

# CITY OF COCKBURN



## AUDIT & STRATEGIC FINANCE COMMITTEE

## MINUTES

## FOR

**THURSDAY, 16 MARCH 2017**

These Minutes are subject to Confirmation

Presiding Member's Signature

\_\_\_\_\_  
Date: 20 July 2017



# CITY OF COCKBURN

## SUMMARY OF MINUTES OF AUDIT & STRATEGIC FINANCE COMMITTEE MEETING HELD ON THURSDAY, 16 MARCH 2017 AT 6:00 PM

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# CITY OF COCKBURN

## MINUTES OF AUDIT & STRATEGIC FINANCE COMMITTEE MEETING HELD ON THURSDAY, 16 MARCH 2017 AT 6:00 PM

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### PRESENT:

#### ELECTED MEMBERS

Mr S Portelli	-	Councillor (Presiding Member)
Mr L Howlett	-	Mayor
Mrs C Reeve-Fowkes	-	Deputy Mayor
Mr K Allen	-	Councillor
Dr C Terblanche	-	Councillor
Mr B Houwen	-	Councillor

#### IN ATTENDANCE

Mr S. Cain	-	Chief Executive Officer
Mr D. Green	-	Director, Governance & Community Services
Mr S. Downing	-	Director, Finance & Corporate Services
Mr D. Arndt	-	Director, Planning & Development
Mr A. Lees	-	Acting Director, Engineering & Works
Ms M. Tobin	-	Executive Manager, Strategy & Civic Support
Mr N. Mauricio	-	Manager, Financial Services
Mr J Ngoroyemoto	-	Governance & Risk Management Co-ordinator
Mrs B. Pinto	-	Executive Assistant to Directors – Fin. & Corp. Services/Gov. & Comm. Services

### 1. DECLARATION OF MEETING

The Presiding Member declared the meeting open at 6.01 pm.

He acknowledged the Noongar people who are the Traditional Custodians of this Land. He also paid respect to the Elders, both past and present, of the Noongar Nation and extended that respect to other Indigenous Australians who may be present.

### 2. APPOINTMENT OF PRESIDING MEMBER (If required)

Nil.



**3. DISCLAIMER (Read aloud by Presiding Member)**

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 INTEREST AND CONFLICT OF INTEREST (BY PRESIDING MEMBER)**

Nil

**5. APOLOGIES & LEAVE OF ABSENCE**

Nil

**6. PUBLIC QUESTION TIME**

Nil

**7. CONFIRMATION OF MINUTES**

**7.1 (MINUTE NO 185) (ASFC 16/3/2017) - MINUTES OF THE AUDIT & STRATEGIC FINANCE COMMITTEE MEETING - 17 NOVEMBER 2016**

**RECOMMENDATION**

That Committee confirms the Minutes of the Audit and Strategic Finance Committee Meeting held on Thursday, 17 November 2016, as a true and accurate record.

**COMMITTEE RECOMMENDATION**

MOVED Mayor L Howlett SECONDED Deputy Mayor C Reeve-Fowkes that the recommendation be adopted.

**CARRIED 6/0**



**7.2 (MINUTE NO 186) (ASFC 16/3/2017) - MINUTES OF THE SPECIAL AUDIT & STRATEGIC FINANCE COMMITTEE MEETING - 23 FEBRUARY 2017**

**RECOMMENDATION**

That Committee confirms the Minutes of the Special Audit and Strategic Finance Committee Meeting held on Thursday, 23 February 2017 as a true and accurate record.

**COMMITTEE RECOMMENDATION**

MOVED Deputy Mayor C Reeve-Fowkes SECONDED Mayor L Howlett that the recommendation be adopted.

**CARRIED 6/0**

**8. DEPUTATIONS**

Nil

**9. PETITIONS**

Nil

**10. BUSINESS LEFT OVER FROM THE PREVIOUS MEETING (IF ADJOURNED)**

Nil

**11. DECLARATION BY ELECTED MEMBERS WHO HAVE NOT GIVEN DUE CONSIDERATION TO MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING**

Nil

**12. COUNCIL MATTERS**

**12.1 (MINUTE NO 187) (ASFC 16/3/2017) - RISK MANAGEMENT INFORMATION REPORT (021/012) (J NGOROYEMOTO) (ATTACH)**

**RECOMMENDATION**

That Council receive the quarterly report on the Risk Management Program.



**COMMITTEE RECOMMENDATION**

MOVED Mayor L Howlett SECONDED Cllr B Houwen that the recommendation be adopted.

**CARRIED 6/0**

**COUNCIL DECISION**

**Background**

At the Ordinary Council Meeting on 13 June 2013, Council endorsed the City's proposed Risk Management Policy and associated roll-out program. Subsequently at the Ordinary Council Meeting on 11 December 2014, via the Audit and Strategic Finance Committee, Council endorsed the Risk Management Strategy. The City is progressing in implementing the Risk Program, and this report provides an update on the key milestones achieved over the past four(4) months since the last information report was submitted to the Audit Committee.

The City's Risk Program, through adopting the guidelines and principles of the Australian Risk Standard, AS/NZ ISO 31000:2009 is committed to a culture of risk management. City Policy SC51 'Enterprise Risk Management' (the policy) is a commitment by the City to ensuring that sound risk management practices and procedures are fully integrated into its strategic and operational processes and day to day business practices. The City continues to roll out the Risk Program in line with the Risk Management Strategy.

