The Council of the City of Cockburn

City of Cockburn
Audit Risk and Compliance Committee
Minutes

For Tuesday, 17 September 2024

These Minutes are confirmed

Presiding Member's signature

P-Corke.

Date: 3 December 2024

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Minutes

Attendance

Members
Cr P Corke (Presiding Member)
Deputy Mayor C Stone (arrive 6.02pm)
Cr C Reeve-Fowkes
Cr M Separovich (arrive 6.01pm)
Mr W Gately (Independent Member)
Mr A Kandie (Independent Member) (eMeeting)

Observer
Cr T Dewan

Staff

Mr D Arndt	A/Chief Executive Officer
Mr N Mauricio	A/Director Corporate and System Services
Mr M Foley	A/Director Infrastructure Services
Mr A Lees	A/Director Community and Place
Mr J Fiori	Risk Advisor
Ms S D'Agnone	Council Minute Officer

1. Declaration of Meeting

The Presiding Member declared the meeting open at 6pm.

"Kaya, Wanju Whadjuk Boodja" which means "Hello, Welcome to Whadjuk Land"

The Presiding Member acknowledged the Whadjuk Peoples of the Nyungar Nation who are the traditional custodians of the land on which the meeting was being held and paid respect to the Elders both past and present and extended that respect to First Nations Peoples present.

6.01pm   Cr Separovich entered the meeting.

2. Appointment of Presiding Member (If required)

NA

3.   Disclaimer

The Presiding Member read the Disclaimer:

> Members of the public, who attend Council Meetings, should not act immediately on anything they hear at the Meetings, without first seeking clarification of Council's position.

> Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

4.   Acknowledgement of Receipt of Written Declarations of Financial Interests and Conflict of Interest (by Presiding Member)

Nil

5.   Apologies & Leave of Absence

Apologies
Mayor Logan Howlett
Mr Daniel Simms, Chief Executive Officer

Leave of Absence
Cr Allen

6.   Public Question Time

Nil

7.   Confirmation of Minutes

7.1   (2024/MINUTE NO 0023) Minutes of the Audit Risk and Compliance Meeting - 16/07/2024

Committee Recommendation
MOVED Cr M Separovich SECONDED Cr C Reeve-Fowkes
The Committee confirms the Minutes of the Audit Risk and Compliance Meeting held on Tuesday, 16 July 2024 as a true and accurate record.
CARRIED 5/0

8. Deputations

Nil

9. Business Left Over from Previous Meeting (if adjourned)

Nil

10. Declaration by Members who have Not Given Due Consideration to Matters Contained in the Business Paper Presented before the Meeting

Nil

6.02pm   Deputy Mayor Stone entered the meeting.

En Bloc Resolution

6.03pm.   The following items were carried en bloc:

11.1.1
11.1.2
11.2.1
11.2.3

11   Reports - CEO (and Delegates)

11.1   Corporate and System Services

11.1.1   (2024/MINUTE NO 0024) Financial Audit Results – Local Government 2022-23(Office of the Auditor General)

Executive	A/Director Corporate and System Services
Author	A/Head of Finance
Attachments	1. Financial Audit Results – Local Government 2022-23 ⇩

Officer Recommendation/Committee Recommendation

MOVED Cr C Reeve-Fowkes SECONDED Cr M Separovich

The Committee recommends Council RECEIVES the Office of the Auditor General's report on Financial Audit Results – Local Government 2022-23.

<u>**CARRIED 6/0**</u>

Background

Responsibility for the financial audits of all local governments sits with the Office of the Auditor General (OAG).

In accordance with legislative requirements, the OAG presents a report to Parliament each year on the results of the local government financial audits, including issues that are significant enough to bring to the attention of the Parliament.

The Auditor General encourages local governments to review these audit findings and consider the recommendations made to support continuous improvement of their operating environments and governance frameworks.

This report is brought to the Audit, Risk and Compliance Committee for review and to address the recommendations made by the OAG.

Submission

N/A

Report

The Financial Audit Results – Local Government 2022-23 (report) was tabled in Parliament by the Auditor General on 6 June 2024.

This report included the results and issues identified during the annual audits for 137 of the applicable 147 local government entities (including one remaining audit from 2021-22).

Of the 147 local government entities, only 13 are directly audited by OAG staff, with the remaining 134 entities audited by contracted audit firms.

The City's audit continues to be contracted out to KPMG, including audit of the 2022-23 financial year.

A concern raised by the Auditor General was the timeliness and cost of delays, with 11% of local governments not meeting the legislated deadline of 31 December for their audit reports.

The Auditor General again highlighted financial management and information system control weaknesses within local government for 2022-23, mirroring results from the state government sector.

Audit opinions issued by the OAG can be one of the following:

- **Clear** – this indicates satisfactory financial controls and that the financial report is based on proper accounts, presented fairly, complies with relevant legislation and applicable accounting standards, and fairly represents performance during the year and the financial position at year end

- **Clear with an emphasis of matter** – this brings attention to a matter disclosed in the entity's financial report but is not significant enough to warrant a qualified opinion

- **Qualified** – these opinions are given when the audit identifies that the financial report is likely to be misleading to users, controls were inadequate or there was a material conflict with applicable financial reporting frameworks

- **Disclaimer of opinion** – issued when the auditor is unable to form an opinion due to insufficient evidence being available. This is the most serious audit opinion and is only issued after the auditor has exhausted their efforts to achieve the desired audit objectives.

For the 2022-23 financial year, the City of Cockburn received a **Clear** audit opinion from the Auditor General.

The OAG report shows financial management control weaknesses were tracking significantly lower across the sector.

A total of 635 issues from 123 entities were reported in 2022-23 (average of 5.0) compared to 800 issues (corrected from 880 issues) from 137 entities in 2021-22. A total of 214 control weaknesses identified in 2022-23 were unresolved issues from the prior year.

The City only had two issues reported in its management letter for 2022-23 (same number as prior year).

Of the 635 control weaknesses reported by the OAG, 142 (22.36%) of these were categorised as potentially significant risks.

Importantly, the City's two control weaknesses for 2022-23 were rated as moderate (1) and minor (1). Both issues have since been addressed in 2022-23.

Figure 2: Proportion of control weaknesses reported to management in each risk category and comparative ratings of the control weaknesses

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[5] 2021-22 numbers have been restated from our Local Government 2021-22 - Financial Audit Results report. Total issues reported was 880, it should have been 800.

[6] Office of the Auditor General, _Local Government 2022-23 – Information Systems Audit Results_, OAG, 27 May 2024, accessed 31 May 2024.

Within the financial management control issues reported to entities, expenditure, financial reporting and asset management remain key area of concerns.

Although they are on downward trend, the financial reporting issue was higher than the previous year (149 in 2022-23 and 142 in 2021-22).

Note: 2021-22 numbers have been restated from our Local Government 2021-22 - Financial Audit Results report. Total issues reported was 880, it should have been 800.
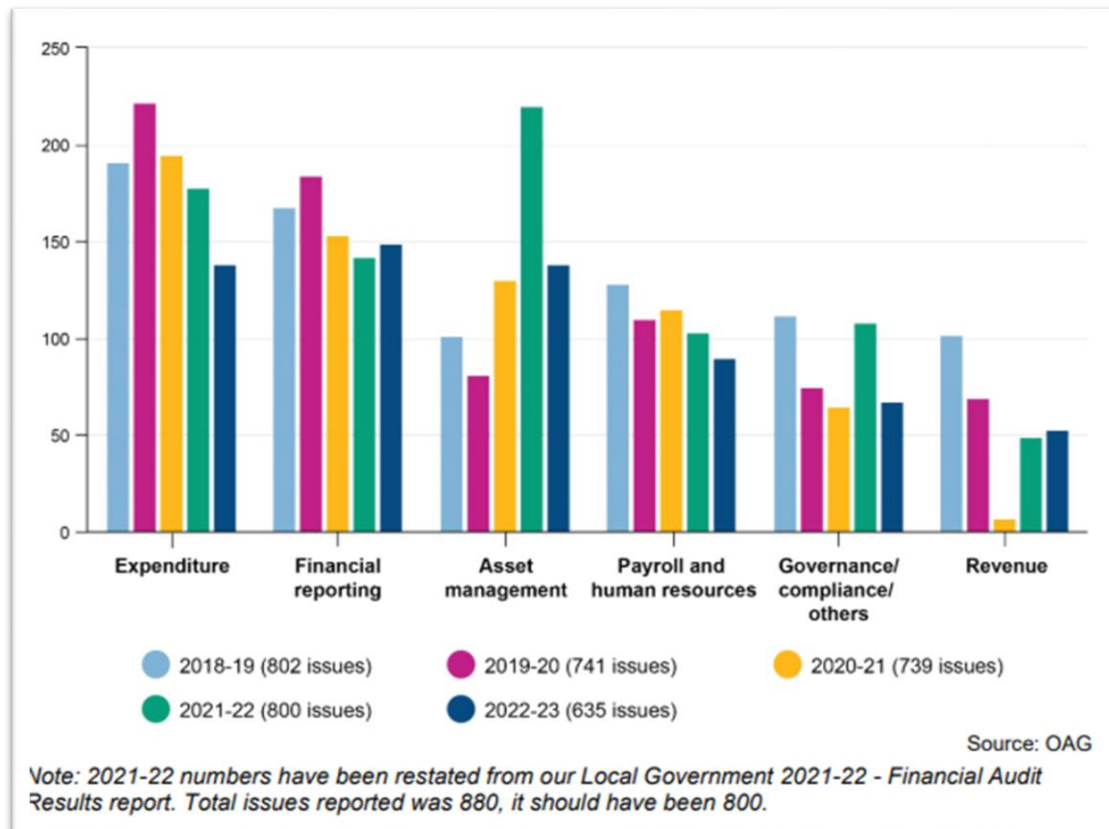
Although not required to be reported for 2022-23, the OAG made no findings of material matters of non-compliance during the City's audit (same result as previous year).

The OAG has recognised local government entities who demonstrate best practice in financial reporting and financial controls. The quality of financial reporting is measured against the following assessment criteria:

- timeliness of CEO-certified financial report
- quality of financial report
- quality of working papers that support the financial report
- management resolution of accounting matters
- availability of key staff during the audit process
- number and significance of management letter findings
- clear opinion.

Twenty entities were named in the best practice list.

The OAG report clearly demonstrates the City achieved an excellent audit result for 2022-23 through receiving a clear audit opinion, satisfaction of financial report timeliness requirements, and the financial report being assessed by the OAG as audit ready.

The City's audit opinion was also issued on a timely basis (9 December 2023) and the City's good result further supported by the very low number (and rating) of control issues identified.

Although the City's excellent audit result for the 2022-23 financial year is meritorious, it will continue striving for recognition from the OAG in best practice financial reporting and audit. Better use of the OAG developed better practice guide and audit readiness tools will be made to improve our performance.

OAG Recommendations

The recommendations made by the OAG in their report are summarised in the table below with responding comments made by the City:

Recommendation	City Comment
a. Submit good quality, reviewed and CEO-signed financial reports for audit no later than 30 September. Supporting work papers and reconciliations should also be available by this date	City concurs with this recommendation and its track record in meeting this legislative deadline demonstrates strong commitment to achieve this.
b. Communicate delays to financial report submission early to minimise disruptions and facilitate resource allocation. Flexibility may be required from entities when rescheduling their audit	City agrees with this recommendation, should such delay arise.
c. Engage early with valuers to develop a scope and plan for valuation. This is essential to ensure timely, compliant and sensible valuations. Entity information provided to valuers should be complete and accurate	The last full valuation was conducted in 2020-21 and with the current regulation, valuation is not due until 2025-26. The City will develop a plan in 2025.
d. Alert OAG audit engagement leaders to new processes or systems, any issues encountered during the year, or any area of concern or technical accounting determinations.	City concurs with this recommendation and will liaise with our auditors should new area of concern arise. The City also works closely with its auditor to ensure revised accounting standard requirements are properly applied in the financial statements.
e. Evaluate the significance of errors and decide if they need to be adjusted. Analyse the root cause for the errors.	City concurs with this recommendation and its track record in addressing previous recommendations demonstrates commitment

Strategic Plans/Policy Implications

<u>Listening & Leading</u>
A community focused, sustainable, accountable, and progressive organisation.
• Best practice Governance, partnerships and value for money.

Budget/Financial Implications

N/A

Legal Implications

N/A

Community Consultation

N/A

Risk Management Implications

Reviewing the findings and recommendations contained in the OAG's report into Local Government financial audits each year provides an opportunity for the City to reduce financial management and reporting risks and improve its management controls and governance frameworks.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) *Local Government Act 1995*

Nil

Report 18: 2023-24 | 6 June 2024

FINANCIAL AUDIT RESULTS

Local Government 2022-23

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Local Government 2022-23 – Financial Audit Results

Report 18: 2023-24
6 June 2024

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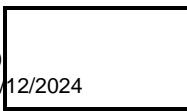
THE PRESIDENT   **THE SPEAKER**
LEGISLATIVE COUNCIL   **LEGISLATIVE ASSEMBLY**

LOCAL GOVERNMENT 2022-23 – FINANCIAL AUDIT RESULTS

This report has been prepared for submission to Parliament under the provisions of section 24 of the *Auditor General Act 2006*.

The report summarises the final results of our annual audits of 137 of 147 local government entities for the year ended 30 June 2023 and the one remaining audit from 2021-22.

I wish to acknowledge the assistance provided by the councils, chief executive officers, finance officers and others, including my staff and contract audit firms, throughout the financial audit program and in finalising this report.

Caroline Spencer
Auditor General
6 June 2024

Contents

Auditor General's overview

This report summarises the results of 137 of 147 local government entities' annual audits for the year ended 30 June 2023, as well as one audit remaining from 2021-22. There are 10 entities' audits which were outstanding at 31 March 2024 and not included in this report. These entities have encountered various challenges in providing us with information to enable their audits to be finalised.

As I reflect on the 2022-23 audit season – our second year auditing the entire local government sector – we are starting to see the impact of the hard work put in by the sector and our stricter timing initiative. Previously, we have provided greater assistance to entities but at financial cost and later publication of financial reports. This year nearly 90% of audit opinions were signed by 31 December 2023 (compared to just 61% by the same time last year), without any significant change in audit outcomes. We are now in a better place to get a holistic and truer picture of the sector earlier than we did last year.

Pleasingly, we have seen an overall reduction in the number and significance of financial management control issues reported to entities. However, financial reporting, asset and procurement issues remain at relatively high levels. In addition, completeness and accuracy of asset registers and valuations continue to cause significant difficulties for entities.

In particular, valuations are too often accepted without review or question by entity management. We see huge movements in values that entities often cannot explain, suggesting that they have not engaged in any meaningful way with the valuation process and the judgements made for accounting purposes. This increases the risk of errors and generally requires additional audit work and cost. Significant changes in asset values should be adequately explained and supported by logic and evidence. Entities continue to request more guidance with the valuation process. The Department of Local Government, Sport and Cultural Industries (DLGSC) is undertaking a body of work to prepare a valuation guide for the sector. We are hoping the guide will help entities address the issues we continue to see around valuations, including seeking valuations that appropriately recognise restrictions on land use.

Unfortunately, information systems control issues continue to grow and remain unresolved from previous years. A full analysis of these results is contained within my *Local Government 2022-23 – Information Systems Audit Results* report[1].

Entities can improve the cost and timeliness of their audits by focussing on fixing issues, particularly those from prior years. Issues which continue year after year present a real financial management risk to entities. Assessing and following up on these issues also requires extra audit work, resulting in increased costs to entities.

I welcome DLGSC's support of the sector via initiatives such as the valuation guide and will continue to offer my Office's support and input where appropriate. I also encourage DLGSC and entities to consider the recommendations included in this report, and draw on our better practice guides, to improve timeliness and efficiency of financial reporting and auditing processes. I commend entities on their contribution to the significant progress made this year and I hope to keep up this momentum for the 2023-24 season.

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[1] Office of the Auditor General, *Local Government 2022-23 – Information Systems Audit Results*, OAG, 27 May 2024, accessed 31 May 2024.

2022-23 at a glance

This report contains our findings from the annual financial audits of local government entities with a reporting date ending 30 June 2023. It includes the results for the 137 of 147 entities' audits that we completed by 31 March 2024 (Appendix 1), with the remaining 10 entities' results to be tabled in Parliament once their audits are completed.

11%
Not on time
(PY: 39%)

89%
On time
(PY: 61%)

Audit opinion by 31 December

147 local government entities

137 audits finalised and the results included in this report

13 entities audited by OAG staff (PY: 20)

134 entities audited by contracted audit firms (PY: 128)

The 137 entities (PY: 146 entities) with finalised audits had:

$54 billion of total reported assets (PY: $51 billion)

$4.72 billion in total operating revenue (PY: $4.76 billion)

$2.6 billion in rates (PY: $2.8 billion)

$1.14 billion in fees and charges (PY: $1.16billion)

Timeliness of audit ready financial reports

33 (22%) Did not meet 30 September or extension deadline

100 (68%) Submitted to OAG by 30 September

14 (10%) Received an extension and met it

(Prior year shown in brackets)

6 | Western Australian Auditor General

Audit results

1
disclaimer of opinion

9
qualified opinions

10
opinions outstanding

635
financial management issues (PY: 800)

473
information system control issues (PY: 360)

16
emphasis of matter paragraphs (15 entities) (PY: 17)

5
qualifications removed

127
clear opinions

2018-19	2019-20	2020-21	2021-22	2022-23
107	129	142	136	127
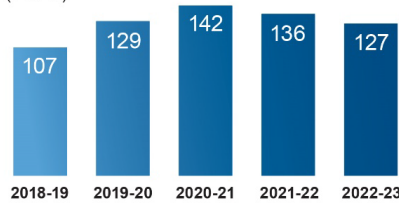
Issues reported to management

The 137 entities (PY: 146 entities) with finalised audits had:

1,108
management letter issues

12% Asset management

12% Expenditure

13% Financial reporting

7% Governance/ compliance/others

8% Payroll and human resources

5% Revenue

43% Information system
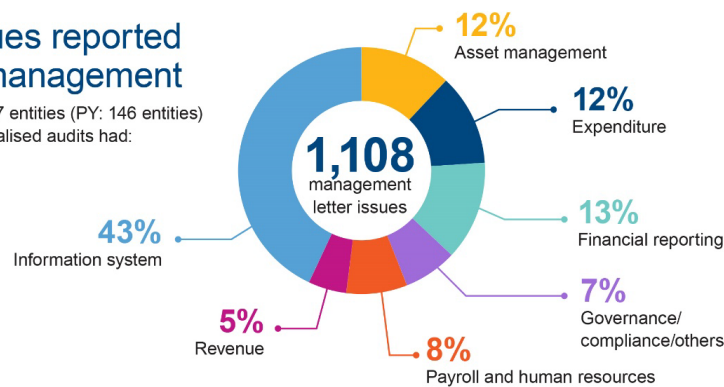
Entity reporting impacts

Hard line initiative

Transparency
Results are a true reflection of the local government sector.

Timeliness
More entities' opinions were issued by the legislated date 31 December.

Valuations

Qualified audit opinions
Most qualified opinions relate to valuations.

Sense checks
Don't accept valuation at face value without applying some scrutiny.

Recommendations

To further improve financial reporting timeliness and reduce costs:

1. Entities should:

    a. submit good quality, reviewed and CEO-signed financial reports for audit no later than 30 September. Supporting work papers and reconciliations should also be available by this date

    b. communicate delays to financial report submission early to minimise disruptions and facilitate resource allocation. Flexibility may be required from entities when rescheduling their audit

    c. engage early with valuers to develop a scope and plan for valuation. This is essential to ensure timely, compliant and sensible valuations. Entity information provided to valuers should be complete and accurate

    d. alert OAG audit engagement leaders to new processes or systems, any issues encountered during the year, or any area of concern or technical accounting determinations

    e. evaluate the significance of errors and decide if they need to be adjusted. Analyse the root cause for the errors.

2. DLGSC should:

    a. provide entities with guidance on valuations. We understand DLGSC plan to have this available before 30 June 2024

    b. help entities resolve the issues preventing them from submitting their financial report to audit by 30 September. It is critical that support is provided early before issues escalate

    c. consider further opportunities to reduce financial report disclosure requirements, to provide further relief to entities, without compromising the needs of users of the financial report

    d. provide guidance to entities on how to account for crossovers, turf, garden/trees and rehabilitation provisions. This will ensure a consistent approach.

    DLGSC response:

    a. The DLGSC continues to actively develop a comprehensive guide to assist entities in revaluing assets in collaboration with sector bodies. This guide aims to enhance the consistency and reliability of asset valuations. It will encompass key topics such as valuation methodologies, scope of works and assumptions used in the valuation process as outlined and is scheduled for completion by 30 June 2024.

    b. The *Local Government Act 1995* (the Act) requires that by 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor the annual financial report and the accounts of the local government balanced up to the last day of the preceding financial year.

        The Act allows extensions to be granted to local governments under section 6.4(3). However, any local governments seeking an extension must apply for it prior to the statutory deadline of 30 September.

While each of the 27 applications was subsequently approved, the DLGSC met in some instances with local governments, who had sought multiple extensions over several years. The primary purpose of these meetings was to discuss the reasons for the multiple extensions, identify what actions that had been taken to resolve these reasons, and inquire whether there was any support that DLGSC could provide.

Support will continue to be provided to local governments when requested to guide them through the application process and legislative requirements.

The DLGSC also intends to work collaboratively with local government entities to document experiences from the migration of systems to identify best practices and potential pitfalls. These learnings will be shared to assist local governments forward plan and develop robust strategies for mitigating risks associated with unanticipated system errors. Proactively addressing potential issues can significantly reduce the likelihood of disruptions and strengthen overall data management capabilities, which enable local governments to present reliable financial information for audits.

c.　The DLGSC recognises the importance of this consideration and is committed to continuous review and monitoring for opportunities to streamline and simplify reporting processes. This approach ensures that the necessary information is captured efficiently, while minimising the effort required from entities and the auditor. By regularly evaluating and refining our reporting requirements, DLGSC aims to maintain a balance between thoroughness and ease of use.

d.　The DLGSC will look at adding guidance on accounting for crossovers, turf, garden/trees in the Guidelines for the Valuation of Non-Financial Assets currently under development. DLGSC will also review the current guidance material on rehabilitation and remediation provisions that are contained in the Model Financial Statements Guidance Material.

Review of the 2022-23 financial year

Introduction

Our annual financial audits focus on ensuring the accuracy of an entity's financial report. This report summarises the results of our audits.

The report also covers one disclaimer of opinion from 2021-22 (Appendix 10) and local government certifications (Appendix 8).

Summary of audit opinions

For the financial year ending 30 June 2023, we issued clear opinions for 122 entities by 31 December 2023 and an additional five by 31 March 2024, one audit opinion was disclaimed and nine audit opinions were qualified. We included 16 emphasis of matter paragraphs in the auditor's reports of 15 entities. The numbers and types of opinions issued were similar to the 2021-22 financial year in which there were 136 clear opinions, 1 disclaimed opinion, 10 qualifications and 17 matters emphasised in the auditor's reports.

Care should be taken if comparing qualifications issued between local government entities and State government entities. For local government entities, we issue an opinion on the financial report only whereas in State government entities, we issue an opinion on the financial report, controls and key performance indicators.

One disclaimed opinion for 2022-23

Issuing a disclaimer of opinion is the most serious audit outcome. Of this year's finalised audits, we issued only one disclaimer of opinion (Appendix 4). A disclaimer of opinion is issued when there is insufficient evidence to form an opinion and the effect is pervasive through the financial report.

The entity changed finance systems during the year. A change in finance system is a big undertaking but a reasonably common occurrence. It can have many benefits in the form of improved automation and streamlining of accounting transactions and financial reporting. Due to a mix of resourcing challenges, this entity's changeover and go live was problematic. As a result, we encountered the following challenges:

- We were unable to get underlying information or reconciliations that agreed to the trial balance. Evidence for samples selected for testing were generally unable to be provided, and for all general journals posted, no description or purpose was specified. This is a major fraud risk.

- A fixed asset register was not maintained during the year. This meant various processes and control activities (reconciliations, additions etc.) had not been occurring during the year. A separate process was undertaken post year-end to incorporate all fixed asset movements.

In addition to the finance system items above, we also noted errors in the infrastructure valuation report around missing assets and the valuer's unit rates. Ultimately, we were unable to get enough information to be able to confidently close out these matters.

Nine qualified opinions

In 2022-23, nine entities received qualified opinions (Appendix 5). This is largely consistent with 2021-22 where we qualified the audit opinions of 10 entities.

All nine qualifications related to fixed assets and infrastructure, and their associated balances. Largely, entities had not revalued these assets with sufficient regularity (some had not been revalued since 2017-18) as required by regulations[2]. As a result, we were unable to ascertain their value with confidence.

Additional work is required in the year following a qualification to determine if the qualification needs to remain or if it can be removed. In the majority of instances, the qualification could be resolved by simply revaluing the items.

Emphasis of matter paragraphs

In 2022-23, 16 emphasis of matter (EoM) paragraphs have been included in 15 entity auditor's reports which is reasonably consistent with the 17 EoM paragraphs included in 17 reports in 2021-22. We anticipate this number to increase as the outstanding audits are finalised. This year EoM paragraphs directed the reader's attention to:

- restatements of comparative figures or balances largely related to property and infrastructure assets (2022-23: 11 entities) (2021-22: 14 entities)

- events occurring after balance date (2022-23: 3 entities)

- the basis of accounting used by the entity (2022-23: 1 entity) (2021-22: 3 entities)

- State Administrative Appeal determination pending (2022-23: 1 entity).

A full description of these matters is in Appendix 7.

Significant improvement in timely reporting

We aim to finalise all audits early enough for entities to meet their legislated timeframes for adopting their annual reports. Appendix 1 outlines the date we issued each entity's 2022-23 auditor's report and our assessment of the status of their audit readiness.

The hard line initiative and the way it was supported by the sector were major factors in issuing nearly 90% of entities' audit opinions prior to 31 December 2023 (61% in 2021-22). Entities have worked hard to prepare for their audits and provide information promptly. We have seen more timely reporting by the majority of entities and will continue to build on this momentum next year.

For some audits, our teams did not set clear enough deadlines or waited too long for entities to provide information. This was a missed opportunity for timely reporting and something for our Office to work on with those entities for next year.

The two case studies below illustrate the different outcomes achieved this reporting cycle depending on whether the approach was adopted.

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[2] Section 17A(4)(b) of the Local Government (Financial Management) Regulations 1996.

Case study 1: Entity early application of the hard line initiative

An entity failed to get a complete valuation for assets due for revaluation in 2022-23. The entity was confident a valuation had been undertaken (though never reported in the financial report) sometime during the five preceding years. The entity was not able to locate any historical valuation records other than the 2017-18 valuation.

Rather than continuing to search for the valuation we worked with the entity to close the matter out as is and report the shortcoming in the auditor report. This did result in a qualification of the entity's audit opinion around these assets; however, they were able to finalise their financial report and receive their audit opinion in a timely manner.

It also allowed the entity to move on with the year and focus on the future to rectify this aspect. The annual electors meeting was held early in the 2024 calendar year.

Case study 2: Entities failure to apply hard line initiative early

Several entities were unable to locate sufficient records to resolve audit queries. These entities did not close out the matter with the information at hand and took an extended period of time to try find the information. For some entities, they are still lacking the required information.

Audit costs accumulate while entities try to resurrect workings, search for missing information and back date revaluations. This approach is risky as missing information and back dated valuations may not materialise. Elected members and ratepayers are left wondering when they will get to see the financial report and whether they should be concerned about the state of financial management and reporting in the entity.

Our hard line initiative is focused on improving the quality and timeliness of financial reports and associated workings provided for audit. It facilitates transparent and timely financial reporting from entities to ratepayers and other users. The Auditor General wrote to entities in early September 2023 outlining the details. As part of the approach, we will no longer wait until the entity is ready if key information and people are not reasonably available within the agreed schedule. Instead, we will issue our audit opinion on the information available, even if this results in a qualified audit opinion.

Qualified audit opinions relate to a discrete area of the financial report, meaning all other information is clear and available for users to rely on. If, due to the state of the financial records, the legislated reporting timeframe (six months after the year-end) cannot be met, then it's appropriate to convey that status in our audit report rather than waiting for further information and causing unreasonable delays to finalising our audit report.

Entities are able to apply to DLGSC prior to the submission deadline of 30 September to seek an extension. DLGSC granted 27 extensions in 2023 (Appendix 2) compared with 13 in 2022. Extensions impact the timeliness of reporting. There can be legitimate reasons for one-off extensions, however, repeat requests are generally symptomatic of other underlying problems where early intervention is critical to prevent these from escalating.

Delays in submitting financial reports creates a bottleneck of audit work and opinion issuing in December and delays our other audit work. Entities need to ensure they advise us early if they are seeking extensions so we can work with them to minimise any adverse impact on scheduling their year-end audit.

Figure 1 illustrates the time pressure point for finalising audits and how critical it is to meet agreed timelines. We need to work with the sector to bring work forward, wherever possible, to reduce the peak in workload.
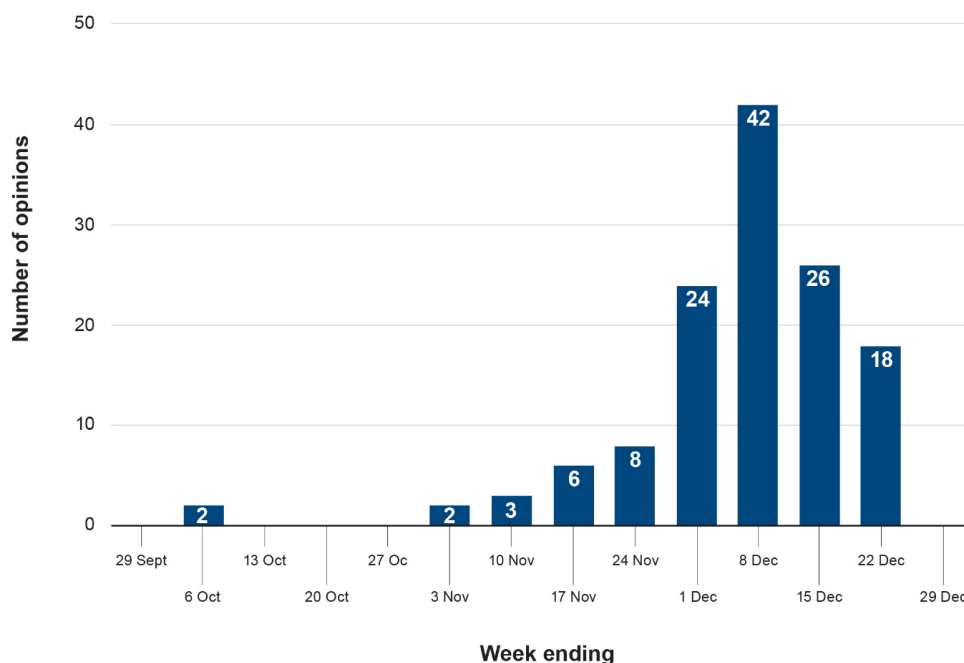
Source: OAG

Figure 1: Opinions issued per week 2023

Early feedback from entities shows a marked improvement in satisfaction with our work in 2023 compared with prior years. This reflects the effectiveness of our hard line initiative and a commitment from entities and audit teams to communicate and work together to achieve better outcomes for the sector. Survey results are reported in our annual report.

Audits finalised after 31 December 2023 and those that are still in progress

Audits that were not finalised prior to 31 December 2023 encountered numerous challenges. Some entities and audit teams were able to persevere through the difficulties, including issuing one disclaimer opinion, and were able to finalise their audits prior to 31 March 2024. The audits of 10 entities remain incomplete at 31 March 2024 (Appendix 3).

Generally, audits in progress share some of the following themes:

- **Data integrity:** information to support the trial balance and financial report disclosures was not readily available. We encourage entities to review our better practice guides[3] to better understand audit information requirements.

- **Key staff availability:** positions were vacated during the audit or have been vacant for some time. When key staff resign prior to or during the audit process, often no one is left at the entity who can assist with audit queries or provide the necessary information.

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[3] Office of the Auditor General, _Audit Readiness – Better Practice Guide_, OAG, 30 June 2023 and Office of the Auditor General, _Western Australian Public Sector Financial Statements – Better Practice Guide_, OAG, 14 June 2021.

- **Difficulty closing out technical reporting matters:** some entities lacked the expertise required to adequately manage complex financial reporting. Technical matters surrounding assets and other topics were left to the audit teams to try to resolve.

- **Incomplete valuations:** valuations are not readily available or we have concerns with their accuracy and/or completeness.

For those audits still in progress, we expect to issue further disclaimed or qualified opinions, or opinions that include an EoM paragraph. We also expect the number of financial control findings to increase.

Best practice entities

This is the second year we have rated entities on their financial reporting practices. The quality of financial reporting is measured against the following criteria:

- timeliness of CEO-certified financial report

- quality of financial report (financial statements and notes)

- quality of working papers that support the financial report

- management resolution of accounting matters

- key staff availability during the audit

- number and significance of management letter findings

- clear opinion.

We congratulate the entities we rated as the top 20 achievers for 2022-23.

Best practice top 20 entities	
• City of Albany	• Shire of Esperance
• Shire of Beverley	• Shire of Irwin
• Shire of Boddington	• Shire of Jerramungup
• Shire of Brookton	• Shire of Merredin
• Shire of Cocos (Keeling) Islands	• Shire of Mingenew
• Shire of Cue	• Shire of Perenjori
• Shire of Dardanup	• City of Rockingham
• Shire of Denmark	• Shire of Serpentine-Jarrahdale
• Shire of Dumbleyung	• Shire of Three Springs
• Eastern Metropolitan Regional Council	• Shire of Waroona

Source: OAG

Table 1: Best practice entities for 2022-23

Certifications

During 2023, we worked with the relevant Australian Government department[4] to clarify the requirements to provide opinions on Roads to Recovery and Local Roads and Community Infrastructure Program certifications. As a result, we have been able to contain our certification workload to 55 this year. A full listing of certifications we have issued is in Appendix 8.

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[4] Department of Infrastructure, Transport, Regional Development, Communications and Arts.

Control weaknesses

Control environment

We reported a total of 1,108 control findings in 2022-23 which is largely consistent with the prior year (1,160 control findings). These are made up of 635 financial management issues (2021-22: 800[5]) and 473 information system (IS) control issues (2021-22: 360).

An entity's control environment includes the governance and management functions and the attitudes, awareness and day-to-day actions that contribute to sound internal control practices of importance to the entity. A control environment with adequate systems, processes and people reduces the risk of error and fraud, and provides assurance to management, those charged with governance and auditors that financial reports are materially correct. We assess each entity's control environment during our risk assessment procedures. We report details of weaknesses in the environment to entities. The main themes of these weaknesses are discussed in further detail below. We expanded on the IS control findings in a separate report to Parliament[6].

