



City of Cockburn

Audit Risk and Improvement Committee **Minutes**

For Tuesday, 26 May 2026

These Minutes are subject to confirmation

Presiding Member's signature

Date: 22 September 2026

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Minutes
Audit Risk And Improvement Committee, Tuesday, 26 May 2026
Elected Members

Ms S Zulsdorf (Independent Presiding Member)
 Mr L Estrade (Independent Deputy Presiding Member)
 Cr K Allen
 Deputy Mayor P Corke
 Cr C Reeve-Fowkes
 Cr H Srhoy
 Cr T Widenbar (arrived 6.05pm)
 Cr C Zhang

Observer

Cr T Dewan (arrived 7.02pm)

Guests

Mr A Sheikh Assistant Director, Office of the Auditor General (departed 6.24pm)
 Mr J Ward Audit and Assurance Partner, KPMG (departed 6.24pm)
 Mr J Cottrill Principal Internal Auditor, Santons International (departed 7.02pm)

Staff

Mr D Arndt Director Sustainable Development and Safety
 Ms C Bywater Director Corporate and System Services
 Mr A Lees Director Infrastructure Services
 Ms K Jamieson Acting Director Community and Place
 Mr J Blanchard General Counsel
 Mr A Thomas Chief Financial Officer
 Ms C Lindgren Courts and Legal Process Coordinator
 Mr J Fiori Risk and Governance Advisor
 Mr M Lee System Support Analyst (IT Support)
 Ms A Schutz Assistant Governance Officer

1. Declaration of Meeting

The Presiding Member declared the meeting open at 6:01pm.

Acknowledgement of Country

The City of Cockburn acknowledges the Nyungar people of Beeliiar Boodjar. Long ago, now and in the future they care for Country. We acknowledge a continuing connection to Land, Waters and Culture and pay our respects to the Elders, past and present.

The Presiding Member welcomed the following guests to the meeting:

Guests present at the meeting:

- Aamir Sheike, Assistant Director, Office of the Auditor General
- John Ward, Audit and Assurance Partner, KPMG

Guest joining online:

- Jamies Cottrill, Stantons International

2. Appointment of Presiding Member

N/A

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)

Item	Name	Type/Nature
11.1.3 RFQ01/2026 Appointment of Auditor - Internal Audits and Development of Internal Audit Plan	Shona Zulsdorf	Impartiality Interest The nominated Internal Auditor is an Internal Auditor on a number of other Audit Risk and Improvement Committees of which I am a member.
11.1.6 Appointment of Deputy of the Presiding Member – ARIC	Shona Zulsdorf	Impartiality Interest The nominated person was a fellow external member at one of the Audit Risk and Improvement Committees of which I was a member.

5. Apologies and Leave of Absence

Cr C Stone
Mr D Simms, Chief Executive Officer
Ms K Johnson, Director Community and Place

6. Public Question Time

Nil

7. Confirmation of Minutes

7.1 (2026/MINUTE NO 0002) Minutes of the Audit Risk and Improvement Committee Meeting - 17/02/2026

Committee Recommendation

MOVED Deputy Mayor P Corke SECONDED Cr K Allen

That Committee confirms the Minutes of the Audit Risk and Improvement Committee Meeting held on Tuesday, 17 February 2026 as a true and accurate record.

CARRIED 7/0

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

En Bloc

7.06pm The following items were carried by En Bloc resolution:

11.1.3
11.1.4
11.1.5
11.1.6
11.1.7
11.1.8

11 Reports - CEO (and Delegates)

6.05pm For the convenience of one of the guests present, Item 14.1 was considered at this point in the meeting.

(2026/MINUTE NO 0003) Item 14.1 Attachment no longer be Confidential

Committee Recommendation

MOVED Deputy Mayor P Corke SECONDED Cr C Reeve-Fowkes

That Item 14.1 Attachment no longer be confidential and be dealt with in an open forum.

CARRIED 8/0

The Presiding Member invited Mr Sheike and Mr Ward to comment on the item.

6.24pm Mr Sheike and Mr Ward departed the meeting and did not return.

11.1 Office of the CEO

The Presiding Member invited Mr Cottril to comment on the item.

11.1.1 (2026/MINUTE NO 0004) Project Management Review

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	<ol style="list-style-type: none"> 1. City of Cockburn Project Management Internal Audit ↓ 2. Strategic Risk Register - Updated 5 May 2026 ↓

Committee Recommendation

MOVED Deputy Mayor P Corke SECONDED Cr C Zhang
That Council:

- (1) RECEIVES the City of Cockburn Project Management Internal Audit; and
- (2) INCLUDES the findings in the City's Audit Log.

CARRIED 8/0

Background

Project Management poses a significant strategic risk for the City – with potential impacts on financial performance, project management, contract management, operational effectiveness and reputational risk.

Stantons International Audit and Consulting Pty Ltd (Stantons) conducted an independent review of the City's project management systems - the City of Cockburn Project Management Internal Audit (refer Attachment 1).

The Stanton review assessed the current state of the City's project management systems, identified gaps and opportunities, and provides recommendations for systemic improvement to the City's project management systems.

The review also provides advice on the pros and cons of creating an independent corporate Project Management Office (PMO) to coordinate and monitor project governance and project reporting at an organisational level.

The scope of this review was primarily focussed on capital projects in the nature of new builds, building expansion projects, recreational infrastructure and community infrastructure provision.

The review addresses the following areas:

- Current Project Management Framework and assesses the degree to which it is being applied
- Identifies current project management systems and approaches
- Compares the current framework, systems and approaches to two metropolitan Tier 1 local governments (Wanneroo and Canning)

- Assesses the appropriateness of the City internal project management charge
- Assesses the effectiveness of the City's project management whereby the City appoints external superintendents as well as having internal project managers
- Assesses project and contract variations to assess whether the City's approach to variations effectively protects the City's interests and is within tolerance of industry standards
- Assesses three recent projects (Malabar BMX and Community Facility, Cockburn ARC Expansion, and Omeo Public Toilet Facility)
- Current level of resourcing and expertise available within the Projects Team with reference to the 2025/26 Capital Works Project
- Assesses the suitability of 'Project Portfolio Management' (PPM), a project management software from TechnologyOne (TechOne) which the City introduced in 2019 as part of its project management solution.

Submission

N/A

Report

Stantons commenced this audit with an audit opening meeting on 12 August 2025.

Stantons interviewed key City management staff and reviewed appropriate documents as part of the audit process which were provided by the City following a request for information from Stantons.

On 14 November 2025, Stantons provided a draft audit report to the Chief Executive Officer (CEO) for comment. The CEO sought clarification from Stantons, and following updates by the CEO and Project Management officers, further reviews of the draft report were conducted by Stantons.

Stantons submitted the final Audit Report to the CEO on 23 March 2026 (refer Attachment 1).

Audit summary of findings

The report lists six findings as follows:

1. The City's Project Management Framework (PMF) was formally endorsed by the Executive Leadership Team in December 2021 as part of a five-year implementation program, which included a planned beta-testing phase, incorporating the framework document and the associated suite of templates. However, feedback indicated that many project managers and officers were unaware of the framework's existence, suggesting that it is not readily accessible or embedded within the City. It does not reflect current governance arrangements, aligns to technology platforms, nor references best practice project management standards e.g. Project Management Body of Knowledge (PMBOK), and PProjects IN Controlled Environment (PRINCE2).

2. The review identified that project management practices are applied inconsistently across the organisation. Different business areas (e.g. building, roads, infrastructure) use varying tools and documentation approaches, resulting in inconsistent quality and governance of project delivery. While TechOne PPM is used for some capital projects, its adoption and use are not standardised across all directorates. In several cases, project management documentation is maintained manually or through ad hoc systems. This inconsistency results in varied levels of visibility and control over project progress, risks, and outcomes.
3. The PMO currently has limited capability and resourcing (1.0 FTE PMO Manager) and does not effectively perform its intended governance and oversight role. It is not fully independent from delivery teams, limiting its ability to enforce standards and provide objective assurance.
4. The review identified weak governance controls and absence of enforced deadlines throughout the project lifecycle. Steering Committees and oversight groups are not consistently established or maintained, and project roles (including sponsors and managers) are not always clearly accountable for outcomes.

It was advised that a Project Board was recently established for project major projects which comprised cross functional representation to ensure that broader organisational interests were incorporated into key decision making.

5. The review identified City's PMF does not align to best practice such as PRINCE2 or PMBOK as do the City of Canning or City of Wanneroo. The framework has no formal review process, is not consistently applied, provides limited guidance and does not clearly mandate a records management protocol.
6. The review identified that resourcing of project management has improved but there are some gaps in terms of specialist knowledge and the proposed positioning of the PMO may lack independence if it is a governance function.