**Submission**

N/A

**Report**

Risk Management Program

1. Risk Management and Safety System (RMSS) was rolled out by the City in January 2017. This is an integrated, automated event management system with effective notification, investigation and reporting capabilities that facilitates a seamless system of work to manage risks. All Risk Owners now have the ability to review and update their risks online, and all employees are now able to notify incidents to the Occupational and Safety Health Team online.

The system comprises of 2 Modules:



### *Risk Manager Module*

A powerful tool for effective risk management for continuous operational improvement that enables the City to be more anticipatory and operate more strategically. Some features of the Risk Manager captures risks into risk registers, promotes efficiency, provides a centralised live view of risk, drives risk monitoring processes, delivers risk management processes that establish a transparent and uniform approach to risk, provides comprehensive, flexible reporting, and drives efficiency through escalation rules and tasks for notification.

### *Event Manager Module*

A powerful tool to keep track of incidents/events and their potential loss, their causes, controls and treatments. The event manager simplifies the task of recording and managing incidents/events, providing a single point of data entry. The Event Manager facilitates notification of any event type in an intuitive, user-friendly format. Some of the features of this module are, notify full range of incidents/events (employee injury, near miss, property, plant and equipment damage, workplace hazards, workplace bullying and harassment), notification and escalation driven by severity and workflow. Ability to upload and manage images, documents, reports and other incident/event attachments.

## 2. EXTREME and HIGH Risks Update:

As at 28 February 2017, 25 Strategic Risks and 202 Operational risks currently sit on the City's Risk Registers.

1 EXTREME risk  
 6 HIGH risks  
 15 SUBSTANTIAL risks  
 128 MODERATE risks  
 77 LOW risks

These risks are monitored and reviewed in priority of the risk rating level as per the City of Cockburn risk treatment levels. Updates on the identified HIGH/EXTREME risks are detailed below:

Risk ID	Risk Statement	Existing Controls	Risk Rating
252	<b>Bush Fire:</b> Fail to adequately manage bush fire risk exposure within City	Emergency Management Arrangements Interagency engagement (DFES and DPaW) Bushfire Risk Management Plan and fuel load register	Extreme



*Comment*

The City has engaged in a number of initiatives to reduce overall bushfire risk to the community. Initiatives include completing four hazard reductions burns with approximately 85 percent success in fuel load reduction. Although commenced later in the year than proposed, the burns were subject to unusual weather conditions during spring 2016. Further fuel load reduction by mechanical mulching and weed spraying was completed where prescribed burning was not possible or unsafe. The City is currently trialling a new concept of rural inspections by a Bushfire Risk Assessment Officer, as opposed to a member of the Rangers team. The trial has improved compliance and land owners understanding of fire prevention. To date, the Assessment Officer has issued 230 infringements, up 183 percent between for the period of 1 November 2016 to 18 January 2017.

The Risk rating remains extreme due to the unusually dry conditions and predictions of higher than average temperatures over the spring and summer months, and based on the catastrophic consequences if the risk eventuates. On the forthcoming budget an additional bushfire inspector and mitigation officer will be included, to further mitigate this risk.

Risk ID	Risk Statement	Existing Controls	Risk Rating
264	<b>Project Management:</b> Fail to consistently apply project management methodology and implementation to City projects	Project management tools Staff training Cross functional meetings Long term financial plan	High

*Comment*

Establishment of a project governance framework - Certificate IV in Project Management has been conducted for relevant employees throughout the organisation to raise understanding in fundamentals of project management. The City has recently undergone an Internal Audit process of its Project Management Framework and processes, which is subject of a separate report for the Audit and Strategic Finance Committee for consideration. Research is also being conducted for the most suitable technological solution to manage City projects.

Significant work in project management has occurred in relation to projects relating to budget and financial management of all projects in relation to the Engineering and Works Division. All projects are reported through the divisional reporting structure so that each project is individually reviewed as to cost, budget, timeframe and other issues. The commentary above relates to



pre-planning which covers issues such as land management and tenure, design, consultation with stakeholders and approvals from various government agencies. The pre-planning is an area that clearly stymies expedited delivery of projects. Better (formal) pre-planning will only aid in the delivery of projects.

Risk ID	Risk Statement	Existing Controls	Risk Rating
254	<b>Community Lead Reform:</b> Reignited local government structural reform agenda from community initiation	Community engagement strategy and framework Annual community perceptions survey Customer satisfaction survey Integrated planning framework Support for community groups \$50 000 has been directed towards response to the community initiated proposal seeking to transfer Hamilton Hill and North Coogee to City of Fremantle	High

#### *Comment*

The Local Government Minister dismissed a request for Hamilton Hill and part of North Coogee to be moved from the City of Cockburn to the City of Fremantle. During 2016, the Local Government Advisory Board (LGAB) called for submissions about whether the City of Fremantle should extend its border over these two suburbs. A small number of residents submitted a proposal to the LGAB, proposing that the suburbs of Hamilton Hill and part of North Coogee (between South Beach and Port Coogee) be handed over to the City of Fremantle. The City of Cockburn rejected the proposal, and called for support by writing submissions to the LGAB and attending the public hearing in Hilton on 5 October 2016. Cockburn residents enthusiastically embraced this campaign, with more than 300 people attending the hearing and dozens of submissions being sent to the LGAB against the proposal. The City wrote a submission outlining the projected cost and impact on residents and community of the proposal.