Financial management controls

We alerted 123 entities to 635 financial management control weaknesses across our three risk categories (Figure 2) compared with 800 weakness reported to 137 entities in 2022. The total number of findings is tracking significantly lower than in recent years. These numbers will increase once the 10 outstanding entities are finalised, however we don't expect the increase to be greater than that reported in 2021-22. Most pleasing, however, is the substantial reduction in the number of significant findings which reflects the focus by entities on resolving these high priority issues, although more work remains to address unresolved issues. Definitions of our finding risk ratings can be found at Appendix 11.
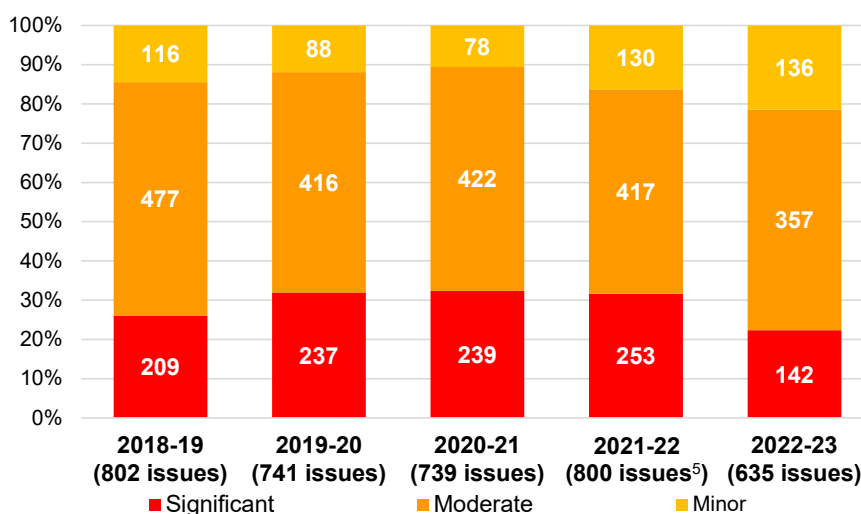
Source: OAG

Figure 2: Proportion of control weaknesses reported to management in each risk category and comparative ratings of the control weaknesses

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[5] 2021-22 numbers have been restated from our Local Government 2021-22 - Financial Audit Results report. Total issues reported was 880, it should have been 800.

[6] Office of the Auditor General, *Local Government 2022-23 – Information Systems Audit Results*, OAG, 27 May 2024, accessed 31 May 2024.

As can be seen in Figure 3, expenditure remains a key area of concern, along with financial reporting. In the last two years, asset management issues have increased significantly which coincides with a period where many entities were required to revalue their assets.
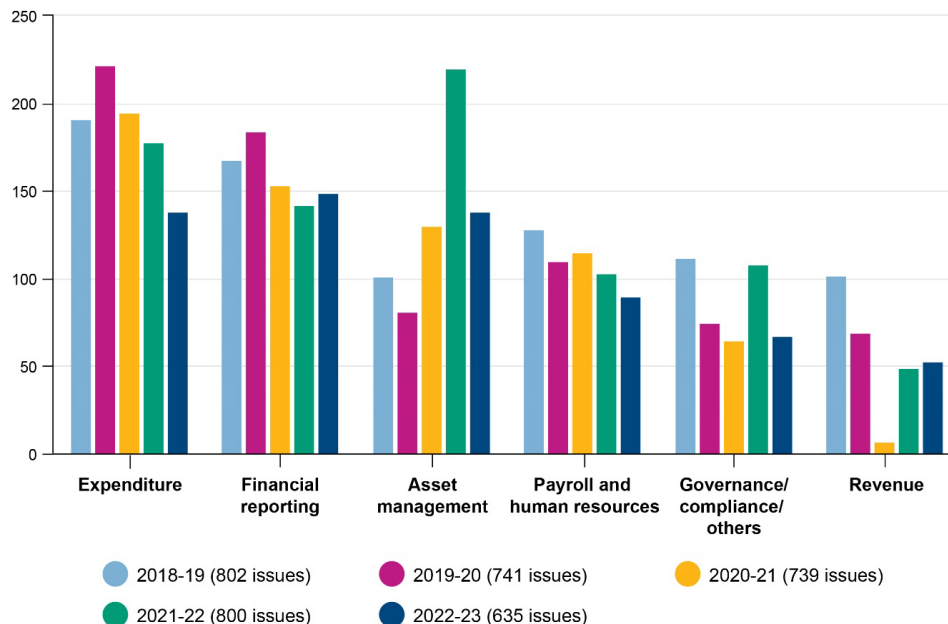
Source: OAG

Note: 2021-22 numbers have been restated from our Local Government 2021-22 - Financial Audit Results report. Total issues reported was 880, it should have been 800.

Figure 3: Financial management control issues reported to entities

Expenditure

We reported 138 expenditure weaknesses to 71 entities in 2022-23, compared with 178 issues to 96 entities in 2022. Thirty-six were unresolved from the prior year and 21 of these were rated as significant.

As was the case in the previous year we found instances of purchase orders raised after the invoice date and entities not seeking enough quotes. Seeking an appropriate number of quotes is an important control in ensuring value for money. Purchases made without authorised purchase orders increase the risk of unauthorised spending.

Management of the supplier master file also remained an area of weakness. Entities continue to make changes to the supplier master file without being able to evidence that they were appropriately approved. Unverified changes to the supplier master file may result in errors and there is also an increased risk of fictitious suppliers being established and funds being inappropriately disbursed.

Poor procurement practices increase the risk of fraud. It also increases the risk that entities may not be obtaining the best value for money. Entities need fit for purpose controls and processes that operate effectively to help mitigate against procurement risks.

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Financial reporting

We raised 149 issues at entities relating to their financial reporting procedures, while in 2022 this number was 142. We found numerous issues with the financial report compilation process. Entities often provided poor working papers, did not prepare reconciliations and/or adequately consider technical accounting matters. There were often gaps in staff availability or the experience needed to carry out the financial reporting role. Management need to resolve these issues as a priority as they cause delays to the audit, increase audit costs and place undue pressure on entity staff and audit teams.

The financial report submitted to audit should be of a high quality with limited, if any, adjustments required. It should be supported by reconciliations and working papers of an equally high quality. Entities should document the procedures for producing the financial report to ensure business continuity in the event of staff changes. The financial report should be reviewed by the CEO and audit committee to ensure its quality. Following this, the CEO should sign the financial report and submit it for audit. Further guidance for entities is available in our better practice guides accessible on our website[7].

Asset management

We identified 138 findings at 77 entities compared with 220 findings at 140 entities in 2022. Thirty-three findings were prior year findings which have not been resolved. Most findings related to entities not revaluing their assets with sufficient regularity. Without regular revaluation of land, building and infrastructure assets, there is a risk that the fair value of these assets may not have been adequately determined. This is not compliant with AASB 13 *Fair Value Measurement*, as well as regulation 17(A) of the Local Government (Financial Management) Regulations 1996 and could lead to asset values in financial reports being inaccurately stated.

Entities reasons for not revaluing assets include:

- incomplete data to provide to valuers

- omissions or oversights of assets requiring valuations

- left it too late to engage a valuation consultant

- staff changes at the entity.

Robust asset management processes ensure asset data is complete and accurate, and that valuations are conducted with sufficient regularity in accordance with legislative requirements.

Findings unresolved from prior year

For 2022-23, 214 financial management control findings raised across 82 entities remain unresolved. This represents 34% of all current year findings. Of concern is that 31% (67) of these issues are significant, requiring urgent action.

The carry over findings mainly relate to assets, expenditure and financial reporting. Common themes were:

- outstanding asset and infrastructure valuations

- reconciliations were not performed regularly for assets, bank and other balance sheet items. We found reconciliations were not prepared or reviewed in a timely manner. Specifically, bank reconciliations had long outstanding items. Reconciliations, when completed appropriately, enhance the completeness and accuracy of financial data within the general ledger from which financial reports are derived. Without regular

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[7] Office of the Auditor General, *Audit Readiness – Better Practice Guide*, OAG, 30 June 2023 and Office of the Auditor General, *Western Australian Public Sector Financial Statements – Better Practice Guide*, OAG, 14 June 2021.

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reconciliation there is an increased risk for fraud or errors going undetected and diminishes the value of reconciliations as regular in-year monitoring controls. This could result in significant variances at year end and adversely impact on the audit opinion

- poor procurement practices. We observed an inadequate number of quotes obtained, raising of purchase orders after invoice date and unverified changes to supplier information.

It's unfortunate that these issues remain outstanding. Issues add to audit time and costs. Entities need to prioritise fixing these issues.

Information system controls

We reported 473 information system control weaknesses to 76 entities. Compared with 360 issues at 61 entities in 2021-22. Disappointingly, almost half of these issues were raised last year and remain unresolved. Information system controls is an area of low maturity for the sector, although engagement with us on this issue is generally high. Many entities are working hard to address exposure risks we have identified.

Computer controls included in information systems form part of the entity's control environment. The auditing standards require us to assess each entity's control environment inclusive of computer controls as part of risk assessment procedures. Local government entities are reliant on information systems to deliver a wide range of services. These are essential to processing and storing data and producing financial reports. We assess the general computer controls to determine if entities' computer controls effectively support preparation of financial reports, delivery of key services, and the confidentiality, integrity and availability of information systems.

Further details on this work are included in the *Local Government 2022-23 - Information Systems Audit Results* report[8].

Continuous improvement opportunities

Reducing the information included in the financial report will help improve audit costs and timeliness. Entities also need guidance to ensure sector consistency and to help with areas where they are consistently making errors. Usually, these areas are technically challenging or require significant judgement. DLGSC has provided some valuation relief and plan to provide guidance on valuations. DLGSC should consider further guidance on accounting for crossovers and rehabilitation provisions. The major areas for improvement are discussed in further detail below.

Valuation of assets

To reduce costs to entities without unduly compromising the quality of financial reporting, DLGSC made a number of significant changes in reporting requirements. For instance, it reduced the fair value requirements for assets. From 2023-24, entities are only required to revalue land, buildings and infrastructure assets every five years instead of every year that indicators suggest values have changed significantly. Non-valuation years no longer require a fair value assessment. An entity can, however, elect to revalue earlier than five years.

Pleasingly, DLGSC is in the process of developing a guide to assist entities when revaluing assets and improve consistency and reliability of valuations across the sector. We understand the guide will cover topics such as valuation methodologies, scope of works and assumptions used in the valuation process. The valuation guide is expected to be finalised before 30 June 2024.

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[8] Office of the Auditor General, *Local Government 2022-23 – Information Systems Audit Results*, OAG, 27 May 2024, accessed 31 May 2024.

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We expect the guide will help entities address the issues we continue to see around valuations, including seeking valuations that appropriately recognise restrictions on land use. There are perennial issues with the completeness and accuracy of fixed asset registers, incomplete or inappropriate valuations, and poor records generally. Too often valuations are accepted without review or question by entity management. We see huge movements in values that entities often cannot explain, suggesting that they have not engaged in any meaningful way with the valuation process and the judgements made for accounting purposes. This increases the risk for errors and generally requires additional audit work. Entities need to conduct a sense check of valuation results. Significant changes in values should be adequately explained and supported by evidence and logic. For some entities, we requested additional financial report disclosures to highlight factors driving significant revaluation movements.

Entities need to prepare early for their valuations as it is a lengthy exercise and there is a limited pool of qualified independent valuers. Some entities have struggled to find valuers in time for valuations to be included in their financial reports. Valuers need complete and accurate entity data to do their job. Entities need to provide adequate scoping and instructions to their valuers as not all valuations are the same. For example, using the cost approach will garner different results to a valuation performed in accordance with the market approach outlined in AASB 13 *Fair Value Measurement*. Importantly, DLGSC's advice is that land should be valued using the market approach and if the land has any public sector restrictions (including current use for community purposes), the restrictions must be considered when valuing the land.

Recognition of assets

Entities are not consistent in how they account for crossovers. Crossovers are the section of a driveway which starts at the property line and extends to the road. Some entities recognise crossovers as an asset and others do not. Where they are recognised as assets, they are included as an infrastructure asset and revalued every five years.

The reason some entities haven't recognised crossovers as assets is because costs to maintain the crossovers are generally borne by the various property owners, which indicates the property owners benefit from the asset and bear the costs of maintenance. The counter argument to this is that entities can pass the costs on to a property owner, which indicates entity control. Given the inconsistency among entities on accounting for crossovers, we believe this is an area that requires DLGSC guidance. In the meantime, we have continued to accept whatever the entities' current treatment in their financial reports.

Another area of divergent practice, where there is no clearly right or wrong accounting treatment, is in the recognition of turf and shrubbery. Where an entity has valued or revalued its turf, we have sought to understand the reasons for the valuation including the differing nature and purpose of the turf used by the entity. For example, a golf course or playing field turf is usually recognised as an asset. Turf within nature reserves, general shrubbery and garden items have generally been expensed. Where maintained turf and similar assets have been recognised as an asset, we inquire to see if they have been supported by maintenance expenditure in asset management plans.

There is a cost associated with measuring, recording and revaluing these assets, so entities must ensure that the accounting policy adopted is appropriate, with due regard to the cost and benefit in the circumstances of the accounting method adopted. Careful consideration should be given to the reliability of the value adopted and whether the asset could or would be replaced on a like-for-like basis if damaged or destroyed.

The sector could benefit from clear guidance from DLGSC on accounting for these items. Consultation with sector stakeholders to understand the key drivers of the variation in treatment and the implications of mandating or requiring a particular treatment would help buy in and ensure consistency and usefulness of financial reporting across the sector.

Rehabilitation provisions

Sometimes assets come with make good or remediation obligations. In the LG sector this generally relates to the financial responsibility to rehabilitate waste sites or landfills. Obligations can arise from a legal requirement or from what is known as a constructive obligation. These obligations can be confusing because not all landfills or waste sites have the same requirements for rehabilitation.

Entities need to review their landfill licences to determine if they have a legal obligation to restore or rehabilitate waste sites. A constructive obligation arises when an entity promises to make good the site and has by its actions indicated that it will follow through on that intent.

It's critical that entities understand the nature of their legal or constructive obligations associated with this type of work as this will drive the accounting and ongoing measurement. If an obligation is present, a provision should be recognised and the equivalent amount forms part of the cost of the asset, usually a waste management/landfill facility (infrastructure) which is required to be revalued.

Entities have found accounting for rehabilitation provisions confusing. Some entities also lack the technical accounting capability to calculate and account for their rehabilitation provisions. In the absence of guidance from DLGSC on the recognition and ongoing measurement of rehabilitation provisions, we are often required to provide significant guidance to entities who simply do not understand the technical accounting aspects.

Guidance from DLGSC would aid consistency and help entities who are finding this area challenging.

Differential reporting and reduced disclosure requirements

This year DLGSC simplified financial reporting requirements. This is consistent with what our Office has been advocating for and reporting on for some time. It is also consistent with the recommendations of the *Select Committee into Local Government Final Report - Inquiry into Local Government* tabled in September 2020.

Smaller entities are no longer required to comply with various disclosure requirements. DLGSC published two sets of model financial reports, one for larger and another for smaller entities. DLGSC updates its model financial reports annually for currency.

DLGSC also removed the requirements for all entities to report information in their financial reports on fees and charges, discounts and some other items. A list of amendments is available on the DLGSC website[9]. They also moved some financial report disclosure requirements to annual report only disclosures, so they do not need to be audited. All were important contributions to reduce the financial reporting burden which should result in reduced audit costs and more timely reporting.

Adjusted and unadjusted audit errors

We noted that there were no errors in the financial reports at 33 entities. This is generally consistent with the prior year where 34 entities noted no errors. For the other 104 entities, we identified 360 errors, 263 of which entities corrected (adjusted) in the final financial report and 97 which remained uncorrected (Table 2). We do expect the numbers of errors to increase once the remaining audits are finalised.

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[9] Department of Local Government, Sport and Cultural Industries, *Local Government Regulations Amendment Regulations 2023*, DLGSC website, 13 July 2023.

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Year	Number of entities with adjusted errors	Number of adjusted audit errors	Nominal value of errors adjusted during the audit	Number of entities with unadjusted errors	Number of unadjusted audit errors	Nominal value of unadjusted errors
2022-23	93	263	$989,226,390	55	97	$67,885,344
2021-22	91	335	$1,613,529,048	58	132	$50,668,884

Source: OAG

Table 2: Adjusted and unadjusted errors for entities

We identify errors based on evidence found during our audit. Material errors require correction to (in most cases) avoid qualification; for smaller errors entities can choose whether or not to adjust.

We inform management and those charged with governance, of all errors other than those that are clearly trivial. By hearing about them, the entity can identify potential risk areas or other matters impacting their financial reporting. Entities should consider carefully whether they make adjustments for errors that are not material. Smaller errors have no real impact on the financial but require time to process and validate. All errors, but particularly those which are adjusted by the entity increase the time and cost of financial reporting and of the audit. At one entity we noted 19 errors, it adjusted 17 of these, yet just 3 were material. Entities need to get the balance right in terms of the overall objective of the financial report.

The role of outsourcing in financial reporting

One hundred and one entities prepared their own financial report, the remainder outsourced the function to accounting firms. Outsourcing can be a good option, as it allows entities to tap into a specialist skill set and helps overcome their resource constraints.

However, some aspects of financial reporting cannot be outsourced. Communication and management judgements should not be outsourced. Our teams are often left to conduct the audit with the assistance of the outsourced financial report provider with minimal entity involvement. Financial reports are often not reviewed by management until the audit is almost concluded or a problem arises.

The key to a successful outsourcing arrangement is a strong management presence to connect the service providers, audit teams, operations and council. Early engagement, planning and close contract management are vital. Effective oversight ensures a smoother process with no surprises. It also contributes to lower audit costs and more timely reporting.

The role of outsourcing in delivering OAG audits

Similarly, we outsourced the financial audit work of 134 local government entities (91%), which is an increase on previous years. The ratio of audits outsourced will fluctuate depending on our internal resourcing capacity. In addition to competitive labour market conditions constraining our ability to recruit and retain sufficient staff at key levels, the recent increase in outsourcing is due in part to the scheduled implementation of our new audit tool and methodology, for which our staff are undertaking significant additional training. We plan to progressively increase the number of audits delivered in-house over coming years to our target level of 20%.

The outsourcing of public sector audits is a common practice across jurisdictions to meet periods of peak demand and provide access to specialist skills, and we value the opportunity to benchmark our own audit quality and efficiency. We maintain oversight of our contract audit firms' audit planning, finalisation and key audit judgements, and engage with entities throughout the process, including attending key meetings. We sign all audit opinions, prepare whole of sector reporting and also support capability development across the sector.

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Appendix 1: Status and timeliness of audits

Type of audit opinion	
Clear (unmodified)	✅
Clear opinion with emphasis of matter or matter of significance paragraph	🟠
Qualified or a disclaimer of opinion	❌

Financial report timeliness – audit ready submissions*	
Received financial report by statutory deadline of 30 September 2023 and assessed audit ready	🟢
Received an extension from DLGSC to the statutory deadline and met this extension with audit ready financial report	🟠
Extension or statutory deadline was not met with audit ready financial report	🔴

* Financial report initially provided may not be of a quality that is audit ready. The icon in the table below reflects the date we assessed the financial report as audit ready. Many entities' first version of financial report provided to us was audit ready.

Entities listed in alphabetical order with opinion type, opinion date and audit ready financial report submission status.

	Entity	Type of opinion	Opinion issued	Audit ready submissions of FR*
1	Bunbury-Harvey Regional Council	✅	24/11/2023	🟢
2	City of Albany	✅	06/12/2023	🟢
3	City of Armadale	✅	20/12/2023	🟠
4	City of Bayswater	✅	20/12/2023	🟢
5	City of Belmont	✅	28/11/2023	🔴
6	City of Bunbury	✅	29/11/2023	🟢
7	City of Busselton	🟠	01/11/2023	🟢
8	City of Canning	✅	07/12/2023	🟢
9	City of Cockburn	✅	08/12/2023	🟢
10	City of Fremantle	🟠	12/12/2023	🟢
11	City of Gosnells	✅	13/12/2023	🔴
12	City of Greater Geraldton	✅	15/12/2023	🟢
13	City of Joondalup	✅	01/12/2023	🟢
14	City of Kalamunda	🟠	01/12/2023	🔴

	Entity	Type of opinion	Opinion issued	Audit ready submissions of FR*
15	City of Kalgoorlie-Boulder	✓ (green)	28/11/2023	🕐 (green)
16	City of Kwinana	✓ (orange)	06/12/2023	🕐 (green)
17	City of Mandurah	✓ (orange)	20/12/2023	🕐 (green)
18	City of Melville	✓ (orange)	21/12/2023	🕐 (orange)
19	City of Nedlands	✗ (red)	01/03/2024	🕐 (red)
20	City of Perth	✓ (green)	29/11/2023	🕐 (green)
21	City of Rockingham	✓ (green)	08/11/2023	🕐 (green)
22	City of South Perth	✓ (green)	28/11/2023	🕐 (green)
23	City of Stirling	✓ (green)	15/12/2023	🕐 (green)
24	City of Subiaco	✓ (orange)	01/12/2023	🕐 (green)
25	City of Swan	✓ (green)	22/11/2023	🕐 (green)
26	City of Vincent	✓ (green)	08/12/2023	🕐 (green)
27	City of Wanneroo	✓ (green)	30/11/2023	🕐 (green)
28	Eastern Metropolitan Regional Council	✓ (green)	06/10/2023	🕐 (green)
29	Mindarie Regional Council	✓ (green)	15/11/2023	🕐 (red)
30	Murchison Regional Vermin Council	✓ (green)	21/12/2023	🕐 (green)
31	Rivers Regional Council	✓ (orange)	07/12/2023	🕐 (green)
32	Shire of Ashburton	✓ (orange)	21/12/2023	🕐 (green)
33	Shire of Augusta-Margaret River	✓ (green)	21/11/2023	🕐 (green)
34	Shire of Beverley	✓ (green)	01/11/2023	🕐 (green)
35	Shire of Boddington	✓ (green)	01/12/2023	🕐 (green)
36	Shire of Bridgetown-Greenbushes	✓ (green)	08/12/2023	🕐 (orange)
37	Shire of Brookton	✓ (green)	20/12/2023	🕐 (green)
38	Shire of Broome	✓ (green)	15/12/2023	🕐 (red)
39	Shire of Broomehill-Tambellup	✓ (green)	14/12/2023	🕐 (green)
40	Shire of Bruce Rock	✓ (green)	07/12/2023	🕐 (green)
41	Shire of Capel	✓ (green)	15/12/2023	🕐 (green)
42	Shire of Carnamah	✓ (green)	08/12/2023	🕐 (red)

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	Entity	Type of opinion	Opinion issued	Audit ready submissions of FR*
43	Shire of Carnarvon	✅	19/12/2023	🟢
44	Shire of Chapman Valley	✅	19/02/2024	🟠
45	Shire of Chittering	✅	07/12/2023	🟢
46	Shire of Christmas Island	✅	07/12/2023	🟢
47	Shire of Cocos (Keeling) Islands	✅	08/12/2023	🟢
48	Shire of Collie	✅	08/12/2023	🟢
49	Shire of Coolgardie	🟠	05/12/2023	🔴
50	Shire of Coorow	✅	07/12/2023	🟢
51	Shire of Corrigin	✅	08/12/2023	🔴
52	Shire of Cranbrook	✅	06/12/2023	🟢
53	Shire of Cuballing	✅	08/12/2023	🟢
54	Shire of Cue	✅	28/11/2023	🟢
55	Shire of Cunderdin	✅	24/11/2023	🟢
56	Shire of Dalwallinu	✅	04/12/2023	🟢
57	Shire of Dandaragan	✅	15/12/2023	🟠
58	Shire of Dardanup	🟠	22/11/2023	🟢
59	Shire of Denmark	✅	28/11/2023	🟢
60	Shire of Derby-West Kimberley	✅	18/12/2023	🟠
61	Shire of Donnybrook-Balingup	✅	11/12/2023	🟢
62	Shire of Dowerin	✅	29/11/2023	🟢
63	Shire of Dumbleyung	✅	09/11/2023	🟢
64	Shire of Dundas	✅	19/12/2023	🟢
65	Shire of East Pilbara	✅	11/03/2024	🟢
66	Shire of Esperance	✅	15/11/2023	🟢
67	Shire of Exmouth	✅	06/12/2023	🔴
68	Shire of Gingin	✅	05/12/2023	🟢
69	Shire of Gnowangerup	✅	19/12/2023	🔴
70	Shire of Goomalling	❌	07/12/2023	🟢
71	Shire of Harvey	✅	08/12/2023	🟢

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	Entity	Type of opinion	Opinion issued	Audit ready submissions of FR*
72	Shire of Irwin	✅	30/11/2023	🕐
73	Shire of Jerramungup	✅	05/12/2023	🕐
74	Shire of Katanning	❌	13/12/2023	🕐
75	Shire of Kellerberrin	✅	02/12/2023	🕐
76	Shire of Kent	❌	20/12/2023	🕐
77	Shire of Kojonup	✅	17/01/2024	🕐
78	Shire of Kondinin	✅	18/12/2023	🕐
79	Shire of Koorda	✅	13/12/2023	🕐
80	Shire of Kulin	✅	30/11/2023	🕐
81	Shire of Lake Grace	✅	05/12/2023	🕐
82	Shire of Laverton	✅	15/12/2023	🕐
83	Shire of Leonora	✅	05/12/2023	🕐
84	Shire of Manjimup	✅	29/11/2023	🕐
85	Shire of Meekatharra	✅	05/12/2023	🕐
86	Shire of Menzies	✅	11/12/2023	🕐
87	Shire of Merredin	✅	16/11/2023	🕐
88	Shire of Mingenew	✅	01/12/2023	🕐
89	Shire of Moora	✅	27/02/2024	🕐
90	Shire of Morawa	✅	05/12/2023	🕐
91	Shire of Mount Magnet	❌	12/12/2023	🕐
92	Shire of Mount Marshall	✅	06/12/2023	🕐
93	Shire of Mukinbudin	✅	18/12/2023	🕐
94	Shire of Mundaring	✅	12/12/2023	🕐
95	Shire of Murchison	✅	05/12/2023	🕐
96	Shire of Murray	✅	27/11/2023	🕐
97	Shire of Nannup	❌	12/12/2023	🕐
98	Shire of Narembeen	✅	05/12/2023	🕐
99	Shire of Narrogin	✅	08/12/2023	🕐
100	Shire of Northam	✅	14/12/2023	🕐

	Entity	Type of opinion	Opinion issued	Audit ready submissions of FR*
101	Shire of Northampton	✅	08/12/2023	🟢
102	Shire of Nungarin	✅	12/12/2023	🟢
103	Shire of Peppermint Grove	✅	06/12/2023	🔴
104	Shire of Perenjori	✅	08/12/2023	🟢
105	Shire of Pingelly	✅	01/12/2023	🟢
106	Shire of Quairading	✅	13/12/2023	🟢
107	Shire of Ravensthorpe	✅	07/12/2023	🟢
108	Shire of Sandstone	✅	16/11/2023	🟢
109	Shire of Serpentine-Jarrahdale	✅	22/11/2023	🟢
110	Shire of Shark Bay	✅	15/12/2023	🟠
111	Shire of Tammin	✅	20/11/2023	🔴
112	Shire of Three Springs	✅	21/11/2023	🟢
113	Shire of Trayning	✅	07/12/2023	🟢
114	Shire of Upper Gascoyne	✅	08/11/2023	🟢
115	Shire of Victoria Plains	✅	27/11/2023	🟢
116	Shire of Wagin	✅	29/11/2023	🔴
117	Shire of Wandering	✅	04/12/2023	🟢
118	Shire of Waroona	✅	17/11/2023	🟢
119	Shire of West Arthur	✅	07/12/2023	🟢
120	Shire of Westonia	❌	18/12/2023	🟢
121	Shire of Wickepin	❌	08/12/2023	🟢
122	Shire of Williams	✅	06/12/2023	🔴
123	Shire of Wiluna	❌	21/12/2023	🟠
124	Shire of Wongan-Ballidu	✅	13/12/2023	🟢
125	Shire of Woodanilling	❌	20/12/2023	🟢
126	Shire of Wyalkatchem	✅	30/11/2023	🔴
127	Shire of Wyndham-East Kimberley	✅	13/12/2023	🔴
128	Shire of Yilgarn	✅	01/12/2023	🟢
129	Shire of York	✅	15/03/2024	🟠

	Entity	Type of opinion	Opinion issued	Audit ready submissions of FR*
130	Tamala Park Regional Council	✅	05/10/2023	🟢
131	Town of Bassendean	✅	11/12/2023	🔴
132	Town of Cambridge	✅	15/12/2023	🔴
133	Town of Claremont	✅	05/12/2023	🟢
134	Town of Cottesloe	✅	06/12/2023	🟢
135	Town of East Fremantle	🔴	11/12/2023	🟢
136	Town of Mosman Park	✅	18/12/2023	🟢
137	Western Metropolitan Regional Council	✅	15/11/2023	🟢

Source: OAG

Appendix 2: Entities who received an extension from DLGSC to submit their financial report after the 30 September legislated deadline

Entity	Extension date
City of Armadale	31 October 2023
City of Karratha	30 November 2023
City of Melville	31 December 2023
City of Nedlands	16 October 2023
Shire of Boyup Brook	16 October 2023
Shire of Bridgetown-Greenbushes	13 October 2023
Shire of Chapman Valley	30 November 2023
Shire of Dandaragan	31 October 2023
Shire of Derby-West Kimberley	30 November 2023
Shire of Halls Creek	31 October 2023 30 November 2023
Shire of Katanning	31 October 2023
Shire of Kojonup	30 October 2023
Shire of Kulin	31 October 2023
Shire of Moora	30 November 2023 15 December 2023
Shire of Mukinbudin	31 October 2023
Shire of Murchison	9 October 2023
Shire of Ngaanyatjarraku	31 October 2023
Shire of Plantagenet	31 October 2023
Shire of Shark Bay	20 October 2023
Shire of Toodyay	31 October 2023
Shire of Wiluna	31 October 2023
Shire of Wyndham-East Kimberley	31 October 2023
Shire of Yalgoo	30 November 2023
Shire of York	13 October 2023
Town of Bassendean	31 October 2023
Town of Cambridge	3 November 2023
Town of Victoria Park	16 October 2023

Source: DLGSC

Appendix 3: Outstanding audits at 31 March 2024[10]

Entity	Balance date	Reason for delay
City of Karratha	30 June 2023	Key entity staff turnover delayed the start of the audit until October 2023. This was further delayed until January 2024, with audit finalisation to occur by the end of February 2024. By mid-February 2024 the City was still not able to provide all the required information to conduct the audit. Resolution of some prior year matters also contributed to delays. The audit recommenced in mid-March 2024 and should be finalised no later than May 2024.
Resource Recovery Group	30 June 2023	In November 2023, Member Council resolutions impacted the going concern assessment for the Resource Recovery Group. This was completed in February 2024, and we finalised our review of this assessment in April 2024. Our assessment did not start in February as our auditor's had other scheduled work. We prioritised other work as it was on schedule and pre-booked. We anticipate the audit to be finalised no later than May 2024.
Shire of Boyup Brook	30 June 2023	The independent valuation was delayed due to the availability of consultants which held up the finalisation of the financial statements and the completion of the audit. Complete documents were provided to the audit team in March 2024, and we expect to have the audit finalised no later than May 2024.
Shire of Halls Creek	30 June 2023	The Shire requested two extensions from DLGSC. In January 2024, they sought to pause the audit to complete their financial statements and other inquiries following the departure of their Chief Executive Officer (CEO). In March 2024 it was mutually agreed to conclude the audit based on available information and we expect this to be finalised no later than May 2024.
Shire of Ngaanyatjarraku	30 June 2023	The independent valuation was delayed which held up the finalisation of the financial statements and the completion of the audit. These reports have now been received and we expect the audit to be finalised no later than May 2024.
Shire of Plantagenet	30 June 2023	The resignation of the Shire's Deputy Chief Executive Officer (DCEO) and accountant prior to the commencement of the scheduled audit fieldwork in November 2023 led to considerable delays. The Shire's revaluation report was not concluded until the end of February 2024. We now expect this audit to be finalised no later than May 2024.
Shire of Toodyay	30 June 2023	The financial report was not available to audit until December 2023. The audit commenced in late February 2024, however not all the information required for audit purposes was ready at this time. The resignation of the Shire's CEO caused more delays during fieldwork and there were further delays in responding to audit queries. The audit had to be paused and then recommenced in March 2024 and we expect it to be finalised no later than May 2024.

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[10] Date of report cut-off.

Entity	Balance date	Reason for delay
Shire of Yalgoo	30 June 2022 and 30 June 2023	The 2021-22 audit remains outstanding. The audit team did not receive information in a timely manner. This delayed the audit process significantly. Also, there were errors in the valuation of buildings and infrastructure which required additional time for the Shire to resolve. We expect the 2021-22 audit to be finalised no later than May 2024. The 2022-23 audit cannot commence until the 2021-22 is complete. We are negotiating a timeframe for this audit.
Town of Port Hedland	30 June 2023	The Town transitioned its accounting system on 1 November 2022. Some processes and control activities, including key reconciliations, did not occur due to configuration issues until November 2023. Subsequently in November 2023 it was mutually agreed to conclude the audit based on the available information. Following on from this the Town has been resolving valuation issues and there has not been a robust assessment of the fair value of its investment property as at 30 June 2023. We expect this audit to be finalised no later than May 2024.
Town of Victoria Park	30 June 2023	There were issues with the valuation of assets which the Town needed additional time to resolve. The Town and our team had to work through a prior period error which also delayed the audit. The Town finalised these issues in February 2024, regrettably we were unable to resolve them in a timely manner. This audit opinion was issued on 15 April 2024.

Source: OAG

Appendix 4: 2022-23 Disclaimers of opinion

Entity and opinion	Opinion issued
City of Nedlands – Disclaimer of opinion **Financial report not supported with complete and accurate underlying records** We were unable to obtain sufficient appropriate audit evidence regarding the financial report as a whole as the financial report was submitted for audit purposes without complete and accurate underlying records. We were unable to audit the financial report by alternative means. Consequently, we are unable to determine whether any adjustments were necessary to the financial report as a whole for the year ended 30 June 2023.	1/03/2024

Source: OAG

Appendix 5: 2022-23 Qualified opinions

Entity	Details of qualification
Shire of Goomalling	**Infrastructure** Roads, drainage and footpaths infrastructure assets reported at the carrying values of $40,811,937 (2022: $38,834,816), $2,153,484 (2022: $2,194,288) and $770,060 (2022: $732,466) respectively in Note 8 (a) of the financial report as at 30 June 2023 were not revalued as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 since 30 June 2015. Consequently, we were unable to determine the extent to which the carrying amounts of these classes of assets are misstated, as it was impracticable to do so. Additionally, we were unable to determine whether there may be any consequential impact on Revaluation surplus as at 30 June 2023 and 30 June 2022, as well as Depreciation, Net Result for the Period and Retained surplus as at 30 June 2023.
Shire of Katanning	**Infrastructure** Infrastructure amounting to $159,205,524 in the statement of financial position as at 30 June 2023 has not been revalued with sufficient regularity, as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 since 2017-18. Consequently, we were unable to determine the extent to which the carrying amount of Infrastructure is misstated, as it was impracticable to do so. Additionally, I am unable to determine whether there may be any consequential impact on the Revaluation Surplus as at 30 June 2023. **Buildings** The buildings depreciation expense of $1,016,090 reported in Note 7(a) of the financial report for year ended 30 June 2023 did not reflect the expected pattern of the future economic benefits of these assets. The Shire did not update rates of depreciation for the year ended 30 June 2023. If the Shire had updated the rates, buildings depreciation would have increased by $1,259,134. Buildings and Retained Surplus at 30 June 2023 would have decreased by $1,259,134 and the Net result for the period would have decreased by $1,259,134.
Shire of Kent	**Infrastructure** Other Infrastructure reported at the carrying value of $4,867,091 in Note 9(a) of the financial report as at 30 June 2023 has not been revalued as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 since 2017-18. Consequently, we were unable to determine the extent to which the carrying amount of Other Infrastructure is misstated, as it was impracticable to do so. Additionally, we were unable to determine whether there may be any consequential impact on Revaluation Surplus as at 30 June 2023.
Shire of Mount Magnet	**Infrastructure** Other infrastructure asset classes of parks & gardens, aerodromes and other reported in Note 9(a) of the financial report at the carrying values of $862,215, $2,787,963 and $4,584,744 respectively, as at 30 June 2023, have not been revalued with sufficient regularity, as required by Regulation 17A(4A)(b) of the Local Government (Financial Management) Regulations 1996, since 2017-18. Consequently, we were unable to determine the extent to which the carrying amounts of Other Infrastructure asset classes of parks & gardens, aerodromes and other are misstated, as it was impracticable to do so. Additionally, we are unable to determine whether there may be any consequential impact on Revaluation Surplus as at 30 June 2023.