Audit recommendations and City management comments

There are several recommendations listed in the report, to assist the City. These are presented below, together with management comments, and action implementation progress:

Item No.	Recommendation	Management Response	Action Implementation Progress
1.	<p>The City should review and update the Project Management Framework to:</p> <ul style="list-style-type: none"> • Align with recognised standards such as PMBOK or PRINCE2 to promote consistency and better practice across the organisation • Clearly define project governance roles 	<p>The City is reviewing the current framework to establish an approach that aligns with recognised standards and achieves appropriate governance and technology integration.</p>	<p>A revised PMF encompassing governance and technology integration will be endorsed by Executive in March 2027.</p>

Item No.	Recommendation	Management Response	Action Implementation Progress
	<p>and accountabilities to strengthen oversight, decision-making and accountability</p> <ul style="list-style-type: none"> • Integrate with chosen technologies (e.g. TechOne PPM, Microsoft Project etc.) to enable efficient planning, monitoring and reporting • Ensure the framework is formally endorsed, published, available, and regularly reviewed (e.g. every two years) to ensure it remains current and fit for purpose. 	<p>Currently, Assets and Projects Business Unit team manually extracts data from Works Asset Management (WAM) for planning, monitoring and reporting.</p>	
2.	<p>The City should implement a consistent project management methodology and standardised tools across all departments. This should include:</p> <ul style="list-style-type: none"> • Select a project management tool whether TechOne PPM, Microsoft Project or some other agreed tool • Mandatory use of selected tool for the project lifecycle • Ensure supporting documentation is saved in ECM • Organisation-wide training on consistent project management processes and templates • Regular compliance monitoring by the PMO to ensure consistent application. <p>By mandating a single, organisation-wide project management tool and standardised processes, the City can reduce duplication, inconsistency and reliance on informal practices, while improving visibility over project status, risks, budgets and timelines.</p> <p>At the same time, applying scalable requirements (for example, lighter documentation and approval processes for low-risk or low-value projects) will help avoid unnecessary administrative burdens that could hinder timely delivery.</p> <p>This balanced approach enables stronger project control through</p>	<p>Currently, Works and Assets projects are managed in WAM, and IT projects reside out of the WAM module.</p> <p>In the short term, the City will decide if there is benefit in moving all Capital Projects, including IT, to the WAM module.</p> <p>In the longer term, following completion of the revised PMF, the City will select a suitable standardised software solution.</p>	<p>Following endorsement of the revised PMF, a decision on the preferred standardised software solution and implementation timeframe will be made by <u>March 2027</u>.</p> <p>[Please note that the Stantons report incorrectly cited this date as March 2026.]</p>

Item No.	Recommendation	Management Response	Action Implementation Progress
	<p>consistent planning, monitoring and documentation, without over-engineering project management activities.</p> <p>The resulting benefits to the City include improved decision-making, clearer accountability, better use of resources, enhanced knowledge retention through centralised records in ECM, and increased confidence that projects are being delivered in line with organisational priorities, budget constraints and risk tolerance.</p>		
3.	<p>The City should strengthen its PMO by:</p> <ul style="list-style-type: none"> • Establishing a formal PMO Charter that defines roles, responsibilities, and authority • Positioning the PMO to ensure independence from directorates such as being part of the Office of the CEO, or Director Corporate and System Services • Ensuring appropriate PMO resourcing and capabilities to enable monitoring of overarching project governance including compliance, performance, and risk • Introducing enhanced reporting dashboards on project health, status, tracking, risks, lessons learnt and benefits realisation. 	<p>The City is currently recruiting a Project Governance Specialist and is awaiting commencement of the Service Manager – Organisational Capability and Performance. This will enable centralisation of project governance including a PMO Charter, monitoring of project governance and enhanced reporting dashboards.</p>	<p>Finalisation of the PMO, establishment of the PMO Charter, monitoring of project governance and enhanced dashboards by June 2027.</p>
4.	<p>The City should:</p> <ul style="list-style-type: none"> • Establish clear governance structures and accountability at each stage of the project lifecycle • Mandate project stage gates with defined decision-making and approval points. The PMO would confirm that project stage gates with defined decision-making and approval points are being adhered to but it is the project team that is responsible for implementing this • Introduce standardised project gate tracking within the chosen project tool 	<p>Standardised governance structures, project stage gates and tracking are anticipated as part of the revised Project Management Framework.</p>	<p>Implementation of the governance structures, stage gates and tracking by <u>June 2027</u>.</p>

Item No.	Recommendation	Management Response	Action Implementation Progress
	to improve accountability and timelines.		
5.	<p>The City should:</p> <ul style="list-style-type: none"> • Learn from the Cities of Canning and Wanneroo by adopting a recognised best-practice methodology in a way that is proportionate and risk-based. Consistent with the City of Wanneroo’s approach, the City may consider applying PMBOK (or elements of PRINCE2) selectively, with the level of governance, documentation and control scaled according to the risk, complexity and value of individual projects. This approach allows the City to benefit from established best-practice principles—such as clear governance, defined lifecycle stages, and structured risk and change management—while avoiding unnecessary administrative burden for lower-risk projects • Establish a periodic review cycle (e.g. every two years) to confirm ongoing framework relevance and effectiveness • Review the current project classification model (based on dollar value) to guide governance requirements, documentation, and reporting expectations based on project scale and complexity. A revised model could consider the following metrics in addition to dollar value <ul style="list-style-type: none"> ○ Risk profile – including health and safety risks, environmental impact, community sensitivity, and reputational risk to the City ○ Complexity – such as the number of stakeholders, interdependencies with other projects or business units, and the level of technical or specialist expertise required ○ Strategic significance – whether the project directly supports key strategic objectives, council priorities, or statutory obligations 	<p>The City will consider a project management approach that is fit for purpose for the City of Cockburn, informed by audit insights and organisational context. Peer councils will be used as reference points, to inform the development of a risk-based, scalable Project Management Framework. When endorsed, this will include periodic cycle review, classification models, governance roles and record management protocols.</p>	<p>The City will provide an update on the roll out of the Project Management Framework to the Audit, Risk and Improvement Committee by <u>December 2027</u>.</p>

Item No.	Recommendation	Management Response	Action Implementation Progress
	<ul style="list-style-type: none"> ○ Delivery approach – for example, use of external contractors, partnerships, or grant-funded arrangements, which may introduce additional oversight and compliance requirements ○ Time criticality – projects with fixed deadlines, legislative timeframes, or funding conditions may warrant higher levels of control regardless of value ○ Change impact – the extent of organisational change, system implementation, or service disruption arising from the project. • Clarify project governance roles and accountability through formal Terms of Reference for key committees and roles (e.g. Steering Group, Project Control Group) • Embed records management protocols within the project lifecycle to ensure documentation is complete, controlled, and accessible. 		
6.	The City should review the proposed location of the PMO and the current resourcing of project management to ensure appropriate levels of subject expertise are available for internally managed projects.	The organisation review determined the PMO to report through to the Group Manager People and Organisational Performance and be accountable to the Director Corporate and System Services. Review of the performance of the PMO and the success of its implementation will occur regularly.	Completed and closed.

All the recommendations from the auditor have been reviewed by the City and appropriately responded to; and when all fully implemented, they will improve the effectiveness of project management for all City projects

Strategic Plans/Policy Implications

Our Economy

Attracting investment, supporting business and visitor growth and boosting local jobs through vibrant hubs.

- Facilitate vibrant, connected commercial hubs and visitor experiences.

Attract investment to the City by promoting innovation and economic opportunity.

Our Environment

Valuing natural assets, building climate resilience and using resources sustainably.

- Protect and enhance our natural areas and streetscapes.

Our Community

A diverse, active, and connected community that feels safe and has access to local services.

- Foster connected, accessible communities and services.

Our Places

Enhancing distinctive, liveable areas with well-connected, safe transport options.

- Enhance connectivity and mobility through integrated transport networks.

Plan for growth and sustainable development.

Our Governance

Transparent leadership that listens, communicates openly and plans for a sustainable future.

- Facilitate transparent and accountable governance for today and tomorrow.

Strive for financial sustainability and operational excellence.

Budget/Financial Implications

The Project Management Governance Officer role is included in the budget, confirming that the proposed actions have been allowed for. This role has not yet been recruited and once filled, will support the review, deployment, and monitoring of the City's Project Management Framework..

Legal Implications

City projects support the Integrated Planning and Reporting required under section 5.56 (1) of the *Local Government Act 1995*.

Community Consultation

N/A

Risk Management Implications

Accepting these audit findings, and implementing the appropriate management measures, will ensure better management of the City's project management systems to continually improving:

- How projects are planned and scheduled
- How contractors are assessed and selected
- How projects are managed for time and quality
- How project and contract variations are managed
- The systems that are used to manage projects.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil



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**City of Cockburn
Project Management**

Internal Audit

March 2026

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City of Cockburn
Internal Audit Report
March 2026

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1. EXECUTIVE SUMMARY

Introduction

The City of Cockburn is a local government area in Perth's southern suburbs, known for its growing population, diverse community, and mix of coastal and inland suburbs. It features a mix of pristine beaches, wetlands, and recreation facilities, as well as a strong industrial and commercial sector, particularly along the coast. The city covers approximately 167.5 square kilometres and is located about 24 kilometres south of Perth's central business district.

The City's approach to Project Management has been identified as an area of focus by the Chief Executive Officer through an independent organisational review. With carry forwards and budget amendments increasing the Amended Capital budget to \$71,862,395 in June 2025, there is a significant investment in capital works. In a tight budget environment, gaps in project management, contract management and operational effectiveness could result in financial losses. Many projects have a high profile in the community so project delays and a lack of quality assurance could result in damage to the City's reputation.

The City has over the years invested in the development of Project Performance Management (PPM), a comprehensive project management software through Technology One (TechOne). Project Management poses a strategic risk to the City of Cockburn with potential impacts being financial performance, project management, contract management, operational effectiveness, and reputational damage. Whilst Project Management was not identified as a strategic risk by the Riskwest review during the April – August 2024 workshops with Elected Members and the ELT, Project Management, as a practice (not individual specific projects), may need to be considered as a strategic risk to the City, in regard to the City of Cockburn Strategic Community Plan 2025-2035.

Audit Objective:

This is classified as an assurance audit with a focus on controls. We will use a combination of walk throughs, interviews, process observation, and sampling to assess controls.

The specific objectives of this audit are as follows:

- Assess the current Project Management Framework and the degree to which it is being applied
- Identify current Project Management systems and approaches
- Compare the current Framework, systems and approaches to two metropolitan Tier 1 local governments (Wanneroo and Canning)
- Assess the appropriateness of the City internal project management charge
- Assess the effectiveness of the City's project management whereby the City appoints external superintendents as well as having internal project managers
- Assess project and contract variations to assess whether the City's approach to variations effectively protects the City's interests and is within tolerance of industry standards
- Assess three recent projects (Malabar BMX and Community Facility, Cockburn ARC Expansion, and Omeo Public Toilet Facility)
- The current level of resourcing and expertise available within the Projects Team with reference to the 2025/26 Capital Works Project.



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Scope of works

The audit period was 1 July 2024 to 30 June 2025.



