



CITY of PERTH

Lord Mayor and Councillors,

NOTICE IS HEREBY GIVEN that the next meeting of the **Audit and Risk Committee** will be held in Committee Room 1, Ninth Floor, Council House, 27 St Georges Terrace, Perth on **Monday, 9 May 2016 at 4.30pm.**

Yours faithfully

MARTIN MILEHAM
CHIEF EXECUTIVE OFFICER

5 May 2016

Committee Members:

Members:	1st Deputy:	2nd Deputy:
The Lord Mayor		
Cr Davidson OAM JP	Cr Adamos	Cr Harley
Cr Green		
Mr Linden (Independent Member)	N/A	N/A

Please convey apologies to Governance on 9461 3250 or by email to governance@cityofperth.wa.gov.au

EMERGENCY GUIDE

Council House, 27 St Georges Terrace, Perth



CITY of 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



Assembly Area

Alternate Assembly Area

AUDIT AND RISK COMMITTEE

Established: 11 May 2010

Members:	1st Deputy:	2nd Deputy:
The Lord Mayor, Scaffidi (Presiding Member)	Cr Adamos	Cr Harley
Cr Davidson OAM JP		
Cr Green		
Mr Linden (Independent Member)	N/A	N/A

Quorum: Two
Expiry: October 2017

TERMS OF REFERENCE:

[Adopted OCM 24/11/15]

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

(Cont'd)

- 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;
 - minimises the risk of error, fraud, misconduct or corruption; and
- iii. the efficiency and effectiveness on achievement of objectives.

d. Legislative Compliance

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

e. Internal and External Audit Planning and Reporting

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

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

This meeting is open to members of the public.

INFORMATION FOR THE PUBLIC ATTENDING COMMITTEE MEETINGS

Question Time for the Public

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

AUDIT AND RISK COMMITTEE

9 MAY 2016

ORDER OF BUSINESS

1. Declaration of Opening
2. Apologies and Members on Leave of Absence
3. Question Time for the Public
4. Confirmation of Minutes – 22 February 2016
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*, the meeting will be required to be closed to the public prior to discussion of the following:

Item & Schedule No.	Item No. & Title	Reason
Schedule 2	Item No. 1 – Risk Management Update – May 2016	Section 5.23(2)(e)(ii)
Schedule 3	Item No. 2 – Internal Audit 2015/16 – Petty Cash Review	Section 5.23(2)(f)(i)
Schedule 4	Item No. 3 – Internal Audit 2015/16 – Information Security Review	Section 5.23(2)(f)(i)
Item 4 and Schedule 5	Item No. 4 – City of Perth Internal Audit Plan 2016/17	Section 5.23(2)(a)
Schedule 6	Item No. 5 – Outstanding Internal Audit Recommendations – May 2016	Section 5.23(2)(a)

Confidential reports and schedules are distributed to Elected Members under separate cover.

8. Reports
9. Motions of which Previous Notice has been Given

(Cont'd)

10. General Business

10.1 Responses to General Business from a Previous Meeting
Nil

10.2 New General Business

11. Items for Consideration at a Future Meeting

Outstanding Items:
Nil

12. Closure

INDEX OF REPORTS

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ITEM NO: 1

RISK MANAGEMENT UPDATE – MAY 2016

RECOMMENDATION:

(INFORMATION)

That Council receives the report titled Risk Management Update – May 2016

BACKGROUND:

FILE REFERENCE: P1013822-3 TRIM
REPORTING UNIT: Governance
RESPONSIBLE DIRECTORATE: Corporate Services
DATE: 13 April 2016
MAP / SCHEDULE: Schedule 1 – Update on High and Extreme Risks
Confidential Schedule 2 – LGIS Service Proposal

In accordance with Section 5.23(2)(e)(ii) of the *Local Government Act 1995*, this Schedule is confidential and has been distributed to the Elected Members under separate cover.