Entity	Details of qualification
Shire of Nannup	**Infrastructure** Infrastructure reported at the carrying values of $100,957,611 and $100,707,176 in the financial report as at 30 June 2023 and 30 June 2022 respectively have not been revalued with sufficient regularity, as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996, since 2016-17. Consequently, We were unable to determine the extent to which the carrying amounts of Infrastructure are misstated, as it was impracticable to do so. Additionally, we were unable to determine whether there may be any consequential impact on Revaluation Surplus as at 30 June 2023 and 30 June 2022, as well as Depreciation, Net Result for the Period and Retained Surplus as at 30 June 2023. **Land and Buildings** Land and Buildings reported at the carrying values of $1,615,000 and $8,737,435 respectively in Note 8(a) of the financial report as at 30 June 2023 have not been revalued with sufficient regularity, as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996, since 2017-18. Consequently, I was unable to determine the extent to which the carrying amounts of Land and Buildings are misstated, as it was impracticable to do so. Additionally, we were unable to determine whether there may be any consequential impact on Revaluation Surplus as at 30 June 2023.
Shire of Westonia	**Infrastructure** Infrastructure reported at the carrying value of $43,562,879 in the financial report as at 30 June 2023 has not been revalued as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 since 2017-18. Consequently, we were unable to determine the extent to which the carrying amount of Infrastructure is misstated, as it was impracticable to do so. Additionally, we were unable to determine whether there may be any consequential impact on Revaluation Surplus as at 30 June 2023.
Shire of Wickepin	**Infrastructure** Infrastructure reported at the carrying value of $92,213,435 in Note 7(a) of the financial report as at 30 June 2023 has not been revalued with sufficient regularity as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 since 2017-18. Consequently, we were unable to determine the extent to which the carrying amount of Infrastructure is misstated, as it was impracticable to do so. Additionally, we were unable to determine whether there may be any consequential impact on the revaluation surplus as at 30 June 2023.
Shire of Wiluna	**Airport and Other Infrastructure Assets** We qualified the revaluations of the Shire's Airport and Other Infrastructure assets stated at $5,353,146 and $2,284,337 respectively in the prior year because they were not supported with appropriate and complete accounting records. The Shire has not made the appropriate corrections for these prior year figures in the current year. Consequently, the opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's airport and Infrastructure figures in Note 9 (a) and the corresponding figures of the financial report.
Shire of Woodanilling	**Building assets** We qualified building assets stated at $4,942,954 in the prior year because the Shire had not revalued its building assets with sufficient regularity or in accordance with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996. The Shire has not made the appropriate corrections for this prior year figure in the current year. Consequently, the opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's building asset figure in Note 9 and the corresponding figure of the financial report.

Source: OAG

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Appendix 6: Prior year qualifications removed in 2022-23

Entity	Details of prior year qualification
City of Kalamunda	**Infrastructure Assets** The City has not recognised 969 assets under Infrastructure assets (Drains) in the financial report at 30 June 2022. These assets have been included in the City's Asset Management System at nil values however, they were never recorded in the Fixed Assets Register and revalued to their fair value. As these assets have not been recognised in the financial report at fair value in accordance with Regulation 17A(2)(a) of the Local Government (Financial Management) Regulations 1996, we are unable to determine the extent to which Infrastructure - Drains balance reported in Note 9 of the financial report at $123,730,140 as at 30 June 2022 (2021: $124,550,736) is misstated, as it is impracticable to do so. Additionally, there is a consequential impact on Depreciation, Infrastructure, Revaluation Surplus and Retained Earnings.
City of Mandurah	**Property, Plant and equipment and Infrastructure Assets** As detailed in Notes 8 and 9 to the financial report, at 30 June 2022 the total carrying value of the City's property plant and equipment assets was $272.2 million and infrastructure assets was $761.9 million. For property, plant and equipment and infrastructure recorded at fair value, any movements are recognised in revaluation surplus, the balance of which was $808.7 million at 30 June 2022. For the year ended 30 June 2022, the City recognised a depreciation expense of $32.4 million and changes in the asset revaluation surplus of $97.0 million in relation to these assets in the Statement of Comprehensive Income by Nature or Type. Management have indicated that that there are gaps in their control processes and they are not confident with the overall completeness of their fixed asset register at 30 June 2022. Consequently, we were unable to obtain sufficient appropriate audit evidence that all property, plant and equipment and infrastructure had been recorded and valued nor could we confirm this by alternative means. We are therefore unable to determine whether any adjustments to property, plant and equipment, infrastructure, revaluation surplus, depreciation expense and changes in asset revaluation surplus were necessary.
Shire of Boyup Brook	**Biological assets** During 2020-21, we were unable to obtain sufficient appropriate audit evidence to verify the opening balance of biological assets nor were we able to confirm it by alternative means. Since the opening balance of biological assets for the year ended 30 June 2021 affects the determination of operations, we were unable to determine whether any adjustments to the Net result for the year ended 30 June 2021 was necessary. The opinion on the financial report for the period ended 30 June 2021 was modified accordingly. The opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.
Shire of Mount Magnet	The Shire's operating grants, subsidies and contributions of $2,650,673, Capital grants, subsidies and contributions of $521,726 reported in Note 2 (a) and Contract Liabilities of $110,545 reported within Note 12 of the financial report as at 30 June 2022 were not assessed in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities*. We are unable to determine the extent to which these amounts are misstated. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Entity	Details of prior year qualification
Shire of Sandstone	**Road and footpaths infrastructure assets** The opinion was qualified in the prior period because the Shire had not revalued its roads and footpaths infrastructure assets stated at $37,755,629 and $71,845 respectively with sufficient regularity or in accordance with *Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996*. The Shire was unable to make the appropriate corrections for these prior year figures in the current year. Consequently, the opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures in Note 8 of the financial report.

Source: OAG

Appendix 7: Emphasis of matter paragraphs included in auditor reports

Entity	Description of emphasis of matter paragraphs	Brief explanation
City of Busselton	**Restatement of Comparative Balances** We draw attention to Note 27 to the financial report which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The restatement relates to two material adjustments to the prior year figures due to an error in recording of land and buildings.
City of Fremantle	**Events Occurring After the End of the Reporting Period** We draw attention to Note 24 to the financial report, which states that, following the end of the financial year ended 30 June 2023, the two remaining member council participants including the City have resolved to withdraw from Resource Recovery Group effective from 1 July 2025. The opinion is not modified in respect of this matter.	On 22 November 2023 the City resolved to withdraw from the Resource Recovery Group and all associated projects, effective 1 July 2025.
City of Kalamunda	**Restatement of comparative balances** We draw attention to Note 32 to the financial report, which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in the financial report. The opinion is not modified in respect of this matter.	A number of Infrastructure assets (Drains) were not recognised in the 2021-22 financial report. The City sought a valuation in 2023 and corrected and restated the prior year balances.
City of Kwinana	**Restatement of comparative figures** We draw attention to Note 31 to the financial report which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The restatement relates to two material adjustments to the prior year figures due to an error in the recognition of intangible assets and previously unrecognised developer contributions.
City of Mandurah	**Restatement of comparative balances** We draw attention to Note 27 to the financial report, which states that amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives. The opinion is not modified in respect to this matter.	Property, plant and equipment and infrastructure assets not previously recognised in the financial report have now been recognised.
City of Melville	**Events Occurring After the End of the Reporting Period** We draw attention to Note 21 to the financial report, which states that, following the end of the financial year ended 30 June 2023, the two remaining member council participants including the City have resolved to withdraw from Resource Recovery Group effective from 1 July 2025. The opinion is not modified in respect of this matter.	On 21 November 2023 the City resolved to withdraw from the Resource Recovery Group and all associated projects, effective 1 July 2025.

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Entity	Description of emphasis of matter paragraphs	Brief explanation
	Restatement of comparative balances We draw attention to Note 17 to the financial report which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	An error was corrected for the infrastructure roads valuation.
City of Subiaco	**Restatement of comparative balance** We draw attention to Note 31 to the financial report which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	Two prior period errors were corrected. One was in relation to depreciation errors and the other related to an undervaluation of the Lords Recreation Centre.
Rivers Regional Council	**Basis of accounting** We draw attention to Note 1 of the financial report, which discloses that the Council has decided to wind up Rivers Regional Council. Consequently, the financial report has been prepared on a liquidation basis. The opinion is not modified in respect of this matter	The Council has decided to wind up Rivers Regional Council. Consequently, the financial report has been prepared on a liquidation basis as required under Accounting Standards. Accordingly, all assets and liabilities in the 2022-23 financial statements have been classified as current.
Shire of Ashburton	**Restatement of Comparative balances** We draw attention to Note 32 of the financial report which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives. The opinion is not modified in respect of this matter.	Roads that were not Shire assets were incorrectly recognised in the financial report.
Shire of Coolgardie	**Restatement of Comparative balances** We draw attention to Note 30 of the financial statements which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	Two prior period errors were corrected. One correction related to an error in the 2018 valuation of unsealed road infrastructure and the other related to incorrect accounting for a revaluation decrement for other infrastructure.
Shire of Dardanup	**Restatement of comparative balances** We draw attention to Note 31 to the financial report which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	An error was corrected for the prior year's infrastructure valuation.

Entity	Description of emphasis of matter paragraphs	Brief explanation
Shire of Kent	**Restatement of comparative balances** We draw attention to Note 28 of the financial report which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	An error in the 2018 unsealed road valuation was corrected.
Shire of Mount Magnet	**Trade and Other Receivables** We draw attention to Note 5 to the financial report which describes an amount of $765,599 in the Shire's rates revenue and rates and statutory receivables that is subject to an upcoming State Administrative Tribunal determination. The opinion is not modified in respect of this matter.	Some of the Shire's reported rate revenue and receivables are subject to a State Administrative Tribunal Determination. The Shire recognised these amounts as they were confident at the time that the determination when made, would be made in the Shire's favour.
Shire of Nannup	**Restatement of comparative balances** We draw attention to Note 28 to the financial report which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	A grant was incorrectly recognised as income rather than a capital grant liability. This error was corrected.
Town of East Fremantle	**Investment in associates** We draw attention to Note 23 to the financial report, which states that, following the end of the financial year ended 30 June 2023, the two remaining member council participants have resolved to withdraw from Resource Recovery Group effective from 1 July 2025. The opinion is not modified in respect of this matter.	On 20 June 2023 the Town resolved to withdraw from the Resource Recovery Group (RRG) effective 1 July 2024 and subsequent to year end the remaining member council participants also resolved to withdraw from the RRG effective 1 July 2025.

Source: OAG

Appendix 8: Local government certifications issued

Certifications issued for 2022-23

Entity and opinion	Opinion issued
City of Busselton	
Local Roads and Community Infrastructure Program	31 October 2023
Roads to Recovery Funding	31 October 2023
Pensioner Deferments	31 October 2023
City of Gosnells	
Local Roads and Community Infrastructure Program	20 November 2023
Roads to Recovery Funding	31 October 2023
Pensioner Deferments	10 November 2023
City of Joondalup	
Pensioner Deferments	31 October 2023
City of Kalamunda	
Road to Recovery Funding	27 October 2023
Pensioner Deferments	12 December 2023
City of South Perth	
Local Roads and Community Infrastructure Program	3 November 2023
Roads to Recovery Funding	31 October 2023
Pensioner Deferments	6 November 2023
City of Vincent	
Pensioner Deferments	16 November 2023
Shire of Upper Gascoyne	
Local Roads and Community Infrastructure Program	31 October 2023
Roads to Recovery Funding	31 October 2023
Shire of York	
Pensioner Deferments	19 December 2023

Source: OAG

Outstanding certifications issued from 2021-22

Entity and opinion	Opinion issued
City of Karratha	
Local Roads and Community Infrastructure Program	14 August 2023
City of Nedlands	
Local Roads and Community Infrastructure Program	8 August 2023
Roads to Recovery Funding	30 October 2023
Shire of Christmas Island	
Local Roads and Community Infrastructure Program	4 July 2023
Roads to Recovery Funding	15 July 2023
Shire of Collie	
Local Roads and Community Infrastructure Program	19 September 2023
Shire of Coorow	
Local Roads and Community Infrastructure Program	15 December 2023
Shire of Cuballing	
Local Roads and Community Infrastructure Program	28 February 2024

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Entity and opinion	Opinion issued
Roads to Recovery Funding	5 July 2023
Shire of Cue	
Local Roads and Community Infrastructure Program	3 August 2023
Shire of Dundas	
Local Roads and Community Infrastructure Program	31 July 2023
Shire of East Pilbara	
Local Roads and Community Infrastructure Program	30 October 2023
Roads to Recovery Funding	31 October 2023
Shire of Goomalling	
Local Roads and Community Infrastructure Program	18 December 2023
Shire of Halls Creek	
Local Roads and Community Infrastructure Program	22 March 2024
Shire of Katanning	
Local Roads and Community Infrastructure Program	1 March 2024
Shire of Kojonup	
Local Roads and Community Infrastructure Program	30 January 2024
Shire of Kondinin	
Local Roads and Community Infrastructure Program	10 November 2023
Shire of Manjimup	
Local Roads and Community Infrastructure Program	2 November 2023
Roads to Recovery Funding	31 October 2023
Shire of Moora	
Roads to Recovery Funding	30 January 2024
Shire of Mount Magnet	
Roads to Recovery Funding	13 November 2023
Shire of Murchison	
Local Roads and Community Infrastructure Program	17 July 2023
Shire of Nungarin	
Local Roads and Community Infrastructure Program	29 January 2024
Shire of Peppermint Grove	
Local Roads and Community Infrastructure Program	21 December 2023
Roads to Recovery Funding	21 December 2023
Shire of Quairading	27 September 2023
Roads to Recovery Funding	
Shire of Sandstone	
Local Roads and Community Infrastructure Program	15 March 2024
Shire of Three Springs	
Local Roads and Community Infrastructure Program	4 August 2023
Shire of Trayning	
Local Roads and Community Infrastructure Program	9 August 2023
Shire of Wandering	
Local Roads and Community Infrastructure Program	21 September 2023
Roads to Recovery Funding	31 July 2023

Entity and opinion	Opinion issued
Shire of Wickepin	
Local Roads and Community Infrastructure Program	18 July 2023
Shire of Wiluna	
Local Roads and Community Infrastructure Program	15 January 2024
Roads to Recovery Funding	15 January 2024
Shire of Wyndham	
East Kimberley - Local Roads and Community Infrastructure Program	31 July 2023
Roads to Recovery Funding	9 October 2023
Shire of York	
Pensioner Deferments	30 October 2023
Town of Cottesloe	
Local Roads and Community Infrastructure Program	22 December 2023

Source: OAG

Appendix 9: Other opinions and certifications issued since 10 November 2023

Entity	Opinion issued
Albany Cemetery Board	20 December 2023
Animal Resources Authority	21 December 2023
Australian Pathway Education Group Pty Ltd	20 November 2023
Bunbury Cemetery Board	21 December 2023
Busselton Water Corporation	16 November 2023
ECU Holdings Pty Ltd	21 December 2023
Edith Cowan Accommodation Holdings Pty Ltd	13 December 2023
Electricity Networks Corporation – Report of Factual Findings	11 December 2023
Goldmaster Enterprises Pty Ltd	5 December 2023
Professional Standards Council	13 November 2023
Public Trustee	8 December 2023

Source: OAG

Certification name	Certification issued
Indian Ocean Territories – Service Delivery Agreement	18 December 2023
Local Government Financial Assistance Act – DLG	17 November 2023

Source: OAG

Entity	Royalties for Regions approved projects	Certification issued
Department of Premier and Cabinet	Remote Aboriginal Communities COVID-19 Emergency Relief Fund	18 January 2024
Department of Justice	Enhanced Driver Training and Education for Regional and Remote Communities	19 March 2024
Mental Health Commission	Mental Health Step Up/Step Down Facilities – Kalgoorlie/Goldfields	15 February 2024
WA Country Health	Kimberley Dialysis Unit Residential Aged and Dementia Care Investment Program Royal Flying Doctor Service – Asset Replacement	12 March 2024

Source: OAG

Appendix 10: Completion of 2021-22 local government entities

Entity and opinion	Opinion issued
Shire of Toodyay – Disclaimer of opinion **Financial report not supported with complete and accurate underlying records** We were unable to obtain sufficient appropriate audit evidence regarding the financial report as a whole, as the financial report was submitted for audit purposes without complete and accurate underlying records. We were unable to audit the financial report by alternative means. Consequently, we are unable to determine whether any adjustments were necessary to the financial report as a whole for the year ended 30 June 2022. The audit opinion on the annual financial report for the year ended 30 June 2021 was disclaimed for the same reasons.	27 October 2023

Source: OAG

Appendix 11: Opinion and management letter definitions

In the auditor's report we include the audit opinion on the annual financial report and any other matters that, in our judgement, need to be highlighted. This year the Auditor General has issued the following types of opinions:

1. **clear opinion**: indicates satisfactory financial controls. The financial report is based on proper accounts, complies with relevant legislation and accounting standards, and fairly represents performance and financial position

2. **clear opinion with an emphasis of matter:** draws attention to a matter disclosed in the financial report to aid the readers understanding but does not result in a qualified opinion

3. **qualified opinion:** given when the audit identifies materially misleading information, inadequate controls or conflicts with the financial reporting frameworks.

4. **disclaimer of opinion:** the most serious audit outcome, issued when the auditor is unable to form an opinion due to insufficient evidence to form an opinion after all reasonable efforts.

We report weaknesses in the control environment to the CEO, mayor, president or chairperson and the Minister for Local Government. Findings will be rated as significant, moderate or minor. We also indicate if the finding has the potential to impact the audit opinion and if it relates to the prior year and remains unresolved. Both quantitative and qualitative aspects guide our ratings.

Risk category	Audit impact	Management action required
Significant	Findings where there is potentially a significant risk to the entity should it not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.	Priority or urgent action by management to correct the material misstatement in the financial report to avoid a qualified opinion or for control risks, implement a detailed action plan as soon as possible, within one to two months.
Moderate	Findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.	Control weaknesses of sufficient concern to warrant action being taken as soon as practicable, within three to six months. If not addressed promptly, they may escalate to significant or high risk.
Minor	Those findings that are not of primary concern but still warrant action being taken.	Management to implement an action plan within six to 12 months to improve existing process or internal control.

Source: OAG

We give management the opportunity to review our audit findings and provide comments prior to completion of the audit. Each control finding is documented in a management letter which identifies weakness, implications for the entity, risk category and a recommended improvement action.

Auditor General's 2023-24 reports

Number	Title	Date tabled
18	Local Government 2022-23 – Financial Audit Results	6 June 2024
17	Local Government IT Disaster Recovery Planning	31 May 2024
16	Local Government 2022-23 – Information Systems Audit Results	27 May 2024
15	Government Campaign Advertising	15 May 2024
14	State Government 2022-23 – Information Systems Audit	12 April 2024
13	Provision of Supplementary Information to the Standing Committee on Estimates and Financial Operations – Opinions on Ministerial Notifications	5 April 2024
12	Digital Identity and Access Management – Better Practice Guide	28 March 2024
11	Funding for Community Sport and Recreation	21 March 2024
10	State Government 2022-23 – Financial Audit Results	20 December 2023
9	Implementation of the Essential Eight Cyber Security Controls	6 December 2023
8	Electricity Generation and Retail Corporation (Synergy)	8 November 2023
7	Management of the Road Trauma Trust Account	17 October 2023
6	2023 Transparency Report: Major Projects	2 October 2023
5	Triple Zero	22 September 2023
4	Staff Exit Controls for Government Trading Enterprises	13 September 2023
3	Local Government 2021-22 – Financial Audit Results	23 August 2023
2	Electricity Generation and Retail Corporation (Synergy)	9 August 2023
1	Requisitioning of COVID-19 Hotels	9 August 2023

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Office of the Auditor General
for Western Australia

11.1.2   **(2024/MINUTE NO 0025)** Performance Audit - Local Government Management of Purchasing Cards

Executive	A/Director Corporate and System Services
Author	A/Head of Finance
Attachments	1. Local Government Management of Purchasing Cards ⇩

Officer Recommendation/Committee Recommendation
MOVED Cr C Reeve-Fowkes SECONDED Cr M Separovich

The Committee recommends Council RECEIVES the Office of the Auditor General's report on Performance Audit – Local Government Management of Purchasing Cards.

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<u>CARRIED 6/0</u>

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Background

The Office of the Auditor General (OAG) published 27 Audit Reports during the 2023-24 financial year, including seven OAG Performance Audit Reports focussed on Local Government.

These included Local Government Management of Purchasing Cards (Report 19: 2023-24) Performance Audit.

The term *performance* audit is defined in section 7.1 of the *Local Government Act 1995* to be 'an examination or investigation carried out under the *Auditor General Act* 2006 section 18 (as applied by section 7.12AJ(1) of the *Local Government Act 1995*).

The City of Cockburn (the City) presented reports to the former Audit and Strategic Finance Committee from two previous OAG Performance Audits in which the City participated:

1. Timely Payment of Suppliers, Report 12: 2018, 13 June 2017
2. Records Management in Local Government, Report 17: 2018-19, 09 April 2019

To ensure the City adopts best practice in local government, when a performance audit or report with a local government focus is undertaken by the OAG, the City independently submits a report to the Audit, Risk and Compliance Committee (ARC) to inform the ARC on the OAG Audit or report recommendations and any appropriate control measures that the City has in place or proposes implementing as opportunities for improvement.

Submission

N/A

Report

The Performance Audit – Local Government Management of Purchasing Card (Report) was tabled in Parliament by the Auditor General on 12 June 2024.

The Audit assessed whether three regional local government entities (City of Albany, City of Kalgoorlie-Boulder and Shire of Murchison) effectively managed the issue, use and cancellation of purchasing cards.

The OAG found poor management of some controls at these three entities. However, there was no clear evidence found of cards or funds being mishandled by these entities. The audit report included the findings and recommendations made to mitigate the issues identified.

The OAG provided an overview of key components of purchasing card management as shown below:
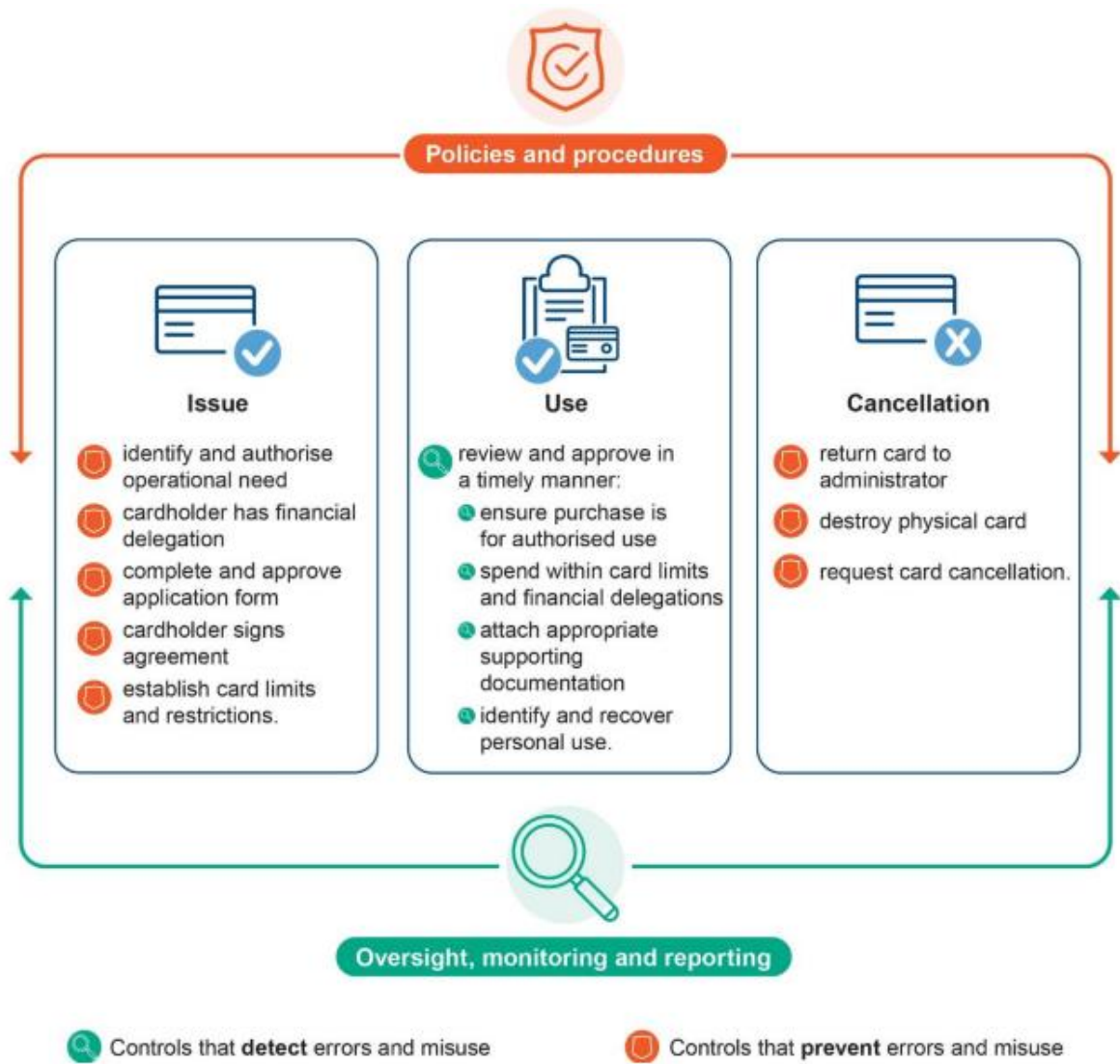
Source: OAG

During this performance audit, the OAG found the following issues from the three regional entities:

- Controls over the use of purchasing cards were partly effective, these include reasonableness of business use and personal use as well as review and approval process
- Controls over the issue and cancellation of cards were partly effective and require improvement
- Lack of appropriate oversight of purchasing card controls, these include inaccurate descriptions on some transactions.

OAG Recommendations

The recommendations made by the OAG in their report are summarised in the table below with responding comments made by the City:

Recommendation	City Comment
a. Develop and implement clear policy guidance for staff on what is allowable and reasonable business use expenditure on items such as travel and food and drink.	City has established clear guidelines on what transactions are reasonable business use e.g. subscriptions, memberships, conferences, training, seminars, travel expenses and low value business purchases not requiring a purchase order.
b. Have suitable controls in place to manage the issue and timely cancellation of purchasing cards.	The City's Accounts Payable and Corporate Credit Card Officer processes a cancellation request as soon as the City's employee leaves the City. Employee exit control processes require the employee to return the card which is destroyed immediately.
c. Review and approve purchasing card transactions in a timely manner.	The acquittal of credit card transactions must be completed by cardholders no longer than one month after statement issue.
d. Keep proper records of the review and approvals of purchasing card transactions and card cancellations.	Transactions must be reviewed and approved by the actual cardholder with a second, independent approval provided by their line manager. Where the cardholder is an Executive or the CEO, the second approval is to be provided by another Executive or CEO. An audit trail is available in the City's record management system (ECM). All relevant correspondences, including new applications and cancellations are also available in ECM.

e.	Include sufficient accurate detail in council papers to allow purchasing card expenditure to be appropriately scrutinised	All purchase and credit cards transactions are reported to Council each month as an attachment to the monthly financial report agenda item.
f.	Regularly monitor and report on purchasing card controls to allow management to oversee usage and control effectiveness. The results of reviews should be documented and retained	The City is currently conducting an internal audit on credit and purchasing card controls and management. Upon completion of the audit, the results will be submitted to the ARC Committee.

The statutory CEO review into the appropriateness and effectiveness of financial management systems and procedures (LG FM Reg. 5) is completed every three years and includes use of credit cards. The review is reported to the ARC Committee. |

In accordance with the Council decision made at the April meeting, the City has engaged an audit firm to conduct an internal audit on the City's Corporate Credit Card Expenditure, Controls and Reporting.

The audit is currently underway and the findings and recommendations from this audit will be brought to the Audit, Risk and Compliance Committee in due course for review.

The Auditor has been provided with this OAG report and the recommendations therein will be considered as part of the Credit Card Audit, to determine further opportunities for improvement.

Strategic Plans/Policy Implications

Listening & Leading
A community focused, sustainable, accountable, and progressive organisation.
• Best practice Governance, partnerships and value for money.

Budget/Financial Implications

N/A

Legal Implications

N/A

Community Consultation

N/A

Risk Management Implications

Reviewing the findings and recommendations contained in the OAG's report into Performance Audit – Local Government Management of Purchasing Cards provides an opportunity for the City to reduce financial management and reporting risks and improve its management controls and governance frameworks.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) *Local Government Act 1995*

Nil

Report 19: 2023-24 | 12 June 2024

PERFORMANCE AUDIT

Local Government Management of Purchasing Cards

**Office of the Auditor General
Western Australia**

Audit team:
Aloha Morrissey
Justine Mezzatesta
Claire Lieb
Dan Franks

National Relay Service TTY: 133 677
(to assist people with hearing and voice impairment)

We can deliver this report in an alternative format for
those with visual impairment.

*The Office of the Auditor General acknowledges the traditional custodians throughout
Western Australia and their continuing connection to the land, waters and community. We
pay our respects to all members of the Aboriginal communities and their cultures, and to
Elders both past and present.*

Image credit: shutterstock.com/Suradech Prapairat

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Local Government Management of Purchasing Cards

Report 19: 2023-24
12 June 2024

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

LOCAL GOVERNMENT MANAGEMENT OF PURCHASING CARDS

This report has been prepared for submission to Parliament under the provisions of sections 24 and 25 of the *Auditor General Act 2006*.

Performance audits are an integral part of my Office's overall program of audit and assurance for Parliament. They seek to provide Parliament and the people of WA with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

This audit assessed whether three regional local government entities effectively managed the issue, use and cancellation of purchasing cards.

I wish to acknowledge the entities' staff for their cooperation with this audit.

Caroline Spencer
Auditor General
12 June 2024

Contents

Auditor General's overview

Purchasing cards offer benefits for local government entities by streamlining purchasing activities. However, these benefits come with the risk of misuse and loss of public money if the purchasing cards are not effectively managed.

In this audit, we looked at the management of purchasing cards at three regional entities. While we found poor management of some important controls, we did not find clear evidence that cardholders misused public money, in part because the entities did not have policy guidance to underpin allowable and reasonable use.

This audit follows on from our 2018 audit of local government entities' use of credit cards[1], which found generally satisfactory controls but noted shortcomings of varying significance in policies and procedures. In addition, our *Local Government 2021-22 - Financial Audit Results*[2] report found 20 entities with credit card anomalies.

For a more comprehensive review of purchasing cards, this audit looked beyond the use of credit cards and included other cards such as store cards. In reviewing each entity's controls, we did not apply a 'one size fits all' approach as the diversity of the sector means some very small entities, with few cardholders, may not need the same controls as larger entities with more cardholders.

I encourage the sector to use our better practice guidance in Appendix 1 - it contains considerations to help mitigate the risks associated with the use of purchasing cards and for creating an effective control environment.

I thank the staff at each audited entity for their cooperation and assistance in completing this work, and strongly encourage all local government entities to assess their own policies and management of purchasing cards against the focus areas of this audit.

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[1] Office of the Auditor General, *Controls Over Corporate Credit Cards*, OAG website, 9 May 2018.

[2] Office of the Auditor General, *Local Government 2021-22 Financial Audit Results*, OAG website, 23 August 2023.

Executive summary

Introduction

The audit assessed whether three regional local government entities (City of Albany, City of Kalgoorlie-Boulder and Shire of Murchison) effectively managed the issue, use and cancellation of purchasing cards. We last audited this topic in the local government sector in 2018[3].

In conducting the audit, we considered the requirements of the *Local Government Act 1995* (LG Act) and associated regulations, guidelines issued by the Department of Local Government, Sport and Cultural Industries (DLGSC) and our better practice guidance in Appendix 1.

Background

Purchasing cards represent an approved line of credit and are a well-established part of modern purchasing systems. They include corporate credit cards, store cards[4], fuel cards and taxi cards. These cards provide entities with a cost effective, convenient and timely way to pay for goods and services of low value.

Local government entities need to have effective controls, appropriate to their size and risk, to prevent and detect inadvertent or deliberate misuse of their purchasing cards and meet their legislated responsibilities around the allocation of finances. This includes being able to demonstrate that purchases meet a business need and meet the expectations of ratepayers in the responsible use of public money. Improper, wasteful or unauthorised purchases that are not identified and resolved can result in financial loss to the entity.

The *Local Government Act 1995* (LG Act) and associated regulations require:

- entities to develop procedures for the payment of accounts to ensure there is effective security for, and properly authorised use of purchasing cards[5].

- the CEO to keep proper accounts and records in accordance with regulations[6]

- the council to oversee allocation of the local government's finances and resources and determine policies[7]

- entities to provide information about each purchasing card transaction in a payment listing to council and in council minutes to increase transparency, accountability and council oversight of incidental spending[8].

An effective control environment for purchasing cards should include:

- controls to prevent misuse and errors. These controls establish requirements up-front, and before a purchase is made. Examples include clear policies and procedures,

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[3] Office of the Auditor General, *Controls Over Corporate Credit Cards*, OAG website, 9 May 2018.

[4] Australian Securities and Investments Commission, *store card*, Moneysmart.gov.au, n.d., accessed 29 April 2024.

[5] Local Governments (Financial Management) Regulations 1996, regulation 11(1)a.

[6] *Local Government Act 1995* section 6.5(a).

[7] *Local Government Act 1995* sections 2.7(2)(a) and (b).

[8] Local Government (Financial Management) Regulations 1996, regulation 13A took effect from 1 September 2023.

delegations to purchase, preset card limits and appropriate card authorisation and destruction processes.

- controls to detect errors and misuse after a purchase is made. These include processes to review and approve purchases, and the monitoring, reporting and oversight of card use.