2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Assess the current Project Management Framework and the degree to which it is being applied	Partially Achieved	High
8.2	Identify current Project Management systems and approaches	Achieved	NA
8.3	Compare the current Framework, systems and approaches to two metropolitan Tier 1 local governments (Wanneroo and Canning)	Partially Achieved	Moderate
8.4	Assess the appropriateness of the City internal project management charge	Achieved	NA
8.5	Assess the effectiveness of the City's project management whereby the City appoints external superintendents as well as having internal project managers	Achieved	NA
8.6	Assess project and contract variations to assess whether the City's approach to variations effectively protects the City's interests and is within tolerance of industry standards	Achieved	NA
8.7	Assess three recent projects (Malabar BMX and Community Facility, Cockburn ARC Expansion, and Omeo Public Toilet Facility)	Achieved	NA
8.8	The current level of resourcing and expertise available within the Projects Team with reference to the 2025/26 Capital Works Project	Mostly Achieved	Low



3. SUMMARY OF FINDINGS

1. The City's Project Management Framework (PMF) was formally endorsed by the Executive Leadership Team in December 2021 as part of a five-year implementation program, which included a planned beta-testing phase, incorporating the framework document and the associated suite of templates. However, feedback indicated that many project managers and officers were unaware of the framework's existence, suggesting that it is not readily accessible or embedded within the City. It does not reflect current governance arrangements, aligns to technology platforms, nor references best practice project management standards e.g. Project Management Body of Knowledge (PMBOK), and Projects IN Controlled Environment, (PRINCE2).
2. The review identified that project management practices are applied inconsistently across the organisation. Different business areas (e.g. building, roads, infrastructure) use varying tools and documentation approaches, resulting in inconsistent quality and governance of project delivery. While TechOne PPM is used for some capital projects, its adoption and use are not standardised across all directorates. In several cases, project management documentation is maintained manually or through ad hoc systems. This inconsistency results in varied levels of visibility and control over project progress, risks, and outcomes.
3. The PMO currently has limited capability and resourcing (1.0 FTE PMO Manager) and does not effectively perform its intended governance and oversight role. It is not fully independent from delivery teams, limiting its ability to enforce standards and provide objective assurance.
4. The review identified weak governance controls and absence of enforced deadlines throughout the project lifecycle. Steering Committees and oversight groups are not consistently established or maintained, and project roles (including sponsors and managers) are not always clearly accountable for outcomes. It was advised that a Project Board was recently established for project management which comprised cross functional representation to ensure that broader organisational interests were incorporated into key decision making.
5. The review identified City's Project Management Framework does not align to best practice such as PRINCE2 or PMBOK as do the City of Canning or City of Wanneroo. The framework has no formal review process, is not consistently applied, provides limited guidance and does not clearly mandate a records management protocol.
6. The review identified that resourcing of project management has improved but there are some gaps in terms of specialist knowledge and the proposed positioning of the PMO may lack independence if it is a governance function.

4. RECOMMENDATIONS

1. The City should review and update the Project Management Framework to:
 - Align with recognised standards such as PMBOK or PRINCE2 to promote consistency and better practice across the organisation
 - Clearly define project governance roles and accountabilities to strengthen oversight, decision-making and accountability
 - Integrate with chosen technologies (e.g. TechOne PPM, Microsoft Project etc.) to enable efficient planning, monitoring and reporting
 - Ensure the framework is formally endorsed, published, available, and regularly reviewed (e.g. every two years) to ensure it remains current and fit for purpose.



2. The City should implement a consistent project management methodology and standardised tools across all departments. This should include:
- Select a project management tool whether TechOne PPM, Microsoft Project or some other agreed tool
 - Mandatory use of selected tool for the project lifecycle
 - Ensure supporting documentation is saved in ECM
 - Organisation-wide training on consistent project management processes and templates
 - Regular compliance monitoring by the PMO to ensure consistent application.

By mandating a single, organisation-wide project management tool and standardised processes, the City can reduce duplication, inconsistency and reliance on informal practices, while improving visibility over project status, risks, budgets and timelines. At the same time, applying scalable requirements (for example, lighter documentation and approval processes for low-risk or low-value projects) will help avoid unnecessary administrative burden that could hinder timely delivery.

This balanced approach enables stronger project control through consistent planning, monitoring and documentation, without over-engineering project management activities. The resulting benefits to the City include improved decision-making, clearer accountability, better use of resources, enhanced knowledge retention through centralised records in ECM, and increased confidence that projects are being delivered in line with organisational priorities, budget constraints and risk tolerance.

3. The City should strengthen its PMO by:
- Establishing a formal PMO Charter that defines roles, responsibilities, and authority
 - Positioning the PMO to ensure independence from directorates such as being part of the Office of the Chief Executive Officer, or Director Corporate and System Services
 - Ensure appropriate PMO resourcing and capability to enable monitoring of overarching project governance including compliance, performance, and risk
 - Introducing enhanced reporting dashboards on project health, status, tracking, risks, lessons learnt and benefits realisation.
4. The City should:
- Establish clear governance structures and accountability at each stage of the project lifecycle
 - Mandate project stage gates with defined decision-making and approval points. The PMO would confirm that project stage gates with defined decision-making and approval points are being adhered to but it is the project team that is responsible for implementing this.
 - Introduce standardised project gate tracking within the chosen project tool to improve accountability and timelines.
5. The City should:
- Learn from the Cities of Canning and Wanneroo by adopting a recognised best-practice methodology in a way that is proportionate and risk-based. Consistent with the City of Wanneroo's approach, the City may consider applying PMBOK (or elements of PRINCE2) selectively, with the level of governance, documentation and control scaled according to the risk, complexity and value of individual projects. This approach allows the City to benefit from established best-practice principles—such as clear governance, defined lifecycle stages, and structured risk and change management—while avoiding unnecessary administrative burden for lower-risk projects.



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- Establish a periodic review cycle (e.g. every two years) to confirm ongoing framework relevance and effectiveness.
 - Review the current project classification model (based on dollar value) to guide governance requirements, documentation, and reporting expectations based on project scale and complexity. A revised model could consider the following metrics in addition to dollar value:
 - Risk profile – including health and safety risks, environmental impact, community sensitivity, and reputational risk to the City.
 - Complexity – such as the number of stakeholders, interdependencies with other projects or business units, and the level of technical or specialist expertise required.
 - Strategic significance – whether the project directly supports key strategic objectives, council priorities, or statutory obligations.
 - Delivery approach – for example, use of external contractors, partnerships, or grant-funded arrangements, which may introduce additional oversight and compliance requirements.
 - Time criticality – projects with fixed deadlines, legislative timeframes, or funding conditions may warrant higher levels of control regardless of value.
 - Change impact – the extent of organisational change, system implementation, or service disruption arising from the project.
 - Clarify project governance roles and accountability through formal Terms of Reference for key committees and roles (e.g. Steering Group, Project Control Group)
 - Embed records management protocols within the project lifecycle to ensure documentation is complete, controlled, and accessible.
6. The City should review the proposed location of the PMO and the current resourcing of project management to ensure appropriate levels of subject expertise are available for internally managed projects.

5. BUSINESS IMPROVEMENTS

1. None.



6. OVERALL COMMENTS

City of Cockburn - Management Comments

Management Response to Recommendation 1:

The City is reviewing the current framework to establish an approach that aligns with recognised standards and achieves appropriate governance and technology integration.

Currently, Assets and Projects Business Unit team manually extracts data from Works Asset Management (WAM) for planning, monitoring and reporting.

Implementation time:

A revised Project Management Framework encompassing governance and technology integration will be endorsed by Executive in December 2026.

Management Response to Recommendation 2:

Currently, Works and Assets projects are managed in WAM, and IT projects reside out of the WAM module.

In the short term, the City will decide if there is benefit in moving all Capital Projects, including IT, to the WAM module.

In the longer term, following completion of the revised Project Management Framework, the City will select a suitable standardised software solution.

Implementation time:

Following endorsement of the revised Project Management Framework, a decision on the preferred standardised software solution and implementation timeframe will be made by March 2026.

Management Response to Recommendation 3:

The City is currently recruiting a Project Governance Specialist and is awaiting commencement of the Service Manager – Organisational Capability and Performance. This will enable centralisation of project governance including a PMO Charter, monitoring of project governance and enhanced reporting dashboards.

Implementation time:

Finalisation of the PMO, establishment of the PMO Charter, monitoring of project governance and enhanced dashboards by June 2027.

Management Response to Recommendation 4:

Standardised governance structures, project stage gates and tracking are anticipated as part of the revised Project Management Framework.

Implementation time:

Implementation of the governance structures, stage gates and tracking by June 2027.

Management Response to Recommendation 5:



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The City will consider a project management approach that is fit for purpose for the City of Cockburn, informed by audit insights and organisational context. Peer councils will be used as reference points, to inform the development of a risk-based, scalable Project Management Framework. When endorsed, this will include periodic cycle review, classification models, governance roles and record management protocols.

Implementation time:

The City will provide an update on the roll out of the Project Management Framework to the Audit, Risk and Improvement Committee by December 2027.

Management Response to Recommendation 6:

The organisation review determined the PMO to report through to the Group Manager People and Organisational Performance and be accountable to the Director Corporate and System Services. Review of the performance of the PMO and the success of its implementation will occur regularly.

Implementation time:

Completed and closed.

Stantons - Audit Management Comments

We acknowledge the management comments from the City of Cockburn. We also note the management actions and implementation timeframe. We would like to thank the City's staff for all their assistance with the audit.



7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Extreme	The finding poses a severe risk to CoC if not appropriately and timely addressed.	Commence remedial action immediately
High	The finding poses significant risk to CoC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to CoC if not appropriately and timely addressed.	Commence remedial action within 6 months
Low	The finding poses minimal risk to CoC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

DISCLAIMER

This report is prepared for CoC’s internal use and may be shared with its auditors and professional advisors for internal use. Copying and distribution of this report to other parties should not be done without prior approval and consent from Stantons.

BASIS OF AUDIT

We have conducted our audit in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing. The content of this report therefore represents the independent view by Stantons purely based on the information provided by CoC members of staff during audit fieldwork. Changes to the contents of the report without Stanton’s involvement will render all contents less “independent” and unrepresentative of Stanton’s position with regards to the contents contained therein.