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**
Council Four Year Priorities: Capable and responsive organisation
S18 Strengthen the capacity of the organisation

Policy

Policy No and Name: 19.1 - Enterprise Risk Management

DETAILS:

Policy and Framework

The City is committed to a culture of risk management, where risk is considered at three levels; strategic, operational and project. Operational and Strategic Risks are currently housed in the City's risk management system (RMSS) and are reviewed on an annual basis as part of the Business Planning Process. Project level risks are managed by relevant staff in the delivery of the projects, and where relevant are documented within specific service areas.

The Enterprise Risk Management Policy 19.1 states the purpose of risk management being:

“To protect the community, the City of Perth and its workers against foreseeable risks through developing a whole of enterprise culture of risk awareness, plans that reduce our risk exposure and systems that provide information to assist in informed decision making, maximising asset potential and enhancing community wellbeing.”

Under the framework the Audit and Risk Committee has the responsibility for the systems and processes for risk management in line with the *Local Government (Audit) Regulations 1996*. The framework states that strategic and high level operational risks will be reported to the Audit and Risk Committee and Council on a six monthly basis. Schedule 1 fulfils the reporting requirements of the framework.

ORGANISATIONAL RISK MATURITY ASSESSMENT

BACKGROUND:

The City conducted an Organisational Risk Maturity Assessment in 2012. Following the assessment the City developed and implemented a Risk Management Framework. As part of the rollout of the framework, the following milestones were achieved:

- Development of a Risk Management Program comprised of policy, framework documents and handbook – complimented by risk management procedures, guidelines and manuals;
- Development of Operational and Strategic Risk Registers;
- Establishment of the Risk Management Taskforce and supporting working groups;
- Purchase and implementation of RMSS – Risk Monitoring and Reporting System; and
- Development of a Business Continuity Framework.

With the recent organisational restructure and City of Perth Act coming into effect 1 July 2016, the City is conducting an organisational risk maturity assessment of the framework, risk culture and systems to get a measure of the effectiveness and maturity of the Enterprise Risk Management Program over the past four years. An understanding of the effectiveness of the risk program will enable the City to plan for uncertainties and strengthen risk mitigation strategies.

The assessment will be designed to assist the City generate the requirements to improve risk management competencies. The City will look to benchmark its risk management practices to the relevant Australian risk standard in order to identify the Enterprise Risk Management Program’s maturity level, strengths and weaknesses, and next steps in the evolution of the program for the next 6 – 18 months.

The intention is to conduct maturity assessments on the City’s Risk Management Framework and Risk Culture every 2 years so as to have the outcomes of the

assessments included in the requirements of *Regulation 17 (Local Government (Audit) Regulations 2013*;

“17. CEO to review certain systems and procedures

(1) The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to —

- (a) risk management; and*
- (b) internal control; and*
- (c) legislative compliance.*

(2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.

(3) The CEO is to report to the audit committee the results of that review.”

DETAILS:

The maturity assessment has the following objectives:

- Assessment of the City against the 11 risk management principles prescribed in *AS/NZ ISO 31000:2009 Risk Management Principles & Guidelines* (the Standard).
- Assessment of the City’s risk management culture, practices and processes against the endorsed Risk Management Framework

The assessment will be conducted jointly by Local Government Insurance Services (LGIS) and the City’s Risk Management Coordinator (RMC) as per attached Schedule 2.

LGIS provides risk management, insurance and well-being solutions specifically for WA Local Governments through the pooled insurance scheme. LGIS also provide ongoing support to WA Local Governments, including the City of Perth, in Events Management, Safety and Health, Risk Management and Business Continuity and these services are part funded by the scheme.

Recent examples of LGIS working with the City on risk management projects includes:

- Facilitation of City of Perth Skyworks Emergency Management Exercise;
- Contractor Awareness Training;
- Health and Wellbeing Programme;
- Investigation of Critical Incidents;
- Event Risk Management Training; and
- Public Liability Site Reviews and provision of OSH Services.

The benefits of undertaking this proposal from LGIS are that the cost will be at a minimum and the training provided will be entirely funded by the scheme thereby providing greater value for money to the City.