Figure 1 provides an overview of the key components of purchasing card management, highlighting the controls we assessed during the audit and our better practice guidance (Appendix 1).
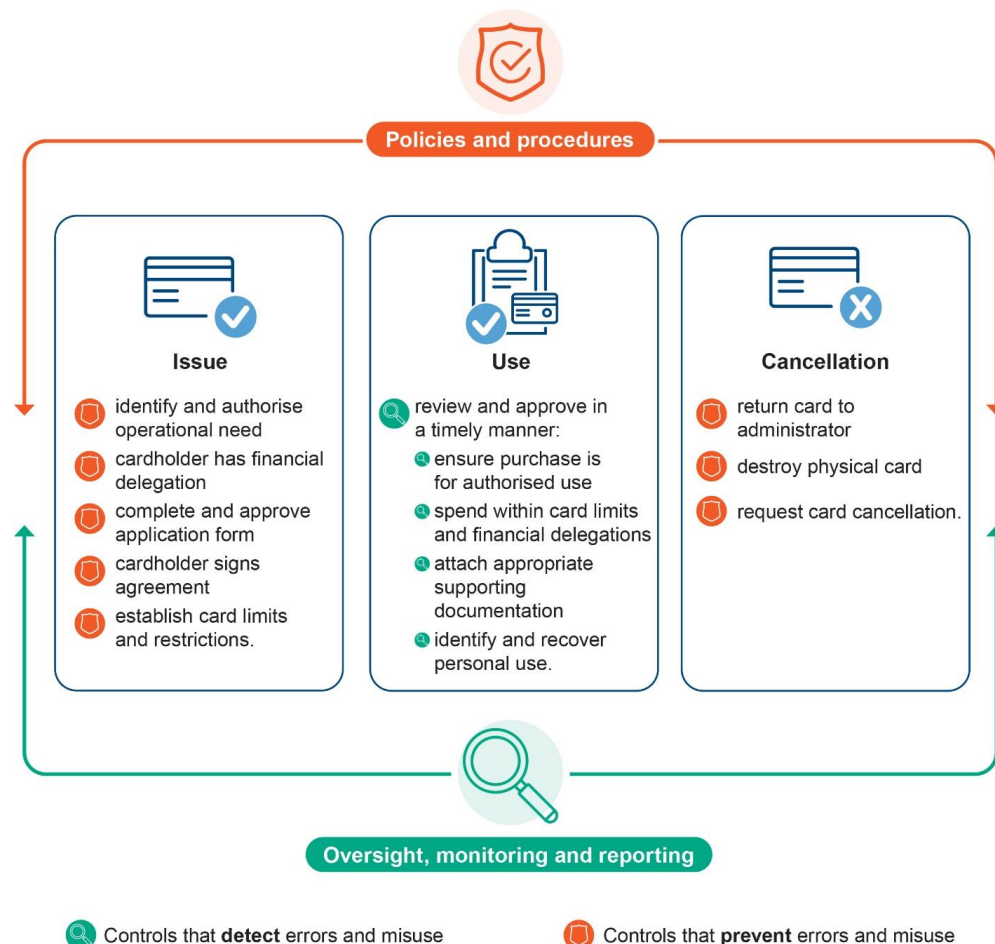
Source: OAG

Figure 1: Overview of the key components in purchasing card management and controls

The DLGSC provides the sector with broad guidance on the management of purchasing cards and changes in legislation through accounting and operational guidelines, circulars, alert bulletins and monthly webinars.

Conclusion

The three audited entities had varying controls in place to manage the issue, use and cancellation of their purchasing cards, but weak implementation and control gaps meant their controls were only partly effective.

Appropriately, the entities only issued cards to staff who had delegations to purchase and cardholders generally provided receipts to support their purchases. These controls help entities to meet their legislated responsibilities and ratepayers' expectations around the responsible use of public money.

However, we found gaps and weaknesses in all areas of purchasing card management that increase the likelihood of cards being inadvertently or deliberately misused, which can cause loss of public money:

- There was inadequate policy guidance on what each entity considered was allowable and reasonable expenditure on such things as travel, accommodation, food and drink. In addition, purchases were not always adequately reviewed and approved in a timely manner.

- The operational need for a purchasing card was not always established, cardholder obligations and responsibilities were not made clear, and cards were not promptly returned and destroyed when no longer needed.

- A lack of oversight and monitoring of control effectiveness meant entities were missing opportunities to identify and promptly address the risks of card misuse and financial loss.

Although our audit found poor management of some important controls relating to purchasing cards, our transaction sample testing did not find clear evidence that cardholders misused public money, in part because the audited entities had no policy guidance on what is allowable and reasonable card use and expenditure.

Findings

Controls over the use of purchasing cards were partly effective

We found cardholders generally provided receipts for their purchases and had appropriate delegations to purchase. However, we identified control weaknesses of varying significance across the three audited entities which increased the likelihood of unreasonable or unauthorised purchases. Detailed findings were provided to each of the audited entities.

Entities need to develop clear policy guidance on what is allowable and reasonable business expenditure, regardless of the payment mechanism, and improve card expenditure review and approval processes to prevent and detect inadvertent or deliberate misuse.

The three entities varied in the number of cards issued and the number of purchases over the audit period (Figure 2). All were using their purchasing cards to make low value purchases with most transactions being for items less than $500.

City of Albany*

| 29 cards | 1,365 transactions | $341,635 transactions value |

City of Kalgoorlie-Boulder**

| 32 cards | 4,556 transactions | $769,607 transactions value |

Shire of Murchison

| 1 card | 170 transactions | $32,724 transactions value |
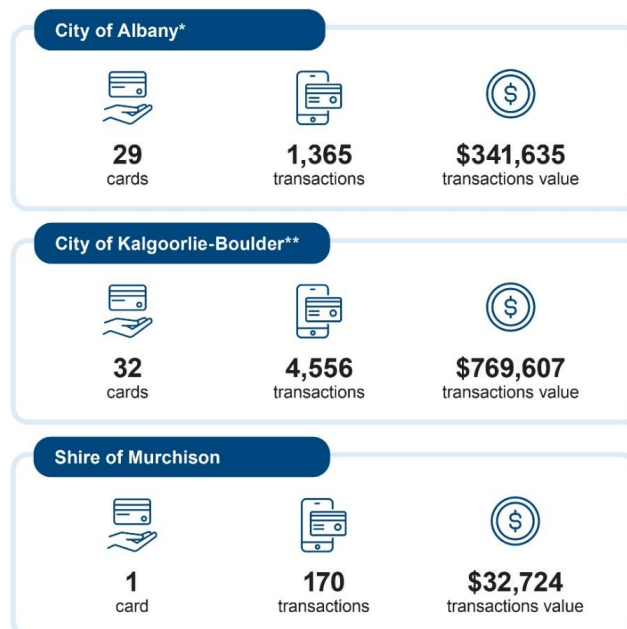
Source: OAG based on information provided by each entity

 * City of Albany: 5 credit cards (1,018 transactions and $318,543) and 24 store cards (347 transactions and $23,092).

** City of Kalgoorlie-Boulder: 30 credit cards (4,434 transactions and $759,181) and 2 store cards (122 transactions and $10,426).

Figure 2: Key purchasing card statistics for 1 November 2022 to 31 December 2023

Our analysis found card purchases generally fell into the following categories:

•   general retail (e.g. industrial and construction supplies, hardware and equipment, and office supplies and printing)

- travel and accommodation

- food and drink purchases

- government services (e.g. postal services, licenses, registrations and permits)

- information technology and digital goods

- training and development

- vehicle fuel, parts and services

- others.

We further analysed credit card purchases, which made up most of the purchases over the audit period.[9] Figure 3 shows the percentage spend and the number of purchases in each category by entity.
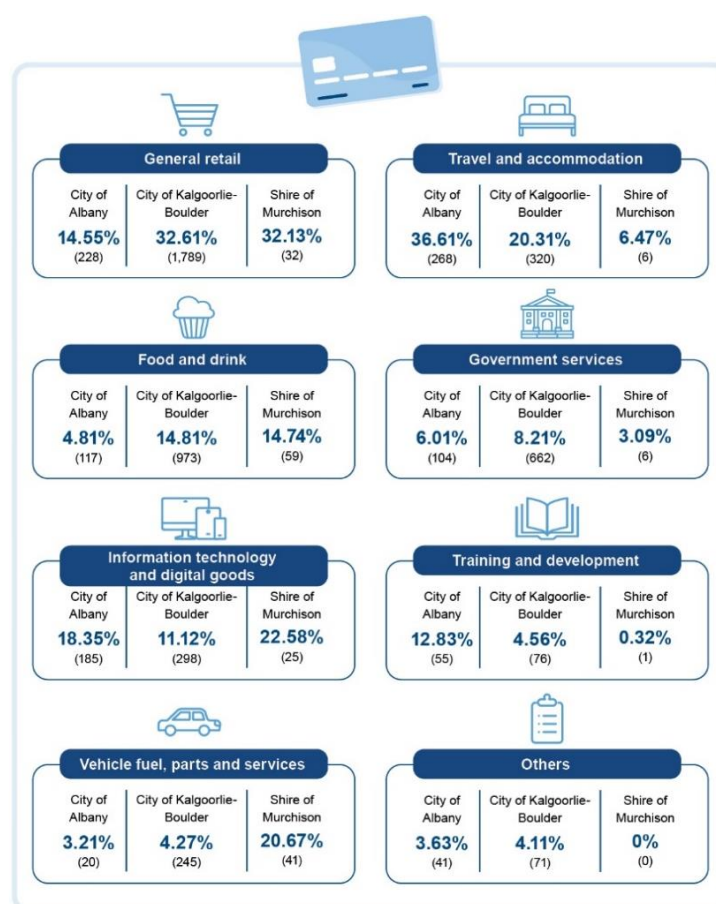
Source: OAG based on credit card information provided by each entity

Figure 3: Purchase categories for 1 November 2022 to 31 December 2023

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[9] Credit card purchases were allocated using standard merchant information. Store card purchases were not analysed as merchant categories were not readily available.

Inadequate policy guidance on allowable and reasonable business use

None of the three audited entities had adequate policy guidance for staff on what they considered was allowable and reasonable business expenditure. The entities regularly purchased air fares, accommodation and food and drink[10] (including alcohol) in the absence of any guidance around what was allowable and reasonable.

Policies are an important preventive control designed to assist staff in their decisions prior to them making a purchase and reduce instances of unreasonable and excessive spending. The community has a right to expect that public money will be spent carefully and only for legitimate business purposes. The following case study provides examples of purchases we identified where, in the absence of clear policy guidance, we queried if the spending was reasonable.

Case study 1: Reasonableness of business use

Air travel

- One entity spent $6,302 for its CEO to fly business class interstate. The entity's current policy only allows business class air fares for elected members and there is no policy to guide allowable and reasonable expenditure on staff air travel.

Food and drink

- An entity purchased alcohol including 24 bottles of wine, 12 bottles of champagne and 15 cartons of beer and cider ($1,290) and dessert ($900) for a 'staff celebration'.

- An entity spent $726 on 'reward and recognition catering' that included $394 for alcohol and beverages (including five bottles of wine) and $332 for food.

- An entity paid $260 for food for a workshop. The approved receipt detailed the purchase of 'raw oysters'.

Supporting documentation did not show who and how many people attended, or the business purpose of the events, so the necessity and reasonableness of expenditure could not be clearly demonstrated.

We also found that none of the entities had documented processes or timeframes to recover money when cards were used to pay for personal items. Corporate purchasing cards should not be used to purchase personal items under any circumstances, even when the cardholder plans to reimburse the entity. If purchases cannot be clearly split into personal and business components at the time of purchase, a better approach is to pay with a personal account and then seek a reimbursement from the entity for the business component.

Entities need to have processes in place to promptly recover the cost of personal purchases to prevent loss of public money.

Case study 2 highlights examples where a purchasing card was used for personal use and an entity failed to promptly recover the money:

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[10] DLGSC Operational Guideline, *Use of Corporate Credit Cards*, requires local government entities to establish strict guidelines for expenditure on entertainment.

Case study 2: Personal use

An entity used a purchasing card to pay for the air travel of a staff member's partner who was not travelling in a business capacity. There was a considerable lapse of time (118 days after the transaction) before repayment of the partner's travel costs.

Inadequate review and approval of purchases

The audited entities did not always adequately review and approve purchasing card transactions. We identified:

- none of the entities complied with their own policy and procedures on the review and approval of purchases. For example, staff who were not authorised were approving purchases and purchases were not reviewed within specified timeframes

- CEO purchases approved by a Mayor despite Mayors' having no established administrative authority (City of Albany)

- purchases were approved by a subordinate of the cardholder (City of Kalgoorlie-Boulder).

To ensure expenditure represents allowable and reasonable business use, a direct manager[11] who is aware of the cardholder's role and purchasing requirements should conduct a timely review and approval of the purchases. This reduces the likelihood of unreasonable, inappropriate or unauthorised transactions going undetected.

We also found:

- card sharing while the cardholder was absent from the office (Shire of Murchison). This increases the likelihood of unauthorised or fraudulent purchases and makes it difficult to identify the purchaser

- collection of personal reward scheme points on business purchases that were not identified nor reported as part of the approval process (City of Albany and City of Kalgoorlie-Boulder). A risk exists with reward schemes that cardholders may make purchases through a particular supplier to gain a personal advantage.

The following case study is an example of approval timeframes set in the entity's policy and procedures that were not met.

Case study 3: Management approval exceeded timeframes

One entity's corporate policy and procedures require all purchases to be approved by a supervisor/manager within specified timeframes.

We found significant delays in the approval of card purchases during our audit.

- 63% were approved outside of the policy timeframes and included:

  o A significant number of purchases that were only approved in December 2023, after we initiated our audit, through three bulk approval actions. Some of these were for purchases spanning back 10 months to March 2023. The bulk approvals suggest very little actual scrutiny of necessity and reasonableness of expenditure.

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[11] In the case of the CEO, the chief finance officer (or equivalent) or a suitably senior staff member.

> o   Significant delays in approval with delays of up to 218 days.
>
> Entities need to promptly review and approve purchases to ensure the expenditure represents allowable and reasonable business use and to detect inadvertent and deliberate misuse.

Controls over the issue and cancellation of cards were partly effective and require improvement

The three audited entities' management of the issue and cancellation of purchasing cards were only partly effective. New cardholders had the necessary financial delegations to purchase, and purchasing card policies were made available to cardholders. However, we identified the following control weaknesses:

- policies and procedures were missing key elements including an application process to approve eligibility and need for a card, and a cardholder agreement form outlining cardholder legal obligations and responsibilities (Shire of Murchison and City of Kalgoorlie-Boulder)

- no management approval of applications to ensure cards are issued to approved staff and spending limits are based on operational need (City of Albany)

- delays of around one and two months in cancelling cards when staff exit the entity (City of Kalgoorlie-Boulder and City of Albany) which can lead to continued card use and unnecessary card administration fees

- purchasing card registers were missing key information such as an acknowledgement of card return and date of card destruction (City of Albany and City of Kalgoorlie-Boulder).

There is an increased likelihood of inadvertent or deliberate misuse and financial loss to entities when cards are not appropriately issued and cancelled.

Lack of appropriate oversight of purchasing card controls

Payment listings provided by the three audited entities to their councils generally met legislated requirements. However, we identified instances where the included descriptions were vague or inaccurate and could have better identified the expenditure to facilitate proper scrutiny.

None of the audited entities had appropriate management oversight of purchasing card control effectiveness. The entities informed us card administrators and line managers did not monitor controls to issue, use and cancel cards or report on shortcomings to management. Regular monitoring would assist entities to identify control gaps and address weaknesses in a timely manner. We noted during the audit that the City of Kalgoorlie-Boulder does have some insight into control effectiveness, but this is limited as it only reviews one month's card use by one randomly selected cardholder as part of its monthly executive meetings.

Case study 4 provides examples that illustrate the need for management oversight over control effectiveness. Our better practice guidance in Appendix 1 provides entities with a range of oversight activities to consider.

Case study 4: Lack of management oversight

We found the following examples where a lack of management oversight limited entities' ability to identify and improve controls:

- Several 'top-up' payments were made in the monthly card statement period as cardholders exceeded their monthly limits. Regular monitoring and reporting may have identified a need to reassess card limits based on operational need. Transactions may be declined and service delivery disrupted when credit limits are exceeded.

- A staff member had stored their entity's card information in a personal online accommodation account, resulting in personal use. The entity recovered the money but did not consider if control improvements were needed to prevent further occurrences.

We found the audited entities had reviewed their financial management systems and procedures at least every three years as required by legislation[12]. While these included a limited review of purchasing card procedures, they did not provide ongoing confirmation that purchasing card controls are appropriate or effective. Oversight should be enhanced by other regular monitoring and reporting activities.

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[12] Local Government (Financial Management) Regulations 1996, regulation 5(2)c.

Recommendations

The three audited entities, as relevant, should:

1. develop and implement clear policy guidance for staff on what is allowable and reasonable business use expenditure on items such as travel and food and drink

2. have suitable controls in place to manage the issue and timely cancellation of purchasing cards

3. review and approve purchasing card transactions in a timely manner

4. keep proper records of the review and approvals of purchasing card transactions and card cancellations

5. include sufficient accurate detail in council papers to allow purchasing card expenditure to be appropriately scrutinised

6. regularly monitor and report on purchasing card controls to allow management to oversee usage and control effectiveness. The results of reviews should be documented and retained.

In accordance with section 7.12A of the *Local Government Act 1995*, the three audited local government entities should prepare a report on any matters identified as significant to them for submission to the Minister for Local Government within three months of this report being tabled in Parliament, and within 14 days of submission publish it on their website.

Response from the City of Albany

The City of Albany accepts the recommendations and learnings contained in the performance audit. While the audit did not find clear evidence that cardholders misused public money, the City recognises the importance of continuous improvement in the management of its purchasing cards. The City has begun addressing the audit's findings.

Response from the City of Kalgoorlie-Boulder

The City of Kalgoorlie-Boulder has already begun reviewing and updating internal control processes and updated staff training in the use of cards within the City to ensure that processes and systems for the management cards are in line with best practice.

Response from the Shire of Murchison

The audit review of credit card use and overall recommendations for administrative improvements is welcome and as indicated in the Murchison Shire's responses will be actioned as a matter of course.

In context the Shire is very small and has only one credit card which has historically been assigned to the Chief Executive Officer when he or she commences employment. Whilst there has been no documentation on the actual purpose and operational use, the card has always been predominately used as a corporate card, which the CEO is responsible for, rather than for the CEO's work-related use. This form of usage is essential operationally as from time to time some organisations will only accept credit card payments rather than through the formal purchasing order / account payable system.

Whilst on the surface allowing others to use the credit card increases the risk of unauthorised or fraudulent transactions, the smallness of the organisation with only three in the administrative area other than the CEO, and normal checks and posting of transactions means that there is minimal risk of this actually occurring. Future improved documented policy and procedures will assist in demonstrating this situation.

Council's current policy and operational practices also requires credit card transactions to be authorised by the Chief Executive Officer as card holder and checked by an independent Financial Accountant. Details of credit card transactions are included in the list of payments presented to Council for each Council Meeting and as required included the resolution whereby Council have accepted the payment listing. Councillors are well experienced and familiar with the operations of the Shire, which by and large are relatively straight forward, and regularly ask questions and seek clarification.

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Audit focus and scope

The focus of this audit was to assess whether three regional local government entities effectively manage the issue, use and cancellation of purchasing cards.

Our criteria were:

- Are there effective controls over the issue and cancellation of purchasing cards?

- Are there effective controls over the use of purchasing cards?

The City of Albany, City of Kalgoorlie-Boulder and Shire of Murchison were included in the audit.

The audit reviewed the issue, use and cancellation practices of each entity over the period of 1 November 2022 to 31 December 2023.

We visited each entity and assessed their policies and procedures against legislative requirements, DLGSC operational guidelines and our better practice guidance in Appendix 1. At each entity, we also assessed a sample of CEO purchasing card transactions and whether there was adequate independent review of CEO use.

This was an independent audit, conducted under section 18 of the *Auditor General Act 2006*, in accordance with Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements*. We complied with the independence and other ethical requirements related to assurance engagements. Performance audits focus primarily on the effective management of entity programs and activities including compliance with legislative and other requirements. The approximate cost of undertaking the audit and reporting was $300,000.

Appendix 1: Better practice guidance

Local government entities need to have purchasing card policies and procedures that are up to date and accessible to staff. These policies and procedures should include key controls for the issue, use and cancellation of purchasing cards and be regularly reviewed.

The table lists requirements for effective purchasing card management, which guided our audit. It is not intended to be an exhaustive list.

Purchasing card management	Outcome	What we expect to see
Issue	Cardholder eligibility and operational need is established, an application is appropriately approved and the cardholder is made aware of their legal obligations and responsibilities	• cardholder has appropriate financial delegation to incur expenditure. Delegations should also be set for certain types of expenditure • an application form is appropriately approved • card limits are based on cardholders need • cardholder and their manager signs agreement that clearly sets out legal obligations and responsibilities and the purposes for which a card may or may not be used • cardholder acknowledges that they understand and will comply with purchasing card policy and procedures • cardholder receives training on procedures and requirements • card administrator updates the purchasing card register with key cardholder information

Use	Purchases are for business use, and are properly reviewed and approved in accordance with the purchasing card policies and procedures	• purchases should be within the transaction and card limits. They should not be split to circumvent these limits
		• entity sets out appropriate delegations for approval of expenditure
		• timely review and approval of transactions:
		    o cardholder: reviews statements to ensure accuracy of reported purchases, attaches adequate supporting documentation, codes purchases and provides sufficient details to identify the purchase
		    o cardholder's direct manager[13]: reviews and approves purchases to ensure appropriate business use, consistency with cardholder's role and responsibilities, and compliance with policies and guidelines
		• review and approval processes have adequate documentation
		• processes to repay any personal purchases
		• guidance for purchases where cards are not physically present such as online telephone and internet purchases

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[13] In the case of the CEO, the chief finance officer (or equivalent) or a suitably senior staff member.

Purchasing card management	Outcome	What we expect to see
		• treatment of reward schemes and loyalty programs as purchasing cards should not be used to gain a personal benefit • procedures for when a cardholder is on leave to ensure card security
Cancellation	Timely cancellation of purchasing cards to prevent unauthorised purchases and unnecessary card fees	• immediate cancellation once a cardholder exits or has a change in employment requirements • cardholder returns card to the administrator • cards should be destroyed, and evidence of destruction recorded • administrator enters cancellation and destruction information in cardholder register

Oversight	Regular monitoring and reporting to provide management with insights into use and the effectiveness of controls and to address shortcomings in a timely manner
	
	Evidence of reviews should be retained
		Examples of monitoring and reporting include:
		• Continuously:
		   ○ disclose information about each purchasing card transaction in a payments listing to council and in council minutes
		   ○ record instances of personal use, inappropriate use, and disputed and fraudulent transactions. Take corrective action when required
		   ○ assess the timeliness of reviews and approvals by cardholders and managers, and act when timeframes are not met
		   ○ provide reports to managers on usage within their areas to assess operational need
		   ○ reinforce requirements to cardholders and approvers
		• Annually:
		   ○ identify inactive or under-used cards that may require cancellation
		   ○ review appropriateness of transaction and card limits
		   ○ audit and update purchasing card registers
		   ○ review relevance and effectiveness of policies and procedures as part of an annual risk assessment
		• Periodically:
		   ○ sample test transactions for appropriate business use and compliance with policies and procedures
		   ○ analyse usage and supplier patterns to inform procurement practices
		   ○ review purchasing card policy against operational guidelines and better practice principles

Purchasing card management	Outcome	What we expect to see
		o review the appropriateness and effectiveness of financial management systems and procedures as required by legislation

Source: OAG

	Auditor General's 2023-24 reports	
Number	**Title**	**Date tabled**
19	Local Government Management of Purchasing Cards	12 June 2024
18	Local Government 2022-23 – Financial Audit Results	6 June 2024
17	Local Government IT Disaster Recovery Planning	31 May 2024
16	Local Government 2022-23 – Information Systems Audit Results	27 May 2024
15	State Government Advertising	15 May 2024
14	State Government 2022-23 – Information Systems Audit	12 April 2024
13	Provision of Supplementary Information to the Standing Committee on Estimates and Financial Operations – Opinions on Ministerial Notifications	5 April 2024
12	Digital Identity and Access Management – Better Practice Guide	28 March 2024
11	Funding for Community Sport and Recreation	21 March 2024
10	State Government 2022-23 – Financial Audit Results	20 December 2023
9	Implementation of the Essential Eight Cyber Security Controls	6 December 2023
8	Electricity Generation and Retail Corporation (Synergy)	8 November 2023
7	Management of the Road Trauma Trust Account	17 October 2023
6	2023 Transparency Report: Major Projects	2 October 2023
5	Triple Zero	22 September 2023
4	Staff Exit Controls for Government Trading Enterprises	13 September 2023
3	Local Government 2021-22 – Financial Audit Results	23 August 2023
2	Electricity Generation and Retail Corporation (Synergy)	9 August 2023
1	Requisitioning of COVID-19 Hotels	9 August 2023

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11.2 Infrastructure Services

11.2.1 (2024/MINUTE NO 0026) Department of Water and Environmental Regulation Annual Waste Plan Report

Executive	A/Director Infrastructure Services
Author	Waste Services Manager
Attachments	1. Cockburn 2023-24 Waste Plan Summary - August 2024 ⇩

Officer Recommendation/Committee Recommendation
MOVED Cr C Reeve-Fowkes SECONDED Cr M Separovich

The Committee recommends Council ENDORSES the City of Cockburn's 2024 Waste Plan submission to the Department of Water and Environmental Regulation.

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CARRIED 6/0

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Background

Annual reporting on the implementation of actions in the City of Cockburn's Waste Plan, and on any new waste actions being implemented, is a requirement under the *Waste Avoidance and Resource Recovery Act 2007* (WARR Act).

Waste Plans and annual reports are intended to be live documents reflecting the services being delivered by local governments.

The report allows Department of Water and Environmental Regulations (DWER) to make an assessment on whether the City of Cockburn is delivering, or making progress towards delivering, services that are consistent with the Waste Avoidance and Resource Recovery Strategy 2030 (State Waste Strategy), which is also a requirement under the WARR Act.

Submission

Nil

Report

The Waste Report lists a series of actions and milestones under the following six key principles (refer Attachment 1):

1. Waste Services
2. Waste Infrastructure
3. Policy and Procurement
4. Data
5. Behavioural Change Programs and Initiatives
6. Other.

Each action requires a progress update, a status update and completion dates to be populated.

This year's report was updated to the degree possible due to the impending review of the City's Waste Strategy 2020-2030.

Some of the City's significant Waste Strategy 2020-2030 actions have been placed on hold awaiting the consultant's report due in December 2024. Therefore, the only two new initiatives added are the relocation of the HWRP Transfer Station and the construction of an additional leachate pond.

Information has been populated against each action and milestone.

Tracking is in accordance with the City's Waste Strategy 2020– 2030 proposed timeframes with any adjustments in consultation with the Department.

Strategic Plans/Policy Implications

Environmental Responsibility
A leader in environmental management that enhances and sustainably manages our local natural areas and resources.
• Sustainable resource management including waste, water and energy.
• Address Climate Change.

Budget/Financial Implications

All actions in the Waste Strategy 2020-2030 are funded through annual operational and reserve budgets. The Waste Strategy and therefore the DWER Waste Plan may be amended this financial year depending upon the outcome of the consultant's review and Council decisions.

Legal Implications

Compliance with the *Waste Avoidance and Resource Recovery Act 2007*.

Community Consultation

NA

Risk Management Implications

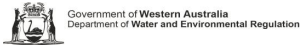Failure to adopt the recommendation may result in a breach of the *Waste Avoidance and Resource Recovery Act 2007.*

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) *Local Government Act 1995*

Nil

OFFICIAL   **Waste Plan Reporting**

Waste Plan Report 2023-24

Government of **Western Australia**
Department of **Water and Environmental Regulation**

Local Government Name: City of Cockburn

Waste Plan Report Status	Draft
Reporting Period	2023-24
Submission ID	WPR2023-24-0001116
Date Lodged	

Reporter Details		Approver Details	
Name	Lyall Davieson	Name	Daniel Arndt
Position	Waste Manager	Position	A/CEO
Email	ldavieson@cockburn.wa.gov.au	Email	darndt@cockburn.wa.gov.au

Waste Services

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date	Comments
Conduct commercial food waste trial	**Complete**	**Delayed**		**31/12/2020**	**7/12/2021**	The Food waste trial has transformed into a regular service. Additional customers are constantly sought to ensure operational efficiency. Grant was extended by 6 months to account for commercial food waste business closures due to COVID-19
==> Training of businesses to commence	Complete			30/06/2020	30/06/2020	
==> Bins to be provided and trial commenced	Complete			31/07/2020	31/12/2020	
==> Commercial food waste trial to be completed	Complete			30/11/2020	30/12/2021	
Consult community for an on-demand verge collection service	**Not commenced**	**On track**	**30/06/2025**	**31/12/2025**		Upon completion of the community consultation, Council approved a pre-booked verge collection service due to commence in July 2024. Further delays were encountered in 23-24 as the Council decided to place the community engagement on hold until a full review of the City's Waste Strategy 2020-2030 due in December 2024.
==> Develop consultation plan by 1 July 2020 in association with Community Engagement Team.	Complete			30/06/2020	29/06/2022	
==> Complete consultation	Not commenced			30/06/2025		
Continue to implement Public Place Recycling rollout	**In progress**	**On track**		**31/12/2026**		No additional public place enclosures were installed in 23-24. 7 enclosures were refurbished in 23-24 under a trail set for North Coogee. The new enclosures feature 2 MSW bins and no recycle bin. This has come about due to an audit that found contamination in the recycle bin was high. The only recyclable component in the public place enclosure recycling bin was the CDS containers. The new dual MSW enclosures will be fitted with a Containers for Change basket for deposit of eligible containers. Ongoing financial commitments to roll out public place enclosures will follow subject to the success of the trial in Coogee.
==> Bins to be ordered by 1 Jan annually and to be installed by 30 June annually	In progress			30/06/2025		
==> $50k p.a. requested by budget deadline annually	In progress			30/12/2026		
Develop business case to introduce financial incentives for uptake of 140L general waste bins	**Complete**	**On track**	**3/07/2023**	**30/06/2024**	**17/07/2023**	The City's Rates Department have advised that the waste levy portion of the rates notice for residential properties is not a separate figure and has not been for several years. As a consequence, there is no mechanism to offer individual deduction to the Rate Charges.
==> Develop business case and report to Council on costs and benefits of reducing size of general waste bins to 140L for properties on 2 bin system	Complete			30/06/2023	17/07/2023	
==> If approved by Council, coordinate rollout of 140L general waste bin	Complete			29/06/2024	17/07/2023	
Residual waste is sent to waste to energy facility	**Not commenced**	**On track**	**30/09/2024**	**30/12/2042**		The City has a 18-year contract to take the contents of the City's general, (red lid) residual, waste bin to the East Rockingham Waste to Energy Facility. The last reports the ERWtE facility CEO has advised that the City will be required to deliver commissioning tonnes to the facility as of 30/9/24. The general waste from the red lid bin will come from 30,000 properties on a 3-bin GO system and 14,400 properties on the 2-bin system. The estimated tonnages for delivery to the ERWtE Facility is approximately 25,000tpa. This approach meets the requirements of the State Waste Strategy and the Waste Hierarchy.
==> Deliveries of residual waste to East Rockingham Waste to Energy Facility continue	Not commenced			17/02/2025		
==> Deliveries of residual waste to East Rockingham Waste to Energy facility commence	Not commenced			31/12/2026		
Revise the 2023 FOGO Feasibility Report in the 2024/25 financial year	**Not commenced**	**On track**	**28/02/2025**	**31/12/2025**		Due for review in 2025 and completion in November 2025.
==> Revised 2023 FOGO feasibility study commences	Not commenced			30/06/2025		
==> Revised 2023 FOGO feasibility study completed	Not commenced			17/09/2025		
==> Results of feasibility study and recommendation presented to Council for approval	Not commenced			31/12/2025		
Undertake a FOGO feasibility assessment in the 2022/23 financial year	**Complete**	**On track**	**19/09/2022**	**30/06/2025**	**25/07/2023**	Action complete. A review will be conducted in the 2024/25 financial year (see action above).
==> Feasibility study to be commissioned	Complete			31/08/2022	31/08/2022	
==> Feasibility study to be completed	Complete			25/07/2023	25/07/2023	

Document Set ID: 12061580
Version: 2, Version Date: 13/12/2024

Government of **Western Australia**
Department of **Water and Environmental Regulation**

Waste Plan Reporting
Waste Plan Report 2023-24

Waste Infrastructure

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date	Comments
Construction of third leechate pond	**Not commenced**	**On track**	**1/10/2024**	**30/06/2025**		
==> Construction of leechate pond commences	Not commenced			1/10/2024		New action added in August 2024.
==> Construction of leechate pond completed	Not commenced			30/06/2025		
Continue to invest in onsite renewable energy generation	**In progress**	**On track**		**30/06/2026**		Initial investigations have commenced. Most investigations have centred on a H2 production plant and decarbonising the waste truck fleet. Very few side lift waste trucks have been produced and those on the market do not suit the City's cal-de-sacs and narrow laneways. At the Henderson Waste Recovery Park, the installation of solar array and wind turbines on capped landfill cells to create a "Renewable Energy Park" is still on track for the medium to long term. This FY, the City has established a reserve fund for climate mitigation projects.
==> Consider options post capping of cell 6	In progress			30/06/2026		
Develop strategies to attract waste tonnes to fully utilise available airspace	**Complete**	**On track**		**31/12/2026**	**3/01/2022**	Reduced gate rates for major customers were developed and implemented. This will be an ongoing program.
==> Develop strategies to attract waste tonnes to fully utilise available airspace	Complete			31/12/2022	31/01/2022	
Manage and reduce leachate volumes in accordance with the Leachate Strategy	**In progress**	**On track**		**31/12/2026**		Ongoing program. Additional leachate accelerated evaporation units were installed in 23-24. An additional leachate pond has been designed and is due for construction in 24-25 FY.
==> Cell 6 capping to be complete	Complete			31/12/2020	2/11/2020	
==> Manage and reduce leachate volumes in accordance with the Leachate Strategy	In progress			30/06/2025		
Plan and open the Cockburn Resource Recovery Precinct at the Henderson Waste Recovery Park site	**In progress**	**On track**		**27/02/2026**		Bulk earthworks were completed. The Superintendent of Detailed Design and Documentation was awarded. The Council has placed a review of the CRRP Business Case.
==> Detailed design to be completed	In progress			30/06/2025		
==> New site to be completed	In progress			30/06/2025		
Post closure management of Cells 1-7	**In progress**	**On track**	**1/07/2024**	**30/06/2027**		Reviewed according to regular aerial survey to determine accurate volume remaining. Cell 7 is approaching full utilisation of the available airspace, however will continue to be used for filling with soft waste until it is full, concurrently with the commencement of landfilling on Cell 4 and 5. It is anticipated that within 6 months from completion of the landfilling phase on Cell 7, the capping design and works will commence. This is currently set to be October 2025. Post closure management will commence from then for the Southern landfill at that time.
==> As cells are covered and capped, post closure management reviews to commence	In progress			30/06/2026		
Purchase second hand front lift vehicle and front lift bins to service commercial	**Superseded**	**Not Applicable**	**27/06/2025**	**30/06/2025**		Superseded by DWER on advice from City on 13/9/22 - Providing waste collection services to commercial properties using front lift bins is not the City's core business. In addition, the sector is well serviced by existing private contractors.
==> Budget request to be included by deadline	Superseded			1/09/2022		
==> Front lift vehicles and bins operational	Superseded			30/09/2022		
Relining of leachate ponds A and B	**Not commenced**	**On track**	**30/06/2028**	**31/12/2054**		Not commenced and not required until 2054.
==> Pond liners to be replaced after 23 years	Not commenced			30/07/2054		
Relocation of community dropoff centre	**Not commenced**	**On track**	**1/11/2024**	**31/03/2025**		New action added in August 2024.
==> Relocation commences	Not commenced			1/11/2024		
==> Relocation completed	Not commenced			31/03/2025		
Undertake a feasibility study for the use of hydrogen powered waste trucks	**Complete**	**On track**		**30/06/2026**	**31/10/2020**	Discussions have commenced with Hyzon on the availability of H2 powered side lift waste trucks. One side lift H2 waste truck is currently on trial in the eastern states. The City will contact Remondis to attempt to obtain the trial performance data. These results will assist in the decisions relating to the purchase of a City of Cockburn trial vehicle. Infinite Green Energy is applying for a grant to fund the difference between diesel and H2 side lift waste tucks. The City will await the outcome of this application as well.
==> Study to be delivered	Complete			30/06/2020	31/10/2020	

