wood
 - Mr Anthony Williams
 - Mr Wayne Robinson
 - Mr Garth Delavale
 - Mr Ian Tremain

¹⁰¹ CCM Act s 7.

¹⁰² CCM Act s 22.

¹⁰³ CCM Act s 145.

¹⁰⁴ CCM Act s 18(2)(h).

¹⁰⁵ *Criminal Code* s 83.

- Mr Liam Howard
- Mr Shane Cary
- Mr Blaise Paris

[368] A recommendation made by the Commission is not a finding, and is not to be taken as a finding, that a person has committed or is guilty of a criminal offence or has engaged in conduct that constitutes or provides grounds on which that person's tenure of office, contract of employment, or agreement for the provision of services, is, or may be, terminated.¹⁰⁶

¹⁰⁶ CCM Act s 43(6).

CHAPTER NINE

Mr Mulligan's conduct and others: Opinions and recommendations

Central allegations

[369] Towards the end of 2015, Mr Mulligan created projects at NMHS for which he had direct responsibility. Mr Mulligan started arranging for particular contractors to win tenders in order to cover the cash paid to him directly by Mr Alexander as well as the lunches and the travel paid by contractors for Mr Mulligan's benefit.

[370] Like Mr Fullerton, Mr Mulligan was the beneficiary of numerous long lunches paid for by contractors to NMHS. Under examination, Mr Mulligan was initially reticent to admit the scale of the hospitality extended to him over many years. When asked about gifts of hospitality offered to him in his official role, he volunteered bottles of wine, barbeque packs and coffee meetings paid for by contractors.

[371] Mr Mulligan contracted external project managers for flexibility with specific construction projects rather than employing staff project managers. One of these was Mr Alexander. Mr Mulligan stated:

... he had ... a good working knowledge of the site from his time at Aurora, was about 50 per cent of the market rate and was already well-connected and able to generate outcomes a whole lot quicker than any kind of new consultant on site.¹⁰⁷

[372] Mr Mulligan initially employed Mr Alexander on a six month contract for a fixed sum of \$20,000 per calendar month. Mr Mulligan shared Mr Alexander's services with Mr Fullerton from the beginning of his tenure and as was the situation with Mr Fullerton, Mr Mulligan sat down regularly with Mr Alexander to go through his invoices. This extended to allocating PA Projects' fees to particular projects. Mr Mulligan told the Commission that he would "split up time and apportion it to other projects"¹⁰⁸ where necessary:

Did you discuss with John Fullerton how Mr Alexander was progressing?---Yeah. Yeah, we often had a conversation about the pros and cons of Grant versus other project managers that we had.

To your knowledge, did Mr Alexander have weekly reporting meetings with Mr Fullerton?---Mm'hm.

¹⁰⁷ D L Mulligan transcript, private examination, 10 April 2018, p 20.

¹⁰⁸ D L Mulligan transcript, private examination, 10 April 2018, p 24.

Was that a yes?---Yes. Yes, that is a definite yes.

How do you know that?---Because John was in the office next to me and Grant would be in there very frequently.¹⁰⁹

Travel

- [373] Mr Mulligan admitted that Mr Alexander paid for his flights, accommodation and meals for the purposes of travel to Melbourne and Brisbane. Mr Mulligan said these were paid 'in a kind of convenient sense' for which Mr Mulligan initially told the Commission he repaid him in cash. Mr Mulligan soon recanted this evidence and stated that from 2012 or 2013, he and Mr Alexander came to a position where Mr Alexander would invoice WA Health for Mr Mulligan's travel costs.
- [374] Mr Alexander paid for Mr Mulligan's travel to Melbourne for three or four days each on eight occasions. The trips occurred in March, July and November 2013; August 2014; February, July, September and October 2015. In March 2014, Mr Mulligan was flown by Mr Alexander to Brisbane. Mr Fullerton accompanied Mr Alexander and Mr Mulligan on the majority of these trips.
- [375] On one trip, Mr Alexander paid for Mr Mulligan's partner to accompany them to Melbourne. This was invoiced to NMHS.
- [376] In 2015, Mr Alexander paid for Mr Mulligan to travel on an all-expenses paid trip to the UK with himself, Mr Tremain and Mr Howard. Mr Mulligan accepted he had all his flights, accommodation and some meals paid for and that Mr Alexander recouped this cost by invoicing NMHS. Mr Mulligan accepted it was likely that he and Mr Alexander, prior to the trip occurring, discussed the invoices that could be padded out to absorb the cost.
- [377] Mr Mulligan was very vague about the purposes of each trip. For example, when asked about the purpose for the November 2013 trip, Mr Mulligan replied "he could not recall".¹¹⁰ Other trips he claimed were ostensibly for the purposes of business, but he never asked WA Health to pay the travel costs. Later, Mr Mulligan maintained that each trip had a similar purpose which was to seek external financiers and providers of hospital services. The Commission prefers the evidence of Mr Alexander that he had no NMHS business in Melbourne and that Mr Mulligan and Mr Fullerton "tagged along for the ride".¹¹¹ Should the trip have been for legitimate NMHS business reasons, then an application for NMHS to fund

¹⁰⁹ D L Mulligan transcript, private examination, 10 April 2018, pp 24-25.

¹¹⁰ D L Mulligan transcript, private examination, 10 April 2018, p 38.

¹¹¹ D L Mulligan transcript, private examination, 10 April 2018, p 57.

the trip should have been made. No such application was made by Mr Mulligan, Mr Fullerton or anyone on their behalf.

- [378] The trip to the UK in 2015 was inspired by Mr Mulligan's chairmanship of the Steering Committee of the Graylands redevelopment. A company in the UK specialised in mental health hospital design anti-ligature windows. However, Mr Mulligan never sought NMHS funding for the trip:

And before you left for the trip did you seek approval from your chief executive for Health to pay for it?---No.

Why not?---I guess because it was going to get done this way.

Was it also because you knew it wasn't a legitimate work trip?---Well, it was a legitimate work trip, however, not a legitimately approved one, yes.¹¹²

- [379] The Commission prefers the view that the trip to the UK was primarily for leisure, and that the visit to the anti-ligature manufacturer was a pretext. Meeting the manufacturer occurred over one day only. Mr Mulligan took annual leave to travel to the UK and he failed to make an application for NMHS funding in order to undertake travel.

- [380] Mr Mulligan accepted that he fraudulently used the invoicing process set up with PA Projects to invoice NMHS for the travel paid for by Mr Alexander "I would imagine that I would've been invoiced for those costs subsequently ... Through Grant's invoicing process".¹¹³ Mr Mulligan explained that 'Grant's invoicing process' was the system by which Mr Alexander 'padded out' invoices to pay for travel. The travel was not itemised on the invoice and WA Health would have been unaware that travel was included in the approved total for payment.

- [381] Despite not seeking the NMHS Chief Executive's approval to travel, or putting in an application form for WA Health funding and taking annual leave at the relevant time, Mr Mulligan gave evidence that the trips were business trips and legitimately claimed back by PA Projects. The Commission rejects this evidence as to the purpose of the travel and prefers the view that the travel was for private purposes unrelated to NMHS/WA Health work. All legitimate international travel required the approval of the Minister.

- [382] The trips to Melbourne were funded primarily by Mr Alexander's payment of the flights and accommodation. This totalled over \$16,000. However, other NMHS contractors provided benefits in the form of entertainment and meals. During October 2015, Mr Howard provided

¹¹² D L Mulligan transcript, private examination, 10 April 2018, pp 61-62.

¹¹³ D L Mulligan transcript, private examination, 10 April 2018, p 42.

tickets to the AFL Grand Final and tickets to a Grand Final charity breakfast.

[383] Within three weeks of this trip, Mr Mulligan was funded by Mr Alexander to return to Melbourne to attend the Spring Racing Carnival.

[384] Mr Mulligan told the Commission that in addition to instructing Mr Alexander to recover the travel costs by adding to the hourly rate on his NMHS invoices, he was also aware that Mr Fullerton was recovering travel costs in a similar fashion through Mr Alexander's fraudulent invoicing.

Lunches

[385] Mr Mulligan stated he attended lunches paid for by Mr Alexander at venues that included Galileo Buona Cucina, Coco's Restaurant and Matilda Bay Restaurant. Mr Fullerton was often present.

[386] Through Mr Robinson, Swan paid for entertainment and hospitality for Mr Mulligan together with another NMHS contractor. One such occasion included a visit to a karaoke bar in Northbridge with paid hostesses. Mr Robinson paid half of the \$1,400 bill, with the other contractor paying the other half. On occasions, Mr Mulligan attended a Swan Melbourne Cup event, a cricket match and the West Coast Eagles season launch.

[387] Soon after wining and dining Mr Mulligan, Swan was granted contracts to perform work at NMHS. Mr Mulligan provided recommendations to assist them to win this work.

Cash

[388] Mr Mulligan admitted he was given cash by Mr Alexander, in a total sum of approximately \$10,000 during 2016, commencing in May of that year. It was explained to the Commission as an act of good will by Mr Alexander:

... well, he knew what the state I was in and how I was mentally and emotionally at the time, knew that I was financially in strife, clearly I wasn't in a very good space but, yeah, and so, yeah, he suggested that he could provide - - ¹¹⁴

[389] Mr Mulligan did not repay Mr Alexander. These payments were bribes.

[390] Mr Alexander gave evidence that Mr Mulligan solicited corrupt cash payments of thousands of dollars between May and December 2016, which Mr Alexander calculated was a total sum of \$19,500.

¹¹⁴ D L Mulligan transcript, private examination, 11 April 2018, p 27.

[391] Mr Mulligan knew that the money was originating from NMHS by Mr Alexander invoicing enough to cover the payments. He said "I assume [he is] billing Health" and "Because that's what he said he was going to do".¹¹⁵ Mr Mulligan approved invoices attached to certain projects, knowing that those invoices contained a component that was to reimburse Mr Alexander for the cash payments. As an example, Mr Mulligan directed Mr Alexander to inflate an NMHS invoice to cover the corrupt cash payments he received for the SCGH Telecommunications: PABX Cutover Technical Support project.