The 11 principles prescribed in the Standard to be assessed being;

1. Risk management creates and protects value.
2. Risk management is an integral part of all organisational processes.
3. Risk management is part of decision making.
4. Risk management explicitly addresses uncertainty.
5. Risk management is systematic, structured and timely.
6. Risk management is based on the best available information.
7. Risk management is tailored.
8. Risk management takes human and cultural factors into account.
9. Risk management is transparent and inclusive.
10. Risk management is dynamic, iterative and responsive to change.
11. Risk management facilitates continual improvement of the organisation.

COMMENTS:

The maturity assessment will contribute towards the continuous review and improvement of the City's Risk Management Framework as per Figure 1 below.



Figure 1

Following the assessment, LGIS will deliver a presentation of the assessment findings at the City's Corporate OSH and Risk Committee to be held on 13 July 2016 and to the Audit and Risk Committee meeting to be held on 8 August 2016.

Concurrent to the risk management maturity assessment, the City will be looking to completing the development of its Business Continuity Planning Framework by the end of the current financial year.

The project to design and set up Citiplace as the alternate site for Council House is ongoing with the following milestones to be achieved;

- Funding approved to commence the setup of infrastructure (including IT infrastructure) at Citiplace in the February Budget review with completion due June 2016.
- Procurement of IT Hardware (Phone and Computers etc.) to be undertaken with completion due September 2016.

Testing of the completed location business continuity plans and the Council House alternate site will be conducted in the upcoming financial year, with the outcomes of the testing incorporated into the work plan for implementing the recommendations of the risk management maturity assessment.

UPDATE ON HIGH AND EXTREME RISKS

At the Audit and Risk Committee meeting held on 22 February 2016, it was requested that the Committee Members be provided with an update of the

organisation's high & extreme risks. The update was provided through a Memo (*Update on High and Extreme risks*) to members of the committee on 8 March 2016.

Under the City's Enterprise Risk Management Framework, the Audit and Risk Committee has the responsibility for the overseeing of the City's systems and processes for risk management in accordance with regulation 17 of the *Local Government (Audit) Regulations 2013*.

The framework states that high and extreme strategic and operational risks will be reported to the Audit and Risk Committee and Council on a six monthly basis. Schedule 1 (*Update on High and Extreme risks*) fulfils this commitment and provides the risk updates to the committee for discussion.

FINANCIAL IMPLICATIONS:

ACCOUNT NO:	75B21000-7230
BUDGET ITEM:	Risk Management
BUDGET PAGE NUMBER:	X
BUDGETED AMOUNT:	\$3,870
AMOUNT SPENT TO DATE:	\$ 0
PROPOSED COST:	\$3,870
BALANCE:	\$3,870
ANNUAL MAINTENANCE:	N/A
ESTIMATED WHOLE OF LIFE COST:	\$3,870

All figures quoted in this report are exclusive of GST.

Each risk identified may have its own financial implications which will be the subject of normal budget consideration.

COMMENTS:

Existing controls continue to be implemented to mitigate the risks in this report, with the City looking to undertake regular reviews of the controls and the risk ratings. All HIGH and EXTREME risks will continue to be reported to this committee. The City will be conducting a complete review of all Strategic and Operational risks in the new financial year as part of the Business Planning Process.

Update on High and Extreme Risks

Under the City's Enterprise Risk Management Framework, the Audit and Risk Committee has the responsibility for the overseeing of the City's systems and processes for risk management in accordance with regulation 17 of the *Local Government (Audit) Regulations 1996*. The framework states that strategic and high level operational risks will be reported to the Audit and Risk Committee and Council on a six monthly basis.

22 Strategic Risks and 437 operational risks currently sit on the City's risk registers. All risks have been rated using the City's risk matrix and compiled on the City's Risk System RMSS.

As at 2 May 2016, there are:

0 EXTREME risks
 6 HIGH risks
 283 MEDIUM risks
 170 LOW risks

Updates on the identified HIGH / EXTREME risks are detailed below.

Risk Update: Shifting of costs from other sectors onto the City

Risk Owner: Manager Finance

Risk ID	Risk Statement	Existing Controls	Risk Rating
78	Shifting of costs from other sectors onto the City resulting in financial impacts or affecting service delivery	Monitoring of government policy direction	High (5)

Comment: This risk was previously identified as high, however the net financial impact on the City's service delivery is at a minimum and is manageable. This risk is to be reviewed and will reflect a more appropriate rating.