INHERENT LIMITATIONS

Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.


An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Liability limited by a scheme approved under Professional Standards Legislation.

Report Release

Released by (Name): James Cottrill
Title: Principal, Internal Audit, IT Audit & Risk Consulting

Signature: 
Date: 23 March 2026



8. DETAILED AUDIT ASSESSMENT

8.1 ASSESS THE CURRENT PROJECT MANAGEMENT FRAMEWORK AND THE DEGREE TO WHICH IT IS BEING APPLIED

Overall Outcome	While the City has an established Project Management Framework and governance model, the framework is not consistently applied, is outdated, and lacks integration across business areas. The Project Management Office function requires strengthening to ensure it can perform its intended governance and oversight role, and the forthcoming reassessment of project management presents an opportunity to re-establish a fit-for-purpose framework aligned with best practice and supported by adequate resourcing, consistent tools, and clear accountability mechanisms.
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The City's Project Governance Framework is underpinned by four (4) core governance principles designed to ensure accountability, separation of roles, and effective oversight:

- Ensure a single point of accountability for the success of projects
- Maintain project ownership independent of asset, service or stakeholder ownership
- Separate stakeholder management from project decision-making activities
- Separate project governance from organisational governance structures.

The Project Management Governance Framework defines five (5) sequential phases — Concept, Business Case, Setup, Implementation, and Close Out — which are further supported by seven (7) detailed processes:

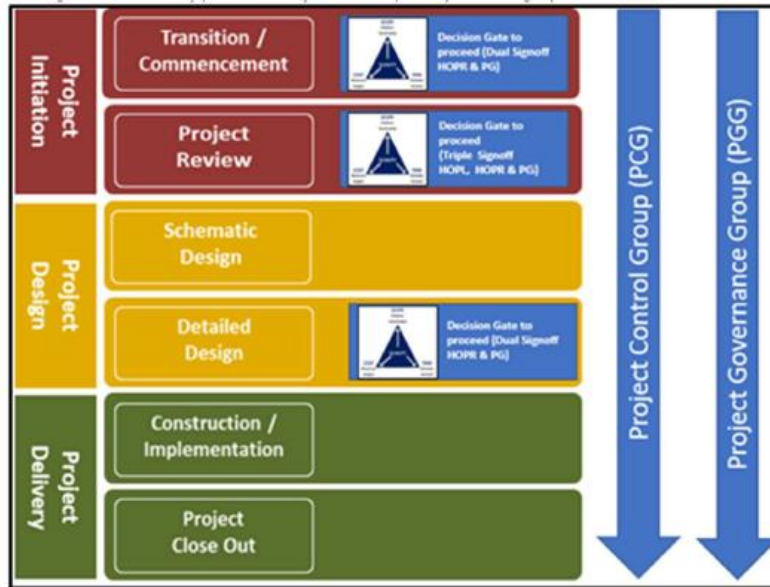
- Project Concept Process
- Business Cases & Options Process
- Project Management Plan Process
- Design Development Process
- Programming Process
- Construction Process
- Close Out Process.

Two project tolerances are established within the framework, which may be varied based on project complexity, governance control, and risk exposure:

- A project cost impact of 10 percent or greater
- A combined risk acceptance rating of Substantial or above.

The framework is supported by a suite of systems and guidance materials, including the Project Governance Framework, Project Management Framework (containing process maps, templates, and checklists), the Risk, Issues and Change Management Framework, Land Management Guideline, Organisational Community Engagement Framework, and Organisational Risk Management Framework. Project activities are supported through the Technology Enterprise Asset Management and Technology One Project Portfolio Management (PPM) systems, alongside user guides and video tutorials.

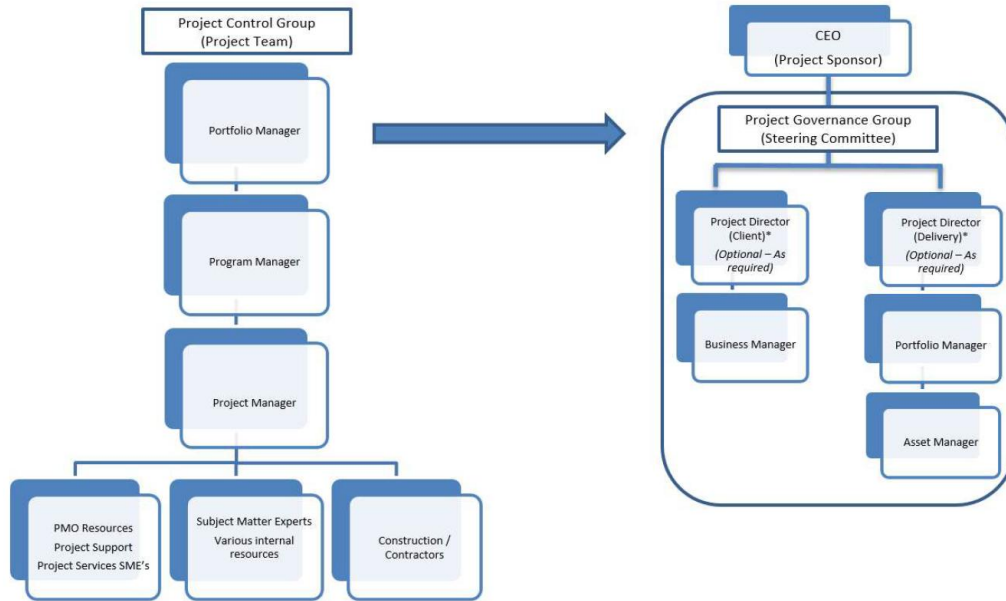
Project lifecycle management is centrally coordinated by the Projects Business Unit, which structures activities across three (3) stages — Initiation, Design, and Delivery — and six (6) phases (two per stage), as presented below.



Major projects are reflected as key initiatives within the Corporate Business Plan and supported by key performance indicators (KPIs) aligned to the City’s strategic vision. Responsibilities for project performance are assigned through the City’s RACI model, promoting accountability across governance levels.

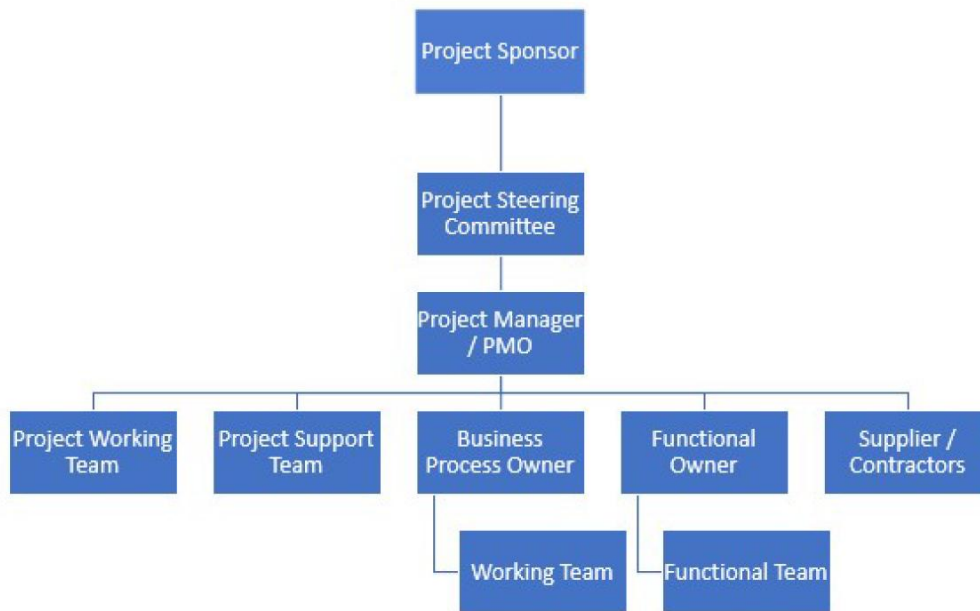
Project Lifecycle Management	Accountable		Responsible	
	Organisational	Project	Organisational	Project
Initiation, Design & Delivery	Chief Operations Officer	Project Director (Delivery)	Head of Projects	Portfolio Manager

Governance oversight is provided through the Project Delivery Team and associated governance groups, with defined reporting lines between Project Managers, Steering Committees, and Executive Management, as presented below. The Director of Infrastructure Services (or the former Director responsible for Asset Management) would typically act as a senior responsible officer within, or reporting to, the Project Governance Group (Steering Committee), particularly for asset-intensive or infrastructure-led projects. In practice, the Director may represent the asset owner perspective, ensuring projects align with asset management plans, lifecycle considerations, service levels and long-term sustainability; provide strategic input and challenge to Project Directors (Delivery) and Portfolio Managers on scope, prioritisation, risk, affordability and sequencing; and support or act as delegate to the CEO as Project Sponsor for major infrastructure programs, where appropriate under the City’s delegations.



This is all embedded in the current organisation structure. However, a direct CEO intervention, via an external audit, was made on the Henderson Waste Recovery Park (HWRP) performance.

A high-level project hierarchical organisational chart of the above key roles is presented as follows:



The City's framework is controlled by five gates (traffic lights) enabling transition to new phases or steps within the project lifecycle. As a project reaches each decision gate, they are subject



to an assessment and approval from senior project governance roles - this is the role of the Director. However, based on interviews and review of documentation, it does not appear there is mandatory enforcement of the gating process, applying any rectification action, assessing costs and progress before moving to the next gate.

Reporting expectations are supported by recommended meeting frequencies, including:

- Steering Committee – every 1.5 to 2 months (formal)
- Project Manager’s Meeting – every 2 to 4 weeks (formal)
- Project Team Meeting – weekly to fortnightly (formal or informal)
- Stakeholder Meetings – as required (formal or informal)
- SMT and Executive Group – every 3 to 6 months, or as required for key milestones (formal).

The Director’s involvement in Stakeholder Meetings should be selective and purposeful, typically where:

- Stakeholders are senior internal executives, Councillors, regulators, funding bodies or key external partners
- The project carries significant strategic, reputational, community or financial risk
- Issues require executive-level decision-making, escalation or sponsorship support.