Recommendations

[392] The Commission recommends that a relevant authority gives consideration to the prosecution of Mr Mulligan for corruption in public office¹¹⁶ or such other offence as may be disclosed.

[393] The Commission recommends consideration be given to the prosecution of the contractors named in this report as providing financial benefits to Mr Mulligan in return for favourable treatment, with the exception of Mr Alexander, or any other offence disclosed by admissible evidence.

[394] A recommendation made by the Commission is not a finding, and is not to be taken as a finding, that a person has committed or is guilty of a criminal offence or has engaged in conduct that constitutes or provides grounds on which that person's tenure of office, contract of employment, or agreement for the provision of services, is, or may be, terminated.¹¹⁷

¹¹⁵ D L Mulligan transcript, private examination, 11 April 2018, p 28.

¹¹⁶ *Criminal Code* s 83.

¹¹⁷ CCM Act s 43(6).

CHAPTER TEN

Mr Ensor's conduct and others: Opinions and recommendations

Central allegation

- [395] Mr Ensor accepted multiple invitations of hospitality from NMHS contractors, though primarily from Ms Bell at Gowdie. Invitations to lunch and other social events were accepted in circumstances where Mr Ensor was in a position to grant the contractors work onsite at NMHS campuses, and authorise their invoices for payment.
- [396] Mr Ensor agreed he had been taken to lunch by NMHS contractors on numerous occasions and that he had responsibility for awarding those contractors work at NMHS.
- [397] Mr Ensor conceded that in retrospect, the purpose of the gifts of hospitality was to 'groom' him into a position where he would potentially favour the contractor in relation to the allocation of work "Did you ever get a sense, Mr Ensor, that the meals and drinks paid for by contractors or participated in by contractors were a way of grooming you - - - ? --- Influence me? - - - as a public officer?---Um, I certainly do now".¹¹⁸
- [398] Mr Ensor's experience provided a clear example of the purpose behind the existence of the WA Health policy on gifts and declarations of conflicts of interest. The purpose is to avoid situations where a WA Health employee is willingly or unwillingly placed in a situation where they appear to favour one contractor over another on the basis of having received a personal benefit.
- [399] During the course of expensive lunches, it is likely that Mr Ensor discussed upcoming work and placed Gowdie competitively in an advantageous position to win work. Mr Ensor accepted this was likely the situation.
- [400] Accepting hospitality in the form of meals is contrary to the WA Health Code of Conduct. Acceptance of the gift placed Mr Ensor in a position of direct conflict of interest as a person involved in decision making regarding procurement, and specifically the retention and remuneration of Gowdie by NMHS.

¹¹⁸ S R Ensor transcript, private examination, 30 May 2018, p 48.

Hospitality accepted from Gowdie Management Group Pty Ltd

[401] Ms Bell's initial invitation to take Mr Ensor to lunch on 20 March 2015 at the Sentinel Bar & Grill also included Mr Alexander. The final bill was \$589. Mr Ensor recalled:

... I'd just started taking on projects, um, and that one would've been a relationship building lunch.

What do you mean by "relationship building"?---Well, ah, that's, um, so it was actually initiated by Grant, that – and that was to just talk, get used to dealing with people, um, basically it was to talk in a setting outside of the Health setting.¹¹⁹

[402] Mr Ensor could not explain why it was necessary to meet outside 'the Health setting'.

[403] Over the next year, Ms Bell took Mr Ensor to lunch or drinks on two further occasions. However from mid-2016, Ms Bell started taking Mr Ensor to lunch or drinks two or three times a month. Thirteen of those occasions were lunches held at Il Lido Italian Canteen. Alcohol was consumed and these lunches lasted between two to four hours. Mr Ensor took the afternoon off work, but did not tell his personal assistant he was going out to lunch, preferring to say that he was 'gone for the day'.

[404] The hospitality extended to Mr Ensor by Ms Bell was bookmarked by decisions made by Mr Ensor regarding the engagement or payment of Gowdie for particular projects. For example:

- On 2 July 2015, Ms Bell took Mr Ensor for drinks at the Byrneleigh Hotel in Nedlands. Two days later, Mr Ensor asked Ms Bell to submit a fee proposal to manage a tender process for asbestos registers and management plans. Mr Ensor stated he did not consider asking any other person to project manage the tender process and he had discussed Ms Bell's appointment with Mr Fullerton. Mr Fullerton was aware of and approved of the request for a fee proposal from Gowdie. During this period, Ms Bell was also taking Mr Fullerton out to lunch.
- On 5 October 2016, Ms Bell and Mr Ensor had a morning meeting during which there was discussion about current projects, ongoing jobs and potential jobs for Gowdie at NMHS. Later that day, Ms Bell took Mr Ensor to Il Lido for lunch. The bill was \$316.
- On 7 December 2016, Ms Bell emailed Mr Ensor a fee proposal in relation to a proposed project known as 'the Butler Community Health Centre'. The proposal was for a fee to Gowdie of \$18,000 for

¹¹⁹ S R Ensor transcript, private examination, 30 May 2018, p 27-28.

the scope of works. Two weeks earlier, Ms Bell had taken Mr Ensor to Il Lido for lunch. One week after the email, Ms Bell had hosted another lunch at Il Lido.

- [405] These examples demonstrate the potential influence on procurement decisions made by Mr Ensor.

Hospitality accepted from other North Metropolitan Health Service contractors

- [406] Mr Ensor admitted he was taken out to lunch by NMHS contractors other than Gowdie. The Commission's inquiries are continuing in relation to Mr Ensor's evidence.

Recommendations

- [407] The Commission would ordinarily recommend that NMHS investigate and consider disciplinary proceedings against Mr Ensor. Mr Ensor is no longer employed within WA Health.
- [408] The Commission recommends that a relevant authority give consideration to a prosecution of Mr Ensor and Ms Bell for corruption in public office¹²⁰ and bribery¹²¹ or such other offences as may be disclosed.
- [409] A recommendation made by the Commission is not a finding, and is not to be taken as a finding, that a person has committed or is guilty of a criminal offence or has engaged in conduct that constitutes or provides grounds on which that person's tenure of office, contract of employment, or agreement for the provision of services, is, or may be, terminated.¹²²

¹²⁰ *Criminal Code* s 83.

¹²¹ *Criminal Code* s 82.

¹²² CCM Act s 43(6).

CHAPTER ELEVEN

Mr Alexander: No recommendation

- [410] Mr Alexander was a central figure in many of the corrupt acts uncovered by the Commission. He made or facilitated many corrupt payments and benefits to Mr Fullerton and Mr Mulligan.
- [411] Ordinarily, he would be the subject of a Commission recommendation that a prosecution authority consider action against him.
- [412] The reason why the Commission does not make any recommendation is on public interest grounds.
- [413] A course of corrupt conduct such as uncovered during this investigation is hard to unravel from the outside.
- [414] At a crucial stage in the investigation, Mr Alexander, under oath, exposed what had been occurring. He had kept detailed records which he supplied to the Commission.
- [415] An accomplice's evidence is rightly regarded with care and suspicion because of the obvious motive to lie by minimising their own role and shifting blame to others.
- [416] Mr Alexander was forthright in admitting his own behaviour.
- [417] More significantly, his testimony and the documentary evidence he provided was constantly corroborated by other witnesses and other evidence including in crucial aspects by Mr Fullerton and Mr Mulligan.
- [418] The Commission generally will investigate more complex cases, often beyond the capacity of an individual department.
- [419] Witnesses such as accomplices or those deep within a conspiracy are vital to uncovering the truth.
- [420] Evidence given on oath before the Commission must be truthful but is not (generally) admissible in a prosecution against the witness.
- [421] Mr Alexander's evidence was given on oath to provide him with that protection.
- [422] Mr Alexander may be seen on one view as being rewarded for his cooperation and indeed he is. But cooperation will not generally be a sufficient condition to avoiding a recommendation for consideration of a prosecution.

- [423] In future cases, there is a strong public interest in having a person in Mr Alexander's position voluntarily approach the Commission and offer assistance, despite their own possible involvement. A non-recommendation may be an incentive to do so.
- [424] However, it should be noted that the Commission will rarely require two such people. Being first may bring advantages.
- [425] That said, the Commission exercises no control over prosecutions. Only the Director of Public Prosecutions or Attorney General has power to grant an indemnity from prosecution.¹²³

¹²³ *Director of Public Prosecutions Act 1991* s 20 (c)(d).

CONCLUSION

- [426] No matter what checks and balances are incorporated into policies and procedures, a manager, especially a senior manager, has to be trusted to a considerable extent to perform the role honestly.
- [427] The Commission has no particular recommendations to make to NMHS or to the public sector generally. The report speaks for itself.
- [428] WA Health has indicated to the Commission that a system-wide Integrity Working Group will report to the Director General on building capability in the area of integrity promotion and corruption prevention within all Health Service Providers.
- [429] Clearly, NMHS will have to improve its fraud prevention capability. The incoming Chief Executive of NMHS has informed the Commission that more robust authorisations and delegations have already been put in place at NMHS.
- [430] The Victorian Department of Human and Health Services may provide a model for using proactive detection procedures but there are other models.
- [431] This report details more than a decade of corrupt conduct reaching into senior levels within WA Health. It exposes a culture of contractors freely giving gifts and benefits to public officers with the expectation of thereby winning work and recovering the costs of the gifts through fraud.
- [432] Every dollar corruptly converted was a dollar less to be spent on healthcare.
- [433] The brazenness of the conduct, the number of contractors involved and the apparent indifference by all concerned as to the possible criminality of their actions, raises concerns whether this behavior is confined to NMHS.
- [434] It will be a matter for every Chief Executive Officer in the public sector to satisfy themselves as to the integrity of their processes in outsourcing maintenance and service provision.