Risk Update: Insufficient revenue generated from Elizabeth Quay (EQ) for servicing and maintenance.

Risk Owner: Manager Finance

Risk ID	Risk Statement	Existing Controls	Risk Rating
83	Revenue generated from EQ (MRA contribution + Rates) insufficient to cover maintenance and servicing of EQ.	<ul style="list-style-type: none"> ▪ Agreement with Metropolitan Redevelopment Authority (MRA) ▪ Monitoring of costs of servicing and maintaining EQ 	High (5)

		<ul style="list-style-type: none"> Modelling of cash flows for the precinct (rates revenue + funding vs costs of serving and maintenance) 	
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Comment: The City is continuing to negotiate with the MRA on how the site will be maintained and serviced. The modelling of the cash flows is continuously adjusted accordingly in consultation with the MRA. Current rates generated on the precinct are insufficient to fund the maintenance and servicing of the precinct. This risk remains high as there is still a level of uncertainty around the EQ development timelines and the effect of State Government policies of which the City has no control over.

Risk Update: Non-disclosures of gifts and travel by staff and Elected Members

Risk Owner : Manager Governance

Risk ID	Risk Statement	Existing Controls	Risk Rating
1092	Non-disclosures of gifts and travel by staff and Elected Members leading to investigations or findings against the City resulting in reputational harm.	<ul style="list-style-type: none"> Enhanced Governance practices Policies and Procedures around gifts and travel disclosures Training and induction for new employees and Elected Members on gift and travel disclosures Awareness raising sessions with staff and Elected Members Monitoring of legislative amendments to the LG Act and regulations. 	High (5)

Comment: This risk has largely been elevated as a result of media and compliance matters related to historical practices and processes. Significantly improved Governance processes and awareness have been implemented in recent years. The process is currently being reviewed once more in-line with legislative amendments being introduced by Parliament surrounding the disclosure of gifts & travel which will provide additional risk mitigation.

Risk Update: Reduction in Parking revenue

Risk Owner: Manager Commercial Parking

Risk ID	Risk Statement	Existing Controls	Risk Rating
108	Parking revenue decreases leading to revenue loss for the	<ul style="list-style-type: none"> Market research done every 2 years 	High (5)

	City	<ul style="list-style-type: none"> ▪ The Commercial Parking Unit is currently looking at other sources of alternate revenue streams (other LGs, State agencies and private sector) ▪ Annual budgeting based on projected increases in parking levies. ▪ Liaison with officials with regards to parking levies 	
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Comment: This risk remains high as there is decreasing patronage for the City’s car parks, with increased competition from commercial parking operators. There has also been a reduction in revenue from on-street parking as a result of the prolonged street works within the CBD. To address these uncertainties, the Commercial Parking Unit is investigating alternate revenue streams through the offering of parking and reconciliation services to other local Councils, government bodies and private industries. The City already provides a service to the Town of Victoria Park, the benefits for Councils is that they do not need to go out to Tender if they choose to contract with the City.

Risk Update: Occurrence of a significant OSH incident

Risk Owner: Manager Human Resources

Risk ID	Risk Statement	Existing Controls	Risk Rating
1123	Occurrence of a significant OSH incident	<ul style="list-style-type: none"> ▪ OSH induction training for new employees ▪ OSH policies and procedures ▪ OSH & Risk Committee ▪ Directorate OSH & Risk Group meetings ▪ Workplace safety inspections systematically controlled on RMSS ▪ Risk assessments on high risk work ▪ Job Safety Analysis ▪ Safe work statements ▪ PPE procedures 	High (5)

Comment: The City is continuously reviewing and monitoring the City’s OSH culture and systems. Work is ongoing to finalise the City’s OSH Strategic Plan to complement the existing controls over the next 3 years. Once approved the OSH Strategic Plan will be implemented in conjunction with the OSH Safety Management

Plan, with a focus on education, awareness and positive influence on the City's OSH culture. This risk remains high, as the uncertainty of human behaviour is factored into the risk rating. The risk will continue to be monitored with the plan of reviewing it upon completion of the whole of City OSH Audit to be conducted later in the year.