Government of **Western Australia**
Department of **Water and Environmental Regulation**

Waste Plan Report 2023-24

Policy and Procurement

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date	Comments
City tender documents consider reuse of recycled products e.g. road base	**Complete**	**On track**		**30/12/2026**	**30/06/2022**	All tender documents where a recycled component is possible are issued with the ability to also price the use of recycled material. in addition, the qualitative evaluation template lists the "Sustainability" requirement as a minimum of 10% in all documents and tenderers are scored accordingly.
==> Working group members to be identified and approached	Complete			31/01/2022	1/01/2022	
==> Develop working group to consider how best to encourage inclusion of recycled products into tenders and RFQ's	Complete			30/12/2026	1/01/2022	
Trial the use of an electric waste truck.	**Complete**	**On track**		**30/06/2021**	**30/04/2021**	Project completed and vehicle returned to supplier. The EV failed to meet the claims made by the supplier and could not match the performance of its diesel equivalent.
==> Electric vehicle to be in operation	Complete			30/06/2020	1/05/2021	

Data

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date	Comments
Conduct a waste audit to determine concentrations of organics of C & D and C & I at HWRP	**Superseded**	**Not Applicable**	**30/06/2025**	**30/06/2025**		The energy from waste plants will have a significant impact of the waste industry and this audit will provide more value if undertaken post their commissioning in 2023.
==> Report delivered	Superseded			29/06/2025		
==> Consultant to be appointed	Superseded			30/06/2025		
Investigate deployment of technology to assist in the reduction of illegal dumping.	**Complete**	**On track**		**30/06/2023**	**1/07/2022**	DWER have assisted with deploying cameras to identify offenders in known City of Cockburn illegal dumping locations. ESRI system utilised for online mapping and reporting of dumping.
==> Feasibility study to commence	Complete			1/07/2021	30/06/2022	
==> Feasibility study to be completed	Complete			30/06/2022	30/06/2022	
Report greenhouse gas emissions from HWRP via NGERS	**In progress**	**On track**		**31/12/2026**		Ongoing reporting to continue. The 23-24 Report is due 31/10/24. In the 23-24 FY, the landfill gas managers, LMS, will report on "energy export".
==> All waste volumes and methane production figures to be prepared by end of financial year annually.	In progress			30/06/2025		

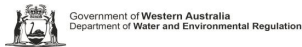### Behaviour change programs and initiatives

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date	Comments
Continue bin tagging program with team of Community Waste Education Officers	**In progress**	**On track**		**31/12/2026**		This bin tagging program is ongoing and targets areas when contamination is high. In 23-24 the Community Waste Education Officers door knocked recalcitrant residents and business owners. This approach will continue in 24-25.
==> Bin tagging plan to be approved by Waste Manage	Complete			30/06/2020	30/06/2022	
==> Bin tagging implemented	In progress			30/12/2026		
Continue to deliver schools waste education program in alignment with WasteWise Schools Program	**In progress**	**On track**		**31/12/2026**		Ongoing programs. The Waste Wise Schools program was revised to adopt a couple of schools for intensive waste Education Program delivery. These were highly successful.
==> 20 incursions	Complete			30/06/2022	30/06/2022	
==> 20 HWRP tours	Complete			1/09/2022	30/06/2022	
==> Ongoing delivery of schools waste education program	In progress			31/12/2026		
Continue to implement a preventative Illegal Dumping program	**Complete**	**On track**		**30/06/2024**	**1/07/2022**	Ongoing program. The City will continue to collect illegal dumping and educate resident on this issue.
==> New illegal dumping data capture system to be developed	Complete			30/06/2021	30/08/2022	
Continue to roll out waste education program to staff in all Council-run facilities	**Complete**	**On track**		**31/12/2026**	**1/07/2022**	Ongoing program. This program will continue year on year.
==> All facilities with Cockburn staff working on site to be audited by July 2021. Rollout behaviour change initiatives	Complete			1/07/2021	30/06/2021	
Coordinate and expand community tours to the HWRP	**In progress**	**On track**		**31/12/2026**		Ongoing program. Additional staff have been trained in order to increase the capability and frequency of HWRP (Henderson Waste Recovery Park) tours annually. Internal, external, school and specific group tours were completed in 23-24.
==> Henderson tours to be incorporated into Sustainable Living Events Program in July and January annually.	In progress			30/06/2025		

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Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date	Comments
Deliver program of waste education workshops and events through the Sustainable Living events series	**In progress**	**On track**		**31/12/2026**		Ongoing program. The Waste Education programs continued, through 23-24, to be united with the Sustainable living calendar to deliver a wide range of services, subsidies and information.
==> Develop and publish events program by 1 July and 1 Jan each year	In progress			30/06/2026		
Encourage and promote waste initiatives via the Sustainability Grants Program	**In progress**	**On track**		**31/12/2026**		Ongoing program. Grant funding has been sourced and won in 2023-2024 FY. Overlap with the Environment Team occurred with clothes swaps, reusable cups, textiles, plastics and worm farming (organics). Schools also access subsidies to fund tours of the Henderson Waste Recovery Park.
==> Review and assess Sustainability Grant Proposals in March annually.	In progress			30/06/2026		
Fully fund a Waste Education Officer	**In progress**	**On track**	**30/06/2026**	**30/06/2027**		Waste Technical Officer currently only a contract position. Staff will continue to put this role forward for the Workforce Plan as a full time permanent role.
==> Waste Education Officer appointed	In progress			31/08/2024		
==> Workforce plan approval	In progress			30/06/2027		
Identify new businesses and residents to receive waste education information	**In progress**	**On track**		**31/12/2026**		Ongoing Project. The City's Bin Delivery Officer delivers the City Resource Recovery Calendar with each new set of bins.
==> Liaise with Waste Collection Team to ensure that waste education materials are provided to all new household	In progress			30/06/2026		
Implement Waste Education Campaign	**In progress**	**On track**		**31/12/2026**		Ongoing program. The 23-24 the bin auditing program was be revised to be more targeted information on the correct use of bins with dedicated door knocking in high bin contamination areas. The Waste Education campaign is wide ranging involving tours, workshops, school incursions, waste wise event management and policy development.
==> Implement social and print media campaign focussed on waste hierarchy	In progress			30/06/2025		
==> Prepare and distribute resource recovery calendar to residents annually	In progress			31/12/2026		
Review the benefits and costs of developing a Cockburn Waste App	**Superseded**	**Not Applicable**	**29/06/2023**	**30/06/2023**	**1/07/2021**	Superseded by DWER on advice from the City on 13/9/22 - The app was considered to be an unnecessary duplication of the existing RecycleMate app, which has been tailored for each council in Australia. This app is more suitable than a Cockburn-specific app.
==> If approved, app to be rolled out	Superseded			30/06/2022	30/06/2021	
==> Decision on feasibility of implementing ap made	Superseded			30/06/2022	30/06/2021	
==> If feasible, business case provided to council for decision	Superseded			30/12/2022	1/07/2021	
Review the feasibility of creating waste virtual tours	**Complete**	**On track**	**2/02/2022**	**30/06/2023**	**29/07/2022**	HWRP virtual tour complete. Suez/Veolia have created an excellent virtual tour of their MRF which has been made available to the City.
==> Decision to be made on feasibility of creating a virtual tour prior to development of interpretive signage	Complete			30/09/2022	17/08/2022	

Other

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date	Comments
Continue representation on relevant waste related committees and attend relevant conferences	**In progress**	**On track**		**31/12/2026**		Complete and ongoing. Waste staff attended the Waste and Recycling Conference in 23-24 and will not do so in this FY due to fiscal restraints. The Waste staff attend the WMRR Landfill and Transfer Station Working Group. The Waste Education Coordinator attends the Circular Economy WA Committee.
==> Maintain representation and membership of relevant groups.	In progress			30/06/2025		
==> Ensure attendance at annual WA Waste and Recycling Conference	In progress			30/06/2026		

11.2.2   (2024/MINUTE NO 0027) Local Government Insurance Scheme (LGIS) Fleet Risk Assessment Report

Executive	A/Director Infrastructure Services
Author	Head of Operations and Maintenance
Attachments	1. LGIS Fleet Risk Assessment Report ⇩

Officer Recommendation

The Committee recommends Council:

(1)   RECEIVES the Local Government Insurance Scheme Fleet Risk Assessment;

(2)   REQUESTS that the City provide a report to the Audit Risk and Compliance Committee within the next twelve months.

Committee Recommendation

MOVED Cr C Reeve-Fowkes SECONDED Deputy Mayor C Stone
That Council:

(1)   RECEIVES the Local Government Insurance Scheme Fleet Risk Assessment;

(2)   DEVELOPS an implementation plan that includes the actions, targets and costs, to address the recommendations and secure any additional funding required through the ERC; and

(3)   REQUESTS the City provide a report to the Audit Risk and Compliance Committee in twelve months, following receipt of funds on outcomes achieved.

CARRIED 6/0

Reason

The LGIS report provides a series of recommendations, some of which are high risk, which the ARC requires further oversight and seeking the City develop an implementation plan will enable a planned approach to reduce claims and greater fleet management.

Officer Comment

Although officers were to prepare an implementation plan and seek funding through the ERC to deliver on the recommendation, the alternate recommendation details this action.

Background

The City of Cockburn recently participated in an LGIS Fleet Risk Assessment Audit, prompted by the City's significantly high insurance claims when benchmarked against Councils of a similar size.

The Audit was undertaken to identify potential risk factors within the City's fleet management practices and to develop strategies to reduce these risks.

This assessment was critical as the City seeks to address the underlying causes of its elevated claims history and implements best practices in fleet risk management, ensuring safer operations and more efficient use of resources across its diverse fleet.

Submission

N/A

Report

The Fleet Risk Assessment undertaken by LGIS for the City of Cockburn was driven by the need to address the high insurance claims, which were significantly higher compared to similar councils.

This report summarises the key findings and recommendations from the assessment (refer Attachment 1).

Key Findings

1. **High Claims Frequency:** The City of Cockburn has a higher frequency of insurance claims compared to similarly sized councils. This suggests potential issues in fleet management, driving practices, and risk mitigation strategies.
2. **Benchmarking Results:** Compared to peer councils, the City's claims data indicates areas where risk management practices may need improvement to reduce the frequency and severity of incidents.
3. **Risk Exposure:** The assessment identified specific risk exposures in the fleet operations that could be contributing to the higher claims, including vehicle usage patterns, driver behaviour, and fleet maintenance practices.

Recommendations from the Fleet Risk Assessment Report

Recommendation		
1	Enhanced Driver Training	Implement targeted driver training programs to address common causes of accidents and improve overall driving behaviour within the fleet.
2	Fleet Management Systems	Consider adopting advanced fleet management systems that provide real-time monitoring of vehicle usage, maintenance schedules, and driver performance.
3	Policy Review	Review and update fleet management policies, focusing on risk reduction strategies, including regular vehicle inspections, driver assessments, and incident reporting protocols.
4	Claims Monitoring	Establish a dedicated team or system for monitoring insurance claims and analysing trends to proactively address emerging risks.
5	Collaboration with LGIS	Continue collaborating with LGIS to refine risk management practices and take advantage of their expertise in mitigating fleet-related risks.

The Fleet Risk Assessment highlighted the need for improved risk management practices within the City's fleet operations. By implementing the recommendations provided, the City aims to reduce its insurance claims frequency, enhance the safety of its fleet operations.

Strategic Plans/Policy Implications

<u>Listening and Leading</u>
A community focused, sustainable, accountable, and progressive organisation.
• Best practice Governance, partnerships and value for money.

Budget/Financial Implications

Budget funding to be sourced at a future Expenditure Review Committee meeting.

Legal Implications

- Work Health and Safety Act 2020
- Work Health and Safety (General) Regulations 2022
- Road Traffic (Vehicles) Act 2012
- Road Traffic Act 1974 and subsidiary legislation.

Community Consultation

N/A

Risk Management Implications

The risk management implications of the Fleet Risk Assessment are significant and require immediate attention.

By addressing these risks through the recommended strategies, the City can reduce its exposure to future claims, enhance operational efficiency, and protect its financial and reputational standing.

Increased Financial Risks Increased financial liabilities due to ongoing payouts. This not only impacts the City's budget but also affects insurance premiums, potentially leading to higher costs in the future.

Operational Risks Inefficiencies could result in more frequent vehicle downtimes, reduced productivity, and higher operational costs.

Reputational Risk Incidents that involve public safety concerns. May erode public trust and lead to negative perceptions of the City's ability to manage its assets effectively.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) *Local Government Act 1995*

Nil

Fleet Risk Assessment Report

City of Cockburn

August 2024

CONTENTS

Fleet Risk Management Program
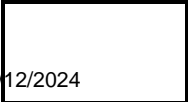
Executive Summary

The City of Cockburn ("the City") participated in LGIS' Fleet Risk Management Program.

Fleet risk management is the process the local government uses to ensure the safety and security of its drivers, operators, vehicles and heavy/plant machinery.

Typically, the fleet composition within a local government consists of a mix of ride-on mowers, street sweepers, waste trucks, sedans and utility vehicles.

The claims associated with such a varied fleet composition is far less diverse than may be anticipated, and consists predominantly of at-fault reversing accidents and hitting stationary objects such as fences, parked vehicles and bollards.

In the past 5 years (July 2019 - June 2024), fleet claims submitted for the City of Cockburn totalled $1,012,799 (or 146 claims with a basic excess of $1000).

From a member at-fault 'Gross Incurred' perspective, the top three claims categories are as follows:

- Lost Control - $167,905 (17% of claims).
- Reversing - $160,629 (16% of claims).
- Struck Stationary Object - $116,605 (11% of claims).

The top three member at-fault claims categories from a Gross Incurred perspective therefore totals $445,139 or 44% of all claims.

Of note is that the City's top six claims categories are all considered at-fault. Inclusion of the three additional at-fault categories of 'Failed to Stop' ($90,338), 'Failed to Give Way' ($83,286) and Incorrect/Inadequate Operation ($60,328), increases the Gross Incurred total to $679,091 or 67% of all claims submitted through the insurance claiming process. These totals exclude all incidents below the claim excess threshold of $1,000.

Although the size of Cockburn's fleet has an influence over the figures, the City's Gross Incurred claims exceed their Metropolitan City peers in all categories. See graph below.
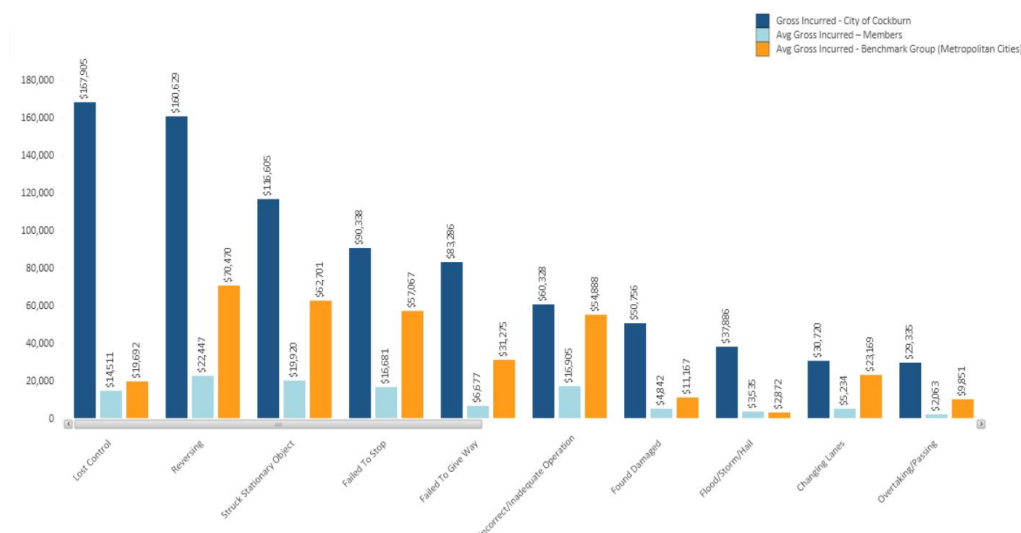
Graph 1: City of Cockburn Gross Incurred claims benchmarked to Metropolitan Cities Group

Fleet Risk Management Program

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From a member at-fault 'Number of Claims' perspective, the top three claims categories are as follows:

- Struck Stationary Object - 27 claims (18% of claims).
- Reversing - 23 claims (16% of claims).
- Failed to Stop - 12 claims (8% of claims).

The top three at-fault claims categories from a Number of Claims perspective therefore totals 62 claims, or 42% of all claims numbers. Inclusion of all incidents below the claim excess threshold not claimed through the insurance process may have some influence over these figures.

Of the top three at-fault claims categories, the City's Number of Claims exceed their Metropolitan City peers in 'Struck Stationary Object' (27-17), and 'Failed to Stop' (12-7), and match their peers on 'Reversing' (23-23). See graph below.
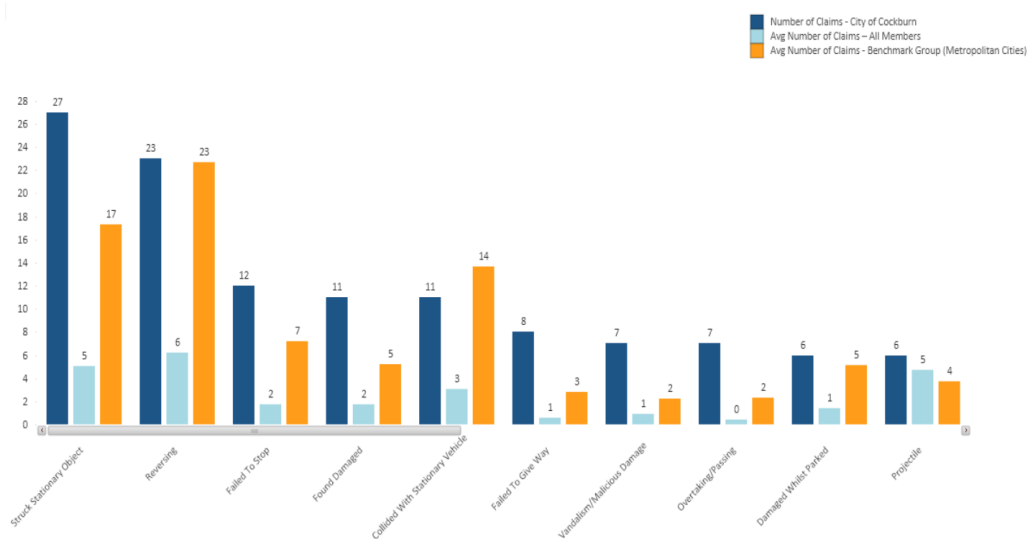
Graph 2: City of Cockburn Number of Claims benchmarked to Metropolitan Cities Group

Over and above the direct cost of these claims, it is estimated that hidden expenses such as injuries, excesses, lost administration time, management distraction, service disruptions and reduced fleet resale values can add as much as *300% to the actual cost of these accidents.

*Source: QBE Risk Management Report.

In view of the above, this assessment has identified a number of improvement opportunities for the City to consider in order to refine and strengthen its fleet management practices and reduce associated claims numbers and costs. This can be found in the ***Observations and Recommendations*** section of this report.

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Approach

- Reviewed the Council's Claims Profile.

- Pre-visit Fleet Risk Assessment template sent to Craig Marshall, Acting Head of Operations and Maintenance, for prior completion of background administration and training-related topics.

- On-site walk-through of the Works Depot in Bibra Lake, accompanied by Craig Marshall, Acting Head of Operations and Maintenance.

- Completion of the Fleet Risk Assessment template with Craig, Mel Hayward, Fleet Contracts Officer, Nathan Liadow, Fleet Technical Officer and John Thornton, WHS Manager, to obtain an understanding of relevant processes and Controls associated with the in-scope areas.

- Fleet Risk Assessment Report (this document) highlighting the approach to the risk assessment, observations, and recommended areas for improvement for further consideration by the City.

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Summary of Recommendations

Focus Area	Risk	Recommendation
Drivers and Operators	🟩	Centralise all regulatory information related to the operation of vehicles and plant into one system for ongoing monitoring. Include relevant competencies, training, certification and vehicle and driver license validity.
	🟨	Develop a formal procedure to ensure that violations, traffic infringements and complaints against drivers and operators are adequately managed through RMSS or ECM and that staff with multiple offences are appropriately identified and coached for improvement. *(Please refer to the background notes related to this recommendation on Pages 8 & 9).
	🟨	Develop a formal driver and operator training matrix to ensure important training and awareness topics are not missed. This could be developed by extracting topics recorded in previous toolbox or WHS fleet-related meetings over the past few years and should include topics such as: • Safety procedures, such as weather, incidents and fatigue and also new fleet and road technology, new driving legislation, safe driving practices, the safety of drivers and occupants and the protection of fleet, and • Driver-vehicle procedures, such as traffic management, security requirements for keys, assets and cargo in the vehicle (tools, equipment, herbicides, fuel, heavy goods, etc.) and procedures to increase driver awareness of hazards and obstructions to safe egress. *(Please refer to the background notes related to this recommendation on Page 9).
	🟩	Implement a formal handover familiarisation process prior to handover whenever a driver is given custody of a new or different vehicle. This includes light fleet and utilities. Include training on breakdown and accident procedures, vehicle technology, vehicle safety features and use of the correct fuel or correct charging procedures.
	🟨	Wherever possible, drivers should be given the same vehicle to drive. This is shown to lead to better protection of the asset and a more confident driver. Implement a formal handover familiarisation process prior to handover whenever a driver is given custody of a new or different vehicle. This includes light fleet and utilities. Include training on breakdown and accident procedures, vehicle technology, vehicle safety features and use of the correct fuel or correct charging procedures.
	🟨	Employees are included in the development and implementation of new procedures. Make employees aware of the City's accident statistics compared to their peers and task them in teams to develop and implement new procedures to reduce at-fault claims. This includes light fleet users. Consider: - Incentives and disincentives for individuals and business units. - Formal supervisor safety observations.

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Focus Area	Risk	Recommendation
		- The use of spotters and egress processes for working kerbside or exiting parking areas. - Traffic management and security requirements for keys, assets and cargo. - Attitudes towards safety of themselves and their work colleagues and care of their fleet. - Support for advanced driver training - The management of work pressures, fatigue and distractions. These procedures should be included in the City's Fleet Usage Guidelines and all drivers and operators given a hard copy of the guidelines. All fleet incidents, with or without injury, or claimed through the insurance process or not, should then be monitored by executive to gauge the effectiveness of these new procedures. *(Please refer to the background notes related to this recommendation on Page 11).
Storage and Usage of Fleet		Recommend having the central driveway leading from west to east tarred and new line markings applied. See images 8, 9 and 10.
		Develop formal 'Working Kerbside' procedures for fleet parked while out at a job, such as traffic management, supervisor safety observations, security requirements for keys, assets and cargo in the vehicle and using 'spotters' or witches' hats around the parked vehicle to increase driver awareness of hazards and obstructions to safe egress.
		Develop a formal policy and procedure to outline the carriage and storage of vehicle cargo including obligations for weight, conduct and utilisation and provide load restraint training for workers.
		Implement a formal Grey Fleet Policy that defines the use of personal vehicles for work purposes and outlines the employee's (and potentially volunteer's) responsibility for business-use insurance, safety standards and maintenance and which is signed by the employee.
		Consider replacing 40-year-old fuel tanks prior to the end of their lifecycle to avoid potential fuel storage contamination and subsequent damage or breakdowns of fleet.
Incident and Emergency Management		Develop a formal procedure, and enforce adherence to the procedure, to ensure that all incidents, with or without injury, or claimed through the insurance process or not, are recorded in the RMSS system. The leadership team should then receive regular (quarterly?) reporting of all fleet incidents, including near-misses and minor damage below the claim threshold. *(Please refer to the background notes related to this recommendation on Page 17).
		If practicable, consider deducting claims excesses and costs from the budget of the business unit or specific vehicle responsible for multiple at-fault incidents.
		Install in-vehicle fire detection and suppression systems into heavy vehicles carrying potentially flammable materials, such as waste trucks. Upgrade in-vehicle equipment used to combat firefighting.

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Focus Area	Risk	Recommendation
		High-value fleet is not separated from others of high value when parked. There are no buffer spaces provided by fire-resistant barriers (such as walls) or low value items parked between vehicles and high value fleet items. • Rearrange parking arrangements to provide buffer spaces to separate high value fleet from others of high value. See also Images 16 A, B & C. Also for consideration: • Install fire detection systems in the fleet parking area such as alarmed thermal cameras. • Install smoke alarms in all recreational, storage and works areas. • Validate that all site emergency response plans are up to date, and evacuation drills have been performed. • Validate that thermographic scans are conducted on relevant infrastructure. • Move bins away from under trees acting as a potential fire hazard. See image 14. • Maintain green waste below wall height and install sprinklers on a pole above wall height. • Upgrade the site fire response system to include a tank and a booster pump. • Incorporate formal response procedures into the depot site emergency response plan for evacuation of fleet to another pre-determined safe site if required.

Key

Risk Criteria	Rating	Description
Critical		These recommendations are offered to manage an immediate risk to operations, whereby controls can be implemented now, and is considered an essential risk management system by the Scheme for this type of operation.
High		These recommendations are offered to better manage an existing risk and is considered a high priority risk management system by the Scheme for this type of operation. Action/progress is recommended within 3 months or prior to renewal.
Moderate		These recommendations are offered to better manage a risk that already has controls, or higher priority recommendations are already offered for this risk. Action/progress is recommended within 12 months.
Advisory		These recommendations are offered as best advice based on our experience and knowledge of insurance industry expectations. Action will demonstrate best practice management of the asset.

Fleet Risk Management Program

Scope

The ultimate objective of LGIS' Fleet Risk Management Program is **to minimise fleet-related claims numbers and costs across the local government sector** through identifying and sharing best practice techniques used by local government fleet managers across Western Australia, in managing the risks to their fleet.

Other objectives include the facilitation of improvements in the management of fleet risks and to enable LGIS to assess how its members manage their fleet.

The program is aligned with the Australian Risk Management Standard ISO 31000 guidelines. Accordingly, 'Risks' are described as the point along an event sequence where control is lost.

An event sequence is shown below:

Causes **Conditions that give** **rise to a risk**	→	**Risk** **= Loss of Control**	→	**Consequences** **= Impacts, influenced** **by control**
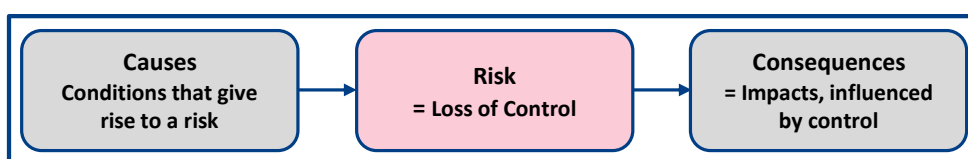
Figure 1: Risk Event Sequence

In the context of fleet risk management, a risk materialises in the form of an actual fleet or plant accident once control is lost.

At this point of lost control, the level of risk likelihood now becomes irrelevant and only the level of consequence that arises from the risk event remains. Staff attitudes towards the seriousness of these events should not be considered as only potential bumper-bashings, dents or scrapes, but rather that every loss of control by a driver, however likely or unlikely, could potentially result in far more severe outcomes. And they are normally preventable.

Since the ultimate objective of the Fleet Risk Management Program is to minimise claims across the local government sector, in alignment with ISO 31000, the initial approach is the identification of the best practice techniques (i.e. Controls) used by local government fleet managers to manage their risk.

These identified Controls aimed at reducing the likelihood or consequence of risk can then be implemented in the form of improvements (i.e. new or re-designed Controls).

Common Fleet Controls

Preventative Controls – are aimed at preventing the risk occurring in the first place, such as:
- Leadership's statement of continued commitment to good driving, made known through a formal Policy and monitored through oversight of operations.
- Drivers and operators starting each day well aware of what is expected of them.
- Compliance with Work, Health and Safety responsibilities.
- Training.

Detective Controls - are used to identify failures, such as:
- Licence and certification checks.
- Fitness for work tests.
- Audits and stocktakes.

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Corrective (or Reducing) Controls – are aimed at minimising the consequences such as:

- Airbags.
- Protection / Insurance.
- First aid kits and fire extinguishers.

To be effective, Controls should be:

- Documented and aligned with policies and procedures.
- Up to date and understood by users.
- Delivered consistently within statutory or service delivery standards.
- Subject to ongoing monitoring.
- Reviewed and tested regularly.

The scope for this project involved an assessment of the following Controls:

Focus Area	Scope
Drivers and Operators	1. On-Boarding 2. Ongoing Management of Conduct and Capabilities 3. Training 4. City Leadership
Storage and Usage of Fleet	1. At the Depot / Works Operations Centre 2. Away from the Depot / Works Operations Centre 3. Grey Fleet (private vehicles used by staff or volunteers for work purposes) 4. Bushfire Fleet 5. Fuel, Charging Stations and Keys 6. Use of Technology and Advancements of Fleet
Maintenance Activities	1. Record-Keeping (excluding maintenance) 2. Maintenance Procedures 3. Maintenance Activities
Incident and Emergency Management	1. Reporting and Recording of incidents 2. Incident Management 3. Vehicle and Plant Emergency Management 4. On-Site Emergencies

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Observations and Recommendations

The following Observations are based on prevailing conditions at the time of the assessment and information provided by City of Cockburn personnel. These have not necessarily been validated (as would occur in a formal audit) and no assumptions should be made by virtue of these observations.

Only the Works Depot in Bibra Lake was visually inspected for completion of this initial report.

Section 1: Drivers and Operators

a.　On-Boarding	Good practices
- There is a formal, documented and centrally monitored on-boarding process for all drivers and operators. - Driver and operator experience, maturity and physical health is assessed through the recruitment process and pre-employment medical, drug and alcohol test and Police clearance. - Driver and operator licence and certification checks are performed for all light and heavy fleet users. - As a minimum, onboarding clearly outlines: 1) Appropriate use of fleet, 2) Fitness for Work responsibilities, 3) Accountability for accidents, 4) Work, Health and Safety responsibilities. - These responsibilities are included in signed employment contracts or position descriptions. - The on-boarding process includes an observed assessment of skills for all heavy fleet and specialised equipment to assess suitability, and a 'buddy' system for oversight and support. - There is a formal Verification of Competency (VOC) for Waste and Landfill.	

On-Boarding	Recommendations
None	

b.　Ongoing Management of Conduct and Capabilities	Good practices
- There is a regular confirmation of driver and operator competencies, certifications and licenses. - There is a policy that defines driver safety practices covering areas such as the use of mobile phones, prohibited substances and managing fatigue.	

Ongoing Management of Conduct and Capabilities	Recommendations
While there is an expectation that formal driving and operating competency and license validity reviews are conducted annually, this process is not centralised and is managed by the individual business units themselves. This could lead to gaps or bias. Centralise all regulatory information related to the operation of vehicles and plant into one system for ongoing monitoring. Include relevant competencies, training, certification and vehicle and driver license validity. Drivers are responsible for paying their own infringements; however it is unclear whether infringements are recorded and then monitored to identify staff with multiple infringements. This would occur equally for a loss of demerit points or for multiple complaints.	

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There is no formal procedure to validate that this conduct is entered into the Records Management Safety System (RMSS) or Enterprise Content Management (ECM), or that it is monitored after.

Without proactive management of this information to identify areas for improvement, management and executive remain unaware of the conduct of their staff. This is further expanded under 'Reporting and Recording of Incidents'.

- Develop a formal procedure to ensure that violations, traffic infringements and complaints against drivers and operators are adequately managed through RMSS or ECM and that staff with multiple offences are appropriately identified and coached for improvement.

c. Driver and Operator Training	Good practices

- A formal handover familiarisation process is conducted whenever a driver is given custody of a different heavy vehicle.
- Training includes changes to use of fleet due to technological improvements, such as new vehicle safety features and appropriate charging of electric vehicles.
- Specialised training is provided for supervisors and managers.
- Specialised training is provided for heavy fleet operation (VOC's Buddy system).
- Chain of responsibility training is provided for workers.

c. Driver and Operator Training	Recommendations

Currently, there is no standardised, regular and ongoing driver and operator training schedule which includes safe driving practices, the safety of drivers and occupants and the protection of fleet.

There is also no centralised driver and operator training matrix in place to ensure important training and awareness topics are not missed, and it is unclear whether all business units had provided training, information and instruction to staff who are not drivers or operators but who may be exposed to plant.

Individual business units do not necessarily have the resources to consistently coordinate important training and awareness topics.

Develop a formal driver and operator training matrix to ensure important training and awareness topics are not missed. This could be developed by extracting topics recorded in previous toolbox or WHS fleet-related meetings over the past few years and should include topics such as:

- Safety procedures, such as weather, incidents and fatigue and also new fleet and road technology, new driving legislation, safe driving practices, the safety of drivers and occupants and the protection of fleet, and
- Driver-vehicle procedures, such as traffic management, security requirements for keys, assets and cargo in the vehicle (tools, equipment, herbicides, fuel, heavy goods, etc.) and procedures to increase driver awareness of hazards and obstructions to safe egress.

A formal handover familiarisation process is conducted whenever a driver is given custody of a new heavy fleet vehicle, however this is not the case for light fleet and utilities. Training on the use of the correct fuel, breakdown and accident procedures, technological improvements, vehicle safety features and appropriate charging of electric vehicles, etc., should occur prior to handover.

Wherever possible, drivers should be given the same vehicle to drive. This is shown to lead to better protection of the asset and a more confident driver.

- Implement a formal handover familiarisation process prior to handover whenever a driver is given custody of a new or different vehicle. This includes light fleet and utilities. Include training on breakdown and accident procedures, vehicle technology, vehicle safety features and use of the correct fuel or correct charging procedures.

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d. Leadership	Good practices

- A culture of safe driving is promoted by management and executive (Safe Work Method Statements, work instructions, toolboxes).
- Ongoing Fitness for Work tests (including hearing, drug and alcohol) are performed to ensure driver health and capability.
- Employees are included in the development and implementation of new procedures.

Leadership	Recommendations

Drivers and operators are monitored for adherence to fleet and safety procedures by their supervisors and team, however this appears inclined towards incidents and is not necessarily proactively reported.

A culture of safe driving is also promoted by management and executive, however, the City's gross incurred claims exceed their Metropolitan City peers in all categories, with the top six claim categories all considered member-at-fault.

These six claim categories have accounted for a gross incurred total of 67% of all claims submitted through the insurance claiming process over the past 5 years. These exclude all incidents below the claim excess threshold of $1,000, which could notably increase all categories.

Injuries, lost administration time, management distraction, service disruptions and reduced fleet resale values add considerably to the actual cost of these accidents.

As these claims relate to driver behaviour, they could be indicative of drivers and operators not being aware of what is expected of them, are poorly trained, or have a poor attitude towards safety and damage to fleet, or management and executive efforts are being disregarded by staff or are ineffective.

Employees are included in the development and implementation of new procedures.

- Make employees aware of the City's accident statistics compared to their peers and task them in teams to develop and implement new procedures to reduce at-fault claims. This includes light fleet users.

  Consider:
  - Incentives and disincentives for individuals and business units.
  - Formal supervisor safety observations.
  - The use of spotters and egress processes for working kerbside or exiting parking areas.
  - Traffic management and security requirements for keys, assets and cargo.
  - Attitudes towards safety of themselves and their work colleagues and care of their fleet.
  - Support for advanced driver training
  - The management of work pressures, fatigue and distractions.

These procedures should be included in the City's Fleet Usage Guidelines and all drivers and operators given a hard copy of the guidelines.