Risk ID	Risk Statement	Existing Controls	Risk Rating
254	<b>Records Management:</b> Inconsistently applied record management practices	Record management policy and guidelines Training Dedicated resources ECM	High



*Comment*

The City recently renewed and presented its Record Keeping Plan to the State Records Commission, and received a response confirming that an amended Record Keeping Plan needs to be submitted by 8 April 2017. The effectiveness of the City's Electronic Content Management (ECM) system remains satisfactory, but compliance with requirements to meet such obligations remain a priority issue. The City will develop a Knowledge Management Plan, which will act as a guide to actions that will be taken to achieve best practices for record management compliance. Compulsory training (Staff & Elected Members) and leadership review of technological solutions will be scheduled for 2017. An assurance activity (Internal Audit - review of compliance) is also scheduled for 2017/18 financial year.

Risk ID	Risk Statement	Existing Controls	Risk Rating
89	<b>SMRC:</b> Closure of the SMRC or becomes no longer viable	All waste staff to remain informed on industry trends. Sit on advisory committee to SMRC. Alternative sites including private contractors, landfill (waste, recycling, green waste). Agreements with other facilities. Use of hopper camera to check contents in the bin. HWRP could landfill all kerb collected waste initially. EOI to determine consultants qualified to deliver a Commercial Materials Recovery Facility. Loan commitments will still be active though the risk of disposal of waste is reduced. DER reinstated full licence conditions	High

*Comment*

At the time of this report, the City has now completed a Waste Supply Agreement with the SMRC for the period July 2017 to June 2020. This will provide certainty in disposing of domestic MSW at facilities other than landfill. There is no cost saving from the Waste Supply Agreement however, no waste to landfill is a significant win for the community and environment. The three year nature of the Agreement should lead into the current



timeframe for the establishment of a waste to energy facility in Perth.

The City has also tendered the recyclables collected from residential households. There is a significant saving arising from a lower gate price and related transport costs. The third stream of waste, Green Waste from a third bin that will be supplied to all residential properties in the municipality (over 400 sq.m.), will be processed at the Henderson Waste Recovery Facility to maximise the amount of Green Waste that can form a compostable material for re-use in the City. At the same time the City continues to plan for the introduction of a waste to energy facility in WA in and around 2020. New Energy, a possible W2E facility provider has amended its technology offering by changing to a form of Martin Grate technology. This technology is widespread around the globe and one understood by potential users of such facilities.

As a result of these mitigations, this risk rating for the SMRC will be reduced to a moderate rating, and this will be reflected in the operational risk register.

Risk ID	Risk Statement	Existing Controls	Risk Rating
155	<b>Community Services</b> <b>Major Projects:</b> Failure to coordinate Community Services major projects on behalf of the City of Cockburn	Contract independent specialist consultants, project control group, project working group, committees, Council reference group, consulting teams/meetings, financial monitoring, extensive project program, monthly progress reports, Risk Management Plans	High

#### *Comment*

A Project Management Governance Framework has been developed, and the City has recently completed an internal audit of its project management practices, in order to understand the coordination of the City's projects. Research into technological solutions to manage projects is also underway.

Key officers involved in the Cockburn ARC project have given monthly updates on the progress of the development of Cockburn ARC to the Cockburn Central West Reference Group which is comprised of 8 Elected Members. The Project Managers have provided a detailed Project Management report each month to the Project Working Party which includes the update on the project Risk Register. All identified risks are being



addressed with the Geothermal drilling being the highest risk factor for the project.

The independent Quantity Surveyor has double checked progress claims submitted by the builder to ensure works claimed have been completed and these have been checked again by the NS projects, the project superintendent. Multiplex the project builder achieved practical completion on 20 January 2017 prior to the contracted date of 1 March 2017. The Geothermal drilling contractor is now on track to complete their works in accordance with the revised program. The notional date for the formal opening is 19 May 2017.

The following risk was inadvertently omitted in the Agenda at the time of circulation and is now included for the purposes of the Minutes.

Risk ID	Risk Statement	Existing Controls	Risk Rating
255	<b>Water Availability:</b> Reducing water availability to irrigate City and maintain service delivery and amenity	Water Management Plan Adapt landscaping Plans Water Recharge Options Community education CCAP, Water Operating Plans	High