Risk Update: Inadequate Condition Rating of City Assets

Risk Owner: Manager Properties

Risk ID	Risk Statement	Existing Controls	Risk Rating
1053	Inadequate Condition Rating of City Building Assets to enable appropriate asset renewal and maintenance.	<ul style="list-style-type: none"> ▪ Adhoc inspections ▪ Property maintenance helpdesk system (Hansen) ▪ The City is currently engaging potential surveyors to undertake a portfolio wide condition assessment of building assets ▪ The IT business unit is conducting a business analysis to obtain specifications for the procurement of a property management system ▪ Feedback from occupants of City buildings 	High (5)

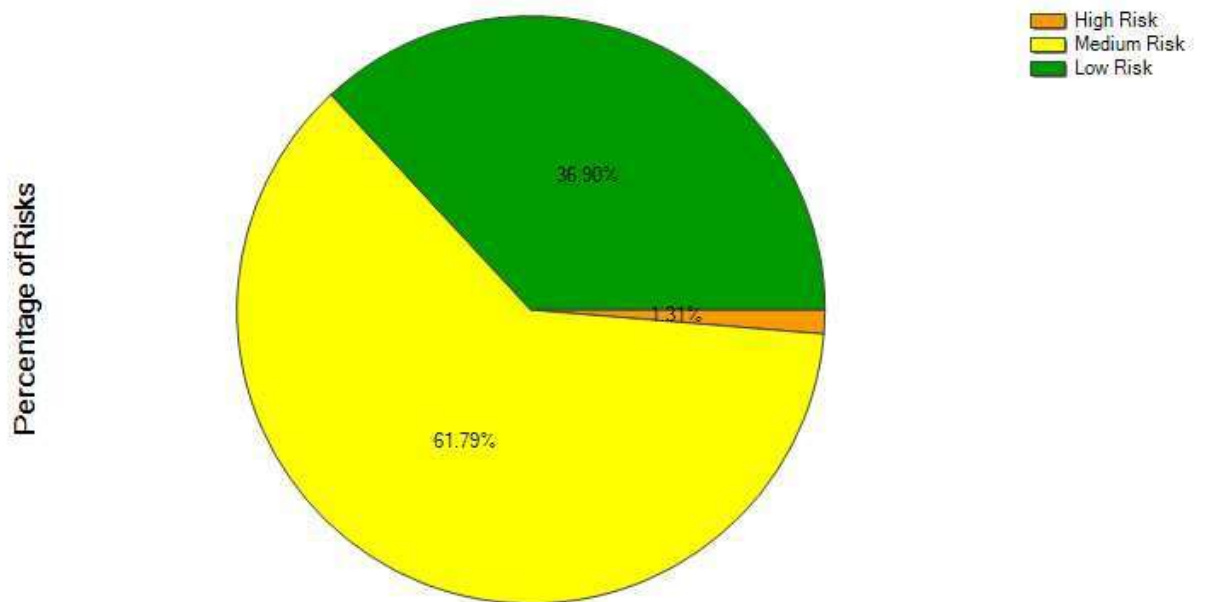
Comment: Five organisations have been engaged by Property Maintenance to provide a proposal of the scope and price for undertaking a comprehensive condition assessment of the portfolio. The City is currently interviewing these organisations with a view to engage one to undertake the work. At present the timescale for the collection of this data is unknown and will be part of the assessment criteria. Once this data has been obtained the City will then be in a position to understand the potential back log maintenance liability and any under investment that has been occurring in the past.

Risk Profile

The distribution of risk ratings for both strategic and operational risks throughout the organisation is shown in the following risk matrix and pie chart.

The pie chart demonstrates the overall image of the City's risk categorised into Low, Medium, High and Extreme risks. As indicated by the pie graph the City is proactively managing its risks with no risks rated as Extreme and only 1.31% rated as High.

Detailed information on each of the organisational risks including the risk causes, consequences and relevant risk actions is provided for in RMSS.