Regular status updates are expected to include a summary of administrative progress, completed milestones, risk and issue escalation, budget status, and forward planning for upcoming tasks and timelines.

As part of our review, we interviewed 16 stakeholders being:

- Tony Natalie, Manager Procurement and Contracts
- Andrew Tomlinson, Group Manager Recreation and Place
- Bob McCaughan, Service Lead Projects
- Lou Viera, Group Manager Parks, Fleet and Waste
- Colin Macmillan, Acting Service Manager Infrastructure Assets
- Anton Lees, Director Infrastructure Services
- Shane Pike, Service Lead City Facilities
- Ben Moore, Acting Group Manager Assets and Projects
- Chantelle Hanrahan, Group Manager People and Organisational Performance
- Mare Luik, Project Manager
- Alex Thompson, Project Manager
- Carissa Bywater, Director Corporate and System Services
- Aaron Thomas, Chief Financial Officer
- Tim Clark, Service Lead Infrastructure Project Planning
- Janelle Keene, Service Specialist - Tenders and Contracts
- Joseph Fiori, Risk & Governance Advisor.

The City’s Project Management Framework (PMF) is not a new initiative and development commenced around 2016 and has undergone structured and continuous improvement aligned to the City’s evolving organisational capacity, capability and projected growth. It was formally endorsed by the Executive Leadership Team in December 2021 as part of a five-year implementation program which was supported by an approved workforce plan stemming from an organisational review and this version was the basis for this review.

During the period 2021–2023 there was a clear and proactive trajectory toward implementation of the PMF. Several significant projects progressed through structured and documented User Acceptance (Beta) testing. These activities were part of a formally documented performance plan jointly delivered by the Director of Infrastructure and the former Head of Projects. This



demonstrates that the Director of Infrastructure took reasonable and accountable steps, within the scope of his authority, to advance the framework in line with the endorsed plan. During 2023, the Executive Governance and Strategy commenced a review of the PMF which included the engagement of an external consultant. Amendments to the PMF were placed on hold resulting in the document not being updated to reflect the new Organisational Structure implemented by the then CEO. The consultant's review was not adopted by the rotating A/CEO's and Executive (at the time) due to the recruitment of a new CEO and potential PM considerations.

Following the appointment of the CEO and current Executive Team, the continuation of the rollout and testing program was formally paused. This pause was initiated to allow an internal review of Project Management processes led by the Strategic Manager Culture & Organisational Development, reporting to the then Acting Head of People Experience and Director Corporate Services. The Project Management review was an outcome of the Organisational Review with two phases proposed. The first stage included a Literature Review 2024 that explored project management practices to guide the rest of the review and development of a "New" framework for the organisation. The literature review was never formally endorsed by the Executive and as such, the Director of Infrastructure was not provided with direction or authority to proceed or assist with the findings nor was a finalised "New" framework mandated for organisation-wide use.

Despite the absence of a mandated framework during this period, elements of the 2021 framework have continued to be used operationally in an ad-hoc manner, reflecting that it remains the most complete and functional suite of tools currently available. The City notes that in early 2025, development of a new Project Management Framework commenced under a governance board including the Director Corporate Services and the Director Infrastructure. This demonstrates the Director's continued support and commitment to structured project governance and improvement, and his willingness to work collaboratively within the new direction set by the Executive. However, interview feedback indicated that many project managers and officers were unaware of the framework's existence, suggesting that it is not readily accessible or embedded within the City. Many staff interviewed were unaware of the framework's existence, and project management processes are not consistently followed across directorates. This has resulted in delays and inefficiencies at many stages of project delivery — from design through to completion.

During interviews one Project Manager commented that some projects (citing Beale Park as an example) were observed to have remained in the design phase for extended periods (three to four years), often due to changes in staffing, shifting requirements, or unclear deadlines. Stakeholders noted that project documentation and processes can differ across areas, with road and building projects managed using different approaches and tools, leading to inconsistent project reporting and governance visibility. Audit understands that the reason for these extended periods was that a "Transition Period" was being applied while the organisation was managing legacy projects initiated prior to the testing and staged rollout of the modern Project Management Framework. During this period, the organisation was simultaneously addressing teething challenges associated with embedding new project management requirements, which were impacted by differing levels of resourcing and maturity across business units. These transitional factors affected the degree to which new processes could be consistently adopted and were acknowledged as part of the endorsed implementation plan.

We note that projects progress through defined stages for deliberate reasons, and when a project remains in a particular phase for an extended period, this typically indicates that an approval gate or prerequisite has not yet been met, rather than suggesting inactivity or poor management. Projects within the City's delivery pipeline are established with clear objectives, and once in Delivery, they generally do not stall without identifiable issues. Where delays



occur, they are commonly due to factors such as approval requirements, funding constraints, procurement dependencies, or broader organisational impacts. These matters are escalated through existing reporting mechanisms, including monthly reporting to the ELT, which allows early identification and collaborative management of risks. It is also important to recognise that political intervention, when it occurs, is at the discretion of Elected Members. A recent example is the change to the Phoenix Road / Rockingham Road roundabout project, where elected-member direction influenced project progression. This demonstrates that project timelines may be affected by factors outside administrative processes.

Although the Technology One PPM system is being used for some capital projects, its adoption and integration are inconsistent. While some teams record project information in PPM, others rely on separate documentation or spreadsheets. The lack of a single, standardised project management tool set limits visibility of project performance. The TechOne PPM has been heavily customised resulting in a high degree of complexity and is different to the standard product in the TechOne current offering.

The Project Management Office (PMO), established to provide centralised oversight, has not yet achieved full operational maturity. The PMO currently has limited capacity (1.0 FTE Manager with 0.6 FTE providing support to the service unit in an administrative capacity) and focuses primarily on administrative reporting rather than strategic governance.

When the modern Project Management Framework was placed on hold by the Executive, the structure of the PMO was adjusted to temporarily reallocate resources to other areas of the business. This adjustment ensured staff remained productive and continued to deliver value to the community while the review was underway. These structural changes were made to maintain organisational efficiency and were not reflective of any performance issues within the PMO or the Director of Infrastructure's portfolio.

It is important to note that project risk management and assurance of project documentation standards were not functions assigned to the PMO at that time. These responsibilities sat within Project Delivery and were overseen by functional Managers regarded as Subject Matter Experts in their respective fields. These managers reported to the Head of Projects and, ultimately, to the Director of Infrastructure, who held high-level accountability for project delivery but operated within the governance structures and delegations in place. Several major projects—such as the Henderson Waste Recovery Precinct projects and the Cockburn ARC Expansion—were delivered within a Project Board governance structure. These boards comprised cross-functional representation to ensure that broader organisational interests were incorporated into key decision-making. This model aligns with the City's Project Governance Framework and reflects a structured, shared-accountability approach appropriate for complex or high-value projects.

The use of these governance structures demonstrates that the Director of Infrastructure operated within a mature and collaborative project decision-making environment, where responsibilities for risk, documentation, and delivery were shared across multiple business areas in accordance with approved governance arrangements. It also illustrates that, despite the paused implementation of the framework, the City continued to apply structured project governance practices consistent with the principles of the 2021 framework.

We noted that monthly project reports are produced and provided to the Executive Leadership Team (ELT). This report, along with the accompanying presentation, functions as a key mechanism for organisational visibility and escalation of issues that may create bottlenecks or risks to project delivery. The reporting process provides a structured and timely avenue for identifying emerging risks, seeking cross-departmental support, and ensuring that matters outside the Infrastructure Directorate's control can be addressed early through Executive



intervention. Reporting is well detailed using a traffic light system with commentary, risks, and supporting Gantt charts.

The PMO’s role is currently being re-evaluated as part of enhancing project governance and delivery at the City and a proposal to shift the PMO to Corporate and System Services. Aspects identified include:

- Reviewing the City’s Project Management Framework
- Strengthen governance arrangements for project management
- Establish a PMO Governance Board.

At the time of audit, the Corporate and System Services team had a targeted delivery of a draft revised framework by December 2025, with final endorsement by March 2026, and establishment of a revised PMO structure by June 2026. The re-established PMO is intended to operate as a corporate governance function, independent of project delivery, and to standardise reporting across all service areas.

At present, there remains a lack of formalised procedures, policies, and training in project management. There is no adopted standard or methodology to better guide project initiation, planning, execution, and closure. As a result, previous projects rely heavily on the experience of individual managers or external consultants, and problem-solving is often reactive rather than systematic.

Stakeholder feedback commented that the PMO has had limited impact to date, with minimal influence over governance compliance, reporting quality, or risk management, however this may be due to the lack of exposure that some stakeholders have had in relation to the PMO. Resistance from some operational areas, particularly Infrastructure, has also impeded implementation, as PMO oversight is sometimes perceived as administrative rather than strategic.

Overall, the application of the project framework is not consistent with some staff indicating they are not familiar with the framework and do not use PPM.

Finding 1	The City’s Project Management Framework (PMF) was formally endorsed by the Executive Leadership Team in December 2021 as part of a five-year implementation program, which included a planned beta testing phase, incorporating the framework document and the associated suite of templates. However, feedback indicated that many project managers and officers were unaware of the framework’s existence, suggesting that it is not readily accessible or embedded within the City. It does not reflect current governance arrangements, aligns to technology platforms, nor references best practice project management standards e.g. Project Management Body of Knowledge (PMBOK), and PProjects IN Controlled Environment, (PRINCE2).
Risk	An outdated framework increases the risk that projects are managed inconsistently and without alignment to contemporary best practices, and the City’s Enterprise Risk Management Policy. This can result in poor project planning, inefficient use of resources, cost overruns, and lack of accountability, so that the City’s Project Management Framework needs to be reviewed and updated.



Risk Rating	High
Recommendation 1	<p>The City should review and update the Project Management Framework to:</p> <ul style="list-style-type: none"> • Align with recognised standards such as PMBOK or PRINCE2 to promote consistency and better practice across the organisation • Clearly define project governance roles and system accountability • Integrate with chosen technologies (e.g. TechOne PPM, Microsoft Project etc.) to enable efficient planning, monitoring and reporting • Ensure the framework is formally endorsed, published, available, and regularly reviewed (e.g. every two years) to ensure it remains current and fit for purpose.