*Comment*

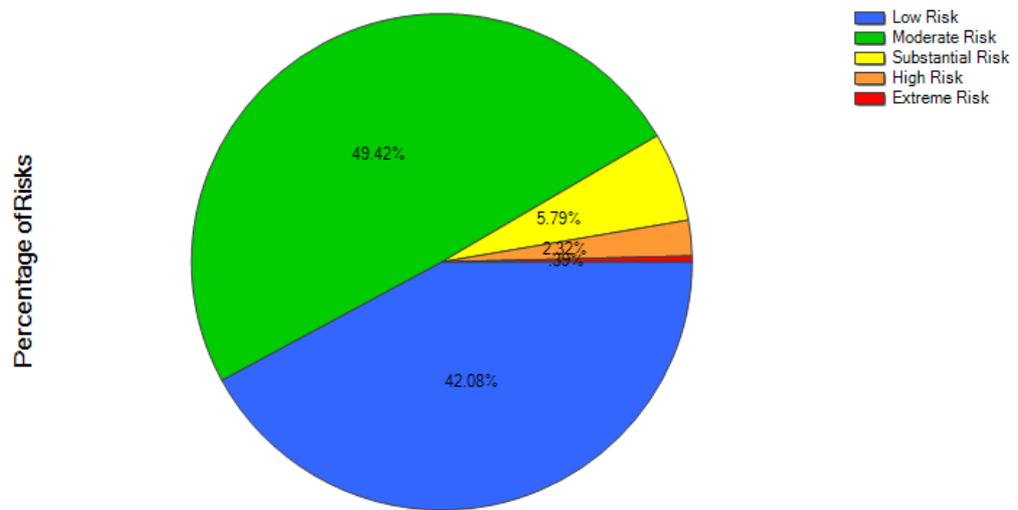
The City continues to prioritise current water resources through the implementation of the Water Conservation Plan and Local Water Action Plan. Preliminary investigation has been made with the Department of Water on Manager Aquifer Recharged projects and redistribution of abstracted groundwater for the future golf course and development along the Cockburn coast. Liaison with the Department of Water will continue on these projects and future projects relating to water availability through waste water treatment plants.

3. Risk Profile

All the City's risk information has been reviewed and transferred from the manual spreadsheets, and uploaded into RMSS. The distribution of risk ratings for both strategic and operational risks throughout the organisation is shown in the following risk matrix and pie chart. The pie chart demonstrates the overall image of the City's risk categorised into Low, Medium, High and Extreme risks. The distribution of the risk ratings is likely going to change as the City transitions through the Risk Maturity Road Map and reviews all operational and strategic risks.



Figure 1: Distribution of risk ratings as at 28 February 2017



EXTREME Risks – 0.39%  
HIGH Risks – 2.32%  
SUBSTANTIAL Risks – 5.79%  
MODERATE Risks – 49.42%  
LOW Risks – 42.08%



**Figure 2: Risk Matrix - This matrix maps out the distribution of risks within the City's Risk Matrix.**

		Consequence				
		1 Rare	2 Possible	3 Occasional	4 Likely	5 Almost Certain
Likelihood	Minor 1-1	L	L	L	L	M
	Disruptive 2-2	12 Risk(s)	61 Risk(s)	59 Risk(s)	27 Risk(s)	3 Risk(s)
	Serious 3-3	4 Risk(s)	15 Risk(s)	19 Risk(s)	5 Risk(s)	1 Risk(s)
	Critical 4-4	L	8 Risk(s)	6 Risk(s)	3 Risk(s)	1 Risk(s)
	Catastrophic 5-5	M	1 Risk(s)	2 Risk(s)	E	E

E	Extreme	Significant impact making it unlikely for the organisation to achieve its objectives. Capability of the organisation Risk Treatment: Eliminated. Requires treatment to eliminate risk. Formal assessment and action plan prepared.
H	High	Significant impact making it difficult for organisation to achieve objectives. Will diminish capability of organisation. Risk Treatment: mitigate. Risk requires treatment to mitigate impact. Formal assessment and action plan prepared.
S	Substantial	Will Impact on the ability of organisation to achieve objectives or will diminish capability. Risk Treatment: Accepted with detailed review and assessment. Action Plan prepared.
M	Moderate	May Impact on the ability of organisation to achieve objectives or may diminish capability. Risk Treatment: Accepted with review.
L	Low	Little or no impact on the achievement of objectives or capability Risk Treatment: Accepted without detailed review.

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*Comments*

All current HIGH and EXTREME risks will continue to be reported to this Committee quarterly. Attached to this report are detailed Strategic and Operational Risk Registers. All risks are being monitored and reviewed in accordance with the City's framework. A detailed report on the effectiveness of the controls currently in place to mitigate risks will be brought back to the July 2017 Audit and Strategic Finance Committee meeting. As indicated by the pie graph (Figure 1) the City is proactively managing its risks with only 1 risk rated as Extreme and only



2.32% rated as High. Detailed information on each of the organisational risks including relevant risk actions are provided for in RMSS.

4. Business Continuity Program:

The City will be conducting the Business Continuity Plan testing in late March 2017 as per Risk Management Strategy. The last tabletop exercise was conducted 2 years ago to rehearse the Business Continuity Plan. This time the City will conduct a physical exercise to validate the effectiveness of the plan and to demonstrate capability in carrying out recovery tasks at the alternate site. The recommendations from this exercise will be presented to the July Audit and Strategic Finance Committee meeting, to further improve business continuity capabilities and enhance the competencies and effectiveness of the internal resources to prepare for and respond to disruptive events

### **Strategic Plan/Policy Implications**

#### **Leading & Listening**

- Deliver sustainable governance through transparent and robust policy and processes

### **Budget/Financial Implications**

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

### **Legal Implications**

N/A

### **Community Consultation**

N/A

### **Risk Management Implications**

There are no risks associated with adopting the recommendation. However presentation of this report provides assurance that the City is actively monitoring and reviewing its risks and mitigating risks in accordance with the City's risk appetite.