ANNEXURE ONE

CONFIDENTIAL ATTACHMENTS 8.3B AND 8.3C
ITEM 8.3– REVIEW OF NAMED CONTRACTORS IN THE CORRUPTION
AND CRIME COMMISSION REPORT INTO BRIBERY AND
CORRUPTION WITHIN NORTH METROPOLITAN HEALTH SERVICE

FOR THE AUDIT AND RISK COMMITTEE MEETING

5 NOVEMBER 2018

DISTRIBUTED TO COMMISSIONERS UNDER SEPARATE COVER



Statement of Business Ethics

Overview

This Statement of Business Ethics provides guidance for all sectors of the community when conducting business with the City of Perth (the City). It outlines the City's ethical standards and expectations that goods and service providers and contractors as well as potential leasees, tenants and applications for Expression of Interest (EOI) are to adhere with in any dealings with the City. This Statement also outlines what goods and service providers and contractors can expect from the City.

City of Perth's Key Business Principles

Ethics and Integrity

All the City business relationships are honest, respectful, responsible, ethical, fair and consistent. All parties involved in business activities with the City must operate with integrity and maintain high standards of ethical conduct to maintain sound decision making processes and ensure community confidence and trust in the City.

Transparency and Accountability

Business activities are to be open, transparent and comply with relevant legislation and the City's policies, procedures and practices. The City's business dealings will be transparent and open to public scrutiny wherever possible.

Value for Money

Value for money is an overarching principle governing business that allows the best possible outcome to be achieved for the City. Compliance with specifications is more important than obtaining the lowest price.

Sustainability

The City is committed to setting up efficient, effective, economical and sustainable procedures in all purchasing activities and to consider the environmental and social impacts when purchasing goods and services.

What to expect from the City

All employees, Elected Members, Committee members and contractors are accountable for their actions-and are expected to:

- Deal fairly, ethically, lawfully honestly and transparently with all individuals and organisations;
- Act in a professional and responsible manner and respect others to meet a high standard of behaviour;
- Protect and responsibly manage the resources of the City;
- Protect confidential information;
- Utilise opportunities to achieve continual social, economic and environmental improvement in operations and activities carried out by and on behalf of the City;
- Disclose any situation that involves or could be perceived to involve a conflict of interest;
- Immediately report any unethical behaviour (actual or perceived); and
- Not seek or accept any financial or other benefits for performing official duties.

What the City expects from goods and service providers and contractors as well as potential leasees, tenants and applications for Expression of Interest (EOI)

The City expects that all providers of goods and services and contractors as well as potential leasees, tenants and applications for Expression of Interest (EOI):

- Ensure compliance with all Australian Laws and regulations, the City's procurement policies and procedures and this Statement of Business Ethics;
- Be aware of the legislation, Codes of Practice, Australian Standards and procedures of Work Health and Safety required or proposing to

undertake work, supplying goods and services, leasing/potentially leasing or applying for EOI's.

- Gain an understanding of other City policies, procedures and practices in relation to conducting business with the City;
- Act ethically, honestly and fairly when dealing with the City;
- Give reliable advice and accurate information when requested;
- Take all necessary measures to prevent the disclosure of confidential information;
- Consider the environmental and economic impacts when providing goods and services;
- Strive to ensure materials and equipment used in the provision of goods and services are carbon neutral in their manufacture, supply, and maintenance;
- Take all necessary steps to ensure the supply of goods and services is sourced in an ethical and socially responsible manner;
- Not engage in any form of collusion;
- Not make any statement or behave in any way that could mislead anyone to believe that they are representing the City, or expressing City views or policies without the appropriate authority;
- Not offer City employees, Elected Members, contractors, sub-contractors and consultants any financial inducements, or any gifts or other benefits (including employment);
- Declare any actual, perceived or potential conflicts of interest;
- Notify the City immediately if there are any errors or omissions in documents; and
- Immediately report any unethical behaviour (actual or perceived).

Why Compliance is important?

By complying with this Statement of Business Ethics, all sectors of the community undertaking business with the City will be able to advance objectives and interests fairly and ethically.

Non-compliance with the City's ethical requirements when doing business with the City and/or improper or unethical conduct could lead to negative consequences such as termination of contracts, being excluded from procurement and business activities or loss of future work with the City. Overall business reputations can also be detrimentally affected if corrupt and criminal behaviour is made public.

Complying with the City's business principles will also prepare businesses for dealing with the ethical requirements of other local governments and public sector agencies.

Practical Guidelines

Incentives, gifts and benefits

The City's employees, Elected Members, Committee members and contractors do not expect to receive incentives, gifts or benefits as a consequence of business relationships. It is requested to refrain from offering such incentives, gifts or benefits.

Conflicts of interest

All City employees, Elected Members, Committee members, contractors and business partners must disclose any actual, perceived or potential conflicts of interest. The City extends this requirement to all sectors of the community undertaking business with the City.

Misconduct

Where a breach of this Statement or procurement activity is suspected during a business activity, it should be reported in a confidential manner to

the City's Chief Executive Officer or Public Interest Disclosure Officer via details listed below.

Confidentiality

Information which is marked confidential, or which a reasonable person would expect to be confidential, should be treated as such.

Communication between parties

All communication shall be clear, direct and accountable to minimise the risk or perception of inappropriate influence being brought to bear on the business relationship.

Code of conduct

All employees, Elected Members and Committee members are bound by the City's Code of Conduct.

Use of City equipment, resources and information.

All City equipment, resources and information must only be used for acceptable purposes.

Contracting employees

All contracted and subcontracted employees are expected to comply with this Statement. If subcontractors are employed to assist with work for the City, they must be made aware of this Statement.

Intellectual property rights

All parties are to respect intellectual property rights and formally negotiate any access, licence-or use of intellectual property.

Safety

All parties shall observe legal and moral obligations to protect the safety of City employees, Elected Members, Committee members, contractors, and the public.

Who to contact?

If you have any questions regarding this Statement or wish to provide information about suspected corrupt conduct, please contact the City using the contact details below. For more information, visit the City's website at www.perth.wa.gov.au.

Chief Executive Officer

City of Perth
GPO Box C120
Perth WA 6829

Phone: (08) 9461 3333

Email: info.city@cityofperth.wa.gov.au

Public Interest Disclosure Officer

Manager Governance

Phone: (08) 9461 3268

The Corruption and Crime Commission Act 2003 and other 'whistleblower' protection laws (such as the *Public Interest Disclosure Act 2003*) protect persons disclosing misconduct or corruption-related matters from reprisal or detrimental action and ensure disclosures are properly investigated and dealt with.

Reporting misconduct to external agencies:

Public Sector Commission (PSC)

The PSC's preference for all authorities and individuals is to receive allegations electronically via PSC's online form. This helps the PSC to capture the information they need in your own words and assists in quick processing.

Online form: [PSC's online form](#)

Alternatively matters can be lodged in the following ways:

Email: minormisconduct@psc.wa.gov.au

Post: Locked Bag 3002, WEST PERTH WA 6872

You can also download the minor misconduct report form and fill it in either electronically or by hand.

A hard copy of the report form can be posted to you with a prepaid reply envelope if requested. Please call 08 6552 8888 to arrange this.

Corruption and Crime Commission (CCC)

Anyone can report suspected serious misconduct by Western Australian public officers to the CCC. Fact Sheet No. 3 entitled Reporting Serious Misconduct provides information about how to make a report and the subsequent process involved.

You are able to make an anonymous report of Serious Misconduct online, however anonymous reports are often difficult to assess.

If you have information that could be useful to the CCC, you can also contact a confidential phone line Toll Free on 1800 803 186.

How to lodge a report:

Online: Report Serious Misconduct Online

By Email: info@ccc.wa.gov.au

By Toll Free Phone: 1800 809 000

Telephone: (08) 9215 4888

Fax: (08) 9215 4884

Mail: Serious Misconduct Form. PO Box 7667, Cloisters square, Perth, 6850

In Person: 186 St Georges Terrace, Perth WA

Links

Relevant Legislation

Local Government Act 1995

Corruption and Crime Commission Act 2003

Public Interest Disclosures Act 2003

*Local Government (Rules of Conduct)
Regulations 2007*

*Local Government (Functions and General)
Regulations 1996*

*Local Government (Administration) Regulation
1996*

Link: www.slp.wa.gov.au/legislation/statutes.nsf/default.html

Public Interest Disclosures

City of Perth Public Interest Disclosure Guide

Link: www.perth.wa.gov.au/council/finance-and-governance/public-interest-disclosure

City of Perth Policy Manual

Policy 8.0 – Environmental Policy

Policy 8.5 – Towards Energy Resilient City

Policy 9.7 – Purchasing Policy

Policy 10.1 – Code of Conduct

Policy 19.1 – Enterprise Risk Management

Link: www.perth.wa.gov.au/council/publications

Recommendation:

That the Audit and Risk Committee RECEIVES the Report – Outstanding Internal Audit Items – October 2018.

FILE REFERENCE:	P102969-8
REPORTING UNIT:	Governance
RESPONSIBLE DIRECTORATE:	Office of the Chief Executive
DATE:	15 October 2018
ATTACHMENT/S:	Attachment 8.4A – Contract Management Review April 2018 Attachment 8.4B – Compliance Audit Return Controls Review July 2018

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

Purpose and Background:

A summary of the status of outstanding internal audit items as at 15 October 2018 is provided to the Audit and Risk Committee. This report is a standard item on the agenda for the Audit and Risk Committee meeting.

Details:

Current outstanding internal audit items relate to the Contract Management Review and Compliance Audit Return Controls Review completed in April and July 2018 respectively. Follow up on the status of these items has taken place with relevant staff.

Contract Management Review April 2018

The three internal audit recommendations made as a result of this review relate to improving controls over contractor performance reviews, contract variations and management of insurances.

Attachment 8.4A provides details of the follow up undertaken on the implementation of the abovementioned recommendations.





This follow up has determined that the recommendations on contractor performance reviews (Recommendation 1) and contract variations (Recommendation 2) are still outstanding as at 15 October 2018 (Attachment 8.4A). Attachment 8.4A outlines plans for the implementation of these recommendations which is aimed for the end of December 2018.

As a result of follow up it was ascertained that appropriate actions have been taken by relevant staff to improve controls over the management of insurances (Recommendation 3). This recommendation has therefore been closed out (Attachment 8.4A).