Finding 2	<p>The review identified that project management practices are applied inconsistently across the organisation. Different business areas (e.g. building, roads, infrastructure) use varying tools and documentation approaches, resulting in inconsistent quality and governance of project delivery. While TechOne PPM is used for some capital projects, its adoption and use are not standardised across all directorates. A risk based approach to managing project risks is necessary. In several cases, project management documentation is maintained manually or through ad hoc systems. This inconsistency results in varied levels of visibility and control over project progress, risks, and outcomes.</p>
Risk	<p>Inconsistent project management practices reduce transparency, making it difficult to monitor overall project performance, prioritise resources, and identify emerging risks across the portfolio.</p>
Risk Rating	High
Recommendation 2	<p>The City should implement a consistent project management methodology and standardised tools across all departments. This should include:</p> <ul style="list-style-type: none"> • Select a project management tool whether TechOne PPM, Microsoft Project or some other agreed tool • Mandatory use of selected tool for the project lifecycle • Ensure supporting documentation is saved in ECM • Organisation-wide training on consistent risk based project management processes and templates • Regular compliance monitoring by the PMO to ensure consistent application. <p>By mandating a single, organisation-wide project management tool and standardised processes, the City can reduce duplication, inconsistency and reliance on informal practices, while improving visibility over project status, risks, budgets and timelines. At the same time, applying scalable requirements (for example, lighter documentation and</p>



	<p>approval processes for low-risk or low-value projects) will help avoid unnecessary administrative burden that could hinder timely delivery.</p> <p>This balanced approach enables stronger project control through consistent planning, monitoring and documentation, without over-engineering project management activities. The resulting benefits to the City include improved decision-making, clearer accountability, better use of resources, enhanced knowledge retention through centralised records in ECM, and increased confidence that projects are being delivered in line with organisational priorities, budget constraints and risk tolerance.</p>
Finding 3	The PMO currently has limited capability and resourcing (1.0 FTE PMO Manager) and does not effectively perform its intended governance and oversight role. It is not fully independent from delivery teams, limiting its ability to enforce standards and provide objective assurance.
Risk	<p>Without an effective and independent PMO, there is a risk that:</p> <ul style="list-style-type: none"> • Project governance and reporting are inconsistent and lack integrity • Senior management does not have accurate, timely information for decision-making • Oversight of risk, budget, and schedule performance is inadequate.
Risk Rating	Moderate
Recommendation 3	<p>The City should strengthen its PMO by:</p> <ul style="list-style-type: none"> • Establishing a formal PMO Charter that defines roles, responsibilities, and authority • Positioning the PMO to ensure independence from directorates such as being part of the Office of the Chief Executive, or Director Corporate and System Services • Ensure appropriate PMO resourcing and capability to enable monitoring of overarching project governance including compliance, performance, and risk • Introducing enhanced reporting dashboards on project health, status, tracking, risks, lessons learnt and benefits realisation.
Finding 4	The review identified weak governance controls and absence of enforced deadlines throughout the project lifecycle. Steering Committees and oversight groups are not consistently established or maintained, and project roles (including sponsors and managers) are not always clearly accountable for outcomes. It was advised that a Project Board was recently established for project management which comprised cross functional representation to ensure that broader organisational interests were incorporated into key decision making.



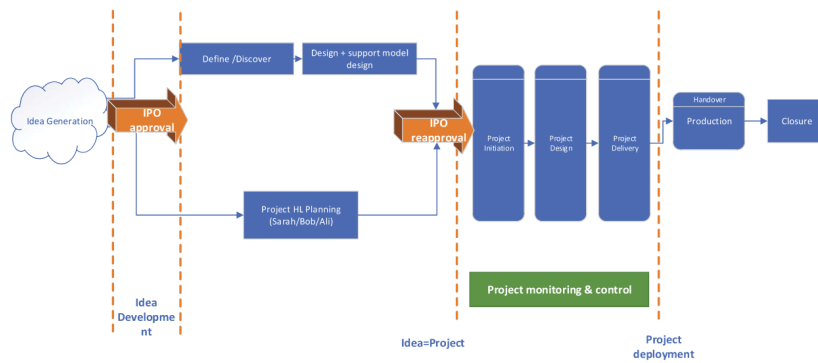
Risk	<p>Weak project governance and lack of accountability increase the risk of:</p> <ul style="list-style-type: none"> • Significant delays in project completion • Escalation of costs due to scope changes and prolonged timelines • Diminished public confidence in the City's capital works delivery • Strategic misalignment between projects and organisational objectives.
Risk Rating	High
Recommendation 4	<p>The City should:</p> <ul style="list-style-type: none"> • Establish clear governance structures and accountability at each stage of the project lifecycle • Mandate project stage gates with defined decision-making and approval points • Introduce standardised project gate tracking within the chosen project tool to improve accountability and timelines.



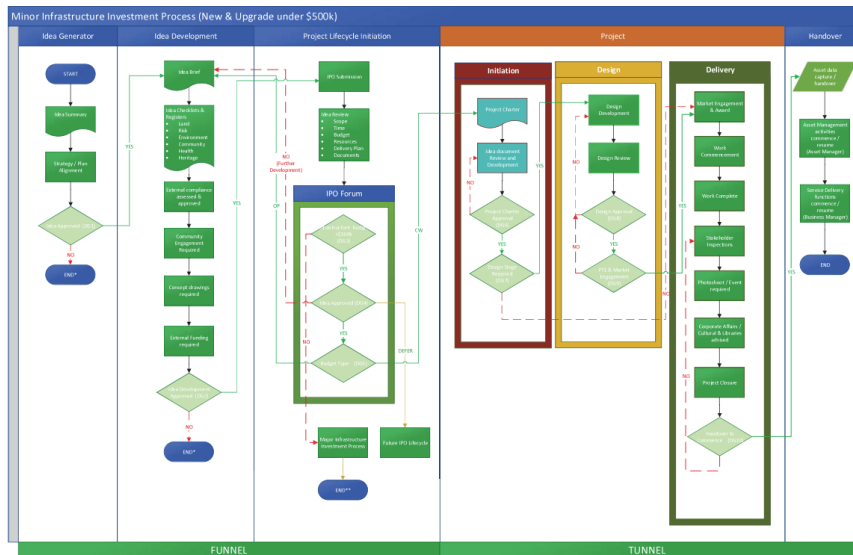
8.2 IDENTIFY CURRENT PROJECT MANAGEMENT SYSTEMS AND APPROACHES

Overall Outcomes	There are a variety of different approaches used for projects within the City and although Technology One has the customised PPM module, it is not used consistently. Some users may employ spreadsheets; others have used Microsoft Projects whereas some past projects have employed PPM.
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Review of the Project Framework Structure confirmed that while the governance model and supporting processes seem comprehensive, endorsement and revision tracking for framework documents are not currently maintained. The extract flowchart below illustrates general project management process from ideal generation to closure.

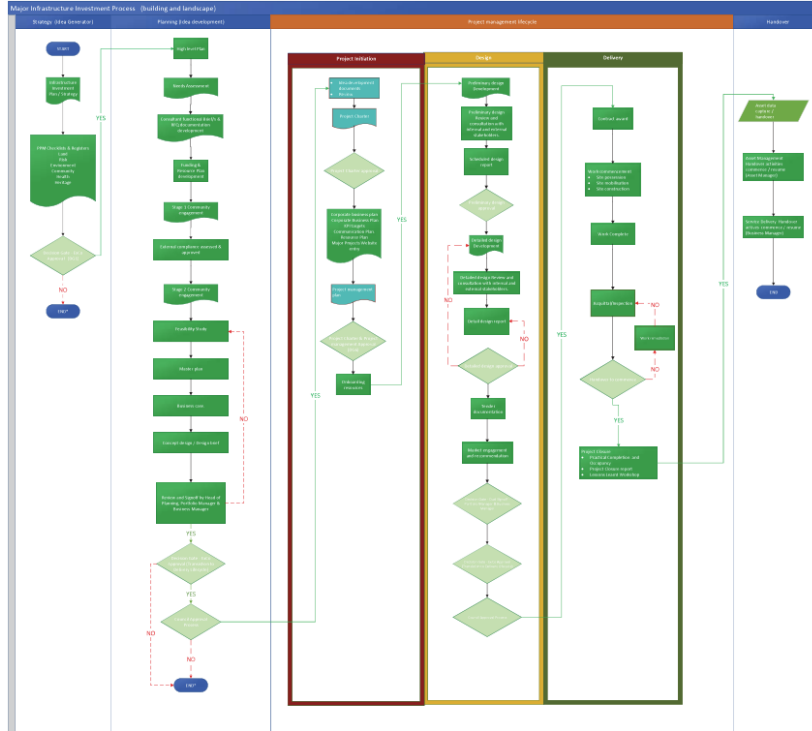


The flowchart below illustrates minor infrastructure investment process (new and upgrade under \$500k).





The flowchart below illustrates major infrastructure investment process (building and landscape).



During the review, a total of 16 stakeholders (refer to 8.1) were interviewed across the City including Project Managers. The overwhelming theme was that although a defined project management system is available within the City through the user of Technology One PPM, this was not applied consistently with some users indicating they do not use the system. This has already been raised in section 8.1 of this report.