HIGH Risks – 1.31%
MEDIUM Risks – 61.79%
LOW Risks – 36.90%

Figure 1: Distribution of risk ratings as at May 2016



Residual Risk Matrix

		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood	Almost Certain	7 Risk(s)	M	H	E	E
	Likely	7 Risk(s)	23 Risk(s)	3 Risk(s)	E	E
	Moderate	15 Risk(s)	58 Risk(s)	45 Risk(s)	3 Risk(s)	E
	Unlikely	5 Risk(s)	57 Risk(s)	68 Risk(s)	24 Risk(s)	H
	Rare	9 Risk(s)	23 Risk(s)	60 Risk(s)	28 Risk(s)	24 Risk(s)

L	Low	Low level residual risks generally do not need to be treated, however they should be recorded in the risk register and reviewed periodically to determine if the level of risk has changed.
M	Medium	Medium level residual risks should be treated if it is practical and cost effective to do so.
H	High	All extreme and high rated residual risks are to be immediately treated (where practical to do so) and will be reported to the Risk Management Task Force with treatment solutions.
E	Extreme	All extreme and high rated residual risks are to be immediately treated (where practical to do so) and will be reported to the Risk Management Task Force with treatment solutions.

Figure 2: Risk Matrix

CONFIDENTIAL SCHEDULE 2
ITEM 1 – RISK MANAGEMENT UPDATE – MAY 2016

FOR THE AUDIT AND RISK COMMITTEE MEETING

9 MAY 2016

DISTRIBUTED TO ELECTED MEMBERS UNDER
SEPARATE COVER

ITEM NO: 2

INTERNAL AUDIT 2015/16 – PETTY CASH REVIEW

RECOMMENDATION:

(APPROVAL)

That Council approves the audit of existing controls and practices relating to management of petty cash within the City of Perth as part of the Internal Audit Plan 2015/16 as detailed in Confidential Schedule 3.

BACKGROUND:

FILE REFERENCE: P102969-8
REPORTING UNIT: Internal Audit
RESPONSIBLE DIRECTORATE: Corporate Services
DATE: 13 April 2016
MAP / SCHEDULE: Confidential Schedule 3 – Petty Cash Review March 2016 (distributed to Elected Members under separate cover)

In accordance with Section 5.23(2)(f)(i) of the *Local Government Act 1995*, this Schedule is confidential and has been distributed to the Elected Members under separate cover.

The City of Perth Internal Audit Plan 2015/16 was approved by Council at its meeting held on **9 June 2015**.

As part of the City's 2015/16 Internal Audit Plan, an audit of existing controls and practices relating to management of petty cash was carried out in March 2016. Confidential Schedule 3 details the findings of this audit.

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation *Local Government (Audit) Amendment Regulations 2013*

Integrated Planning and Reporting Framework Implications Policy **Strategic Community Plan**
Council Four Year Priorities: Capable and Responsive Organisation.

S18 Strengthen the capacity of the organisation

Policy

Policy No and Name: 19.1 – Enterprise Risk Management

DETAILS:

The findings of the internal audit are detailed in the attached Confidential Schedule 3.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this report.

CONFIDENTIAL SCHEDULE 3
ITEM 2 – INTERNAL AUDIT 2015/16 – PETTY CASH
REVIEW

FOR THE AUDIT AND RISK COMMITTEE MEETING

9 MAY 2016

DISTRIBUTED TO ELECTED MEMBERS UNDER
SEPARATE COVER

ITEM NO: 3

INTERNAL AUDIT 2015/16 – INFORMATION SECURITY REVIEW

RECOMMENDATION: (APPROVAL)

That Council approves the Information Security Review as part of the Internal Audit Plan 2015/16 as detailed in Confidential Schedule 4.

BACKGROUND:

FILE REFERENCE: P102969-8
REPORTING UNIT: Internal Audit
RESPONSIBLE DIRECTORATE: Corporate Services
DATE: 27 April 2016
MAP / SCHEDULE: Confidential Schedule 4 – Information Security Review
April 2016

In accordance with Section 5.23(2)(f)(i) of the *Local Government Act 1995*, this Schedule is confidential and has been distributed to the Elected Members under separate cover.

The City of Perth Internal Audit Plan 2015/16 was approved by Council at its meeting held on **9 June 2015**.