### **Attachment(s)**

1. City of Cockburn Strategic Risk Register
2. City of Cockburn Operational Risk Register



**Advice to Proponent(s)/Submissioners**

N/A

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

Nil.

**13. PLANNING & DEVELOPMENT DIVISION ISSUES**

**13.1 (MINUTE NO 188) (ASFC 16/3/2017) - LAND MANAGEMENT STRATEGY 2017-2022 (197/002) (A TROSIC) (ATTACH)**

**RECOMMENDATION**

That Council adopt the Land Management Strategy 2017-2022, as attached to the Agenda.

**COMMITTEE RECOMMENDATION**

MOVED Mayor L Howlett SECONDED Cllr C Terblanche that the recommendation be adopted.

**CARRIED 6/0**

**COUNCIL DECISION**

**Background**

The City of Cockburn ("City") owns various land assets within the district in freehold, some of which have the potential to have an interest sold to enable the land asset to be realised. These interests range from the sale of the freehold ownership of the land, through to the sale of a commercial leasehold or licence interest in the land (commonly portion of land comprising portion of building). This has been a long standing practice of the City, whereby it seeks to utilise its land assets in an optimal way to realise the best outcome for the City. Approaching and planning this in a strategic way is a core purpose of the Land Management Strategy - achieving long term social, economic and environmental outcomes for the City.

The current Land Management Strategy concludes in the 2016/2017 financial year. The purpose of this report is to consider the adoption of a new Land Management Strategy, for the next five year period of operation from 2017 to 2022.



## Submission

N/A

## Report

### Overview

Approaching and planning decisions regarding the City's land portfolio is an important consideration for Council. Decisions made in relation to whether to purchase, hold or dispose of an interest in land impacts on the financial position of the City, and also the nature by which a land parcel itself may or may not be developed. There is a complete spectrum of possible decisions that could be made in this respect, ranging from the sale or acquisition of freehold land, through to the sale or acquisition of a leasehold or licence interest in land. Approaching all these types of land decisions in a strategic way is a core purpose of the Land Management Strategy.

The Land Management Strategy seeks to set out where land should be held by the City, or where consideration may be made to acquire land considered to be of strategic significance. Establishing the strategic principles to underpin decisions in relation to the disposal, holding or acquisition of land is an important aspect of the Land Management Strategy also.

The Land Management Strategy also discusses various procedural requirements related to the management of the City's land interests. Naturally, it can be a very complex process, and accordingly identifying key aspects of legislative and procedural requirements is important.

In essence, the Land Management Strategy will provide the City with the means to effectively and efficiently manage its land portfolio, while at the same time fulfilling its legislative and community obligations.

### Alignment to City of Cockburn Strategic Community Plan

The Land Management Strategy is aligned with the City's Strategic Community Plan 2016-2026. The Strategic Community Plan provides Council's vision to "build on the solid foundations that our history has provided to ensure that Cockburn of the future will be the most attractive place to live, work, visit and invest in, within the Perth Metropolitan area."

This Land Management Strategy is specifically aligned to four of the five Strategic Community Plan objectives:

City Growth	Continue revitalisation of older urban areas to cater for population growth and take account of social changes such as changing household types
Economic, Social and	Create opportunities for community,

Environmental Responsibility	business and industry to establish and thrive
Community, Lifestyle and Security	Provide for community facilities and infrastructure in a planned and sustainable manner
Leading and Listening	Ensure sound long term financial management and deliver value for money

Strategic alignment is also achieved with the following documents:

- The City's Long Term Financial Plan;
- The City's Corporate Business Plan;
- The recommendations contained within the City's Phoenix Central, Hamilton Hill, Coolbellup and The Lakes Revitalisation Strategies.

The Land Management Strategy is about:

- Undertaking positions on land that allow the City to retain or develop assets capable of generating long term revenue;
- Providing financial gain through land development and sale that can be reinvested into other revenue generating projects and community infrastructure.

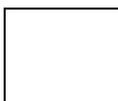
From a corporate strategic viewpoint, it provides a plan as to how the next five years will be approached in relation to the City's land portfolio.

Such an approach also seeks to acknowledge the dynamic nature of the property market, and how opportunities often arise in respect of the City's land assets. By having a framework based upon guiding principles and considerations in respect of land decisions, the City is able to remain agile and adapt as required to ensure opportunities which become available are harnessed.

### Aim and Objectives

The aim of the Land Management Strategy is to establish an effective framework to manage the City's land portfolio, in such a way as to maximise financial returns and support the financial sustainability of the City. This in turn supports the City undertaking further strategic capital investment, as well as expanding the range and types of services and facilities it is expected to deliver to the community. The key objectives related to this aim are:

- To facilitate the effective management of the City's land portfolio;
- To establish open and accountable processes for dealing with the City's land, particularly ensuring that all land dealings are undertaken in accordance with legislative requirements;
- To identify City owned land that has the potential to be value added and realised upon, with particular coordination with market conditions and the organisational demands for funds to drive new strategic land and community infrastructure investment;
- To identify and implement methodologies in order to drive land disposal priorities;
- To appropriately plan both the financial and human resources required to undertake land disposal;



- To set out where land should be held by the City, based on the principle of such land contributing to the delivery of services undertaken by the City to achieve the outcomes expected of the Strategic Community Plan; and
- To identify City owned land that has value of a 'strategic' nature, to ensure development proposals optimise long-term financial benefits for the City.