All fleet incidents, with or without injury, or claimed through the insurance process or not, should then be monitored by executive to gauge the effectiveness of these new procedures.

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Section 2: Storage and Usage of Fleet

a. At the Depot	Good practices

- The depot is protected from unauthorised entry, theft and vandalism and is monitored by CCTV.
- Suitable external lighting and security lighting is in place and operational.
- There are allocated parking bays for fleet.
- Line marking is used to assign bays and direct pedestrian movement.
- Parking bay tyre barriers and safety bollards are in use to protect people and infrastructure.
- All roads are one-way only to allow for a smooth flow of traffic.
- Vehicles are parked facing in the same direction to reduce reversing blind-spots.

At the Depot	Recommendations

Surfaces are free from potholes and potential trip and fall hazards in all areas other than the central driveway leading from west to east which is in poor condition with flooded potholes. While this area is not frequented by pedestrians, it is used frequently for the movement of fleet and therefore a potential contributor to tyre damage.

- Recommend having the central driveway leading from west to east tarred and new line markings applied. See images 8, 9 and 10.
- Trees overhanging fleet assets or in close proximity to buildings should be trimmed back. See Images 5, 6 & 7.

b. Away from the Depot	Good practices

- There is a formal Light Fleet Policy that outlines appropriate usage of the vehicle and driver and occupant responsibilities.
- There is a formal policy that defines the use of fleet assets for limited private use.
- There are minimum safety and security requirements for light fleet parked at a staff member's home, the sports centre, etc.
- There are driver-vehicle procedures, such as traffic management, security requirements for keys, assets and cargo in the vehicle (tools, equipment, herbicides, fuel, heavy goods, etc.) and procedures to increase driver awareness of hazards and obstructions to safe egress are in place.
- Fleet (such as graders, buses or utility vehicles) are never hired out or loaned to profit-making groups or businesses.

Away from the Depot	Recommendations

There are specific procedures for fleet parked while out at a job, however these are not formalised, and at-fault claims may indicate gaps.

- Develop formal 'Working Kerbside' procedures for fleet parked while out at a job, such as traffic management, supervisor safety observations, security requirements for keys, assets and cargo in the vehicle and using 'spotters' or witches' hats around the parked vehicle to increase driver awareness of hazards and obstructions to safe egress.

There is no formal policy that outlines the carriage and storage obligations for weight, conduct and utilisation of vehicle cargo and load restraint training has not been provided for workers.

- Develop a formal policy and procedure to outline the carriage and storage of vehicle cargo including obligations for weight, conduct and utilisation and provide load restraint training for workers.

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c.	Grey Fleet	Good practices
•	Minimal use of Grey fleet (private vehicles used by staff or volunteers for work purposes) and the practice is discouraged.	

Grey Fleet	Recommendations
A vehicle is legally a 'workplace' if a person performs a work task in their own vehicle, and the local government should ensure that it meets the required safety standards of a workplace prior to permitting the practice.	

Minimum maintenance and safety standards for private vehicles used for work purposes should be established, such as a minimum ANCAP rating, maximum age of vehicle, and vehicle type, such as not allowing motorcycles to be used for work purposes.

A Grey Fleet Policy defines the use of personal vehicles for work purposes and outlines the employee's responsibility for business-use insurance, safety standards and maintenance and this should be signed by the employee to confirm understanding.

Good practice would include confirmation that the vehicle is fit-for-purpose for the type of road and travel conditions where regional travel occurs.

• Implement a formal Grey Fleet Policy that defines the use of personal vehicles for work purposes and outlines the employee's (and potentially volunteer's) responsibility for business-use insurance, safety standards and maintenance and which is signed by the employee.

d.	Bushfire Fleet	Good practices
•	All Bushfire vehicles are supplied and maintained by DFES	
•	The City are responsible for housing the bushfire fleet. Vehicle storage facilities are kept locked, portable assets are secured out of sight and keys are securely stored.	
•	The internal and external structure and amenities, plumbing, gas and electrical infrastructure is maintained in good condition to reduce potential unauthorised access.	
•	Gas bottles, fuel or other combustibles are not stored in bushfire fleet facilities.	

Bushfire Fleet	Recommendations
• None	

e.	Fuel	Good practices
•	Fuel is stored on site in certified and environmentally safe storage tanks. (2 Diesel, 1 Unleaded).	
•	Fuel storage is not in close proximity to unnecessary external risks such as bushfire, adjacent property fire, vandalism, theft or arson.	
•	The bowsers are in a bunded area protected from impact and with restricted access to authorised users only.	
•	The integrity of the tanks is verified (annually) to detect fuel storage contamination or leaks.	

Fuel	Recommendations
The integrity of the fuel tanks is formally verified (annually) to detect fuel storage contamination or leaks, however the older tanks are around 40 years old and may be approaching the end of their lifecycle.	

• Consider replacing 40-year-old fuel tanks prior to the end of their lifecycle to avoid potential fuel storage contamination and subsequent damage or breakdowns of fleet.

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f.	Charging Stations	Good practices

The City currently has two electric vehicles and maintains three public EV charging stations (EVCS) and is considering commissioning additional EV's and EVCS's. Guidance on future installations can be found in the LGIS 'Electric Vehicle Charging Areas' Property conservation guidelines - October 2023 as follows:

- If located indoors, EVCS are installed in an area easily accessible to emergency services, close to garage entrances, away from lower levels or basements and their location will not obstruct escape from the building in the event of a fire.

- If located indoors, EVCS are sufficiently spaced and at least 10M distance from combustible materials and any hazardous or critical installations.

- If located indoors, EVCS are contained in a separate fire safety compartment with 60-120-minutes of fire resistance and adequate ventilation for the release of flammable gases.

- The indoor area is fitted with automatic sprinkler protection and an automatic fire detection and alarm signalling system transmitted to a continuously occupied location.

- Vehicle charging is prohibited within the premises outside of business hours.

- Chargers are physically protected against mechanical damage by tyre barriers or bollards.

- If located outdoors, the EVCS are as far as possible (at least 10M) from buildings, structures and utilities.

- Staff have been trained on the correct use of the charging equipment, detecting and reporting issues, and actions to be taken in the event of a thermal event.

- Charging stations are visually inspected daily to detect signs of damage and an annual electrical inspection with infra-red thermography is performed.

- Chargers have been installed by an approved EVCS installer and have a dedicated electrical circuit separated from the general main and fitted with circuit breakers and surge protection.

- On detection of a damaged or malfunctioning charger, the charger is shut off and locked until it has been repaired and recertified by an authorised company.

- Staff are not permitted to charge their e-scooters or e-bikes in buildings or parking areas or removing the battery and charging at their desks or in common areas.

Charging Stations & EV's	Property protection considerations

- Almost every local government is considering commissioning new or additional electric vehicles (EV's) and subsequently installing EV charging stations (EVCS). Guidance on installations of electric vehicle charging stations is clearly property-conservation conscious due to the very unlikely but potentially real thermal runaway from a lithium-ion battery sometimes caused by overcharging, damage or neglect. Once this process starts to occur, it is very difficult to stop and could lead to significant harm to people and assets. A fire caused by even a small lithium-ion battery can engulf an entire room in two to three minutes. It is therefore preferable to be conservative.

- In most cases, e-scooters and e-cycles have more than adequate range for commuting journeys without requiring regular charging at the workplace. Battery collection by local governments has long been an area of concern, with many local governments placing these collection points within their administrative offices to allow the public a disposal point. Careful consideration should be given to the placing of these collection points in a safe area at an appropriate distance from administrative offices and egress routes.

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g. Keys	Good practices
- There is a dedicated storage area for keys in a fire-resistant enclosure. - Spare keys are located at an alternate site in a fire-resistant enclosure. - Access to key storage and spare key storage areas are restricted to authorised users only and there is a booking system in place.	
Keys	**Recommendations**
None	
h. Use of Technology	Good practices
- As a minimum, local government technology requirements are integrated into fleet procurement. - Heavy fleet is monitored using GPS tracking (route planning and location). - There is a formal fleet replacement strategy to dispose of vehicles with outdated technology. - Longer-term technology trends are analysed and reported.	
Use of Technology	**Recommendations**
None	

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Section 3: Maintenance Activities

a. Record-Keeping (excluding maintenance)	Good practices

- An accurate record of all fleet assets is managed in a centralised system (Tech 1 asset maintenance system).
- The system includes all relevant licencing and registration information against each asset number.
- The system is updated to reflect additions, modifications, disposals or transfers.
- All fleet values are reflective of market.

Record-Keeping (excluding maintenance)	Recommendations

- None

b. Maintenance Procedures	Good practices

- An accurate log of all fleet maintenance requirements is managed in a centralised system and includes light and heavy fleet (time or KM-based with KM's recorded through BP fuel cards).
- Accurate records of completed maintenance activities, including dates, costs and service providers is maintained in this centralised system.
- There is an easy-to-use defect reporting system for staff to capture issues in addition to routine servicing schedules.

Maintenance Procedures	Recommendations

- None

c. Maintenance Activities	Good practices

A dedicated heavy fleet maintenance workshop is maintained in-house.

A small stock of important spare parts is maintained in-house.

There is also a formal process in place for more complex repairs or to comply with manufacturer's warranty conditions.

A formal process with AutoMasters is in place for routine maintenance of light fleet.

Detailed breakdown procedures are in place.

There are fuel management procedures in place to ensure the correct fuel is used.

Fleet safety visual checks are performed periodically to identify defects and monitor the condition of vehicles and Bridgestone tyre contractor monitors condition.

Standard work practices include isolation procedures when carrying out maintenance, repairs, cleaning or emergency shutdown.

Maintenance Activities	Recommendations

- None

Fleet Risk Management Program

Section 4: Incident and Emergency Management

a. Reporting and Recording of Incidents	Good practices

- The overall culture supports staff reporting incidents and near-misses.
- There is one centrally managed incident and accident recording and reporting system in place which includes near-misses, injuries from use of fleet, and damage to fleet without injuries.
- All incidents and accidents (with or without injuries) are formally investigated, followed up and closed out (Injury Management Adviser).

Reporting and Recording of Incidents	Recommendations

All incidents, with or without injury, should be recorded in one centrally managed system. Without this, accidents without injuries are managed through the insurance claims process and not brought to the leadership's attention unless they are serious in nature.

While there are procedures in place and there is one centrally managed incident recording and reporting system in place (RMSS), consensus indicated that RMSS is not always completed. Without proactive management of this information to identify areas for improvement, management and executive efforts may be ineffective or be disregarded by staff.

- Develop a formal procedure, and enforce adherence to the procedure, to ensure that all incidents, with or without injury, or claimed through the insurance process or not, are recorded in the RMSS system. The leadership team should then receive regular (quarterly?) reporting of all fleet incidents, including near-misses and minor damage below the claim threshold.

b. Incident Management	Good practices

- Drivers and operators are aware of the correct procedures they should take in the event of an accident or breakdown (booklet in glove box, RAC, Wrights).
- There a structured communication channel between drivers and the depot or their administration.
- There is oversight across fleet activities and incidents through GPS tracking.
- Disciplinary procedures are implemented for staff responsible for multiple at-fault incidents or infringements.

Incident Management	Recommendations

Claims costs including the claims excess is paid from a bulk finance budget. Where a vehicle-specific budgets exists, or business-unit-specific fleet budgets exist, it may be feasible to allocate these expenses to those budgets at the time of second at-fault and any subsequent at-fault incidents. This should increase awareness of the importance of reducing at-fault incidents.

- If practicable, consider deducting claims excesses and costs from the budget of the business unit or specific vehicle responsible for multiple at-fault incidents.

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c. Vehicle and Plant Emergency Management	Good practices

- Every vehicle is equipped with the relevant safety equipment required to ensure an immediate response to an emergency (extinguishers, first aid kit, etc.).
- The safety equipment is regularly reviewed and replenished.
- There is a formal procedure in place for responding to waste igniting within a waste vehicle, bus or other heavy fleet.
- Periodic training is conducted on emergency procedures and on equipment handling.
- Additional safety features have been put in place for heavy machinery (exclusion zone, pre-starts, JHA's, SWMS).

Vehicle and Plant Emergency Management	Recommendations

Heavy vehicles such as waste trucks do not have in-vehicle fire detection and suppression systems.

- Install in-vehicle fire detection and suppression systems into heavy vehicles carrying potentially flammable materials, such as waste trucks.
- Upgrade in-vehicle equipment used to combat firefighting.

d. On-Site Emergencies	Good practices

- Some high value items have protection from interaction with the elements and other vehicles.
- All on-site fire suppression systems are adequate and have been inspected and tested.
- There is a dedicated, secure, ventilated and fireproof storage area for hazardous materials.
- There is a dedicated, secure storage area for gas bottles or other flammable material.
- Smoking controls and hot works controls are in place and are adequate.
- The landfill site has been formally assessed for natural environmental exposures such as flood, storm, hail and bushfire and response plans are in place.

On-Site Emergencies	Recommendations

High-value fleet is not separated from others of high value when parked. There are no buffer spaces provided by fire-resistant barriers (such as walls) or low value items parked between vehicles and high value fleet items.

- Rearrange parking arrangements to provide buffer spaces to separate high value fleet from others of high value. See also Images 16 A, B & C.

Also for consideration:

- Install fire detection systems in the fleet parking area such as alarmed thermal cameras.
- Install smoke alarms in all recreational, storage and works areas.
- Validate that all site emergency response plans are up to date, and evacuation drills have been performed.
- Validate that thermographic scans are conducted on relevant infrastructure.
- Move bins away from under trees acting as a potential fire hazard. See image 14.
- Upgrade the site fire response system to include a tank and a booster pump.
- Maintain green waste below wall height and install sprinklers on a pole above wall height.
- Incorporate formal response procedures into the depot site emergency response plan for evacuation of fleet to another pre-determined safe site if required.

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High level overview of site operations and history
Changes in the previous 12 months? None Planned for upcoming 24 months? None
Property construction: Combustibles in construction (EPS expanded polystyrene and ACP aluminium composite present?) – None. Ultrabond FR product considered non-combustible.
Housekeeping: • Plant and equipment - Adequate • Maintenance workshops - Adequate • Bulk storage areas - Adequate • Mobile equipment – N/A • IT servers – N/A
Utilities supply: • Main switch board – Adequate. Maintenance records available. No evidence of thermographic scans conducted. • Water, gas and other utility connections - Adequate • Backup power generation? 2X diesel generators. • Solar system - 30 Kilowatts. Monthly savings – unknown.
Fire protection and installation: • Fire protection coverage (hydrants, hoses and extinguishers). Flow test results for hydrants – conducted and deemed adequate. • Fire pumps and tanks - None • Special hazard suppression (gas/foam suppression) None • Smoking controls - Adequate • Permitting systems (hot works, confined spaces, etc) - Adequate
Hazardous goods storages: • Ignitable liquids and gas storages - Adequate
External exposures: • Minimal. Security personnel (Cockburn CoSafe) on site after hours. Multiple CCTV cameras. • Fire – Unlikely. Yellow and grey FR type ACP building cladding considered to be non-combustible. • Cyclone - Unlikely • Flood - Unlikely • Access roads – Adequate (3)

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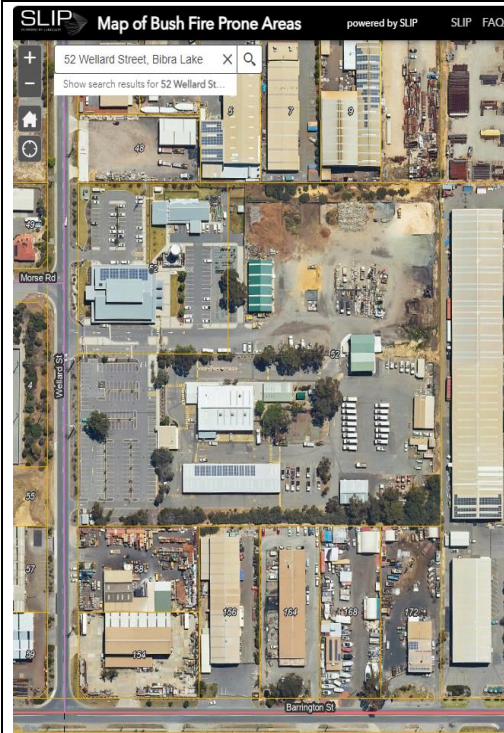
Images:

Image 1: Bush Fire Prone Area Results
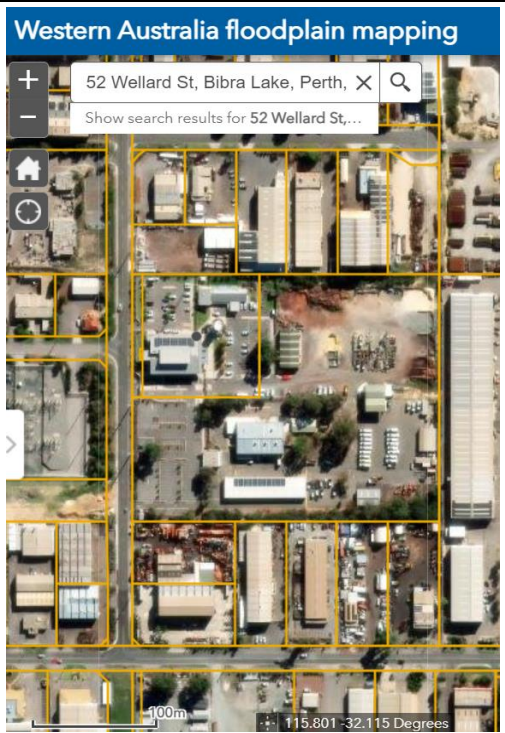
Image 2: Floodplain Mapping Results

Image 3: Building cladding & electric bike
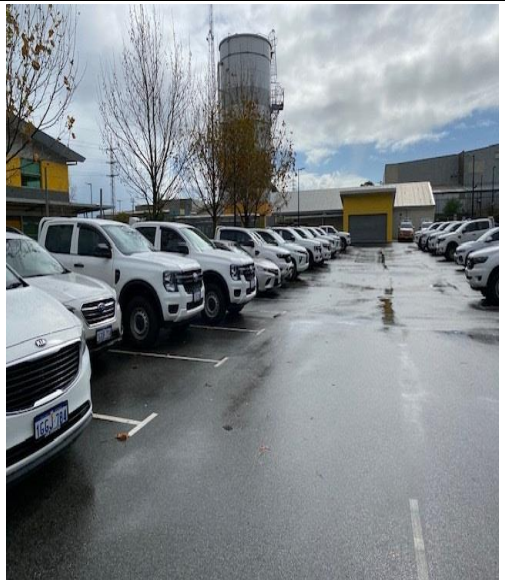
Image 4: Fleet parking arrangements

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Image 5: Trees overhanging infrastructure

Image 6: Trees overhanging fleet

Image 7: Trees overhanging fleet

Image 8: Potholes

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Image 9: Potholes

Image 10: Green waste storage area

Image 11: High-value fleet parking arrangements

Image 12: Welding area

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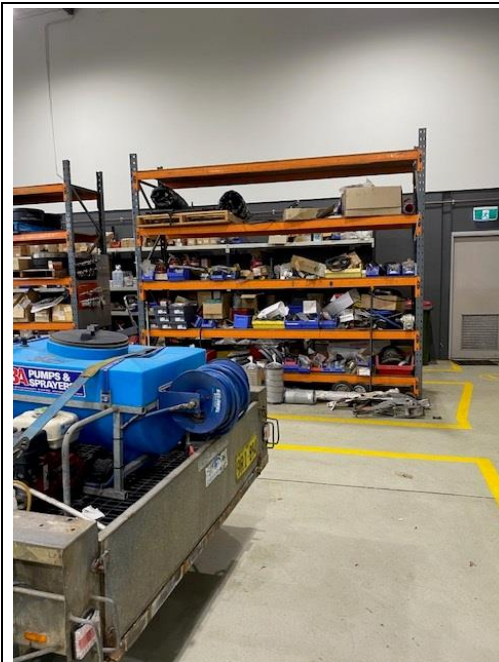
Image 13: Spare parts storage area

Image 14: Bins under trees

Image 15: High-value fleet under cover parking arrangements

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Image 16: Alternative ways to park high-value fleet to break up a common continuous line of combustibles such as tyres and fuel tanks (Source: Zurich RiskTopic, Waste Truck Depot Fire)

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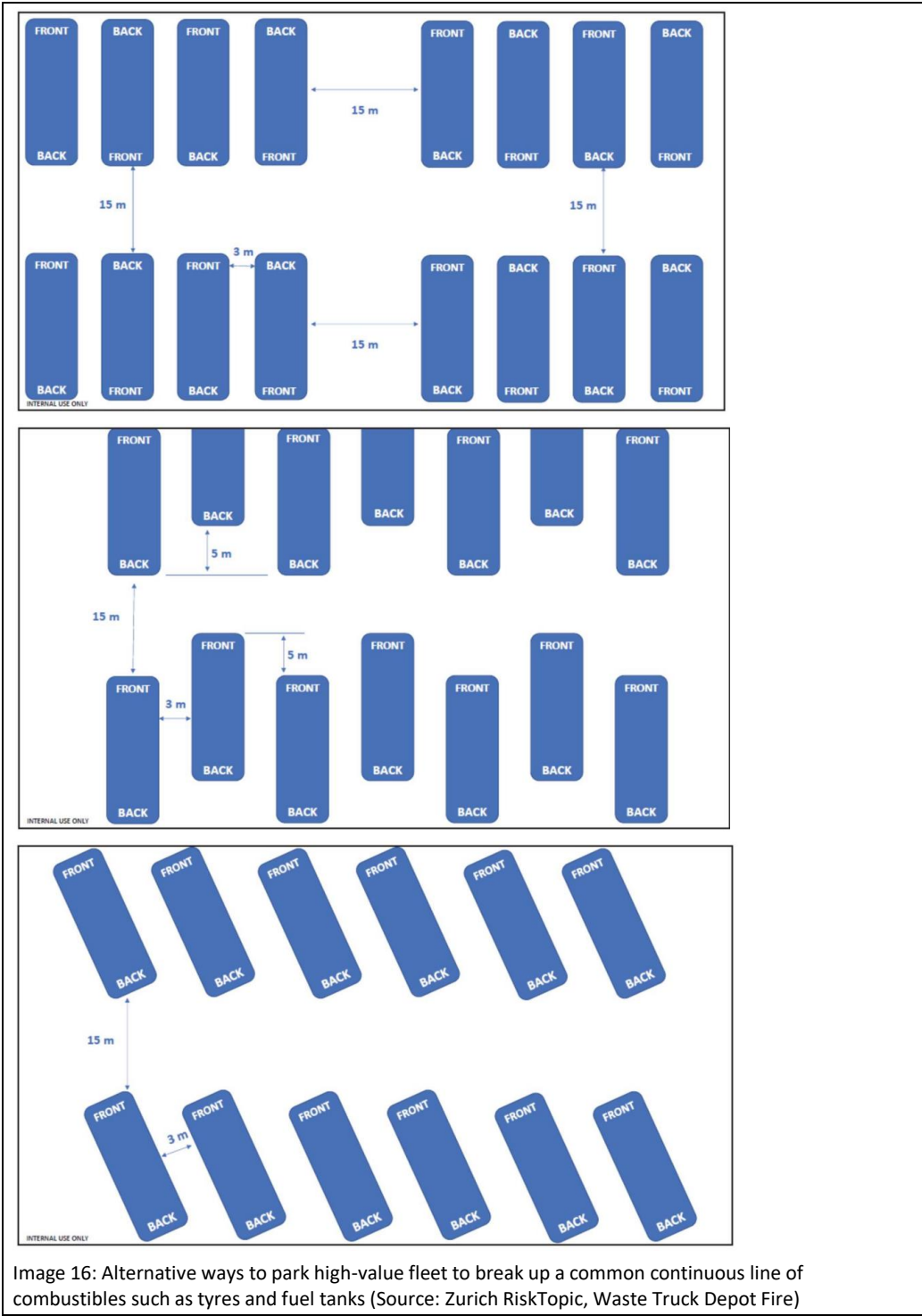
Conclusion

The City of Cockburn is to be commended for undertaking an assessment of this nature.

Assessments such as these open up the organisation's practices to analysis and allow for the identification and rectification of any gaps in a safe environment which an assessment offers.

LGIS would like to thank the City of Cockburn for their participation in this assessment and to the staff who were involved, for their hospitality and contribution towards its completion.

Our services are available to assist the City in the customisation and implementation of recommendations contained within this report.

Report compiled by Michael Sparks, LGIS Senior Risk Consultant, August 2024.

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Fleet Risk Management Program

Report Disclaimer

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11.2.3   (2024/MINUTE NO 0028) City of Cockburn Annual Groundwater Monitoring Summary 2023-2024 Report

Executive	A/Director Infrastructure Services
Author	Environment, Parks and Streetscapes Manager
Attachments	1. City of Cockburn Annual Groundwater Monitoring Summary 2023-2024 ⇩

Officer Recommendation/Committee Recommendation
MOVED Cr C Reeve-Fowkes SECONDED Cr M Separovich

That Council RECEIVES the City's 2023-2024 Annual Groundwater Monitoring Summary submission to the Department of Water and Environmental Regulation.

                                                                      CARRIED 6/0

Background

The City's Irrigation Operating Strategy provides a strategic direction to the management, monitoring and reporting of abstracted groundwater for the City's open spaces and streetscapes.

Contingency measures are also detailed to address abstraction limits being exceeded, adverse impacts of the abstraction are detected, or in the event the licensed abstraction limit is reduced by the Department of Water and Environmental Regulation (DWER).

An annual summary of groundwater usage is required to comply with the City's ground water licence (GWL) conditions.

This report outlines the groundwater usage for 2023–2024 which will be issued to DWER.

Submission

City of Cockburn Annual Groundwater Monitoring Summary 2023-2024

Report

The City's primary use for groundwater is to irrigate parks, gardens, and streetscapes for active, passive, and ornamental purposes.

The GWL issued to the City of Cockburn for the 2023–2024 year are governed by the operating strategy for the irrigation of parks and streetscapes and assessed in this report.

DWER is in the process of amalgamating the City's GWLs in the same subarea along with a new operating strategy to be approved as part of this process.

While this process is underway, the City is treating all GWLs within the one subarea as one GWL i.e., water can be traded between the sites in one subarea.

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Key findings of the report are summarised below:

Water Usage

- A groundwater saving of 83,534 kiloliters or three percent across all the City's Sub-Areas
- Total saving has not met the City's Water Efficiency Plan target of 10%, however one subareas (Success) individually has not meet this target
- It is expected that significant oval repairs from Sting Nematode and high club use, coupled with an extremely hot and dry summer have impacted the water use in many subareas
- Static water levels (SWL) across selected bores within the City's subareas remain steady
- Efficiencies at the Henderson landfill facility have resulted in reduced water usage compared to the 22-23 period.

Water Quality

- Water quality and salinity levels remain within acceptable irrigation water quality levels
- Monitoring of Manning Azelia have indicated that the groundwater salinity levels have stabilized to a moderately saline level. Monthly monitoring and reduced ground water use where possible will continue
- Mitigating leaching of nutrients into the groundwater is a key factor impacting water quality with the primary cause being fertiliser applications which are scheduled to not coincide with large rain events.

Water Quantity

- Water levels appear to have been adversely impacted by a combination of abstraction, a long irrigation season, and a poor 2023 winter recharge.

    The capacity of the aquifer to sustain the City's demands appears to be adequate. The City's groundwater management has continually improved over recent years and there is no reason to suggest that a sustainable trend will not continue.

Groundwater Sub-Area	Metered Bore Sites	Abstraction (Kilolitres)	DWER Allocation (Kilolitres)	Percentage of allocation abstracted
Kogalup	114	1,499,372	1,504,654	99.6%
Success	55	763,292	680,099	112%
South Lake	21	279,153	351,000	80%
City of Cockburn	33	331,807	393,745	84%
Airport	18	168,559	188,731	89%
Thompsons	11	115,946	118,351	98%
Banjup	6	25,167	28,250	89%
Total	**258**	**3,183,296**	**3,266,830**	**97%**

Detailed analysis of groundwater flow meter readings, water quality testing and static groundwater levels can be found in the Groundwater Monitoring Summary attached.

The City has another two Ground Water Licences governed by separate operating strategies and are independent of this report.

1. GWL 200065 - geothermal heating Cockburn ARC with a zero-kilolitre net abstraction.
2. GWL 159917 - groundwater interception drain (GID) at Port Coogee which is sub surface abstract.

Strategic Plans/Policy Implications

Environmental Responsibility
A leader in environmental management that enhances and sustainably manages our local natural areas and resources.

Budget/Financial Implications

N/A

Legal Implications

N/A

Community Consultation

N/A

Risk Management Implications

The City is required to submit an Annual Groundwater Monitoring Summary to the Department of Water and Environmental Regulation as per the groundwater licence conditions.

If Council does not accept the recommendations of this report, the City will be in breach of the groundwater licence conditions which poses a significant risk in maintaining its active reserves, park, streetscapes, street trees, etc.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) *Local Government Act 1995*

Nil
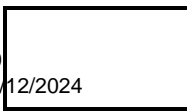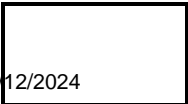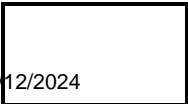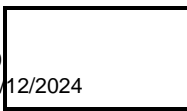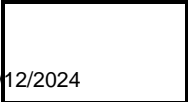
11.3 Office of the CEO

11.3.1 **(2024/MINUTE NO 0029)** Office of Auditor General Performance Audit - Exit Controls at Large Local Government Entities, Reports 25: 2023-24, 28 June 2024; and the City of Cockburn's Response

Executive	Chief Executive Officer
Author	Head of People, Culture and Safety
Attachments	1. Office of the Auditor General List of Audits and Reports 1 July 2023 to 30 June 2024 ⇩
	2. OAG Report 25- 2023-24, 28 June 2024 Staff Exit Controls at Large Local Government Entities ⇩

Officer Recommendation/Committee Recommendation
MOVED Cr C Reeve-Fowkes SECONDED Deputy Mayor C Stone

That Council RECEIVES the Office of Auditor General Performance Audit – Exit Controls at Large Local Government Entities, Report 25: 2023-24, 28 June 2024, as attached to the Agenda.

CARRIED 6/0

Background

Responsibility for the financial audits of all local governments sits with the Office of the Auditor General (OAG).

In accordance with legislative requirements, the OAG presents a report to Parliament each year on the results of the local government financial audits, including issues that are significant enough to bring to the attention of the Parliament.

The Auditor General encourages local governments to review these audit findings and consider the recommendations made to support continuous improvement of their operating environments and governance frameworks.

This report is brought to the Audit, Risk and Compliance Committee for review and to address the recommendations made by the OAG.

These reports are listed (refer Attachment 1).

Submission

N/A

Report

Purpose of the OAG Performance Report

On 13 September 2023, the OAG published the Audit Report 'Staff Exit Controls for Government Trading Enterprises', Report 4: 2023-24'.

This report found that staff exit controls in state government entities and government trading enterprises (GTE) were not consistently cancelled immediately, and exit controls were not assessed for risk and were not adjusted for high integrity positions.

Attachment 2 to this report is the OAG Performance Audit - Exit Controls at Large Local Government Entities, Report 25: 2023-24, 28 June 2024.

This Audit assessed whether seven large metropolitan local governments effectively and efficiently manage the exit of staff to minimise security, asset, and financial risks.

The audit considered if these local governments had appropriate policies and procedures, and whether these are complied with to effectively manage staff exits.

As appropriate, the learnings from this audit can be applied to the City of Cockburn, as the risks relating to staff exit are common to all public sector entities and the local government sector.

Significant Matters Identified by the OAG

The OAG report identified the matters summarised below:

Local Governments need to ensure that when a staff member leaves, premises and information are protected, and all public assets recovered.

Ineffective controls increase the risk of security breaches and loss of information, physical assets, and public money.

When staff leave by resignation, retirement, end of contract or through dismissal, the local government should:
- Immediately cancel access to information systems, premises, and confidential information
- Revoke all physical controls such as identity cards, security access passes (fobs or cards) and keys
- Collect all local government owned property
- Offer exit interviews and analyse associated data to ensure that risks highlighted by ceasing employees can be effectively managed
- Issue a reminder of the individual's ongoing obligations not to disclose confidential or commercially sensitive information.

Implication(s) for the City
The OAG report has implications for the City and recommends the following:

- Local governments should consider and assess risks presented by staff leaving high integrity positions or who are terminated for misconduct or other adverse reasons.

  Risk assessments help entities identify and understand security implications and reduce risks to information, assets, and finances.

  The OAG report has included information to assist local governments to manage these risks in Appendix 1 of the OAG report.

- Risk assessments are better managed by adopting a systematic approach that is documented in exit procedures and checklists used by local governments.

  This includes considering post-employment integrity risks and making clear the ongoing requirement for staff to maintain security of information and return all IT assets when the person's employment ends.

- To manage staff exits effectively local governments require policies and procedures that coordinate activities across multiple business units (these can include human resources, payroll, finance, security, IT, and fleet).

  Local governments also need to monitor staff exits to ensure compliance with their policies and procedures and reduce risk.