As part of the City's 2015/16 Internal Audit Plan, an Information Security Review was carried out in March and April 2016. Confidential Schedule 4 details the findings of this review.

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation *Local Government (Audit) Amendment Regulations 2013*

Integrated Planning and Reporting Framework Implications **Strategic Community Plan**
Council Four Year Priorities: Capable and Responsive Organisation
S18 Strengthen the capacity of the organisation

Policy

Policy No and Name: 19.1 – Enterprise Risk Management

DETAILS:

The findings of the review are detailed in the attached Confidential Schedule 4.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this report.

CONFIDENTIAL SCHEDULE 4
ITEM 3 – INTERNAL AUDIT 2015/16 – INFORMATION
SECURITY REVIEW

FOR THE AUDIT AND RISK COMMITTEE MEETING

9 MAY 2016

DISTRIBUTED TO ELECTED MEMBERS UNDER
SEPARATE COVER

CONFIDENTIAL ITEM NO: 4

CITY OF PERTH INTERNAL AUDIT PLAN 2016/17

RECOMMENDATION:

(APPROVAL)

That Council approves the City of Perth Internal Audit Plan 2016/17 attached as Confidential Schedule 5.

BACKGROUND:

FILE REFERENCE: P102969-8
REPORTING UNIT: Internal Audit
RESPONSIBLE DIRECTORATE: Corporate Services Directorate
DATE: 15 April 2016
MAP / SCHEDULE: Confidential Schedule 5 – City of Perth Internal Audit Plan 2016/17

In accordance with Section 5.23(2)(a) of the *Local Government Act 1995*, this Item and relevant Schedule is confidential and has been distributed to the Elected Members under separate cover.

CONFIDENTIAL SCHEDULE 5
ITEM 4 – CITY OF PERTH INTERNAL AUDIT PLAN 2016/17

FOR THE AUDIT AND RISK COMMITTEE MEETING

9 MAY 2016

DISTRIBUTED TO ELECTED MEMBERS UNDER
SEPARATE COVER

ITEM NO: 5

OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – MAY 2016

RECOMMENDATION:

(INFORMATION)

That Council receives the report summarising the status of outstanding internal audit recommendations as at May 2016.

BACKGROUND:

FILE REFERENCE: P1029698
REPORTING UNIT: Internal Audit
RESPONSIBLE DIRECTORATE: Corporate Services Directorate
DATE: 26 April 2016
MAP / SCHEDULE: Confidential Schedule 6 – Outstanding
Recommendations – May 2016

In accordance with Section 5.23(2)(a) of the *Local Government Act 1995*, this Schedule is confidential and has been distributed to the Elected Members under separate cover.

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation *Local Government (Audit) Amendment Regulations 2013*

Integrated Planning and Reporting Framework Implications **Strategic Community Plan**
Council Four Year Priorities: Capable and Responsive Organisation
S18 Strengthen the capacity of the organisation

Policy

Policy No and Name: 19.1 – Enterprise Risk Management

DETAILS:

Internal audit recommendations to improve controls are followed up with relevant staff to ensure agreed action is being taken to address identified control weaknesses. Where it is confirmed that agreed action has taken place or no further action is possible the recommendation is considered to be closed.

A recommendation is considered to be outstanding where agreed action has yet to be completed. As at May 2016 eight internal audit recommendations remain outstanding as per the attached Confidential Schedule 6 which provides a summary

of the recommendation, action plan to address the issue, person(s) responsible for implementing the action, current status of action to address the issue as well as target date for completion of action.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this report.

COMMENTS:

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

Recommendations contained within internal audit reports presented in the May 2016 Audit and Risk Committee meeting will be followed up with relevant staff and the status of outstanding recommendations from these reports will be reported to the next Audit and Risk Committee meeting.

CONFIDENTIAL SCHEDULE 6
ITEM 5 – OUTSTANDING INTERNAL AUDIT
RECOMMENDATIONS – MAY 2016

FOR THE AUDIT AND RISK COMMITTEE MEETING

9 MAY 2016

DISTRIBUTED TO ELECTED MEMBERS UNDER
SEPARATE COVER