### Responsibility and Management Principles

The Land Management Strategy is to be adopted by Council. Once adopted, the implementation, monitoring and review of the Strategy is the responsibility of the City's Audit and Strategic Finance Committee. Administration of the Committee's decisions is the responsibility of the Director Finance and Corporate Services, in consultation with the Chief Executive Officer, Director Planning and Development and Strategic Planning Business Unit. The Strategic Planning Business Unit, and specifically the Land and Lease Administration Service Unit, is responsible for the specific implementation of land decisions according to the Land Management Strategy.

The Land Management Strategy also then identifies in detail:

- Land Asset Disposal Principles (Section 4.0);
- Land Asset Purchase Principles (Section 5.0);
- Joint Venture Considerations (Section 6.0).

These form the basis to decisions being made in respect of the City's land portfolio.

### Key Land Projects for 2017 - 2022

In terms of the coming five year period, the Land Management Strategy identifies the following projects of land development:

<u>Financial Year</u>	<u>Project ID</u>	<u>Forecast Income To Be Generated</u>
2017/18	Lot 1300 Goldsmith Street, Spearwood Lot 110 March Street, Spearwood Lot 80 Beeliar Drive, Success	\$1m \$1.5m \$1m
2018/19	Lots 805 and 9004 Beeliar Drive, Success Lot 40 Cervantes Loop, Yangebup Lots 24 and 646 Imlah Court, Jandakot	\$6m \$1m \$1.3m
2019/20	Lot 1 Berrigan Drive, South Lake Lot 103 Omeo Street, South Lake Lot 23 Russell Road, Success	\$5m \$1.3m \$1.5m
2020/21	Lot 33 Davilak Avenue, Hamilton Hill; Part Lot 9000 Plantagenet Crescent, Hamilton Hill	\$1.3m \$1m
<b>TOTAL</b>		<b>\$21.9m</b>

Nominated commencement dates have been identified for the projects, to ensure that both appropriate financial and human resources are available to undertake the projects. Initial forecasts indicate net income



of \$21.9M, however remaining entirely dependent upon the state of the broader economy and demand for land.

Expenditure and revenue amounts to arrive at net income have been calculated based on costs the City has incurred in undertaking recent subdivisions and sales of residential land. This only allows for costs to be indicatively based however, and accordingly future budgeting processes will require more detailed investigations to take place to enable specific costs to be quantified.

All budgetary requirements will be sourced from the Land Development and Infrastructure Reserve consistent with the current practice taking place.

### Conclusion

The 2017-2022 Land Management Strategy will provide the City with the means to effectively and efficiently manage its land portfolio, while at the same time fulfilling its legislative and community obligations. It provides principles which will be used to underpin land decisions, and links at a strategic level to the City's Strategic Community Plan.

The Land Management Strategy will be reviewed annually, and used to inform budget and resourcing requirements associated with land development within the City.

It is recommended that Council adopt the Land Management Strategy 2017-2022.

### **Strategic Plan/Policy Implications**

#### **City Growth**

- Ensure planning facilitates a desirable living environment and meets growth targets

#### **Community, Lifestyle & Security**

- Provide for community facilities and infrastructure in a planned and sustainable manner

#### **Economic, Social & Environmental Responsibility**

- Create opportunities for community, business and industry to establish and thrive through planning, policy and community development

#### **Leading & Listening**

- Ensure sound long term financial management and deliver value for money



## Budget/Financial Implications

The following table indicates the key budget outcomes that were achieved in the previous Land Management Strategy:

Financial Year	Project Highlights - Sale Of Freehold Ownership In Land	Total Income Generated
2008/09	Rezoning, subdivision and sale of first stage of land on corner of Bartram Road and Tapper Road, Atwell Structure planning and sale of portion of Lot 14 Hammond Road, Success	\$6.57m
2009/10	Sale of second stage of land on corner of Bartram Road and Tapper Road, Atwell	\$3.47m
2010/11	Preparation of management plan, subdivision and sale of land at Progress Drive for new ice rink and extension to Adventure World Structure planning and sale of land at corner of Birchley Road and Beeliar Drive Structure planning, subdivision and sale of land at Lot 9000 Yangebup Road, Beeliar (Town Centre)	\$2.42m
2011/12	Hamilton Hill revitalisation land sales including new 30 lot subdivision stage 1 Phoenix Rise revitalisation land sales stage 1 Sump rationalisation and land sales	\$5.09m
2012/13	Hamilton Hill revitalisation and land sales stage 2 Structure planning, subdivision and sale of anchor Beeliar town centre site Rationalisation and sale of former rural drainage scheme land	\$20.27m
2013/14	Hamilton Hill revitalisation and land sales stage 3 Subdivision and sale of industrial lot within Bibra Lake to facilitate new business	\$3.47m
2014/15	Phoenix Rise revitalisation and land sales stage 2	\$2.75m
2015/16	Phoenix Rise revitalisation and land sales stage 2	\$2.3m
2016/17	Beeliar Drive Town Centre (north east and north west local centre lots)	\$11.1
<b>TOTAL</b>		<b>\$57.44m</b>