Compliance Audit Return Controls Review July 2018

This review has led to a number of control improvements being proposed for facilitating compliance with key legislative requirements (*Local Government Act 1995 and Regulations*) as contained within the Compliance Audit Return.

The implementation of these control improvements has been followed up with relevant staff (Attachment 8.4B). As a result of this follow up the implementation of control improvements, as at 15 October 2018, is summarised as follows:

	Red: behind schedule	3
	Orange: on track	6
	Green: completed	10
	Blue: no action taken	1
Total number of control improvements		20

Attachment 8.4B provides details of plans to implement the outstanding control improvements including timeframes for implementation.

Financial Implications:

There are no financial implications related to this report.

Comments:

Provision of this report facilitates the monitoring of progress of action to implement the outstanding internal audit items from prior internal audits carried out.

**CONTRACT MANAGEMENT REVIEW APRIL 2018
IMPLEMENTATION OF AUDIT RECOMMENDATIONS PROGRESS REPORT (AS AT 15 OCTOBER 2018)**

CONTRACT MANAGEMENT REVIEW APRIL 2018	
	Risk Rating
<p>Recommendation 1 – Contractor Performance Reviews (status – outstanding)</p> <p>Summary of recommendation</p>	<p>(a) Develop and disseminate a standard template and guidelines to assist Project Officers in carrying out contractor performance reviews.</p> <p>(b) The Contracts Section to develop a procedure to capture and monitor contractor performance reviews undertaken by Project Officers.</p>
<p>Action Plan</p>	<p>(a) 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.</p> <p>(b) 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 structured and efficient system to 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.</p>
<p>Person(s) responsible for implementing the action</p>	<p>Manager Finance Procurement Specialist (resigned from the City 14 September 2018) Contracts Administrator</p>
<p>Original Completion Date</p>	<p>(a) 31 July 2018. (b) 31 July 2018.</p>
<p>Revised Completion Date</p>	<p>(a) 31 December 2018 (b) 31 December 2018</p>
<p>Progress of implementation</p>	<ul style="list-style-type: none"> • A Contractor Performance Review template has been developed by the Contracts section for the completion of contractor performance reviews. The Contracts section have also drafted a new corporate procedure,

	<p>Contractor Performance Reviews, Contract Extensions and Contract Variations, which provides guidance to staff in carrying out contractor performance reviews. The template and draft corporate procedure were provided to Internal Audit in late July 2018.</p> <ul style="list-style-type: none"> • Above-mentioned draft corporate procedure requires staff to capture completed contractor performance review (template and supporting documentation) within the City's record keeping system as well as provide notification of the review to the Contracts section for the recording on the Contracts Register and monitoring purposes. • Manager Finance and Director Corporate Services approval of template and draft procedure was obtained on 23rd and 28th August 2018 respectively. • Email received from Contracts Administrator on 10 September 2018 advising that comment was received back from the Commissioners that Purchasing Policy 9.7 needed to be abridged and some of the detail within this policy removed to procedures. Procurement Specialist and Contracts Administrator have been working on abridging the policy and the intention is now that current procedures (PR0105 Tendering for goods and services and PR0106 Calling of quotations) be amalgamated with the above-mentioned new procedure for contract management to create a sole procedure. • Meeting held with Manager Finance and Contracts Administrator on 1 October 2018 to discuss status of the Purchasing Policy 9.7 and plans for developing the sole procedure. Updated Purchasing Policy 9.7 to be presented for approval at the November 2018 Council meeting. Following this approval, the above-mentioned sole procedure will be developed and is aimed for completion by end of December 2018.
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CONTRACT MANAGEMENT REVIEW APRIL 2018	
Recommendation 2 – Contract Variations (status – outstanding)	Risk Rating
Summary of recommendation	High
Action Plan	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.
Person(s) responsible for	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. Manager Finance





implementing the action	Procurement Specialist (resigned from the City 14 September 2018) Contracts Administrator
Original Completion Date	31 July 2018
Revised Completion Date	31 December 2018
Progress of implementation	<ul style="list-style-type: none"> • A Contract Variation template has been developed by the Contracts section for the recording and approval of contract variations. The Contracts section have also drafted a new corporate procedure, Contractor Performance Reviews, Contract Extensions and Contract Variations, which provides guidance to staff in relation to key issues to be considered in managing contract variations. • The abovementioned corporate procedure requires staff to capture contract variation (template and supporting documentation) within the City's record keeping system as well as provide notification of the variation to the Contracts section for the recording on the Contracts Register and monitoring purposes. Contract Variation template and draft corporate procedure were provided to Internal Audit in late July 2018. • Manager Finance and Director Corporate Services approval of template and draft procedure was obtained on 23rd and 28th August 2018 respectively. • Email received from Contracts Administrator on 10 September 2018 advising that comment was received back from the Commissioners that Purchasing Policy 9.7 needed to be abridged and some of the detail within this policy removed to procedures. Procurement Specialist and Contracts Administrator have been working on abridging the policy and the intention is now that current procedures (PR0105 Tendering for goods and services and PR0106 Calling of quotations) be amalgamated with the abovementioned new procedure for contract management to create a sole procedure. • Meeting held with Manager Finance and Contracts Administrator on 1 October 2018 to discuss status of the Purchasing Policy 9.7 and plans for developing the sole procedure. Updated Purchasing Policy 9.7 to be presented for approval at the November 2018 Council meeting. Following this approval, the abovementioned sole procedure will be developed and is aimed for completion by end of December 2018.







CONTRACT MANAGEMENT REVIEW APRIL 2018	
Recommendation 3 - Management of Contract Insurances (status – closed out)	Risk Rating High
Summary of	It is recommended that an audit on insurance certificates for current contracts as recorded on the









<p>recommendation</p>	<p>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.</p>
<p>Action Plan</p>	<p>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.</p>
<p>Person(s) responsible for implementing the action</p>	<p>Manager Finance</p>
<p>Original Completion Date</p>	<p>Procurement Specialist (resigned from the City 14 September 2018) 30 June 2018</p>
<p>Revised Completion Date</p>	<p>31 July 2018</p>
<p>Progress status</p>	<ul style="list-style-type: none"> ● The Contracts Section has undertaken a review and follow up of outstanding contract insurances as recorded on the Contracts Register. This follow up has been direct to contractors via email or letter. A secondary follow up was undertaken with project officers where a response was not received. ● Confirmation was obtained on 20 August 2018 that as a result of this review and follow up, as at 27 July 2018, there remained five contracts with one expired insurance certificate. 3 out of these 5 contracts involve the same contractor and insurance. In addition, it was noted on the Contracts Register that, as at 27 July 2018, there were 4 contracts with one missing insurance expiry date. A total of 247 contracts were in place as at 27 July 2018 as per the Contracts Register. As a result, there was a variance of 3.64% (9/247) as at this date. Further follow up by the Contracts Section with relevant suppliers has resulted in required current insurance certificates being obtained for 7 out of these 9 contracts with follow up reminders sent out to the remaining two contracts. ● In addition, sample testing performed on 20 August 2018 has confirmed that records of contract insurance as maintained on the Contracts Register is in accordance with insurance certificate held within Content Manager. ● An additional control is now in place whereby contractors with expired insurances will have their account suspended if required insurances are not provided seven days after the second reminder. Confirmation was obtained on 10 October 2018 that this control is in place and has been effective in the attainment of outstanding insurances. ● No further action considered necessary (other than continued follow up on insurance certificates by the Contracts Section) and this recommendation was closed out on 10 October 2018.

COMPLIANCE AUDIT RETURN CONTROLS REVIEW – JULY 2018
IMPLEMENTATION OF PROPOSED CONTROL IMPROVEMENTS (as at 15 October 2018)

Progress status legend

	Red: behind schedule
	Orange: on track
	Green: completed
	Blue: no action taken.

Section of Compliance Audit Return	Item	Proposed control improvements	Progress status	Responsible Officer	Original completion date	Revised completion date	Comments
Delegation of Power/Duty	6. Limits on Council delegations to the CEO (current controls rated inadequate)	<p>Include relevant information on section 5.43 (Limits on delegations to CEO) of the Local Government Act (Act) within current controls as follows:</p> <ul style="list-style-type: none"> Organisational Policy 1 - Decision Making Framework Council Policy 10.9 – City of Perth Common Seal and Document Signing Authority Delegated Authority Register Statutory Authorisations Register Corporate procedure PR0573 – Delegated authority – Decision Making Framework Corporate procedure PR1003 – Statutory Authorisations Corporate procedure PR0572 – Document Sign CEO and/or Lord Mayor – General or by Common Seal <p>Section 5.43 of the Act to be included within training on delegated authorities for Governance Unit staff.</p>		Governance Coordinator	30 September 2018		<p>05/09/2018: Governance Coordinator – Organisational Policy OP[1], Council Policy 10.9, Delegated Authority Register, Statutory Authorisations Register and procedure PR0573 updates approved and published on Intranet (confirmed).</p> <p>Pending updates procedures PR1003 and PR0572.</p> <p>26/09/2018: Updates to PR1003 and PR0572 have been approved by Manager Governance, however, not published yet due to awaiting launch of new Intranet.</p> <p>05/10/2018: Updates to PR1003 and PR0572 have been published on Intranet (confirmed).</p>
						31 December 2018	1 November 2018
Disclosures of Interest	5. Primary Returns	Improvements to current controls as follows:		Governance Coordinator	31 December 2018		<p>08/08/2018: Delegated Authority Register required updates published on Intranet (confirmed).</p> <p>05/09/2018: Governance Coordinator – Policy 10.1 Code of Conduct updates drafted and published on Intranet (confirmed).</p> <p>PR0934 – consequences and monitoring employee movement information using Business Objects reports updated in PR0934 on Intranet (confirmed).</p> <p>05/10/2018: Governance Coordinator - PR0934 has been updated on Intranet to include the process for monitoring returns for when Governance or another unit has requested a new delegation or removed an existing delegation (confirmed).</p>
	7. Annual Returns (current controls rated adequate)	<ul style="list-style-type: none"> Policy 10.1 Code of Conduct Include references to key procedures that relevant persons should refer to in relation to lodging Primary and Annual Returns. PR0934 Financial Interest Returns - Primary and Annual Returns for new/amended delegations originating from the Governance Unit and approved by the CEO. Include consequences of not complying with the requirement of lodging a primary or annual return within timeframes. Updates to reflect current processes e.g. types of employee movement information on Business Objects reports to be monitored for identifying relevant persons for collection of Primary Returns. Delegated Authority Register Include the requirement of completing financial returns (employees with delegated authority for more than three months) in the notes section. <p>Staff awareness training on disclosure of interest in returns.</p>				30 November 2018	<p>05/09/2018: Governance Coordinator – training yet to be undertaken.</p> <p>26/09/2018: Governance Coordinator – training yet to be undertaken.</p> <p>05/10/2018: Governance Coordinator - an article is being drafted for Inside City and a Corporate Announcement to be made as part of a staff awareness campaign on Annual and Primary Returns.</p> <p>15/10/2018: Governance Coordinator - above planned for November 2018.</p>
						2018/19 f/year	31 January 2019
		Implementation of a software tool for managing gifts and Primary and Annual Returns.			2018/19 f/year	31 March 2019	
		HRIS information on employee movements.			2018/19 f/year		