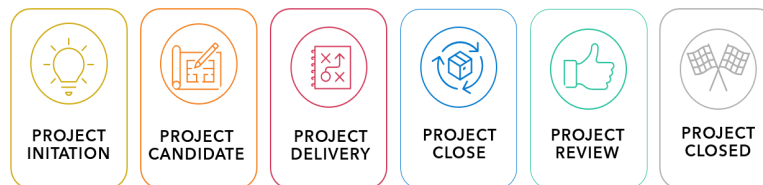


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8.3 COMPARE THE CURRENT FRAMEWORK, SYSTEMS AND APPROACHES TO TWO METROPOLITAN TIER 1 LOCAL GOVERNMENTS (WANNEROO AND CANNING)

Overall Outcome	The review identified current framework, systems and approaches uses defined phases with supporting documentation, there are opportunities to enhance alignment with best practice principles and strengthen accountability and oversight arrangements. Comparison with the Cities of Canning and Wanneroo indicates that both Tier 1 local governments have adopted more mature and integrated project governance systems underpinned by alignment best practice standards (such as PRINCE2 or PMBOK), formalised stage gates, and clearer reporting and control mechanisms.
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Review of the City of Canning Project Management Framework noted that the City of Canning adopts a six-stage gated process, with clearly defined triggers, deliverables, and formal approval requirements before progressing between stages, as presented below.



The Framework is founded on best practice principles drawn from PRINCE2, including:

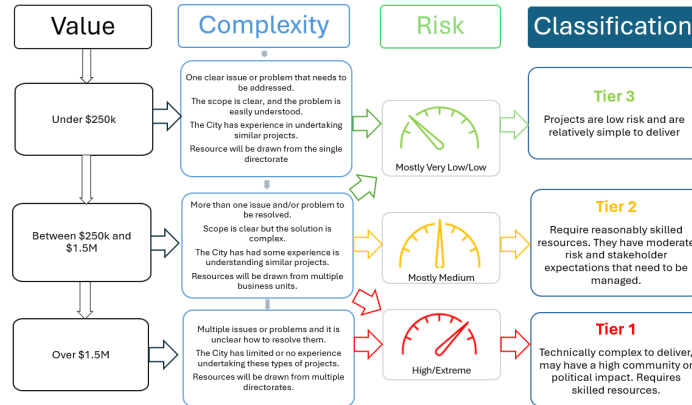
- Continued business justification
- Learning from experience
- Defined roles and responsibilities
- Managed by exception
- Focus on outcomes
- Tailoring to project context
- Management by stages.

The City of Canning's Framework is also aligned with PMBOK guidelines and integrates with supporting corporate process, including:

- Risk management
- Community and stakeholder engagement
- Change management
- Strategic financial planning
- Procurement and contract management
- Reporting and record keeping
- Benefits realisation management.



The Framework applies to all projects across the organisation and includes a tiered classification system (Tier 1, 2 and 3), determined during the Initiation Stage based upon project scale and complexity. The thresholds and determinants of a project classification are as follows:



The governance structure within the City of Canning’s Project Management Framework is well defined, with clear oversight and reporting arrangements that ensure accountability across all stages of project delivery. The Project Control Groups (PCGs) provide strategic direction and decision-making for projects, ensuring alignment with organisational objectives, effective risk management, and delivery support for Project Managers. Membership of the PCG includes representatives from key business areas such as the Project Management Office, Information Technology, Engineering Services, Infrastructure, Finance, Recreation and Leisure, Strategy and Organisational Excellence, and Parks and Environment, with additional members included as required based on project needs.

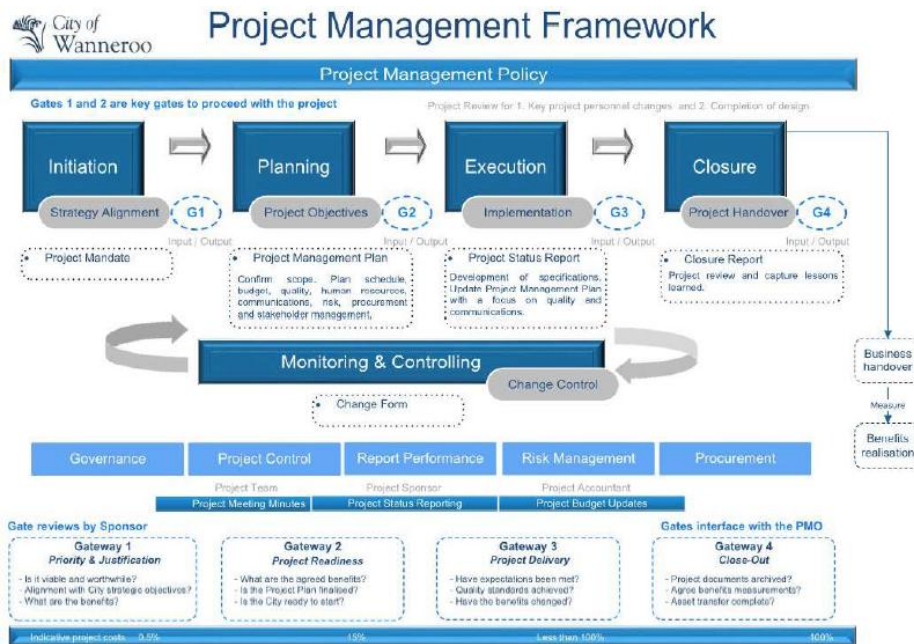
Formal project reporting occurs on a quarterly basis through the Corporate Business Plan Update reports presented to Council in September, December, March, and June. This is complemented by monthly informal reporting to the Executive Team, ensuring senior management is kept informed of project progress and emerging issues. Projects are also managed and reported on an exception basis, meaning that where a project deviates beyond its approved tolerances, the Project Manager must provide an explanation and corrective action plan to bring the project back on track.

Comprehensive records management practices are also embedded within the governance model. Project information is maintained through daily logs and registers in the Project Lifecycle Management (PLM) system, with supporting documentation stored and indexed within the Content Manager to ensure traceability and secure recordkeeping. Managing these records is the direct responsibility of the Project Manager, who must ensure that all project documents are up to date, properly secured, and appropriately archived at project completion.

The governance framework was recently strengthened through updates endorsed by the Major Projects Steering Group (MPSG) on 13 May 2025. These updates refined the project management structure and clarified the roles and responsibilities of key governance bodies, including the Major Projects Steering Group, Project Control Groups, and Project Teams. In addition, formal Terms of Reference have been implemented for the Project Specialists Group, Tier 1 Project Control Group, and Tier 2 Project Control Group, providing greater clarity of purpose, membership, and accountability within the project governance hierarchy.



Review of the City of Wanneroo Project Management Framework noted that it adopts a structured lifecycle approach based on PMBOK principles, encompassing five process groups — Initiation, Planning, Execution, Monitoring and Controlling, and Closing — to support effective project management and delivery. The Framework provides a consistent structure for project execution and reinforces accountability through clearly defined governance arrangements and oversight mechanisms, as illustrated below.



Governance oversight within the City of Wanneroo is primarily provided through the Project Board, which operates under a formal Terms of Reference that outlines the collective and individual responsibilities of its members. The Project Board is accountable to the Executive for the delivery of projects, including achieving intended benefits and ensuring alignment with corporate objectives. It is responsible for monitoring project progress, managing risks and issues, and promoting formal and regular reporting to ensure transparency and control throughout the project lifecycle.

In addition to the Project Board, the City has established a Capital Works Steering Group following an internal audit recommendation to strengthen consistency and coordination across all capital projects. This Steering Group functions as an overarching governance body, providing strategic oversight for the capital works portfolio. It assists the Executive in reviewing project progress, ensuring a consistent approach to project delivery, and contributing to the prioritisation and allocation of resources across projects. The group meets on a monthly basis to review consolidated reports of all capital projects, assess performance, and address emerging risks or resourcing issues.

Together, the Project Board and the Capital Works Steering Group provide a robust dual-layer governance structure that ensures strong oversight of project delivery and fosters continuous improvement in project management practices. Their defined roles and reporting requirements promote greater consistency, accountability, and visibility across the organisation's project portfolio.



Comparison of the City’s current project management framework, systems, and approaches with those adopted by the Cities of Canning and Wanneroo identified the following gaps and improvement opportunities:

- The City’s Project Management Framework does not currently reference or align with established project management standards or best practice methodologies such as PRINCE2 or (PMBOK). In contrast, both the Cities of Canning and Wanneroo have explicitly structured their frameworks around these methodologies, ensuring consistency in terminology, governance expectations, and lifecycle processes. The absence of such alignment reduces the City’s ability to benchmark practices, ensure standardisation across projects, and embed a culture of continuous improvement in project delivery.
- There is no defined schedule or process for the periodic review and update of the City’s Project Management Framework. The frameworks at Canning and Wanneroo are subject to ongoing review and formal endorsement to ensure continued relevance, as demonstrated by the City of Canning’s Major Projects Steering Group review in May 2025. Without a formal review cycle, there is a risk that the City’s framework may become outdated and not fully reflect evolving organisational structures, technology solutions, or industry-leading practices.
- Evidence from the review indicates that while the City’s Project Management Framework is comprehensive in design, it is not consistently applied across projects. In practice, project documentation, reporting standards, and governance requirements vary depending on the responsible project officer or department. This inconsistency limits oversight capability increases delivery risk and makes it difficult to assess overall performance and compliance across the project portfolio.
- The City’s framework provides limited guidance on role definition and accountability for key project governance bodies, particularly regarding the composition and responsibilities of project control groups, steering committees, and project sponsors. Comparatively, the Cities of Canning and Wanneroo have well-defined governance structures, supported by formal Terms of Reference that outline the roles, decision-making authority, and escalation processes. The lack of equivalent clarity within the City’s framework can lead to ambiguity in responsibility, decision-making delays, and potential overlaps in authority.
- While the City maintains some project documentation, there is no formally defined records management protocol embedded within the project lifecycle. Both Canning and Wanneroo have established structured document control processes through systems such as Project Lifecycle Management (PLM) and Content Manager, which ensure traceability of project decisions, approvals, and lessons learned. The absence of a similar structured approach within the City increases the risk of incomplete records, loss of project history, and challenges in post-project reviews or audits.