Revenue generated from these projects has been used in the following ways:

<u>Infrastructure Item</u>	<u>Land development and investment reserve funding</u>
Cockburn Youth Centre	\$6.3m (2005/06)
Success Regional Sports Facility	\$3.1m (2009/10)
New City of Cockburn Health and Community Facility	\$28m (2014/15)
New City of Cockburn Operations Centre	\$15m (2015/16)
Cockburn ARC	\$2.5m (2016/17)

The last five years has helped demonstrate the value of the Land Management Strategy in guiding land actions for the City to enable additional revenue to be generated for community infrastructure and other related projects. Revenue has also been used to maintain a positive position of the Land Development and Infrastructure Reserve,



enabling funds to be maintained to help undertake other actions associated with the Land Management Strategy. This ability to forecast, undertake actions and generate revenue are key objectives to the next iteration of the Land Management Strategy.

All budgetary requirements for the 2011 to 2016 projects will be sourced from the Land Development and Infrastructure Reserve consistent with the current practice taking place.

### **Legal Implications**

Section 8.0 of the Land Management Strategy details processes in respect of land management. The *Local Government Act 1995* provides the key legislative requirements which must be fulfilled when the City makes any decision in relation to its land. In this regard, Section 3.58 (disposing of property) and 3.59 (commercial enterprises by local governments) are relevant. The City's Strategic Planning Business Unit will closely involve its solicitors at critical stages of the land management process to assist in maintaining legislative compliance with the requirements of the *Local Government Act 1995*.

### **Community Consultation**

N/A

### **Risk Management Implications**

The key risk in not adopting the new version of the Land Management Strategy is that the City may miss out on opportunities in which to achieve the most optimal position in respect of its land assets. This will represent an opportunity cost to the City, especially if forecast changes in the property market present it with new opportunities to pursue.

### **Attachment(s)**

Land Management Strategy 2017-2022.

### **Advice to Proponent(s)/Submissioners**

N/A

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

Nil.



**14. FINANCE & CORPORATE SERVICES DIVISION ISSUES****14.1 (MINUTE NO 189) (ASFC 16/3/2017) - DRAFT INTERNAL AUDIT REPORT - PROJECT MANAGEMENT (026/007; 067/001) (N MAURICIO) (ATTACH)****RECOMMENDATION**

That Council :

- (1) receive the Deloitte Internal Audit Report on Project Management, as attached to the Agenda; and
- (2) be provided with updates in 2018 and 2019.

**COMMITTEE RECOMMENDATION**

MOVED Cllr C Terblanche SECONDED Deputy Mayor C Reeve-Fowkes that the recommendation be adopted.

**CARRIED 6/0**

**COUNCIL DECISION****Background**

At its July 2016 meeting, the Audit and Strategic Finance Committee adopted a three year Strategic Internal Audit Plan. The Internal Audit Plan was developed through the City's Risk Review Group (comprising cross functional Managers), with input from the internal auditor. The audit planning was informed by the City's Operational and Strategic Risk Registers, where assessed risk levels influenced audit priorities.

The internal audit assignments planned for the 2016/17 financial year are as follows:

1. Project Management (completed)
2. Rates Modelling (to be completed in April)
3. Internal Communications (planning underway)

Project Management was assessed as a high risk area within the City's Strategic Risk Register. Specifically, project management across the organisation was considered inconsistent and inefficient as highlighted in past organisational reviews and employee surveys. The likelihood of the risk eventuating to the level of critical consequences is frequent.



## Submission

N/A

## Report

The City's internal auditor, Deloitte was engaged to undertake an assessment of the City's governance, risk management and internal control over its Project Management Framework (PMF). The audit was to identify any key gaps in the City's PMF and to provide advice for further improvement, as well as to assess the effectiveness of the internal controls designed and implemented by the City over its PMF.

The results of the internal audit should inform the City on how it can design and apply a more comprehensive and effective plan for managing its strategic risk of "Inconsistent application of the project management framework to City projects".

The agreed audit scope included in the Terms of Reference (attached) required consideration of the following elements:

- PMF organisation and structure, including roles, responsibilities and capabilities
- Project planning, including:
  - Setting project scope/specifications and timeframes
  - Project costing
  - Approvals
  - Project risk assessment/management
- Certification requirements
- Project progress/performance monitoring and reporting, including information and communication processes and the City's use of its TechOne capabilities.

The Audit Scope also required the internal audit to answer the following questions:

1. Are projects appropriately recognised and categorised?
2. Has a defined project management methodology been established, setting the baseline for consistent project execution and delivery against time budget, cost budget and quality expectations?
3. Is a distinguishable project management culture evident across the organisation and/or specific to business units?
4. Has a project gateway process been established, to ensure projects align to the City's overall strategy?



5. Have project owners been established, with adequate training and qualifications?
6. Have appropriate governance mechanisms been established to ensure timely project reporting and oversight to increase the probability of project success?
7. Are appropriate mechanisms in place to facilitate cross project communication and transparency?
8. Are appropriate processes in place to ensure that project risks and issues are appropriately identified, analyse and managed throughout the lifecycle of the project?
9. Has a fit-for-purpose Project Management Office (PMO) function (or equivalent) been implemented with appropriate resourcing and skill-set?