Section of Compliance Audit Return	Item	Proposed control improvements	Progress status	Responsible Officer	Timeframe for completion	Revised completion date	Comments
Disclosures of Interest (Continued)	10. Recording of interest disclosures of interest (current controls rated inadequate)	Procedure PR0700, Financial Interest Disclosure Register, to be updated to include the process for recording disclosures of interest within the spreadsheet, Financial and Non-Financial Interest Register and monitoring of recording of these disclosures.		Governance Coordinator	30 September 2018		05/09/2018: Governance Coordinator – PR0700 updates being worked on. 26/09/2018: Governance Coordinator – draft updates to PR0700 have been provided to Manager Governance for approval on this date. 28/09/2018: Amendments approved. Awaiting update of the procedure on Intranet. 05/10/2018: Governance Coordinator - PR0700 has now been updated on Intranet (confirmed). 31/07/2018: Column inserted within Register (CM 4585/11) (confirmed).
		A column for recording details of the matter's agenda item at the meeting to be inserted within the Financial and Non-Financial Interest Register.			As soon as possible		
	11. Removal of returns from register (current controls rated adequate)	Update corporate procedure PR0934, Financial Interest Returns – Primary and Annual to reflect the full suite of Business Objects reports currently being received and reviewed to identify staff who are no longer designated employees. PR0934 to include a monthly audit to ensure that returns have been removed from the Primary and Annual Return Register and Content Manager (record keeping system) files have been updated for ceased designated employees.		Governance Coordinator	30 September 2018		05/09/2018: Governance Coordinator – PR0934 updated on Intranet (confirmed).
Disclosures of Interest (Continued)	14. Employee interests when providing advice/report to Committee/Council (current controls rated adequate/inadequate)	Development of a procedure to cover employee disclosures of interest when providing advice/report directly to Committee or Council and communication of this procedure.		Governance Coordinator/Manager Governance	31 December 2018	31 October 2018	26/09/2018: Governance Coordinator – still pending. 05/10/2018: Governance Coordinator – A new procedure is being drafted to cover employee disclosure of interest when providing advice/report to meetings. It is anticipated that the procedure will be finalised by the end of October 2018.
		Employee disclosures of interest be included as a standing item prior to the discussion on Committee/Council reports being presented at the agenda settlement meeting.			To be determined		05/09/2018: Governance Coordinator – now part of the Agenda Settlement meeting process. 10/9/2018: Confirmed disclosure of interest now included as a standing item at the agenda settlement meeting process as evidenced on the Order of Business sheet (agenda settlement meeting 12 September 2018).
	1. Local Public Notice (current controls rated inadequate)	Amend relevant policy to achieve alignment with section 3.58 (Disposal of property) of the Act.		Manager Asset Management	31 August 2018	1. 30 October 2018 2. 30 November 2018	07/08/2018 - Manager Asset Management submitted updated Policy to Internal Audit for feedback. 24 and 31/08/2018 – Internal Audit provided feedback on Policy (issues were identified). 05/09/2018 – Manager Asset Management submitted final draft of Policy to Internal Audit to be presented to ELG and Council (25/09/2018). 28/09/2018: Manager Asset Management advised draft policy now to be presented for approval at ELG on 3 October 2018 and then Council meeting on 30 October 2018. 08/10/2018: New policy was not approved by ELG decision (refer ELG minutes 3 October 2018). Policy required to follow standardised format. Detailed information to be amended. 09/10/2018: Manager Asset Management – Due to abovementioned ELG decision on proposed Asset Management Policy, it is anticipated that approval of updated Policy will be deferred by a month to 30 November 2018.
Disposal of Property section	Amend relevant procedure and form to achieve alignment with section 3.58 of the Act.						07/08/2018 - Manager Asset Management submitted updated Form to Internal Audit for feedback. 24 and 31/08/2018 – Assistant Internal Auditor provided feedback on Form (issues were identified). 28/09/2018: Amended procedure and form to be drafted by 30 October 2018. 09/10/2018: Manager Asset Management – Due to abovementioned ELG decision on proposed Asset Management Policy, it is anticipated that approval of updated procedure and form will be deferred by a month to 30 November 2018.
			Other improvements to policy, procedure and form in order to provide better guidance to relevant staff in regard to disposal of property.			31 August 2018	1. 30 November 2018 2. 31 December 2018

Section of Compliance Audit Return	Item	Proposed control improvements	Progress status	Responsible Officer	Timeframe for completion	Revised completion date	Comments
Elections	1. Electoral Gift Register (current controls rated inadequate)	Development of a procedure to facilitate the adequate recording on the register of gift disclosure forms received from both candidates and donors.		Governance Coordinator	31 December 2018		26/09/2018: Governance Coordinator – Still pending. 05/10/2018: Governance Coordinator - A new procedure is currently being drafted.
	12. Plan for the audit (current controls rated adequate)	Local Government (Audit) Regulations 1996 Regulation 7 requirements including a plan for the audit to be included within the City's Compliance Calendar in order to facilitate follow up by the Finance Unit.		Paralegal	As soon as possible		14/08/2018: emailed Paralegal to request regulation 7 requirements to be included within the Compliance Calendar in May and June each year. 16/08/2018: Paralegal advised that Compliance Calendar has been updated to include the Regulation 7 requirements. Confirmed that Regulation 7 requirements included in May and June worksheet of the Compliance Calendar.
Local Government Employees section	2. Advertising for senior employee positions (current controls rated inadequate)	Procedure PR0069, Guidelines for preparing Recruitment Advertisements, to be updated and include legislative requirements for recruitment advertisements for senior employees.		Manager Human Resources/ Human Resources Advisor	31 August 2018		24/8/2018: Confirmed PR0069 has now been updated on Intranet to include legislative requirements for recruitment advertisements for senior employees.
		A template/checklist of the legislative requirements for recruitment advertisements to be included within Big Red Sky (eRecruitment system).			31 August 2018		23/8/2018: As demonstrated by HR Adviser required template/checklist has now been included within the Big Red Sky application.
Tenders for Providing Goods and Services	1. Tenders to be publicly invited (current controls rated inadequate)	Use of Microsoft Power BI reports to monitor supplier expenditure within the City i.e against tender threshold of \$150,000 as per Regulation 11(1) of the Local Government (Functions & General) Regulations.		Service Delivery Coordinator (Data and Information Unit)/DAI appointed contractor	31 August 2018	30 November 2018	29/8/2018: Email follow up carried out with relevant Data and Information (DAI) staff and Procurement Specialist (PS) on the status of the Power BI reports for monitoring supplier expenditure. Progress on these reports has stalled due to the loss of DAI staff who were working on the development of these reports. DAI Service Delivery Coordinator (SDC) has advised that he is currently scheduling information needs across the organisation. Meeting with SDC on 3/9/2018 to restate requirement and work towards a plan for implementation. 3/9/2018: Met with SDC to discuss requirements. SDC mentioned that the contract expenditure report within Power BI may be developed as part of the Finance Data Mart solution. A contractor is to be engaged in October 2018 to commence work on meeting various information needs within the City. As per request by SDC emailed PS (solution owner) on 4/9/18 to receive his OK to proceed with this development under the Finance Data Mart solution. 4/9/2018: PS emailed his approval for the development of the contract expenditure report being included as a priority with the Finance Data Mart solution. 5/9/2018: Emailed SDC to obtain a rough timeframe as to when the abovementioned contractor could complete the contract expenditure report. 13/9/2018: Email received from SDC. SDC advised that supplier/contractor should commence work at end of September 2018. Modification of Chart of Accounts is priority, else the PowerBI dashboards will not be of much use. SDC advised that "your need can be completed by end November if we can agree on a minimum set of useful requirements and try to avoid over engineering". 27/9/2018: SDC introduced abovementioned contractor to carry out required work. 15/10/2018: SDC confirmed still planned for completion by 30 November 2018. Advised currently working on some of the technical prerequisites before work can commence.

Recommendation:

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

FILE REFERENCE: P1034631
 REPORTING UNIT: Strategy and Partnership
 RESPONSIBLE DIRECTORATE: Office of the Chief Executive
 DATE: 20 October 2018
 ATTACHMENT/S: Attachment 8.5A — Organisational Capability and Compliance Assessment — Implementation Plan — Status Report (November 2018)

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	<i>Local Government Act 1995</i> <i>Regulation 17 of the Local Government (Audit) Regulations 1996</i>
Integrated Planning and Reporting Framework Implications	Strategic Community Plan Goal 8 - A city that delivers for its community
Policy	
Policy No and Name:	N/A

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.

Subsequently, the City 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 and Compliance Assessment identified 17 findings and made five 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 previously provided Implementation Plan. The purpose of this report is to provide the Audit and Risk Committee with an update on the Implementation Plan (Attachment 8.5A).