City Response to OAG Report

Below are responses provided by the City to findings contained in the OAG report:

No.	OAG finding and recommendation	City of Cockburn response
1	**Access to buildings and IT was not consistently removed on a timely basis when staff left.** Cancelling access to buildings often took more than a day risking unauthorised access to premises. Recommendation - entities should: • Ensure access to IT systems, buildings and banking delegations are removed or disabled within 24 hours of the exit date.	No additional action required. People Experience send an offboarding email to all relevant internal stakeholders with cessation date as part of resignation acknowledgement process. All access to buildings is removed from close of business of the last day of employment. As part of cessation checklist, leaders are required to collect any building access cards, keys, fuel cards, credit cards and authorisation cards from ceasing Employee prior to them ceasing with the organisation.
2	**Access to buildings and IT was not consistently removed on a timely basis when staff left.** Access to IT was not always cancelled within 24 hours. Recommendation - entities should: • Ensure access to IT systems,	No additional action required. People Experience send an offboarding email to all relevant internal stakeholders with cessation date as part of resignation acknowledgement process. All IT access is cancelled within 24

No.	OAG finding and recommendation	City of Cockburn response
	buildings and banking delegations are removed or disabled within 24 hours of the exit date.	hours of ceasing employment. In instances where an Employee is ceased with no notice, the Head of Information Management is notified, and immediate cessation of access is requested. Such requests are typically actioned no more than 30 minutes after the request, subject to date and time of request being made.
3	**The return of assets was not always actioned or documented effectively.** The return was not always effectively documented. Recommendation - entities should: • Ensure all assets are returned on or prior to the day of exit.	Further education to People Leaders on the importance of timely completion of documentation is required. A review of this process is due to take place as part of the People Experience Program in FY25. Whilst leaders collect all assets prior to cessation of employment, the termination checklist is, on occasion, not completed at the time of cessation. On occasion a delay of a several business days is experienced in completing this documentation even though the leader has collected all assets.
4	**The return of assets was not always actioned or documented effectively.** Controls over final payments need to be consistently implemented at two entities. Recommendation - entities should: • Settle amounts payable to entities by exiting employees should be settled during final payment or repayment plans should be put in place prior to employees exiting; • Perform and review final payment calculations in a timely manner, with evidence retained.	No additional action required. Any monetary balances owing to the Employer are communicated to the ceasing Employee prior to cessation of employment. In instances in which the payment can be recouped from the final payroll, approval is sought from the ceasing Employee. In instances where this is not possible, relevant information is sent to accounts receivable and a debtor raised. Examples where this occurs is where an Employee has opted to purchase a portable device provided for under their contract of employment.
5	**Process for monitoring the timely completion of exit activities vary in their effectiveness.** There are gaps in entities'	Undertake a review of current documented process to ensure continuous improvement and fit for purpose processes are not just in place but are appropriately embedded

No.	OAG finding and recommendation	City of Cockburn response
	monitoring of whether exit processes have been completed. Recommendation - entities should: • Review and where required document end-to-end policies and procedures for employee terminations; • Regularly review staff exit information allowing effective oversight and monitoring of end-to-end processes and ensure compliance with policies and procedure.	and understood. A review of this process is due to take place as part of the People Experience Program in FY25. Termination processes are documented to ensure consistency for all cessations. The end-to-end process is commenced by People Experience upon receipt of a cessation and all relevant internal stakeholders are notified of the last date of employment. This triggers the cessation process within the relevant service units (i.e.: cancellation of access cards, IT system access, removal from ARC membership, reallocation of emails etc). The only time there is a deviation from the documented end to end process is when the cessation is effective immediately, and documentation is completed retrospectively. All exiting Employees, including casuals, are provided the opportunity to undertake a confidential exit survey. Survey data is analysed and presented to the Executive Leadership Team monthly to ensure that key themes are identified, and action plans put in place to ensure future controls.
6	**Process for monitoring the timely completion of exit activities vary in their effectiveness.** Entities' data for monitoring exit controls was limited.	To ensure consistent monitoring occurs, the City needs to undertake process mapping activities to ensure all steps are captured. This is due to take place as part of the People Experience Program in FY25. Leaders are required to complete cessation checklists in all instances, and these are monitored by the People Experience team. However, there is no record as to what checklists are outstanding at any given time.
7	**Exit controls are not responsive to the risks with exits from high integrity positions and are not**	There is currently no process in place for risk assessing high integrity positions and the risks associated with

No.	OAG finding and recommendation	City of Cockburn response
	effectively documented. Exit controls are not adjusted to reflect high integrity positions and are not effectively documented. Recommendation – all entities should: Evaluate risk posed by different positions and termination types, develop and document procedures to manage the risks effectively and efficiently.	off boarding. As a minimum an establishment of positions should be documented to ensure a documented process is in place for those roles identified as high integrity. This will form part of the review that is due to take place as part of the People Experience Program in FY25. There is a process associated with those cessation processes that are deemed high risk (i.e.: termination by City or immediate resignation).
8	**Exit controls are not responsive to the risks with exits from high integrity positions and are not effectively documented.** Exiting staff were not consistently reminded of their post-employment confidentiality obligations.	While there are processes in place for onboarding and during employment, there is no established process of post-employment confidentiality obligations. This should be investigated further to determine if the cessation confirmation letter issued to Employees should include such a reminder. This will form part of the review that is due to take place as part of the People Experience Program in FY25. It must be noted that any cessation that is attributed to a Deed of Settlement does contain confidentiality provisions.
9	**Exit surveys and interviews are not frequently completed, and there is limited analysis of feedback.** There were gaps in the documentation of exit processes at all the entities. Recommendation - entities should: • Offer interviews to and/or survey all exiting staff; • Asses exit survey feedback processes to increase feedback received and perform analysis of feedback received to identify improvement opportunities.	No additional action required. All exiting Employees, including casuals, are provided the opportunity to undertake a confidential exit survey. Survey data is analysed and presented to the Executive Leadership Team monthly to ensure that key themes are identified, and action plans put in place to ensure future controls.

Strategic Plans/Policy Implications

<u>Listening and Leading</u>
A community focused, sustainable, accountable, and progressive organisation.
• Best practice Governance, partnerships and value for money.

Budget/Financial Implications

N/A

Legal Implications

Sections 7.1, 7.12(3) and 7.12AJ of the *Local Government Act 1995*.

Community Consultation

N/A

Risk Management Implications

OAG performance audits constitute the fourth line of defence in the OAG's 'Four Lines of Defence Assurance Model' which the City has adapted in the *City of Cockburn Enterprise Risk Management Framework*.

The OAG has identified risks in its performance audit report of other local governments and makes recommendations to manage these risks.

The City needs to consider these recommendations and, where relevant, implement appropriate control measures as appropriate.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) *Local Government Act 1995*

Nil

Attachment 1:   Office of Auditor General List of Audits and Reports 1 July 2023 to 30 June 2024

1. Requisitioning of COVID-19 Hotels, Report 1: 2023-24, 09 August 2023;
2. Electricity Generation and Retail Corporation (Synergy), Report 2: 2023-24, 09 August 2023;
3. Financial Audit Results – Local Government 2021-22, Report 3: 2023-24, 23 August 2023;
4. Staff Exit Controls for Government Trading Enterprises, Report 4: 2023-24, 13 September 2023;
5. Triple Zero, Report 5: 2023-24, 12 September 2023;
6. Annual Report 2022-2023, 27 September 2023;
7. 2023 Transparency Report: Major Projects, Report 6: 2023-24, 02 October 2023;
8. Management of the Road Trauma Trust Account, Report 7: 2023-24, 17 October 2023;
9. Electricity Generation and Retail Corporation (Synergy), Report 8: 2023-24, 08 November 2023;
10. Implementation of the Essential Eight Cyber Security Controls, Report 9: 2023-24, 06 December 2023;
11. State Government 2022-23 – Financial Audit Results, Report 10: 2023-24, 20 December 2023;
12. Funding for Community Sport and Recreation, Report 11: 2023-24, 21 March 2024;
13. Digital Identity and Access Management – Better Practice Guide, Report 12:2023-24, 28 March 2024;
14. Provision of Supplementary Information to the Standing Committee on Estimates and Financial Operations – Opinions on Ministerial Notifications, Report 13: 2023-24, 05 April 2024;
15. State Government 2022-23 – Information Systems Audit, Report 14: 2023-24, 12 April 2024;
16. Government Campaign advertising, Report 15: 2023-24, 15 May 2024
17. Local Government 2022-23 – Information Systems Audit Results, Report 16: 2023-24, May 2024;
18. Local Government IT Disaster Recovery Planning, Report 17: 2023-24, 31 May 2024;
19. Local Government 2022-23 – Financial Audi Results, Report 18: 2023-24, 06 June 2024;
20. Local Government Management of Purchasing Cards, Report 19: 2023-24, 12 June 2024;
21. Local Government Physical Security of Server Assets, Report 20: 2023-24, 24 June 2024;

22. Electricity Generation and Retail Corporation (Synergy), Report 21: 2023-24, 24 June 2024;

23. Fraud Risks in the Management of Client Funds by the Public Trustee, Report 22: 2023-24, 26 June 2024;

24. Legal Services Provided to the State Solicitor's Office – Opinions on Ministerial Notifications, Report 23: 2023-24, 27 June 2024;

25. Implementation of the Earlier Intervention and Family Support Strategy, Report 24: 2023-24, June 2024;

26. Staff Exit Controls at Large Local Government Entities, Report 25: 2023-24, 28 June 2024;

27. Controls Over Agency Special Purpose Accounts, Report 26: 2023-24, 28 June 2024.

Attachment 2:   Office of Auditor General Performance Audit - Exit Controls at
                      Large Local Government Entities, Report 25: 2023-24, 28 June
                      2024 (pdf file)

Report 25: 2023-24 | 28 June 2024

PERFORMANCE AUDIT

Staff Exit Controls at Large Local Government Entities

**Office of the Auditor General
for Western Australia**

Audit team:
This audit was conducted by Paxon Group engaged
under section 29 of the *Auditor General Act 2006*.

The audit was conducted under the direction of
Nayna Raniga and Andrew Harris.

National Relay Service TTY: 133 677
(to assist people with hearing and voice impairment)

We can deliver this report in an alternative format for
those with visual impairment.

*The Office of the Auditor General acknowledges the traditional custodians throughout
Western Australia and their continuing connection to the land, waters and community. We
pay our respects to all members of the Aboriginal communities and their cultures, and to
Elders both past and present.*

Image credit: shutterstock.com/iLixe48

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Staff Exit Controls at Large Local Government Entities

Report 25: 2023-24
28 June 2024

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

STAFF EXIT CONTROLS AT LARGE LOCAL GOVERNMENT ENTITIES

This report has been prepared for submission to Parliament under the provisions of sections 24 and 25 of the *Auditor General Act 2006.*

Performance audits are an integral part of my Office's overall program of audit and assurance for Parliament. They seek to provide Parliament and the people of WA with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

This audit assessed whether eight large metropolitan local government entities effectively and efficiently manage the exit of staff to minimise security, asset and financial risks.

I wish to acknowledge the entities' staff for their cooperation with this audit.

Caroline Spencer
Auditor General
28 June 2024

Contents

Auditor General's overview

This audit assessed the effectiveness of staff exit controls at eight large metropolitan local government entities. It follows similar audits in both State government entities and government trading enterprises (GTE). The eight entities employ a large number of staff, often across multiple locations, many of whom are casual and temporary employees. In our audit period they also incurred significant staff turnover.

Overall we found that payroll and finance controls were largely effective, but physical security and information technology risks were not always minimised and there were gaps in the documentation of the return of assets. Although this exposes the entities to increased risk, I am pleased that we did not find any instances where information systems had been accessed inappropriately or where assets had been lost or stolen.

All the entities had processes in place for staff exits but their maturity and design varied. Similar to State government entities and GTEs we found that they did not effectively document the assessment of risk and adjust controls to take account of staff leaving high integrity positions.

The risks and challenges identified in my report are not confined to the eight entities we audited. I encourage all public sector entities to look at the findings and recommendations in this report, and draw on the better practice guidance provided in Appendix 1. These should be applied by entities to meet their operational requirements to ensure they have effective staff exit controls in place.

Executive summary

Introduction

Our Office regularly conducts audits to ensure that controls are effective and working as intended. Our recent audits of staff exit controls in State government entities and government trading enterprises (GTE) found access to work premises and information technology (IT) were not consistently cancelled immediately, and exit controls were not assessed for risk and were not adjusted for high integrity positions.

This audit assessed whether eight large metropolitan local government entities (entities) effectively and efficiently manage the exit of staff to minimise security, asset and financial risks. We considered if these entities have appropriate policies and procedures, and whether these are complied with to effectively manage staff exits. This report names local government entities in highlighting good practice and areas to improve. These learnings can be applied more broadly across local government entities and the public sector. Entities have not been named where financial controls are applicable.

Background

The risks relating to staff exits are common to all public sector entities. The local government sector is no exception. It employs a large number of staff, often across multiple locations, many of whom are casual and temporary employees. Entities often see large movements in staff. Our audit covered staff exits during the period 1 January 2023 to 31 December 2023 (Table 1).

City	Headcount	Total staff exits	Casual and temporary staff exits	Permanent staff exits
Armadale	701	213	100	113
Canning	813	270	125	145
Gosnells	671	112	47	65
Joondalup	1,014	207	134	73
Rockingham	725	194	88	106
Stirling	1,490	289	169	120
Swan	1,118	235	67	168
Wanneroo	957	187	43	144
Total	**7,489**	**1,707**	**773**	**934**

Source: OAG using audited entity information

Table 1: Headcount and the number of staff exits at the eight local government entities in 2023

Entities need to ensure when a staff member leaves that premises and information are protected, and all public assets recovered. Ineffective controls increase the risk of security breaches and the loss of information, physical assets and public money.

When staff leave by resignation, retirement, end of contract or through dismissal the entity should:

- immediately cancel access to information systems, premises and confidential information

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- revoke all physical controls such as identity cards, security access passes (fobs or cards) and keys

- collect all entity owned property

- offer exit interviews

- issue a reminder of the individual's ongoing obligations not to disclose entity information.

Entities should also consider and assess risks presented by staff leaving high integrity positions, or are terminated for misconduct or other adverse reasons. Risk assessments help entities to identify and understand security implications and reduce risks to information, assets and finances. Information to assist entities to manage these risks is included in Appendix 1.

Risk assessments are better managed by adopting a systematic approach that is documented in exit procedures and checklists used by entities. This includes considering post-employment integrity risks and making clear the ongoing requirement for staff to maintain security of information and return all IT assets when the person's employment ends.[1]

To manage staff exits effectively entities require policies and procedures that coordinate activities across multiple business units (these can include human resources, payroll, finance, security, IT and fleet). Entities also need to monitor staff exits to ensure compliance with their policies and procedures, and reduce risk.

Line manager
- approve timesheets
- book and approve all outstanding leave requests
- complete termination checklist

Facilities
- remove access to premises/sites
- collect access card to premises/sites
- collect keys to vehicle

Finance
- collect and cancel credit cards
- finalise outstanding transactions
- recoup outstanding debts

Information technology
- disable and remove access to information systems
- collect entity issued equipment

Human resources
- complete risk assessment
- reconcile leave balance
- finalise termination payment
- offer staff exit interview or survey
- complete termination checklist

Source: OAG using audited entity process maps and information

Note: The business unit names and configurations may vary at different entities.

Figure 1: Five key business units generally involved in the staff exit management process

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[1] Office of the Auditor General, *Local Government 2022-23 – Information Systems Audit Results*, OAG, 27 May 2024.

Conclusion

The entities we audited were partly effective in managing staff exits to minimise security, asset and financial risks. Payroll and finance controls in all eight entities were largely effective, but physical security and IT risks were not always minimised and there were gaps in the documentation of the return of assets. Although this exposes the entities to increased risk, we did not find any instances where information systems had been accessed inappropriately or where assets had been lost or stolen.

All the entities had processes in place for staff exits but their maturity and design varied. Entities' monitoring and oversight of the completion and effectiveness of exit controls was limited. Documentation of end-to-end processes varied across the eight entities, and only two entities had processes in place which enabled them to monitor that all exit activities have been completed. Data to check whether IT and security access had been cancelled was inadequate in most entities, mainly because the ageing systems in use at these entities lacked effective reporting functionality.

Similar to State government entities and GTEs, local government entities are not yet mature in assessing risk and adjusting staff exit controls to take account of high integrity positions. Factors such as access to confidential information and/or critical systems are not subject to risk assessment and exit controls are not adjusted accordingly. Although exit interviews or surveys were offered, completion rates were low restricting analysis of results. We did find some entities do not review outcomes of exit interviews and surveys. This reduces opportunities to improve business processes and staff retention, which is a key challenge for many entities.

Findings

Access to buildings and IT was not consistently removed on a timely basis when staff left

Cancelling access to buildings often took more than a day risking unauthorised access to premises

Physical access cancellation at all eight entities was not always performed on a timely basis, specifically within a day of the employee exit. This exposes the entities to increased risk in terms of unauthorised access to buildings, misappropriation of assets and possible damage to premises.

Almost one third of the staff exits we examined showed access was not cancelled within a day after the employee's last day of employment. We tested 15 exits at each entity.

Across the three entities where data analysis could be performed for the population of exits (Table 2), access was cancelled on a timely basis in 65% of cases, with 35% between two and 101 plus days (Figure 2).

0-1 day	2-10 days	11-50 days	51-100 days	101+ days
65%	20%	13%	1%	1%

■ 0 - 1 day   ■ 2 – 10 days   ■ 11 – 50 days   ■ 51 – 100 days   ■ 101+ days
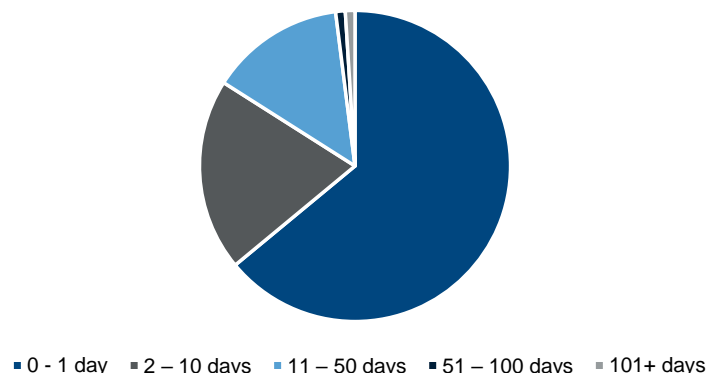
Source: OAG based on exit data provided by three local government entities

Figure 2: Days taken to remove physical access

We were able to determine from our sample exits that security cards had been disabled. Processes were also in place for the return of security access cards but we were unable to evidence the return or destruction of these at all eight entities.

In addition to building access cards, some employees also received staff identify cards. At most entities, it was not possible to determine the date of return of identity cards as the cards are destroyed and no documentation is kept. Identity cards allow the holder to exercise powers, such as performing inspections and if they have not been returned and destroyed it increases the risk of them being used inappropriately after someone leaves. This risk is relatively low as there are processes in place to prompt the return of identity cards on staff exit.

Access to IT was not always cancelled within 24 hours

IT access cancellation was not performed on a timely basis at seven of the eight entities, with 38% of the samples tested not cancelled within 24 hours of staff exit. This increases the risk of inappropriate or unauthorised access being obtained to the entity's information and data. The City of Wanneroo was the only entity where all the exits we tested showed timely cancellation of less than one day.

There were no instances of unauthorised access by an employee after their exit date. We found a very low number of instances of activity on user accounts after exits, but this was approved IT department activity, rather than inappropriate user activity.

Across the six entities where the data allowed us to perform analysis (Table 2), 43% of the total number of exits were timely cancellations but 57% were not, with 4% over 101 days (Figure 3).

0-1 day	2-10 days	11-50 days	51-100 days	101+ days
43%	34%	16%	3%	4%
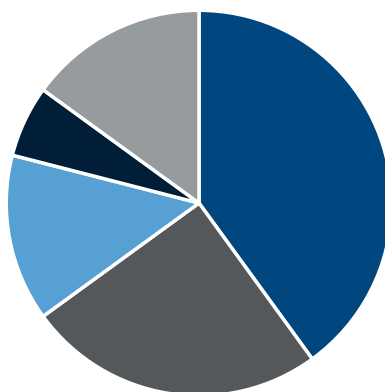
■ 0 - 1 day ■ 2 – 10 days ■ 11 – 50 days ■ 51 – 100 days ■ 101+ days

Source: OAG based on exit data provided by six local government entities

Figure 3: Days taken to remove IT access

Of the eight entities only the City of Rockingham had defined target timeframes for the cancellation of access to IT and security access cards. It also performed significantly better than the other entities where we were able to analyse the data across the entire population of staff exits.

The return of assets was not always actioned or documented effectively

The return of assets was not always effectively documented

While we did not find any instances where assets had been lost or stolen, it was not possible to confirm that assets allocated to exiting staff were returned at the point of exit.

Although all eight entities have processes to administer the return of assets we found that forms were not always in place or completed to identify which assets had been allocated to which staff, and when they were returned.

IT assets issued to staff are generally not physically returned to IT centrally but provided directly to the replacing employee or to the line manager. IT asset registers were either in place or in development at all eight entities, but there is no clear audit trail of the details of assets being allocated, transferred and returned at most entities leaving uncertainty as to who has the asset at any point in time.

There were instances where exited employees were still included as the custodians of assets within the registers. Where this did occur, entities were able to demonstrate assets had been returned and were still being used within the respective entity.

Although fleet assets could be evidenced as returned at six entities, fleet asset documentation was not always completed for the return of vehicles and related assets such as fuel cards. Limited documentation was available at the cities of Gosnells and Armadale, as vehicle return forms are not used by these entities. The return of vehicles and the related fuel card was identified through the allocation of the vehicle to a different employee, but due to the absence or lack of completed forms we could not always determine the timeliness of their return.

Controls over final payments need to be consistently implemented at two entities

Although most entities had effective controls over financial payments, we found:

- at one entity the final payment for 10 exits, considered to be standard exits, was calculated by the system with no further checks occurring

- one person within our sample owed money to an entity, but the value was not established until after they had exited and the final salary payment had been made. This exposes the entity to an increased risk of non-payment, though in this instance the value was not considered high.

Entities need to ensure that their controls over final payments to exiting employees are consistently implemented. Making errors in final payments risks either underpaying exiting employees which is not acceptable or overpaying and then having to recover funds from staff who have left the entity.

Processes for monitoring the timely completion of exit activities vary in their effectiveness

There are gaps in entities' monitoring of whether exit processes have been completed

Exit controls work across multiple business units that don't always interact on a regular basis. Because of this, entities need to have processes in place to make sure these controls are performed. We found limited monitoring had been performed by the entities to confirm all exit activities had been completed contributing to the findings within this report.

At six entities processes were in place to initiate the required exit activities and notify the relevant business unit of the exit of an employee, but there was no reporting of completed actions by the relevant business unit:

- at the cities of Swan and Canning there were no exit checklists to confirm the completion of exit activities by the line manager

- at four other entities checklists were used and completed by the line manager of the exiting member of staff but testing identified that they were not always fully completed. At the City of Armadale use of the checklist was noted as being optional. The City of

Rockingham was the only entity able to demonstrate completion of exit checklists for all exiting staff tested

- only two entities, the cities of Joondalup and Gosnells, had the capability to monitor the completion of all exit activities (Case study 1). However, this is limited to statements of completion that could not always be evidenced.

Case study 1: Effectively designed exit processes

On notification and acceptance of a staff exit, an entry is created in a database containing the employee's details, last day of employment and through a workflow system, tasks are assigned to the different business units involved in performing exit activities. The process to this point is common for all eight entities.

At the cities of Joondalup and Gosnells, these tasks remain open until they are noted in the database as completed, along with a comment to identify the action taken. Human resources can monitor these responses. Any actions that have not yet been performed can be clearly identified to help assess the timeliness and completeness of exit activity. The other entities do not have this degree of confirmation and accountability.

There is also a step related to post-exit confidentiality with the departing employee informed or required to formally acknowledge these requirements.

These entities with better designed processes may require less effort to ensure that their controls are operating effectively due to the effort already expended on their design.

Entities' data for monitoring exit controls was limited

As part of the audit we compared the date of exit to the IT and physical security access cancellation data for all exits in our audit period. However, limitations in entities systems and reporting capabilities meant that we could not do this for all the entities (Table 2). The lack of data and reporting, often due to a lack of functionality in the systems used, limits the entities' ability to effectively monitor the operation of exit processes.

The lack of timely cancellation of IT and security access increases the risk of unauthorised access to premises and information post-employment or provides a loophole for others to exploit.

City	Security access data analysis	IT access data analysis
Armadale	Data not available	Performed
Canning	Data not available	Data not available
Gosnells	Data not available	Performed
Joondalup	Data not available	Performed
Rockingham	Performed	Performed
Stirling	Performed	Performed
Swan	Performed	Performed
Wanneroo	Data not available	Data not available

Source: OAG based on entity data

Table 2: Summary of data analysis performed

Security access cancellation dates were not available for the total number of exits as information is administered in basic systems with limited reporting functionality. Only three entities could provide this information.

Information relating to security cancellation for individuals was available, however at the City of Canning it was not possible to obtain complete information on individual exit security cancellation dates as they were manually recorded on spreadsheets or information was missing.

At two entities IT access cancellation dates were only available by individual and not for all exits due to system reporting limitations. Improvements in the availability of this data would enable entities' to implement more effective oversight of these areas and perform comparison of the cancellation dates to assess their completeness and timeliness.

Exit controls are not responsive to the risks with exits from high integrity positions and are not effectively documented

Exit controls are not adjusted to reflect high integrity positions and are not effectively documented

None of the entities had a documented process for assessing risk when someone is leaving a high integrity position or could demonstrate additional measures that might be required to manage their exit. For example, controls may need to be adjusted to manage risks or security concerns of staff who are in high integrity positions where they have access to things like confidential information or payroll systems or bank accounts. Measures were in place for higher risk exits where there were performance or disciplinary issues.

Risks are most effectively identified and managed with a systematic approach to assessing them. Risk assessments assist entities to identify security implications and tailor approaches to minimise risks to information, assets and finances. An understanding of the risks and having documented procedures to mitigate them allows adjustments of controls to be made in the staff exit process to match the circumstances. High integrity positions are not always senior positions and risk assessments need to take account of access to information, systems and resources.

At one entity an employee who left was not removed from the bank authorised signatory listing until 105 days after exiting, which increases the risk of unauthorised transactions or access occurring. This may have been mitigated if the increased risk had been considered. In this instance there were mitigating controls with dual signatories required for all administrative changes to bank accounts and the employee did not have access to the banks online system to make transactions. However, this type of delay greatly increases the risk to the entity if the exiting staff member had greater banking access.

Exiting staff were not consistently reminded of their post-employment confidentiality obligations

There was no confidentiality obligation acknowledgement for employees post-exit at six entities. Processes on entry and during employment through the Code of Conduct were in place, but there was no reminder or agreement signed on exit except for the cities of Joondalup and Gosnells.

Entities should ensure that all exiting staff especially those with access to sensitive or classified information are advised and acknowledge their obligation not to disclose entity information even after they leave. This helps safeguard entity resources and limit potential for the integrity, availability and confidentiality of sensitive information to be compromised.

There were gaps in the documentation of exit processes at all the entities

Exit controls are distributed across multiple business units who need to work together to be effective. However, none of the entities had end-to-end documented processes to facilitate

the consistency, completeness and timeliness of the operation of exit controls and processes.

High level process documents or team specific documents were in place across the entities, but none of these were comprehensive. The key gaps include:

- exit checklists and completion of process confirmation were not in place at the cities of Swan and Canning

- no specific guidance on the timeliness for performance of activities such as disablement of IT and security access at seven of the eight entities

- lack of information or records for the return or transfer of IT and other assets to evidence what is being transferred, when and to whom, at seven of the eight entities

- no confirmation to exiting employees of resignation acceptance, departure timing and terms at the cities of Swan and Gosnells.

Policy and procedure documents help guide and direct entity staff. They provide a structure for consistency and ensure compliance with regulations and standards. Having incomplete policy and procedure documents makes it hard for entities to align practice with their strategic values and comply with regulations and standards.

Exit surveys and interviews are not frequently completed and there is limited analysis of feedback

Processes for exit interviews and surveys were in place at all entities and were generally offered to all exiting employees, with feedback mechanisms including online surveys and internal forms sent out by email. Only 14 of the 120 exits tested completed the survey and provided feedback, which is a low response rate, although we acknowledge that this is in part because it is a voluntary process. The forms viewed varied in length from 14 to 79 questions, but there was no correlation between length and response.

At seven entities, there were limited or no documented processes to show systematic analysis of results from exit interviews and surveys completed by staff and reported to management to identify improvements. Information from exit interviews and surveys can help entities to assess strengths and vulnerabilities, and focus workforce management strategies to drive talent attraction and retention.

Recommendations

These recommendations are based on the eight entities we audited but are relevant for all local government entities and should be read in conjunction with the staff exit better practice guide at Appendix 1.

1. All entities should:

    a. review and where required document end-to-end policies and procedures for employee terminations

    b. regularly review staff exit information allowing effective oversight and monitoring of end-to-end processes and ensure compliance with policies and procedures.

    Implementation timeframe: December 2024

    Entity response: Supported by local government entities.

2. All entities should evaluate risk posed by different positions and termination types, develop and document procedures to manage the risks effectively and efficiently.

    Implementation timeframe: Ongoing

    Entity response: Supported by local government entities.

3. To minimise the risk of property and information loss all entities should:

    a. ensure access to IT systems, buildings and banking delegations are removed or disabled within 24 hours of the exit date

    b. ensure all assets are returned on or prior to the day of exit

    c. put in place and complete a documented process for the allocation, return and transfer of identifiable assets between custodians to maintain a clear audit trail in asset registers

    d. amounts payable to entities by exiting employees should be settled during final payment or repayment plans should be put in place prior to employees exiting

    e. final payment calculations should be performed and reviewed in a timely manner, with evidence retained.

    Implementation timeframe: Ongoing

    Entity response: Supported by local government entities.

4. All entities should:

    a. offer interviews to and/or survey all exiting staff

    b. assess exit survey feedback processes in an attempt to increase feedback received and perform analysis of feedback received to identify improvement opportunities

    c. develop post-employment confidentiality requirement confirmation processes in-line with better practice.

    Implementation timeframe: December 2024

    Entity response: Supported by local government entities.

Appendix 2 outlines individual local government entity responses to the recommendations above.

In accordance with section 7.12A of the *Local Government Act 1995*, the eight audited local government entities should prepare a report on any matters identified as significant to them for submission to the Minister for Local Government within three months of this report being tabled in Parliament, and within 14 days of submission publish it on their website.

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Summary of recommendations applicable to audited entity

■ Not effective process in place   ■ Partly effective process in place   ■ Effective process in place

Recommendation	Armadale	Canning	Gosnells	Joondalup	Rockingham	Stirling	Swan	Wanneroo
1a. Review and where required document end-to-end policies and procedures for employee terminations	Amber	Amber	Amber	Amber	Amber	Amber	Amber	Amber
1b. Regularly review staff exit information allowing effective oversight and monitoring of end-to-end processes and ensure compliance with policies and procedures	Red	Red	Amber	Amber	Red	Red	Red	Red
2. Evaluate risk posed by different positions and termination types, develop and document procedures to manage the risks effectively and efficiently	Amber	Amber	Amber	Amber	Amber	Amber	Amber	Amber
3a. Ensure access to IT systems, buildings and banking delegations are removed or disabled within 24 hours of the exit date	Amber	Amber	Amber	Amber	Green	Amber	Amber	Amber
3b. Ensure all assets are returned on or prior to the day of exit	Amber	Amber	Amber	Amber	Amber	Amber	Amber	Amber
3c. Put in place and complete a documented process for the allocation, return and transfer of identifiable assets between custodians to maintain a clear audit trail in asset registers	Amber	Amber	Amber	Amber	Amber	Amber	Amber	Amber
3d. Amounts payable to entities by exiting employees should be settled during final payment or repayment plans should be put in place prior to employees exiting	Green	Amber	Green	Green	Green	Green	Green	Green
3e. Final payment calculations should be performed and reviewed in a timely manner, with evidence retained	Amber	Green	Green	Green	Green	Green	Green	Green
4a. Offer interviews to and/or survey all exiting staff	Green	Green	Green	Green	Green	Green	Green	Green
4b. Assess exit survey feedback processes in an attempt to increase feedback received and perform analysis of feedback received to identify improvement opportunities	Amber	Amber	Amber	Amber	Green	Amber	Amber	Amber
4c. Develop post-employment confidentiality requirement confirmation processes in-line with better practice	Amber	Amber	Green	Green	Amber	Amber	Amber	Amber

Source: OAG

Response from local governments entities

City of Armadale

Thank you for the opportunity to review and comment.

Recommendation 1:

The City agrees and supports the findings of the Audit. Whilst the City has procedures documented and some processes mapped, there is a gap in the mapping of the end-to-end process. The mapping will assist the City identify opportunities for seamlessly integrating the process and optimising the City's corporate business system.

Recommendation 2:

The City agrees with this finding and will facilitate a risk review with the relevant business units, reporting to the Audit Committee.

Recommendation 3:

a.   The findings are agreed and the City will implement an automated workflow to disable access, programmed ahead of time, where notice is provided.

b & c. The findings are agreed and the City will review its process controls to confirm receipt, custody and allocation of assets. The process, which exists presently is manual paper based will be systemised through the IT ServiceDesk application software. It is also intended to utilise the City's new integrated Enterprise Resource Planning (ERP) system once functionality for transitioning staff is implemented.

d.   The City's business systems cater for final pay processing, including any payables. The City generally does not incur reimbursable costs attributable to employees.

e.   The City's integrated Enterprise Resource Planning (ERP) system calculates final payments and there is a check completed outside the system to confirm.

Recommendation 4:

The City agrees with the findings and has a process in place for exit interviews. The requirement for post-employment confidentiality requirement confirmation processes will be built in the system for certain staff. The City does not agree with the implementation timeframe and the due date proposed to be set by the City is March 2025 to align with the implementation of the City's new ERP and the introduction of additional functionality for transitioning staff.

City of Canning

The City of Canning accepts the findings and welcomes the recommendations contained in the Summary of Findings report. It is pleasing that there was no evidence of loss or misuse and the City values the opportunity to focus on systemising practices to ensure risk is controlled.

City of Gosnells

It is very pleasing to note the audit found no instances where information systems were accessed inappropriately or where assets were lost or stolen. This would indicate that the controls in place are broadly effective and, consequently, the risk is low.

It is acknowledged that further work can be undertaken to tighten controls, and this will be done in areas where risk can be mitigated cost effectively. However, the City is always mindful about investing monies in internal processes where the risks are low as this detracts from the City's ability to provide much needed services and facilities to the community.

Recommendation 1:

Agreed. The City will consolidate its processes into a single corporate document.

Recommendation 2:

The City currently evaluates risk for different termination types and for staff in higher risk positions based on the circumstance at the time of termination. These circumstances will be formally documented.

Recommendation 3:

The City acknowledges the need to improve record keeping around the timely revocation of building access and the return of identifiable assets.

The City is satisfied that IT access is revoked in a timely manner, however due to limitations in the system this is difficult to evidence. It is noted that there were no specific findings for the City in relation to amounts payable to exiting employees and final payment calculations.

Recommendation 4:

The City is satisfied with its current process for exit interviews. Exit interviews are offered to all staff who resign and are given the choice of a face to face or online interview. Adequate review of feedback is undertaken from a City perspective. It is noted that the City already issues a post-employment confidentiality reminder.

City of Joondalup

The City of Joondalup appreciates the opportunity to participate in the Office of the Auditor General performance audit on staff exit controls within local government entities.

The City has a strong focus on strengthening integrity and conduct controls to assist in mitigating risk exposures including financial loss, breaches of legislation and law and significant reputational damage. The City takes both proactive and reactive measures as required to ensure systems of control are subject to regular review, with corrective action being taken, and control improvements made in a timely manner. Improvements relating to the area under audit have been implemented over the past 12 months.

The City accepts all the recommendations made and will prioritise their implementation, to ensure they are completed by the timeframes included in the report.

City of Rockingham

The City does not agree with the significant finding that there are no effective processes in place to "regularly review staff exit information allowing effective oversight and monitoring of end to end processes and ensure compliance with policies and procedures" (recommendation 1B). The City is of the view that the Office of the Auditor General (OAG) has not taken into consideration that the City undertakes a periodic review of our staff exit information via our internal audit team, against better practice. The City's 2023 staff exit internal audit report and findings were provided to the OAG as evidence of this control. Similarly, the OAG appear not to have considered that the City's Customer Relationship

Management System is effectively able to track completed requests to cease building and IT access (as a monitoring control) for staff who are ceasing employment.

The City does however agree that the overall Summary of Findings recommendations made for the local government sector are reflective of good practice.

OAG note:

We note the City of Rockingham's response. We have considered all the evidence that was provided to us both during and after the audit conduct and procedural fairness processes. The findings of this report and the specific findings reported to the entity reflect our final assessment against the audit criteria and relative to other entities in this audit, and our previous audits in other public sector segments.

City of Stirling

The City of Stirling thanks the OAG for the review and welcomes the findings contained in the report. The City recognises the importance of an effective staff exit process and is fully committed to implementing the OAG recommendations to strengthen controls over the exit process to minimise security, asset and financial risks.

The City agrees with the summary of recommendations of the report.

City of Swan

The City welcomes the findings and recommendations detailed in the report and acknowledges its staff exit controls were rated to be partly effective. All recommended improvements will be implemented as a priority to ensure the City's staff exit processes are effective and in line with industry best practice. This includes the implementation of an overriding checklist of the end-to-end staff exit process to ensure all actions are appropriately documented and signed off.

Recommendation 1:

End-to-end policies and procedures for employee terminations will be compiled and annual reviews will be conducted by management to monitor compliance and timing of action.

Recommendation 2:

A process for identifying positions that may pose a higher risk at time of separation is being considered to ensure appropriate actions are taken to mitigate the risk exposure associated with that position. The different risk profiles of these positions does not facilitate a standard approach. Each separation involving a position identified as high risk will be addressed according to the specific risk exposure (IT access / $ authority / Access to confidential data / Asset allocation etc.).