The audit work was completed during February 2017 and the Auditor's report (attached) was received early March. A particular feature of this audit assignment was the extensive consultation undertaken with executive staff, senior managers and other relevant stakeholders in the delivery of project management services at the City. This consultation included an online survey completed by 51 relevant staff, which aimed to identify the organisational culture around project management. The level of consultation undertaken provides a high degree of confidence in the accuracy of the findings included in the Auditor's report.

#### Summary of Audit findings

In answering the nine questions posed, the audit has found that the City is practicing project management disciplines to varying degrees across the organisation. There are some good practices being independently adopted within some business areas, but there is an overall lack of consistency to project management across the organisation. The nature of the City's business results in an environment where many disparate projects are being simultaneously delivered. Whilst the City has a good track record in project delivery, there is no doubt that a more consistent and disciplined approach will lead to better outcomes and reduced risk.

The audit found that the City has laid a good foundation with the recent creation of its Project Governance Framework, but has made some suggestions to strengthen it. This includes greater guidance and definition around the needs of different types of projects. This can best be summed up as having different approaches for 'heavy', 'medium' and 'light' projects.

Another important finding was the City does not have an organisation-wide view of the status of all projects that it is undertaking. This limits



the level of oversight desired by the executive in order to make more effective decisions. Linked to this is the lack of mechanisms to facilitate cross project communication and transparency, which inhibits the ability to plan for and minimise impacts from key projects on the operations of the City. An organised planning approach is needed which identifies where to focus efforts and to identify problems early. This should enable generation of credible schedules, tracking and control of progress, and ultimately save time and money on projects.

For the governance framework to be effective, it needs to be supported by the development of an effective project management framework. The audit report makes it quite clear that the implementation of a project management framework supported by a technology solution will serve to address many of the gaps identified and the associated improvement opportunities. Project close-out (including handover and celebration) and recognition of lessons learned came out as significant weaknesses in the City's project management activities and need to be adequately addressed in the development of the framework.

It also makes a strong point that ownership of the framework needs to belong to someone and that careful consideration should be given as to whether this role is assigned at a senior management or executive level, or to a manager with strong project management capabilities (or a combination).

The audit report also states that consideration needs to be given as to whether the City should assign a dedicated role for assessing whether project gateway criteria has been met, facilitating communication between business units, collating reports for Executive oversight and facilitating risk and issues workshops to monitor and mitigate project risk. However, this will be a future consideration once the project management framework is implemented and the City has a better understanding of its reporting capabilities and requirements.

The audit report contains a proposed road map for the development and implementation of the project management framework. This has an initial target period of 12 months but acknowledges that it will take at least two years to mature and embed the framework as business as usual for the City. The continued delivery of targeted formal training specific to project participants' roles will be a key aspect of the rollout of the framework.

It is envisaged that a working group will be formed to co-ordinate and manage the progression of the project management framework and ensure that improvement opportunities identified through this audit are considered and addressed.

A really pleasing aspect identified through the audit is the common desire across the organisation to further improve the discipline of project management. This will serve to support the measures



introduced by the organisation to improve its project management practice.

### **Strategic Plan/Policy Implications**

#### **Leading & Listening**

- Deliver sustainable governance through transparent and robust policy and processes
- Ensure sound long term financial management and deliver value for money
- Provide for community and civic infrastructure in a planned and sustainable manner, including administration, operations and waste management
- Attract, engage, develop and retain our employees in accordance with the Workforce Plan and the Long Term Financial Plan

### **Budget/Financial Implications**

The cost of the internal audit was covered by the City's budget for these services. Hourly fees are set in accordance with the WALGA supply panel contract for audit services.

There are potential cost implications from the implementation of some recommendations included in the audit report. However, any future budget requirement will be addressed at the appropriate time.

### **Legal Implications**

N/A

### **Community Consultation**

N/A

### **Risk Management Implications**

The City has recognised Project Management as a high risk aspect of its operations (risk COC-STR-18) in its Strategic Risk Register. As a consequence, Project Management was prioritised for audit within the City's three year Strategic Internal Audit Plan.

It is important that the City adopts appropriate processes to ensure that project risks and issues are appropriately identified, analysed and managed throughout the lifecycle of projects. The audit recommendations include actions that enable this and should be followed up and implemented.



**Attachment(s)**

1. Project Management Internal Audit Report
2. FY17 Project Management Internal Audit - Terms of Reference

**Advice to Proponent(s)/Submissioners**

N/A

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

Nil.

**15. ENGINEERING & WORKS DIVISION ISSUES**

Nil

**16. COMMUNITY SERVICES DIVISION ISSUES**

Nil

**17. EXECUTIVE SERVICES DIVISION ISSUES**

Nil

**18. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

**19. NOTICES OF MOTION GIVEN AT THE MEETING FOR CONSIDERATION AT NEXT MEETING**

Nil

**20. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY MEMBERS OR OFFICERS**

Nil

**21. MATTERS TO BE NOTED FOR INVESTIGATION, WITHOUT DEBATE**

Nil

**22. CONFIDENTIAL BUSINESS**

Nil



**23 (ASFC 16/3/2017) - CLOSURE OF MEETING**

6:25 pm.