Financial Implications:

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

Comments:

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



City of Perth

Organisational Capability and Compliance Assessment

Implementation Plan – Status Report

November 2018

IMPLEMENTATION STATUS

OCCA Initiative	Responsible Business Unit	Status	Status Tracking		
Development of CPP Major undertaking and Business Plan	Commercial Parking	Progressing	OCCA – Recommendation Alignment	Recommendation 1: Clarify the City’s legislative framework and corporate governance framework to improve transparency in how legislative obligations and objectives are interpreted and applied	
			Initiative Delivery Date	Last Report Indicative Delivery Date	November 2018
				Proposed Change to Delivery Date	January 2019
			Proposed Delivery Date Change Justification	<i>Iterations and changes to initial scope required which were not included originally.</i>	
			Activities Completed (Since August Report)		
			Key Milestones to Complete Initiative	Projected Completion Timeframe	
			Final Business Plan Developed	January 2019	

			OCCA – Recommendation Alignment Recommendation 1: Clarify the City’s legislative framework and corporate governance framework to improve transparency in how legislative obligations and objectives are interpreted and applied						
			<table border="1"> <tr> <td>Initiative Delivery Date</td> <td>Last Report Indicative Delivery Date</td> <td>June 2018</td> </tr> <tr> <td></td> <td>Proposed Change to Delivery Date</td> <td><i>N/A</i></td> </tr> </table>	Initiative Delivery Date	Last Report Indicative Delivery Date	June 2018		Proposed Change to Delivery Date	<i>N/A</i>
Initiative Delivery Date	Last Report Indicative Delivery Date	June 2018							
	Proposed Change to Delivery Date	<i>N/A</i>							
			<table border="1"> <tr> <td>Proposed Delivery Date Change Justification</td> <td><i>N/A</i></td> </tr> </table>	Proposed Delivery Date Change Justification	<i>N/A</i>				
Proposed Delivery Date Change Justification	<i>N/A</i>								
OCCA Initiative	Responsible Business Unit	Status	Status Tracking						
Conduct a Legislative Compliance Review	Governance	Completed	Activities Completed						
			<ul style="list-style-type: none"> Completed and implemented (Refer Compliance Accountability Listing and Compliance Calendar). 						

			OCCA – Recommendation Alignment Recommendation 1: Clarify the City’s legislative framework and corporate governance framework to improve transparency in how legislative obligations and objectives are interpreted and applied						
			<table border="1"> <tr> <td>Initiative Delivery Date</td> <td>Last Report Indicative Delivery Date</td> <td>September 2017</td> </tr> <tr> <td></td> <td>Proposed Change to Delivery Date</td> <td><i>N/A</i></td> </tr> </table>	Initiative Delivery Date	Last Report Indicative Delivery Date	September 2017		Proposed Change to Delivery Date	<i>N/A</i>
Initiative Delivery Date	Last Report Indicative Delivery Date	September 2017							
	Proposed Change to Delivery Date	<i>N/A</i>							
			<table border="1"> <tr> <td>Proposed Delivery Date Change Justification</td> <td><i>N/A</i></td> </tr> </table>	Proposed Delivery Date Change Justification	<i>N/A</i>				
Proposed Delivery Date Change Justification	<i>N/A</i>								
OCCA Initiative	Responsible Business Unit	Status	Status Tracking						
Conduct a foundation review of all policies (Short Term Action Group Phase 1)	Governance	Completed	Activities Completed						
			<ul style="list-style-type: none"> Completed – Approved by Executive Leadership Group (ELG) 17 January 2018. Completed – Comprehensive review and summary of all council policies - 14 September 18. Completed – Risk review of Organisational Policy manual – 23 October 2018. 						

OCCA – Recommendation Alignment	Recommendation 1: Clarify the City’s legislative framework and corporate governance framework to improve transparency in how legislative obligations and objectives are interpreted and applied	
Initiative Delivery Date	Last Report Indicative Delivery Date	June 2019
	Proposed Change to Delivery Date	December 2019
Proposed Delivery Date Change Justification	<i>Organisational Policies now included in Project Scope. Risk review undertaken and ratings amended 23 October 2018. New risk review timeframes determined 23 October 2018.</i>	

OCCA Initiative	Responsible Business Unit	Status	Status Tracking	
Propose changes and initiate new policies based on Phase 1 work (Short Term Action Group Phase 2)	Governance	Progressing	Activities Completed (Since August Report)	
			<ul style="list-style-type: none"> Completed – Policy manual review report and list of recommendations provided to Manager Governance and Coordinator 26 September 2018. Completed - Policy template prepared and established. 	
			Key Milestones to Complete Initiative	Projected Completion Timeframe
			Summary of all organisational policies for website	October 2018
			Preparation of a policy handbook, including template, definitions, writing guide	November 2018
			Review of all high-risk Council policies	December 2018
			Review of all medium-risk Council policies	July 2019
			Review of all Organisational policies	October 2019
Review of all low-risk Council policies	December 2019			

			OCCA – Recommendation Alignment Recommendation 1: Clarify the City’s legislative framework and corporate governance framework to improve transparency in how legislative obligations and objectives are interpreted and applied	
			Initiative Delivery Date	Last Report Indicative Delivery Date September 2019
			Proposed Delivery Date Change Justification	Proposed Change to Delivery Date
OCCA Initiative	Responsible Business Unit	Status	Status Tracking	
Identify cross Business Unit processes	Strategy and Partnership	Progressing	Activities Completed (Since August Report)	
			<ul style="list-style-type: none"> Ideal state process for events booking identified and handed over to Customer Service for further implementation. 	
			Key Milestones to Complete Initiative	Projected Completion Timeframe
			Further identification of cross business unit processes to occur following the identification of the City’s priorities and target state services (to be completed for the Strategic Community Plan review and new Corporate Business Plan.	March 2019
			Business Transformation Office to be established to manage business process reform program.	April 2019

			OCCA – Recommendation Alignment		Recommendation 1: Clarify the City’s legislative framework and corporate governance framework to improve transparency in how legislative obligations and objectives are interpreted and applied			
			Initiative Delivery Date		Last Report Indicative Delivery Date		December 2018	
							Proposed Change to Delivery Date	
OCCA Initiative		Responsible Business Unit	Status	Status Tracking				
Define Control Frameworks and Accountabilities		Governance	Progressing	Activities Completed (Since August Report)				
				<ul style="list-style-type: none"> Risk Management Framework (Regulation 17) Validation 				
				Key Milestones to Complete Initiative			Projected Completion Timeframe	
				Implement Governance Framework			December 2018	
				Develop Fraud & Control Plan			March 2019	
Develop Compliance Policy and Framework			April 2019					

			OCCA – Recommendation Alignment Recommendation 1: Clarify the City’s legislative framework and corporate governance framework to improve transparency in how legislative obligations and objectives are interpreted and applied	
			Initiative Delivery Date	Last Report Indicative Delivery Date January 2019
				Proposed Change to Delivery Date N/A
			Proposed Delivery Date Change Justification	N/A
OCCA Initiative	Responsible Business Unit	Status	Status Tracking	
Develop on-boarding program	Human Resources	Progressing	Activities Completed (Since August Report)	
			<ul style="list-style-type: none"> Management team engaged in workshops providing valuable feedback Further workshops scheduled with Payroll, Properties and HR Pre-boarding online (CityLearn) will commence 1 November 2018 	
			Key Milestones to Complete Initiative	Projected Completion Timeframe
			On-Boarding Policy developed	December 2018
			Stakeholder Engagement with TOR	
			Communication Plan drafted	
			Development of Intranet Page	
Build on boarding program into recruitment process				
Online pre-boarding compliance training				

			OCCA – Recommendation Alignment Recommendation 1: Clarify the City’s legislative framework and corporate governance framework to improve transparency in how legislative obligations and objectives are interpreted and applied	
			Initiative Delivery Date	Last Report Indicative Delivery Date December 2018
				Proposed Change to Delivery Date N/A
			Proposed Delivery Date Change Justification	N/A
OCCA Initiative	Responsible Business Unit	Status	Status Tracking	
Define corporate compliance unit role and soft skill training/requirements	Human Resources	Completed	Activities Completed	
			<ul style="list-style-type: none"> All items have been actioned and closed out. Content to be uploaded to Learning Management System by March 2019. 	

			OCCA – Recommendation Alignment Recommendation 1: Clarify the City’s legislative framework and corporate governance framework to improve transparency in how legislative obligations and objectives are interpreted and applied	
			Initiative Delivery Date	Last Report Indicative Delivery Date December 2017
				Proposed Change to Delivery Date N/A
			Proposed Delivery Date Change Justification	N/A
OCCA Initiative	Responsible Business Unit	Status	Status Tracking	
Review delegation requirements based on new business model	Governance	Completed	Activities Completed <ul style="list-style-type: none"> Any changes to business structure will trigger a further review to ensure delegations are adequately captured. 	

OCCA – Recommendation Alignment	Recommendation 2: Complete the development of a clear organisational strategy that makes explicit strategic choices on the City's priorities and how it balances competing expectations	
Initiative Delivery Date	Last Report Indicative Delivery Date	September 2017
	Revision Delivery Date	March 2019

OCCA Initiative	Responsible Business Unit	Status	Status Tracking	
Develop Strategy Hierarchy	Strategy and Partnership	Progressing	Activities Completed	
			<ul style="list-style-type: none"> Target state consisting of reduction of existing strategies, replacing with 5 Strategic Plans, now incorporated into the current Integrated Planning and Reporting Framework. 	
			Activities Progressing	
			<ul style="list-style-type: none"> Further review of the Integrated Planning and Reporting Framework to be conducted in accordance with Special Council Meeting resolution (Item 7.1) held on 3 July 2018. Planning document audit completed October 2018. Draft planning document definition statements prepared October 2018 	
			Key Milestones to Complete Initiative	Projected Completion Timeframe
			Planning document definition statements finalised.	December 2018
			Revised Strategic Community Plan priorities to be identified and endorsed.	December 2018
Identification of issue specific or portfolio based strategies and plans (based on new Strategic Community Plan priorities).	January – March 2019 (for incorporation into 2019-20 Corporate Business Plan)			

OCCA – Recommendation Alignment	Recommendation 2: Complete the development of a clear organisational strategy that makes explicit strategic choices on the City's priorities and how it balances competing expectations	
Initiative Delivery Date	Last Report Indicative Delivery Date	December 2017
	Proposed Change to Delivery Date	N/A
Proposed Delivery Date Change Justification	N/A	

OCCA Initiative	Responsible Business Unit	Status	Status Tracking
Development of Integrated Corporate Planning and Reporting Framework	Strategy and Partnership	Completed	Activities Completed
			<ul style="list-style-type: none"> Existing Framework reviewed alongside best practice. Proposed target state consisting of reduction of existing strategies, replacing with 5 Strategic Plans. Framework implementation embedded into corporate Business Plan. Further review of the Integrated Planning and Reporting Framework to be conducted as per the 3 July 2018 Council resolution.