Recommendation 3:

Processes to address 3.(d) and (e) will be reviewed and adjusted to meet the recommendation.

Recommendation 4:

Adjustment to existing processes to address the recommendation will be considered for implementation where applicable.

The City thanks the OAG for this review.

City of Wanneroo

The City of Wanneroo thanks the OAG for their review and welcomes the findings and recommendations. The City is fully committed to implementing recommendations that will support and strengthen the existing exit process, and appreciates that some processes were found to be effective. The City considers that implementation will further reduce the risks associated with staff that leave the organisation, particularly where they hold roles of additional authority. The recommendations will be progressed within the committed timeframes.

The City supports the summary of recommendations of the report.

Audit focus and scope

The audit assessed whether eight large metropolitan local government entities effectively and efficiently manage the exit of staff to minimise security, asset and financial risks.

The criteria assessed were:

- Do large local government entities have appropriate policies and procedures to effectively manage staff exits?

- Do large local government entities comply with staff exit policies and procedures?

The audit included the following entities:

- City of Armadale

- City of Canning

- City of Gosnells

- City of Joondalup

- City of Rockingham

- City of Stirling

- City of Swan

- City of Wanneroo.

The audit covered the period 1 January 2023 to 31 December 2023.

In conducting the audit we performed the following:

- held entrance meetings with the entities

- met with the Department of Local Government, Sport and Cultural Industries and local government sector bodies (Western Australian Local Government Association and Local Government Professionals WA)

- reviewed policy and procedure documents and supporting templates

- held meetings with key staff from human resources, payroll, finance, IT and security to gain an understanding of processes and perform walkthroughs

- tested a sample of 15 exits at each entity that covered positions of high level of responsibility or data access, field operatives and casual staff. This included 101, or 10% of, permanent staff and 19 casual staff

- sought evidence of exit processes:

  o termination checklists had been completed before or on the staff exit date and signed by the relevant authority

  o building access cards had been de-activated and/or keys had been collected prior to staff leaving

  o assets issued to staff (computers, tablets, mobile phones, vehicles) were returned

  o credit cards were returned and cancelled

  o access to the entity's IT systems was revoked within 24 hours of their departure

- an exit interview was offered or conducted

- final payments reviewed and money owed to the entity was identified and paid at the time of leaving

- risks posed by departing staff and circumstances of their exit were assessed

- sought data on all exits to perform data analysis to assess the timeliness of the cancellation of IT and physical security access.

We did not assess termination decisions and whether they complied with the relevant legislation.

This was an independent performance audit, conducted under section 18 of the *Auditor General Act 2006*, in accordance with Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements*. We complied with the independence and other ethical requirements related to assurance engagements. Performance audits focus primarily on the effective management and operations of entity programs and activities. The approximate cost of undertaking the audit and reporting was $285,000.

Appendix 1: Staff exit better practice guide

Key requirements	
Assess and mitigate risks posed by exiting staff	Entities should assess the security implication and other risks posed by the exiting staff member. Exiting staff can include those leaving voluntarily or terminated for misconduct or other adverse reasons. Below is a checklist of actions to be considered in a risk assessment: • assigning a risk level by considering the reason for leaving (resignation, retirement, termination for corruption or misconduct) • reducing level of access to IT systems • limiting access to entity premises • monitoring accrued leave balance to reduce overpayments • identifying assigned assets (vehicles, mobile phones, laptops etc.) and assess need for immediate collection • removing access to confidential or secret information • consider position within the entity and level of delegated authority over staff • existing financial delegations and purchasing card limit • existing conflicts with staff.
Collect all entity owned property	Entities should maintain an updated register of all assets issued to staff when they start and during their employment. Using information on the register ensures that all entity owned property is returned when staff leave. These include but not limited to: • identification badges and name tags • office, cabinet and safe keys • access security passes and swipe cards • computer and other IT equipment - laptops, tablets, storage devices, headsets, mouse and keyboards • mobile phone and charger • vehicle keys, fuel cards and logbooks. Where access security passes and keys are not returned entities should take immediate action to cancel access cards, reprogram or change locks.

Key requirements	
Cancel all access to premises and IT systems	Entities should ensure that exiting staff have their access to entity premises and information systems withdrawn or cancelled immediately when staff leave. These include but are not limited to: • building (including carpark) access • computer login and network access • changing passwords or access to shared or high privileged accounts • email address • voicemail • remote access • corporate memberships • customer accounts with external organisations. Where physical exit date and formal termination date differ, risks should be mitigated by removing access on the physical exit date.
Issue reminder of ongoing obligations	Entities should ensure that all exiting staff especially those with access to sensitive or classified information are advised and acknowledge their obligation not to disclose entity information. This helps safeguard entity assets and limit potential for the integrity, availability and confidentiality of sensitive information to be compromised.
Offer exit interview	Entities should offer staff exiting the option of an exit interview. This can be a structured discussion or survey to gauge their perception of working in the entity. Entities should also collate the data, report internally and where relevant act on the findings. Information from exit interviews can help entities assess organisational strengths and vulnerabilities, and target workforce management strategies to drive attraction, retention and performance.
Prevent overpayments and recover debt owed	Entities should ensure that they meet their responsibility to recover overpayments and rectify underpayments, while considering the needs and special circumstances of employees. Timely review of payroll information will reduce the likelihood of errors. Overpayments can also be prevented by checking employee leave balances before approving leave and avoiding late changes to booked leave or working arrangements where possible. Where overpayments occur entities need to make timely payment arrangements in-line with section 17D of the *Minimum Conditions of Employment Act 1993*.
Regularly monitor and review staff exit processes	Entities should periodically review staff exits to ensure that they comply with: • entity policies and procedures • better practice.

Source: OAG, using policies from the Australian Government Protective Security Policy Framework

Auditor General's 2023-24 reports

Number	Title	Date tabled
25	Staff Exit Controls at Large Local Government Entities	28 June 2024
24	Implementation of the Earlier Intervention and Family Support Strategy	27 June 2024
23	Legal Services Provided to the State Solicitor's Office - Opinions on Ministerial Notifications	27 June 2024
22	Fraud Risks in the Management of Client Funds by the Public Trustee	26 June 2024
21	Electricity Generation and Retail Corporation (Synergy)	24 June 2024
20	Local Government Physical Security of Server Room Assets	24 June 2024
19	Local Government Management of Purchasing Cards	12 June 2024
18	Local Government 2022-23 – Financial Audit Results	6 June 2024
17	Local Government IT Disaster Recovery Planning	31 May 2024
16	Local Government 2022-23 – Information Systems Audit Results	27 May 2024
15	Government Campaign Advertising	15 May 2024
14	State Government 2022-23 – Information Systems Audit	12 April 2024
13	Provision of Supplementary Information to the Standing Committee on Estimates and Financial Operations – Opinions on Ministerial Notifications	5 April 2024
12	Digital Identity and Access Management – Better Practice Guide	28 March 2024
11	Funding for Community Sport and Recreation	21 March 2024
10	State Government 2022-23 – Financial Audit Results	20 December 2023
9	Implementation of the Essential Eight Cyber Security Controls	6 December 2023
8	Electricity Generation and Retail Corporation (Synergy)	8 November 2023
7	Management of the Road Trauma Trust Account	17 October 2023
6	2023 Transparency Report: Major Projects	2 October 2023
5	Triple Zero	22 September 2023

Number	Title	Date tabled
4	Staff Exit Controls for Government Trading Enterprises	13 September 2023
3	Local Government 2021-22 – Financial Audit Results	23 August 2023
2	Electricity Generation and Retail Corporation (Synergy)	9 August 2023
1	Requisitioning of COVID-19 Hotels	9 August 2023

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Office of the Auditor General
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11.3.2   **(2024/MINUTE NO 0030)** Quarterly Risk Register Update

Executive	Chief Executive Officer
Author	Risk Advisor
Attachments	1. City of Cockburn Risk Matrix ⇩
	2. Strategic Risks ⇩
	3. Risks Rated Substantial and Higher ⇩

Officer Recommendation/Committee Recommendatioon
MOVED Deputy Mayor C Stone SECONDED Cr M Separovich

The Committee recommends Council RECEIVES the Quarterly Risk Register Update.

CARRIED 6/0

Background

This report provides an update to the Audit, Risk and Compliance Committee (ARC) on the City of Cockburn (the City) Risk Register, for the period July 2024 to August 2024 (the reporting period).

A previous report was considered by the ARC on 16 July 2024.

Submission

N/A

Report

RMSS

The City's Enterprise Risk Register and Workplace Health and Safety (WHS) events were stored in RMSS, the City's cloud-based online Enterprise Risk Management (ERM) solution, licensed to the City until 30 June 2025.

From Thursday 8 August 2024 onwards, City officers have been unable to access RMSS.

The supplier has been unresponsive since the outage and the City has been unable to make contact with the supplier.

The City is considering the options available under the contract with the supplier.

The City has developed and is refining interim solutions to collate available data, rebuild registers and manage ongoing risk and WHS reporting.

The risk of a cloud-based supplier becoming insolvent whilst trading has not been previously identified by the City.

The situation with RMSS is that City-owned data cannot be retrieved because, despite the City making numerous attempts to contact the supplier, there has been no response.

It is proposed a risk assessment be completed with the City's Procurement Services, Information and Technology Business Unit and Legal and Compliance Service to mitigate recurrence of another similar event.

<u>Strategic Risks and Risks Rated Substantial and Higher</u>

The risk level cited in this report to the ARC is the Residual Risk, which is the risk remaining after management has taken action to alter its severity by implementing risk treatment measures.

The City currently has seven strategic risks and 11 risks rated Substantial and higher.

The City's highest ranked risk is ranked High and is climate change related. The elevated ranking of climate related risks is replicated across Australian local governments, with Disaster, Catastrophic Events and Climate Change and Adaptation ranked in the top 10 risks [JLT Public Sector Risk Report, JLT Risk Solutions Pty Ltd].

Attachment 1 to this report is the current City of Cockburn Enterprise Risk Management - risk assessment matrix and acceptance criteria.

The Risk Assessment Matrix is used for risk analysis and evaluation, comprehending the nature of the risk, and determining the level of risk exposure (likelihood and consequence).

There has been no adjustment to the risk assessment and acceptance criteria since the last report to the ARC.

Attachment 2 to this report is the Strategic Risks - Update as of 04 September 2024.

Strategic risks reflect the internal and external forces capable of threatening the City's ability to achieve its strategic objectives or affect its long-term positioning and performance.

This attachment outlines each strategic risk and provides progress and notes on the management of each risk.

There are currently 7 identified strategic risks, all ranked Moderate Risk, and there has been no change in this number the last report to the ARC.

Attachment 3 to this report is the Risks Rated Substantial and Higher - Update as of 04 September 2024.

This attachment outlines each risk rated Substantial and higher and provides progress and notes on the management of each risk.

The City's risk register currently contains 10 risks rated Substantial and higher, including one (1) risk rated High - all are operational risks.

Strategic Plans/Policy Implications

<u>Listening and Leading</u>
A community focused, sustainable, accountable, and progressive organisation.
• Best practice Governance, partnerships and value for money.
• Employer of choice focusing on equity, innovation and technology.

Budget/Financial Implications

N/A

Legal Implications

Local Government (Audit) Regulations 1996 r17 CEO to review certain systems and procedures.

Community Consultation

N/A

Risk Management Implications

Risk management oversight and review is a function of the ARC.

The ARC is required to review the City's Strategic and Operational Risk as part of the City's risk management practices.

The ARCs oversight of the risk register review report supports continuous improvement of risk management processes.

Failure to adopt this report will result in a Substantial risk to the City in its ability to support an integrated and effective approach to risk management and continually improve its risk management processes.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) *Local Government Act 1995*

Nil

City of Cockburn Enterprise Risk Management - risk assessment and acceptance criteria

Risk Assessment Matrix

Consequence / Severity	Risk Category												Rare 1	Unlikely 2	Possible 3	Likely 4	Almost certain 5
		Brand Reputation	Compliance	Cyber Security	Environmental Health	Finance	Fraud	Injury	Operations / Delivery Disruptions	Project - Quality	Project - Cost	Project - Time	Psychosocial safety	Theoretically such an event is possible but not expected to occur during an operation / asset life / project.	Such an event may occur once during operation / asset life / project.	Such an event may occur more than twice during an operation / asset life / project.	Such events may occur frequently during an operation / asset life / project.	Such events are expected to occur routinely during an operation / asset life / project.
Insignificant 1		Low impact. Low profile. No complaint.	Minor breach of policy / process requiring some response with little impact on other criteria.	Scanning or reconnaissance. Negligible effect on organisation.	An insignificant environmental event that can be immediately corrected under the control of the City.	< $50,000 or < 5% of OP. Little or no impact on asset.	Single opportunistic dishonest activity or asset misappropriation. Internal or external.	Minor first aid.	Little impact. Business as usual. < 5% variation against KPI.	Majority of milestones and objectives being achieved with minor variation to scope and/or quality reported. Minor impact absorbed through project.	< 5% of Project Budget or < $50,000 whichever is lower.	< 5% of Project Timeline or < 30 days, whichever is lower.	Activation of HR, WHS or Mental Health First Aider process.	Low 1	Low 2	Low 3	Low 4	Moderate 5
Minor 2		Low impact. Low profile. Low media attention. Possible complaint.	Compliance breach of policy / process requiring additional work or minimal damage control.	Low-level malicious attack; targeted reconnaissance, phishing, non-sensitive data loss. Causes spurious real time systems slowing for organisation.	A minor environmental event that can be corrected through system improvements within the City.	$50k ≤ to < $250k or 5% ≤ to <10% of OP. Minor loss or damage.	Theft of confidential or personal information, or intellectual property. Repetitive dishonest activity or asset misappropriation. Internal or external.	Medical treatment.. No Lost Time Injury (LTI).	Minor impact. Easily dealt with. Still business as usual. 5 ≤ to < 10% variation against KPI.	Minor impact on milestones and objectives being achieved with minor variation to scope and/or quality reported. Disruptive impact on project deliverables expected.	5% ≤ to < 10% of Project Budget or $50k ≤ to < $250k, whichever is lower.	5% ≤ to <10% of Project Timeline or 30 ≤ to < 60 days, whichever is lower.	Unplanned absence of < 2 weeks.	Low 2	Low 4	Moderate 6	Moderate 8	Substantial 10
Major 3		Moderate impact. Moderate media attention. Public complaint.	Compliance breach requiring investigation, mediation or restitution and breach of legislation or regulations.	Malware, beaconing or other active network intrusion; temporary system / service disruption. Loss of confidentiality, integrity, or availability causes limited effect on organisation.	A moderate environmental event that can be remediated but requires multiple stakeholder input.	$250k ≤ and < $1m or 10% ≤ to < 25% of OP. Major damage to asset.	Falsifying financial or procurement records to obtain an improper or financial benefit. Internal or external.	Medical treatment with LTI and / or work restriction > 2 weeks.	Some objectives affected. Can continue business as usual, with minor controls executed. 10 ≤ to < 25% variation against KPI.	Major impact on milestones and objectives being achieved with minor variation to scope and/or quality reported. Serious impact on project deliverables expected.	10% ≤ to < 25% of Project Budget or $250k ≤ to < $1m, whichever is lower.	10% ≤ to < 25% of Project Timeline or 60 ≤ to < 90 days, whichever is lower.	Unplanned absence of > 2 weeks, or Workers' Compensation case.	Low 3	Moderate 6	Moderate 9	Substantial 12	High 15
Critical 4		Damage to reputation. Public investigation and High media attention. Several public complaints. Third party legal action.	Compliance breach involving external investigation or third party actions resulting in tangible loss or reputation damage to the City and breach of legislation or regulations.	Exfiltration or deletion / damage of key sensitive data or intellectual property. Loss of confidentiality, integrity, or availability causes some adverse effect on organisation.	A significant environmental event where rehabilitation involves multiple stakeholders and various levels of the community and government.	$1m ≤ and < $5m or 25% ≤ to < 50% of OP. Significant loss of asset.	Persistent planned or systematic dishonest activity or asset misappropriation. Internal or external.	Partial disablement or severe injury, or reportable to WorkSafe.	Some major objectives cannot be achieved. Business can still deliver, but not to expected level. 25 ≤ to < 50% variation against KPI.	Major impact on milestones and objectives being achieved with significant variation to scope and/or quality reported. Critical impact on project deliverables expected.	25% ≤ to < 50% of Project Budget or $1m ≤ to < $5m, whichever is lower.	25% ≤ to < 50% of Project Timeline or 90 ≤ to < 120 days, whichever is lower.	Extended leave from chronic unmanaged work related issues.	Low 4	Moderate 8	Substantial 12	High 16	Extreme 20
Catastrophic 5		Irreversible damage to reputation. Very high level of public embarrassment. Very high media attention. Many public complaints.	Compliance breach involving regulatory investigation and / or third party actions resulting in tangible loss or significant reputation damage to the organisation and breach of legislation or regulations.	Sustained disruption of essential systems and associated services. Loss of confidentiality, integrity or availability causes serious adverse effect on organisation.	A severe environmental event requiring multiple stakeholders, all levels of the community and government to remediate.	≥ $5 million or ≥ 50% of OP. Complete loss of asset.	Irretrievable losses of significant assets or resources through dishonesty, deception or corrupt use of powers causing significant damage to the financial position of the organisation.	Death or permanent disablement.	Most objectives cannot be achieved. Business cannot operate. ≥ 50% variation against KPI.	Catastrophic impact on milestones resulting in the failure to achieve one or more objectives of the project.	≥ 50% of Project Budget or ≥ $5 million, whichever is lower.	≥ 50% of Project Timeline or ≥ 120 days, whichever is lower.	Self-harm. Death. Employee resignation leading to loss of experience and expertise to the organisation.	Moderate 5	Substantial 10	High 15	Extreme 20	Extreme 25

Risk Acceptance Criteria

Risk Level	Criteria	Treatment	Responsibility
Low	Risk acceptable with adequate controls, managed by routine procedures. Subject to annual monitoring or continuous review throughout project lifecycle.	Management through routine operations/project, Risk Registers to be updated.	Head of Business Unit / Manager of Service Unit / Project Manager
Moderate	Risk acceptable with adequate controls, managed by specific procedures. Subject to semi-annual monitoring or continuous review throughout project lifecycle.	Communication and awareness of increasing risk provided to Head of Business Unit / Manager of Service Unit, Risk Registers to be updated.	Head of Business Unit / Manager of Service Unit / Project Manager
Substantial	Accepted with detailed review and assessment. Action Plan prepared and continuous review.	Assess impact of competing Business Unit / Service Unit Projects. Potential redirect of Business Unit / Service Unit resources. Risk registers to be updated.	Director / Steering Committee
High	Risk acceptable with effective controls, managed by Senior Leadership Team Member. Subject to quarterly monitoring or continuous review throughout project lifecycle.	Escalate to CEO, report prepared for Audit, Risk and Compliance Committee (ARC). Quarterly monitoring and review required. Risk Registers to be updated.	Director / Steering Committee / Project Sponsor
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 continuous monitoring.	Escalate to CEO, report prepared for ARC. Monthly monitoring and review required. Risk Registers to be updated.	CEO / Council / Project Sponsor

Existing Control Ratings

Rating	Foreseeable	Description
Effective	Doing more than what is reasonable under the circumstances.	1. 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; 2. Subject to continuous monitoring and regular testing; and 3. Any control improvements that can be implemented have minimal impact on operations.
Adequate	Doing what is reasonable under the circumstances.	1. 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; 2. Subject to continuous monitoring and regular testing; and 3. Control improvements may be implemented.
Inadequate	Not doing some or all things reasonable under the circumstances.	1. 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; 2. Controls not operating as intended and have not been reviewed and tested; and 3. Existing controls need to be improved.

WHS / Injury / Wellbeing Hierarchy of Control

Effectiveness	Control methodology	Impact on unwanted event (hazard), and examples
100% Effective (Increasing Effectiveness)	Elimination	Remove the hazard, or unwanted event, completely or discontinue the process or practice. *For example, if the electric cable from a stage microphone is a trip hazard, use a wireless microphone instead.*
	Substitution	Replace a hazardous or vulnerable system, material, practice or process with one that presents a lower risk. *For example, if an outdoors event is conducted during a summer day, use of market umbrellas could be substituted by providing marquees or shade sails.*
	Isolation	Use lockable barriers to restrict unauthorised access and separate people from hazard, practice or process. *For example, install guards on machines where there is a risk of a person being trapped in a machine.*
	Engineering	Change the physical characteristics of the practice or process through engineering redesign. *For example, provide ramps if patrons in wheelchairs will be attending an event.*
	Administrative	Establish appropriate policies, practices, procedures, guidelines and operating instructions to control exposures to unwanted events. *For example, if an event requires serving of alcohol, ensure that bar employees have been trained in 'Responsible Service of Alcohol'.*
≤ 20% Effective	Personal Protective Equipment	Provide appropriate safety equipment. *For example, traffic controllers need to be provided with long sleeves, long trousers, wide brimmed sunhats and high visibility safety vests.*

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Table 2: Status of Strategic risks

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
1	Business continuity and crisis management	Failure to provide business continuity of the City's core services in the event of a major crisis / emergency.	Major 3	Possible 3	Moderate 9	Chief Executive Officer

Progress and Notes

1. The draft document City of Cockburn Business Continuity Response Plan has been updated, and reviewed by the Legal and Compliance Service Unit.
2. The document will be presented to the ELT on 21 August 2024, then the SLT on 29 August 2024, before being presented to the Audit, Risk and Compliance Committee. It is proposed to test this document with a cyber related exercise at end of September 2024.

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
4	Stakeholder relationships	Failure to develop and maintain strategic partnerships and relationships with government agencies and other key stakeholders.	Major 3	Possible 3	Moderate 9	A/Director Corporate and System Services

Progress and Notes

1. EMs and Officers participated in locally relevant Advocacy (through WALGA and ALGA AGMs.)
2. External communications and key contacts with Ministers & Local Members ahead of election preparations.
3. Lobbying communications strategies through letters to Ministers and MPs.
4. Joint Initiatives Zone meeting and National Growth Areas Alliance activities.
5. Direct engagement with a range of State and Commonwealth agencies to resolve operations issues swiftly.

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
5	Built and natural environment	Failure to maintain the City's natural environment and resources in a sustainable manner.	Major 3	Possible 3	Moderate 9	Director Planning and Sustainability

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
Progress and Notes							

1. Waterwise Council Action Plan implementation - Ongoing.
2. Vegetation condition mapping and regular fauna surveys - Ongoing.
3. Plant species lists are updated as new information become available about species suitable to a changing climate.
4. Landowner Biodiversity Conservation Grants continues.
5. rebates for residents.
6. Waterwise Verge Grants continues.

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
2	Strategic direction	Lack of clear and aligned strategic vision, direction and implementation.	Critical 4	Unlikely 2	Moderate 8	A/Director Corporate and System Services

Progress and Notes

1. Corporate Business Plan - CBP was adopted at SCM on 25 June 2024.
2. Strategic Community Plan - SCP major review has commenced and is integrated with corporate planning process. Community engagement is scheduled for Q3.
3. Strategy consolidation - draft strategic framework has been developed. Engagement with council on the strategic framework will be included in the corporate planning process.
4. FY25 service plans were adopted at SCM on 25 June 2024. service review priorities presented to OPCo in August 2024.
5. integrated process for corporate planning under development

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
3	Project management planning	Failure to consistently plan for capital works projects	Critical 4	Unlikely 2	Moderate 8	A/Director Infrastructure Services

Progress and Notes

1. Continued transition towards an Industry standard centralised project delivery model for infrastructure capital projects, with 17 CBP projects being delivered by the Infrastructure Services Directorate.
2. Year two of the Investment, Prioritisation and Optimisation Process (IPO2425) establishing further governance and control, ensuring effective planning is completed prior to Project Delivery hand over.
3. Project Governance Groups for all Major projects (and minor as required) enable an all of organisational approach to ensure effective Infrastructure Planning and Project lifecycle objectives and vision align.

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
		4. The Project Services Business Unit will report the performance for CBP projects and all 24/25 capital programs and projects monthly to the Executive Leadership Group. 5. A Portfolio Gantt Schedule has been developed ensuring projects are appropriately scheduled in line with internal delivery resources and capacity across the financial (delivery) year.				
6	Technology use and change	Failure to identify, manage and capitalise on the effective and efficient use of changing technology.	Critical 4	Unlikely 2	Moderate 8	A/Director Corporate and System Services

Progress and Notes

1. I&T Strategy development planning commenced.
2. Privacy and Responsible Information Sharing (PRIS) project is continuing, legislation anticipated in 2025.
3. Cyber Security Framework now includes Australian Signals Directorate (ASD) Essential Eight controls - maturity level one is currently being developed and scheduled for December 2024 completion.
4. Roll out of staff IT desktop computers and laptops currently underway, to be completed Q2 FY25.
5. Upgrade ERP to TechnologyOne SaaS currenyly underway, to be completed Q2 FY25.

7	Financial sustainability	Erosion of Council's financial sustainability.	Critical 4	Unlikely 2	Moderate 8	A/Director Corporate and System Services

Progress and Notes

1. 1. City of Cockburn Long Term Financial Plan:
   LTFP FY25 - FY34 was adopted at SCM 25 June 2024.
   The LTFP will be reviewed annually in future.
2. Procurement planning - improved contract management governance (contract variations, Clarifications, delegations)
3. Project management reviews (Strategic Risk 3)
4. Carry forward projects subjected to extra scrutiny

Attachment 3: Status of risks rated Substantial and higher

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
9	Public health decline from climate change [Environmental Health risk]	Reduced public safety, health and wellbeing caused by climate change impacts (changes to rainfall and increased bushfires, temperatures, and extreme weather events).	Catastrophic 5	Possible 3	High 15	Head of Development and Compliance [ELT Member Director Planning and Sustainability]

Progress and Notes

1. A climate change health vulnerability assessment and map of vulnerable residents and areas is complete. This knowledge already exists and programs are already aligned to benefit vulnerable areas of the community.
2. Existing warning systems and identified potential gaps and opportunities from improvement is complete. The Australian Warning System is a nationally-consistent three-level scaled system to provide information and action statements to the public on local hazards or expected hazards. https://dfes.wa.gov.au/hazard-information/warning-systems/australian-warning-system . The City of Cockburn maintains a Crisis Communications Plan to support the distribution of information to the community and staff.
3. The City's Public Health Plan is under review to align with the Department of Health advice published on 4 June 2024 updating the direction of the State Public Health Plan with which the City will be required to align. Legally required to be published before 4 June 2026, it is anticipated that the updated plan will be published by the end of 2024.
4. The Bushfire Risk Management Plan has been reviewed and adopted. The City is seeking funding to commence the review of the Emergency Risk Management Plan. Expected to be completed by end of FY26.

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
8	Community infrastructure damage from climate change impacts [Environmental Health risk]	Reduced public safety, health and wellbeing caused by climate change impacts (changes to rainfall and increased bushfires, temperatures and extreme weather events).	Critical 4	Possible 3	Substantial 12	Head of Sustainability and Environment [ELT Member Director Planning and Sustainability]

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RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
Progress and Notes						
1. All City assets within Bushfire Prone Areas (that don't fall under low hazard exclusions, such as single area smaller than 1ha, low threat vegetation, or non-vegetated areas) had risk assessments conducted as a part of the development of the Bushfire Risk Management Plan 2023-2028 (BRMP). A DFES online bushfire risk management system is used to perform risk assessments. Identified risks are required to be validated, treated and re-assessed during the lifetime of the BRMP. 2. City buildings comply with the BCA as per year of construction. No existing measure for 'more extreme storms'. Potential to engage with the Insurance industry to highlight possible high-risk facilities - e.g. bush fire prone areas, storm, etc. 3. The Bushfire Risk Management Plan has been reviewed and adopted. The City is seeking funding to commence the review of the Emergency Risk Management Plan. Expected to be completed by end of FY26.						
10	Biodiversity loss from climate change impacts [Compliance risk]	Damage to or loss of biodiversity and natural habitat, caused by climate change impacts (decreased rainfall and increased bushfires, temperatures, and extreme weather events).	Critical 4	Possible 3	Substantial 12	Head of Sustainability and Environment [ELT Member Director Planning and Sustainability]
Progress and Notes						
1. Waterwise Council Action Plan implementation - Ongoing. 2. Vegetation condition mapping and regular fauna surveys - Ongoing. 3. Plant species lists are updated as new information become available about species suitable to a changing climate. 4. Landowner Biodiversity Conservation Grants continues. 5. Waterwise Verge Grants continues.						
11	Coastal impacts from sea level rise [Environmental Health risk]	Legal liability and damage to or loss of natural environment, infrastructure, and coastal land, caused by sea level rise.	Major 3	Likely 4	Substantial 12	Head of Sustainability and Environment [ELT Member Director Planning and Sustainability]

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner

Progress and Notes

1. Consultants GHD appointed to develop the CHRMAP. Expected to be completed by mid-2025.
2. Coastal monitoring completed annually. City has received the 2023 coastal monitoring report and O2 Marine appointed to undertake monitoring for the next 3 years.
3. WALGA's paper 'Legal Response to the Local government Coastal hazard Planning Issues Paper' provides guidance. City has 2016 Coastal Adaptation Plan which shows due diligence. CHRMAP to further investigate liabilities.
4. Final CHRMAP will identify locations where individual foreshore management plans will be required.

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
12	Community support [Financial risk]	Failure to obtain community support for strategic planning functions.	Critical 4	Possible 3	Substantial 12	Head of Planning [ELT Member Director Planning and Sustainability]

Progress and Notes

1. Outcome of the City's Local Planning Strategy will be communicated with the public once final sign off has been received from the Western Australian Planning Commission (imminent).
2. Phase 1 Engagement for Coogee Beach Land Use Masterplan Project recently completed. Consultation Outcomes Report has been reviewed internally, shared with Elected Members and will be released to the public (as an informing document) as part of the Phase 2 (Draft Masterplan) advertising currently scheduled for late 2024 / early 2025.
3. Community Engagement Plan currently being prepared by Community Engagement Team for Phase 1 of the City's Public Open Space Strategy Review. Consultation will be undertaken in coordination with the Strategic Community Plan and will focus on the verifying the findings of the initial POS Audit, the hierarchy and function of existing reserves, typical facilities and existing gaps in provision.
4. Roe 8 (West) and Roe 9 Planning study webpage will be updated once MRS Amendment is complete (currently in Parliament waiting disallowance - 12th Sitting Day is 22 August 2024) and/or Minister for Planning grants Consent to Advertise associated Local Scheme Amendment #166 in City initiated for alternative form. The City's proposal and request to proceed has been with the State Government since late December 2023.
5. Coordinator of Strategic Planning provided an update on the planning processes associated with the removal of the Roe Highway Primary Regional Road Reservation at Sustainability and Environmental Reference Group held on 28 August 2024.
6. Jandakot/Treeby Urban Expansion Area webpage will be updated once the District Structure Plan is presented to the Western Australian Planning Commission's Statutory Planning Committee for 'consent to advertise' (expected late 2024). The Department for Planning Lands and Heritage are responsible for managing the subsequent advertising process.

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
	7. Glen Iris webpage will be updated (and submitters advised of the outcome) once Final Approval of the Local Structure Plan is received from the Western Australian Planning Commission (imminent).					
152	Tree canopy decline [Operational risk]	Decline in the extent of canopy cover across the City as a consequence of poor maintenance or the impact of pests and diseases.	Critical 4	Possible 3	Substantial 12	Head of Operations and Maintenance [ELT Member Director of Infrastructure Services]

Progress and Notes

1. Not planting reproductive host species as part of our ongoing planting program.
2. Since we became aware of (Polyphagous Shot-Hole Borer [PSHB]) infestations occurring in our local government area we have created a data layer in ESRI that identifies susceptible species in our street tree City wide.
3. Presentations made ELT and EMs (25/06/2024)
4. We have engaged Department of Primary Industries and Regional Development (DPIRD) to train our employees in how to identify and report (PSHB) symptoms and signs.
5. We have engaged contractors to conduct proactive aerial inspections of 496 trees on our northern border to identify any possible street tree impact to our susceptible tree species.
6. We are engaging in ongoing DPIRD, LGA and WALGA and CEO working groups to share information.

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
15	Landfill capping [Financial risk]	Failure to fund the capping of existing exposed landfill cells.	Catastrophic 5	Unlikely 2	Substantial 10	Head of Operations and Maintenance [ELT Member Director Infrastructure Services]

Progress and Notes

1. A decision was made to defer Cell 7 Capping to FY26 and there is no further update at this time.

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
16	Reduced water availability from decreased rainfall

[Compliance risk] | Decreased liveability, reduced water availability, loss of urban vegetation and biodiversity caused by climate change impacts (decreased rainfall). | Minor 2 | Almost certain 5 | Substantial 10 | Head of Sustainability and Environment

[ELT Member Director Planning and Sustainability] |

Progress and Notes

1. 5 year plan updated in 2021. Implementation ongoing. The City remains a Gold Waterwise Council.
2. No initiatives implemented this past year.
3. Coogee Surf Club water audit complete in 2024 by HFM consulting. Leaks detected on site visit were reported and fixed. The Surf Club not using unusual amounts of water. Public toilets and showers are high consumers. Implementation of recommendations ongoing.
4. The City continues to receive notifications from Water Corporation regarding Lake Yangebup reaching its control level, and the required transfer of excess water from the Lake to Cockburn Sound. This is in accordance with the approved Environmental Management Plan for the South Jandakot Drainage Scheme.

17	Urban forest decline from climate change [Compliance risk]	Urban forest decline caused by climate change impacts (increased temperatures and decreased rainfall).	Minor 2	Almost certain 5	Substantial 10	Head of Sustainability and Environment [ELT Member Director Planning and Sustainability]

Progress and Notes

1. UFP is being implemented in a limited capacity. There is no SU responsible for overseeing the plan and no dedicated budgets. Have been advised that tree planting budgets for 2024-25 have been cut, therefore no trees will be planted in parks this year. Only street trees will go ahead.
2. PSHB is being monitored by the City with DPIRD as the leading organisation for management.

288	Child safe organisation [Injury risk]	Failure by the City of Cockburn to resource for, and anticipate legislative requirements, to comply with the National Principles for	Catastrophic 5	Unlikely 2	Substantial 10	Head of Library and Cultural Services [ELT Member A/Director Community and

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RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
		Child Safe Organisations				Place]

Progress and Notes
1. City self-assessment complete with rating returned at high level of engagement with children and young people. Next meeting hosted by City of Cockburn on 25 September 2024 with draft policy for circulation to working group.

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
289	Workplace psychosocial hazards [Psychosocial Safety risk]	Inability to provide for workers a safe work place free from exposure to bullying and harassment	Catastrophic 5	Unlikely 2	Substantial 10	Head of People, Culture and Safety

Progress and Notes
1. Development of inductions for onboarding of all new starters in relations to Employee Relations, covering the mechanisms for reporting issues and acceptable workplace behaviours.
2. Ongoing review and continuous improvement of elements of the People Experience Management Framework to ensure Employees and People Leaders and appropriately informed and educated on reasonable and respectful workplace behaviours.

12. Motions of Which Previous Notice Has Been Given

Nil

13. Notices Of Motion Given At The Meeting For Consideration At Next Meeting

Nil

14. New Business of an Urgent Nature Introduced by Members or Officers

Nil

15. Matters to be Noted for Investigation, Without Debate

Nil

16. Confidential Business

Nil

17. Closure of Meeting

There being no further business, the Presiding Member closed the meeting at 6.29pm..