			OCCA – Recommendation Alignment	Recommendation 2: Complete the development of a clear organisational strategy that makes explicit strategic choices on the City’s priorities and how it balances competing expectations	
			Initiative Delivery Date	Last Report Indicative Delivery Date	September 2017
				Proposed Change to Delivery Date	<i>N/A</i>
			Proposed Delivery Date Change Justification	<i>N/A</i>	
OCCA Initiative	Responsible Business Unit	Status	Status Tracking		
Development of Organisational Business Strategy (Corporate Business Plan)	Strategy and Partnership	Completed	Activities Completed		
			<ul style="list-style-type: none"> • Review of compliance requirements and best practice. • Development of Corporate Business Plan conducted. • Briefing to Elected Members with support provided on the high level initiatives. • Corporate Business Plan endorsed by Council – December 2017. 		

Note: Revised Corporate Business Plan to be developed following the City’s revision of the Strategic Community Plan (expected March 2019)

OCCA – Recommendation Alignment	Recommendation 2: Complete the development of a clear organisational strategy that makes explicit strategic choices on the City's priorities and how it balances competing expectations	
Initiative Delivery Date	Last Report Indicative Delivery Date	June 2018
	Proposed Change to Delivery Date	N/A
Proposed Delivery Date Change Justification	N/A	

OCCA Initiative	Responsible Business Unit	Status	Status Tracking
Implementation of Integrated Corporate Planning and Reporting Framework	Strategy and Partnership	Completed	Activities Completed
			<ul style="list-style-type: none"> Existing Framework reviewed alongside best practice. Proposed target state consisting of reduction of existing strategies, replacing with 5 Strategic Plans. Framework implementation embedded into corporate Business Plan. Further review of the Integrated Planning and Reporting Framework to be conducted as per the 3 July 2018 Council resolution.

OCCA initiatives - Organisational Performance Monitoring and Reporting

- The Administration has sought to prioritise the following OCCA initiatives:
 - Develop appropriate management reports
 - Develop directorate KPIs and dashboards
 - Develop KPI framework aligned to strategic and corporate planning

- To address these initiatives, an Organisational Performance Monitoring and Reporting Framework is to be developed to provide visibility of the implementation of projects and services, business unit plans, budgets, strategies, operational plans, the Corporate Business Plan and Strategic Community Plan.
- An Organisational Performance Monitoring and Reporting Officer was appointed in October 2018 to manage this project.
- The project will include the development of a Key Performance Indicator (KPI) Framework, organisational KPIs and monitoring and reporting tools. The Western Australian State Government's Outcome Based Management Framework and the Western Australian Treasurer's Instruction 904 (Key Performance Indicators) will be used to inform the City's Framework. This will improve performance monitoring consistency with the State Government which will aid in the City's new audit process introduced with the commencement of Auditor General auditing.
- The Framework will also be informed by the Public Service Commission Accountability Map to ensure openness, accountability and transparency.
- The project will initially deliver a suite of standardised management reports based on currently available data. The project will also review data availability and make recommendations for data enhancements. The management reports will be updated as data availability improves.
- The project will :
 - provide a framework for the establishment of performance indicators and targets;
 - improve the transparency of the City's performance in its implementation of projects, services, plans and strategies;
 - establish and embed a strong performance and project management culture throughout the organisation;
 - underpin how information, data and business intelligence is used within the City in order to drive service improvement and monitor performance; and
 - ensure that decisions are being made based on robust evidence, supported by accurate and up to date management information.

- Implementation milestones will include the following:
 - Development of Organisational Performance Monitoring and Reporting Framework;
 - Development of KPIs and measures against outcomes, objectives and service performance as part of the business planning process;
 - Document methodology and frequency for each measure;
 - Development of reporting and dashboards at all levels of the organisation to monitor business plan performance;

- Development of standard templates for monthly reporting;
 - Develop templates and process for quarterly review;
 - Develop templates and process for annual review; and
 - Design of revised annual report and associated communications to attract the wider community.
- The project implementation schedule is currently being finalised. This is based on the schedule for revising the strategic community plan and corporate business plan and the development of individual unit's business plans to ensure all objectives, outcomes and services can be monitored.

OCCA Initiative	Responsible Business Unit	Status	Status Tracking		
Develop appropriate Management Reports (Short Term Action Group)	Strategy and Partnership	Progressing	Activities Completed		
			<ul style="list-style-type: none"> Organisational Performance Monitoring and Reporting Officer appointed October 2018 City of Perth Quarterly Performance Report template developed October 2018 		
			Key Milestones to Complete Initiative	Projected Completion Timeframe	
			City of Perth September Quarterly Performance Report	November 2018	
			Development of standardised management report suite including (but not limited to): <ul style="list-style-type: none"> Monthly business unit report Directorate report Strategy delivery report Portfolio specific reports eg. finance, asset management etc. 	June 2019	
			OCCA – Recommendation Alignment	Recommendation 2: Complete the development of a clear organisational strategy that makes explicit strategic choices on the City’s priorities and how it balances competing expectations	
			Initiative Delivery Date	Last Report Indicative Delivery Date	June 2019
				Proposed Change to Delivery Date	
			Proposed Delivery Date Change Justification		

			OCCA – Recommendation Alignment	Recommendation 2: Complete the development of a clear organisational strategy that makes explicit strategic choices on the City’s priorities and how it balances competing expectations	
			Initiative Delivery Date	Last Report Indicative Delivery Date	June 2019
				Proposed Change to Delivery Date	
			Proposed Delivery Date Change Justification		
OCCA Initiative	Responsible Business Unit	Status	Status Tracking		
Develop Directorate KPIs and dashboards	Strategy and Partnership	Progressing	Activities Completed		
			<ul style="list-style-type: none"> • Directorate KPIs established based on 2017-18 Corporate Business Plan • The Microsoft Power BI (Business Intelligence) platform established. • A number of online data reports created, including Health and Activity Approvals and Development Approvals. 		
			Key Milestones to Complete Initiative		Projected Completion Timeframe
			Phase 1 dashboard development: <ul style="list-style-type: none"> ○ Review of existing KPI dashboards; ○ Audit of data available. 		Organisational Performance Monitoring and Reporting Framework project implementation schedule to be approved by 30/11/2018
			Phase 2 dashboard development: <ul style="list-style-type: none"> ○ Develop KPIs following the development of the revised strategic community plan and corporate business plans. 		
Phase 3 dashboard development: Develop business unit, directorate and corporate dashboards based on revised KPIs.					

OCCA Initiative	Responsible Business Unit	Status	Status Tracking		
Development of KPI framework aligned to Strategic and Corporate Reporting (Hierarchy and Structure)	Strategy and Partnership	Progressing	Activities Completed		
			<ul style="list-style-type: none"> Organisational Performance Monitoring and Reporting project commenced October 2018 Organisational Performance Monitoring and Reporting Officer appointed October 2018 		
			Key Milestones to Complete Initiative	Projected Completion Timeframe	
			KPI Framework developed to inform business unit, directorate, strategy and portfolio KPIs.	June 2019	
			OCCA – Recommendation Alignment	Recommendation 2: Complete the development of a clear organisational strategy that makes explicit strategic choices on the City's priorities and how it balances competing expectations	
			Initiative Delivery Date	Last Report Indicative Delivery Date	June 2019
				Proposed Change to Delivery Date	
			Proposed Delivery Date Change Justification		

			OCCA – Recommendation Alignment	Recommendation 2: Complete the development of a clear organisational strategy that makes explicit strategic choices on the City’s priorities and how it balances competing expectations	
			Initiative Delivery Date	Last Report Indicative Delivery Date	October 2018
				Proposed Change to Delivery Date	March 2019
			Proposed Delivery Date Change Justification	New corporate planning process to be developed as part of the Strategic Review and reform project.	
OCCA Initiative	Responsible Business Unit	Status	Status Tracking		
Develop Corporate Planning Calendar	Strategy and Partnership	Progressing	Activities Completed (Since August Report)		
			<ul style="list-style-type: none"> Corporate Planning Calendar developed March 2018 		
			Key Milestones to Complete Initiative		Projected Completion Timeframe
			Revised Corporate Planning process to be developed.		March 2019
			New corporate planning calendar.		March 2019

OCCA Initiative		Responsible Business Unit	Status	Status Tracking	
OCCA – Recommendation Alignment Recommendation 3: Based on a clear organisational strategy, make deliberate choices about the organisation’s business future		Initiative Delivery Date Last Report Indicative Delivery Date September 2017 Proposed Change to Delivery Date N/A Proposed Delivery Date Change Justification N/A		Activities Completed	
				<ul style="list-style-type: none"> • Short Term Action Group initiated. • Terms of Reference and Outputs required completed. • Organisational service audit conducted and database created. • Presentation to the Executive Leadership Group on findings completed. • Outputs from Short Term Action Group used as input into the Target Business Model process. 	
Conduct a foundation review of all City of Perth Services (Short Term Action Group Phase 1)		Strategy and Partnership	Completed		

			OCCA – Recommendation Alignment	Recommendation 3: Based on a clear organisational strategy, make deliberate choices about the organisation’s business future		
			Initiative Delivery Date	Last Report Indicative Delivery Date	September 2017	
				Proposed Change to Delivery Date	<i>N/A</i>	
			Proposed Delivery Date Change Justification	<i>N/A</i>		
OCCA Initiative	Responsible Business Unit	Status	Status Tracking			
Conduct ELG Strategic Priority Setting/Workshops	Strategy and Partnership	Completed	Activities Completed			
			<ul style="list-style-type: none"> • Baseline information collated. • Facilitation methodology created and signed off by the Executive Leadership Group. • Workshop conducted. • Outcome of workshop guided development of Corporate Business Plan. 			

			OCCA – Recommendation Alignment	Recommendation 3: Based on a clear organisational strategy, make deliberate choices about the organisation’s business future		
			Initiative Delivery Date	Last Report Indicative Delivery Date	December 2018	
				Proposed Change to Delivery Date	N/A	
			Proposed Delivery Date Change Justification	N/A		
OCCA Initiative	Responsible Business Unit	Status	Status Tracking			
Review Customer Channels	Customer Service	Progressing	Activities Completed (Since August Report)			
			<ul style="list-style-type: none"> • Implementation of Internal and External Customer Charter – August 2018 • Live Chat Trial Proposal – September 2018 • Experience Service Action Plan (2018 – 2020) – September/October 2018 • Customer Perceptions Survey RFQ Released – October 2018 • Quality of Service Delivery Report – October 2018 			
			Key Milestones to Complete Initiative		Projected Completion Timeframe	
			Finalise Perception Survey Results		December 2018	
			Complete Live Chat Trial		December 2018	
			Present Recommendations/Outcomes to ELG		December 2018	

			OCCA – Recommendation Alignment	Recommendation 3: Based on a clear organisational strategy, make deliberate choices about the organisation’s business future		
			Initiative Delivery Date	Last Report Indicative Delivery Date	August 2018	
				Proposed Change to Delivery Date	March 2019	
			Proposed Delivery Date Change Justification	New model to be developed as part of the City’s strategic review		
OCCA Initiative	Responsible Business Unit	Status	Status Tracking			
Develop Target Business Model	Strategy and Partnership	Progressing	Activities Completed			
			<ul style="list-style-type: none"> 2017 Target Business Model implementation ceased on appointment of Commissioners 			
			Key Milestones to Complete Initiative		Projected Completion Timeframe	
			Revised Target Business Model to be developed as part of the City’s strategic review and based on the new Corporate Business Plan (expected March 2019).		March 2019	

			OCCA – Recommendation Alignment	Recommendation 4: Strengthen the City’s operating model design, aligning in-flight and planned work towards a common and consistent target state	
			Initiative Delivery Date	Last Report Indicative Delivery Date	September 2017
				Proposed Change to Delivery Date	<i>N/A</i>
			Proposed Delivery Date Change Justification	<i>N/A</i>	
OCCA Initiative	Responsible Business Unit	Status	Status Tracking		
Develop a Decision-Making Matrix for operational decision-making abilities (Short Term Action Group)	Governance	Completed	Activities Completed		
			<ul style="list-style-type: none"> • Short Term Action Group initiated and draft report completed. • Terms of Reference and Outputs required completed. • Organisational Decision making audit conducted. • Presentation to the Executive Leadership Group on findings and proposed structure completed. • Implementation timeframe to be assessed in line with Target Business Model activities. • Further refinement of operational decision making and controls to be developed during 2018. 		

Note: As part of the Strategic Review and Reform Project, further decision-making processes and tools will be developed to guide future budget planning and implementation of the Strategic Community Plan and Corporate Business Plan. This includes the process, guidelines and tools for decisions regarding the development of strategies and plans (including business unit plans and the Corporate Business Plan), the initiation and funding of projects (both capital and operational) and the establishment of new services or alterations to the service level of existing services.

			OCCA – Recommendation Alignment		Recommendation 4: Strengthen the City’s operating model design, aligning in-flight and planned work towards a common and consistent target state					
			Initiative Delivery Date		Last Report Indicative Delivery Date		December 2018			
							Proposed Change to Delivery Date		N/A	
			Proposed Delivery Date Change Justification		N/A					
OCCA Initiative			Responsible Business Unit		Status		Status Tracking			
Clarify Position Description Structure and role titles for consistency			Human Resources		Progressing		Activities Completed (Since August Report)			
							<ul style="list-style-type: none"> Commenced standardisation of titles across all Positions Descriptions 			
							Key Milestones to Complete Initiative		Projected Completion Timeframe	
							Project Plan Developed		June 2018	
							Transfer of Existing PDs to new Template		June 2018	
							Standardisation of Titles		September 2018	
							Handover PD maintenance to HRAs		November 2018	

			OCCA – Recommendation Alignment	Recommendation 4: Strengthen the City’s operating model design, aligning in-flight and planned work towards a common and consistent target state		
			Initiative Delivery Date	Last Report Indicative Delivery Date	December 2018	
				Proposed Change to Delivery Date	June 2019	
			Proposed Delivery Date Change Justification	<i>Strategic Review and Reform project enacted, with greater scope than initially identified.</i>		
OCCA Initiative	Responsible Business Unit	Status	Status Tracking			
Align roles and responsibility to services	Human Resources/ Strategy and Partnership	Progressing	Activities Completed (Since August Report)			
			<ul style="list-style-type: none"> Phase One completed (Positions Descriptions standardisation) Handover of Position Description maintenance to HR Team 			
			Key Milestones to Complete Initiative		Projected Completion Timeframe	
			Standardisation of Position Descriptions		November 2018	
			Service Review component of the Strategic Reform Project		November 2018	
Realignment of roles and responsibilities to services		June 2019				

OCCA – Recommendation Alignment	Recommendation 4: Strengthen the City’s operating model design, aligning in-flight and planned work towards a common and consistent target state	
Initiative Delivery Date	Last Report Indicative Delivery Date	September 2018
	Proposed Change to Delivery Date	April 2019
Proposed Delivery Date Change Justification	<i>Presentation of the Strategy to ELG delayed until all key stakeholders are available. Finance resource tasked with systems review has resigned and will not be replaced. This work will now need to be prioritised by IT. The timeline will also be impacted by the review of the ERP strategy as the original delivery date assumed an upgrade to existing systems.</i>	

OCCA Initiative	Responsible Business Unit	Status	Status Tracking	
Review the Procurement model and System	Finance	Progressing	Activities Completed (Since August Report)	
			<ul style="list-style-type: none"> Procurement Strategy completed 	
			Key Milestones to Complete Initiative	Projected Completion Timeframe
			Procurement Strategy	August 2018
			ELG Endorsement of Procurement Strategy	October 2018
			Procurement Strategy Commissioner Briefing	November 2018
			Business transformation – procurement work package	April 2019

			OCCA – Recommendation Alignment	Recommendation 5: Align the leadership in support of the transformational change		
			Initiative Delivery Date	Last Report Indicative Delivery Date	July 2017	
				Proposed Change to Delivery Date	<i>N/A</i>	
			Proposed Delivery Date Change Justification	<i>N/A</i>		
OCCA Initiative	Responsible Business Unit	Status	Status Tracking			
Establish OCCA Management Office for oversight and delivery of OCCA response	Strategy and Partnership	Completed	Activities Completed			
			<ul style="list-style-type: none"> • Office Terms of Reference created and signed off by the Executive Leadership Group. • Governance structure created. • Internal human resources repurposed to become the OCCA Management Office. • Office decommissioned in December 2017, with implementation of OCCA decentralised into technical areas of expertise, with oversight assigned to Strategy and Partnership Unit. 			

			OCCA – Recommendation Alignment	Recommendation 5: Align the leadership in support of the transformational change		
			Initiative Delivery Date	Last Report Indicative Delivery Date	November 2017	
				Proposed Change to Delivery Date	N/A	
			Proposed Delivery Date Change Justification	N/A		
OCCA Initiative	Responsible Business Unit	Status	Status Tracking			
Conduct ELG workshops on key elements – Strategic Priorities; Corporate Strategy/Business Plan; Target Business Model	Strategy and Partnership	Completed	Activities Completed			
			<ul style="list-style-type: none"> Workshops in August, September and October completed with outcomes providing input into the development of the Corporate Business Plan and Target Business Model 			

Note: ELG Strategic Direction Setting workshops (including scenario planning) to be incorporated into new strategic planning process and corporate planning calendar to be developed as part of the Strategic Review and Reform Project.

			OCCA – Recommendation Alignment	Recommendation 5: Align the leadership in support of the transformational change	
			Initiative Delivery Date	Last Report Indicative Delivery Date	September 2017
				Proposed Change to Delivery Date	<i>N/A</i>
			Proposed Delivery Date Change Justification	<i>N/A</i>	
OCCA Initiative	Responsible Business Unit	Status	Status Tracking		
Conduct organisational culture survey	Human Resources	Completed	Activities Completed		
			<ul style="list-style-type: none"> • Office Terms of Reference created and signed off by the Executive Leadership Group. • Governance structure created. • Internal human resources repurposed to become the OCCA Management Office. • Office decommissioned in December 2017, with implementation of OCCA decentralised into technical areas of expertise, with oversight assigned to Strategy and Partnership Unit. • Survey conducted in 2017, with annual survey program to be implemented. 		

			OCCA – Recommendation Alignment	Recommendation 5: Align the leadership in support of the transformational change		
			Initiative Delivery Date	Last Report Indicative Delivery Date	December 2018	
				Proposed Change to Delivery Date	<i>N/A</i>	
			Proposed Delivery Date Change Justification	<i>N/A</i>		
OCCA Initiative	Responsible Business Unit	Status	Status Tracking			
Develop and deliver culture refresh program	Human Resources	Completed	Activities Completed			
			<ul style="list-style-type: none"> • Values Training conducted • Change Champions “Values Vouchers” initiative launched • Change Champions presentation of teal lanyards • Develop revised Organisational Values • Communications and Launch Plans • Embedded Values into Annual Performance Shaping • Embedded Values into Position Descriptions • Revised Change Champions Terms of Reference 			