<p>Finding 5</p>	<p>The review identified City’s Project Management Framework does not align to best practice such as PRINCE2 or PMBOK as do the other Cities. The framework has no formal review process, is not consistently applied, provides limited guidance and does not clearly mandate a records management protocol.</p>
<p>Risk</p>	<p>A lack of best practice and out of date framework that is not consistently applied may increase the risk of:</p> <ul style="list-style-type: none"> • Significant delays in project completion • Inconsistent project management practices • Out of framework • Escalation of costs due to scope changes and prolonged timelines



	<ul style="list-style-type: none"> • Poor records storage • Strategic misalignment between projects and organisational objectives.
Risk Rating	Moderate
Recommendation 5	<p>The City should:</p> <ul style="list-style-type: none"> • Learn from the Cities of Canning and Wanneroo by adopting a recognised best-practice methodology in a way that is proportionate and risk-based. Consistent with the City of Wanneroo’s approach, the City may consider applying PMBOK (or elements of PRINCE2) selectively, with the level of governance, documentation and control scaled according to the risk, complexity and value of individual projects. This approach allows the City to benefit from established best-practice principles—such as clear governance, defined lifecycle stages, and structured risk and change management—while avoiding unnecessary administrative burden for lower-risk projects. • Establish a periodic review cycle (e.g. every two years) to confirm ongoing framework relevance and effectiveness. • Review the current project classification model (based on dollar value) to guide governance requirements, documentation, and reporting expectations based on project scale and complexity. A revised model could consider the following metrics in addition to dollar value: <ul style="list-style-type: none"> ○ Risk profile – including health and safety risks, environmental impact, community sensitivity, and reputational risk to the City. ○ Complexity – such as the number of stakeholders, interdependencies with other projects or business units, and the level of technical or specialist expertise required. ○ Strategic significance – whether the project directly supports key strategic objectives, council priorities, or statutory obligations. ○ Delivery approach – for example, use of external contractors, partnerships, or grant-funded arrangements, which may introduce additional oversight and compliance requirements. ○ Time criticality – projects with fixed deadlines, legislative timeframes, or funding conditions may warrant higher levels of control regardless of value. ○ Change impact – the extent of organisational change, system implementation, or service disruption arising from the project. • Clarify project governance roles and accountability through formal Terms of Reference for key



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	<p>committees and roles (e.g. Steering Group, Project Control Group)</p> <ul style="list-style-type: none">• Embed records management protocols within the project lifecycle to ensure documentation is complete, controlled, and accessible.
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8.4 ASSESS THE APPROPRIATENESS OF THE CITY'S INTERNAL PROJECT MANAGEMENT CHARGE

Overall Outcome	Interview with stakeholders indicated that the internal project management charge is appropriate to ensure allocation of project resource cost, however it is applied on an inconsistent manner and is not well understood by all. We note that reconsideration of the cost-recovery model sits outside the remit of this audit.
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During the audit there was limited documentation to confirm the appropriateness of the City's internal project management charge. A review of various project expenditure and reserve spreadsheets showed a charge for Project Managers working on each project being allocated.

As part of the assessment, a total of 16 stakeholders (see 8.1) were interviewed across the City including Project Managers. The overwhelming theme was that a project management charge mechanism is in place to ensure that project time expended by Project Managers is allocated to projects and this was felt to be appropriate. However, the application of this charging mechanism is not consistent. The charge as we understand from interviews is \$330 per hour for Project Managers regardless of their level. Some Project Managers will charge all their time to projects regardless of whether it is project related, such as general administration or training. An example of the cost impact of this charge was provided in relation to a \$500k refurbishment of fuel jetties. This was going to be outsourced for project management but was done internally and due to the charging mechanism, the cost was \$1.5m. We were advised that for projects over \$500k, the time expended internally would be recharged back to the project. For projects under \$500k, the project may be managed by technical officers, whose time is allocated back to GL and not a project code.

Finance indicated that at the beginning of the year an estimate is performed to come up with a total cost for projects based on budgeted project hours to determine the project charge per hour including overheads. A flat rate is used for the project charge and should only be for time related to the project. The rate is reviewed based on allocation to date for projects, and this can be done throughout the year and a review of the charge rate can be performed each month. At the end of the year, all project hours should be fully charged.

It was also indicated that a project allocation percentage may be in use, which was 3% last year which is suitable for larger value projects but for small projects it does not cover the cost. An example was provided where the project management fee of \$330 per hour took up 43% of the budget on one project. The responsibility for underbudgeting goes back to the planning team and a budget amendment is required. Overall, it seems that there is a lack of understanding and consistency regarding the project management charge and its applicability. However, there were no issues with its appropriateness.

It was advised that reconsideration of the cost-recovery model sits outside the remit of this audit. Determining the appropriateness, efficiency, or design of the City's internal cost model is therefore a matter that should be addressed outside of this audit, through a structured Service Review or organisational analysis process. Such a review would allow for proper contextualisation and ensure that any recommendations are evidence-based, strategically aligned, and reflective of the City's actual operating environment.

No issues were noted.



8.5 ASSESS THE EFFECTIVENESS OF THE CITY'S PROJECT MANAGEMENT WHEREBY THE CITY APPOINTS EXTERNAL SUPERINTENDENTS AS WELL AS HAVING INTERNAL PROJECT MANAGERS

Overall Outcome	There were generally sound outcomes achieved when an external Superintendent was appointed to projects with no adverse outcomes noted. It is advised that the appointment of external superintendents is a requirement driven by the form of contract selected for specific projects, rather than a reflection of internal capability or performance concerns. Certain contract types necessitate an independent superintendent to fulfil statutory and contractual obligations, ensure impartial administration of the contract, and uphold probity in decision-making.
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Through review of project documentation and interview of 16 stakeholders (see 8.1) it was noted that generally sound outcomes were received when the City appoints external superintendents to support internal project managers. For larger projects, the City tends to use external resources that have the appropriate expertise that may not be available in house.

The appointment of external superintendents is a requirement driven by the form of contract selected for specific projects, rather than a reflection of internal capability or performance concerns. Certain contract types necessitate an independent superintendent to fulfil statutory and contractual obligations, ensure impartial administration of the contract, and uphold probity in decision-making. For AS2124 or AS4000 contracts generally it is best practice to have an external Superintendent. An external Superintendent is beneficial to provide clarity over variations and their allocation if a third party was involved such as with the Cockburn ARC Expansion where there was the involvement of Fremantle Football Club who contributed to the project cost. A Superintendent has a role to be the referee and needs to be fair and reasonable.

We understand that for the Malabar BMX Project the City is currently in dispute with the Superintendent regarding early certification of practical completion required works to be completed after practical completion (PC). However, the occurrence of a dispute or activation of a contractual dispute resolution process should not be interpreted as an indication of project failure or lack of success. Disputes are a common and expected feature of construction and infrastructure delivery, and the presence of a structured, contractually defined process for resolving these matters is a core part of sound project management practice.

From a project management perspective, the use of dispute resolution mechanisms can be considered an appropriate, controlled, and successful outcome, as it demonstrates that:

- issues have been identified and escalated through formal, contractually compliant pathways
- both parties are working within a clear and fair governance structure
- risks are being managed through established procedures rather than informal or ad hoc approaches.

Such processes exist precisely because issues can and will arise over the life of infrastructure projects, and the use of these mechanisms supports rather than detracts from good governance and contractual accountability.

No issues were noted.



8.6 ASSESS PROJECT AND CONTRACT VARIATIONS TO ASSESS WHETHER THE CITY’S APPROACH TO VARIATIONS EFFECTIVELY PROTECTS THE CITY’S INTERESTS AND IS WITHIN TOLERANCE OF INDUSTRY STANDARDS

Overall Outcome	For each project, a Project Management Plan Process is formulated for which will define the approach to variations to effectively protect the City’s interests in line with industry standards based on AS2124 or AS4000 contracts.
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The mechanism for contract variations is defined as part of each project with defined approval mechanisms in place. A Project Management Plan Process is created for higher value projects which outlines variations in relation to time, cost, and scope with defined limits.

An external Project Manager/Superintendent may have approval authority to accept insignificant variations up to \$20,000 when the City’s Project Manager is not available, insignificant delays (such as up to 15 days) with a defined scope regarding latent conditions. A Superintendent role may be allocated and is the final contractual authority for time and cost approvals related to contract management.

The City’s Project Manager will be given approval authority for acceptance of minor variations up to a defined amount, for example \$90,000 depending on the size of the project. They may also have the ability to approve scope change and budget increases within limits and will consult with the project Sponsor, Director and/or Subject Matter Experts as required. Program Managers will have higher limits and must consult with relevant Subject Matter Experts on any minor scope issues. For higher limits there is a need for consultation and endorsement by the Portfolio Manager including major delays to the project schedule/timeline (between 60-90 days) as well as major impact on milestones and objectives being achieved. They must consult with relevant Subject Matter Experts and Project Director on any major scope issues. Any higher value variations will require consultation and endorsement by Executive for variances over \$250,000, or critical delays with approval of Council. Any tolerances to industry standards are as per alignment with the contract type such as AS2124 or AS4000 (construction contracts).

No issues were noted.

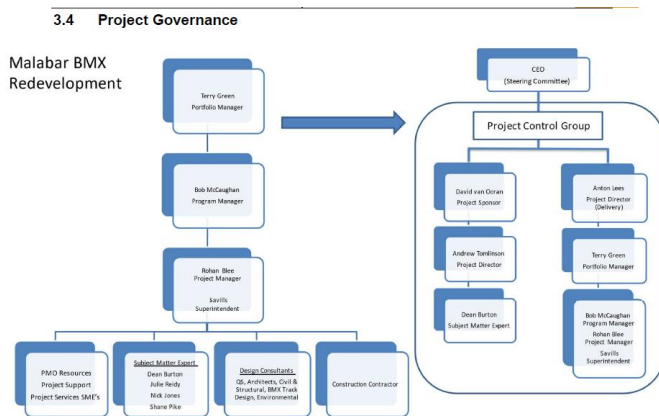


8.7 ASSESS THREE RECENT PROJECTS (MALABAR BMX AND COMMUNITY FACILITY, COCKBURN ARC EXPANSION, AND OMEO PUBLIC TOILET FACILITY)

<p>Overall Outcome</p>	<p>In assessing the three recent projects it was noted that Malabar BMX and Community Facility had a number of issues resulting in delays and cost overruns with COVID resulting in a pause of the project with timelines slipping as well as cost overruns, changes in the project management team, periods of absence for key personnel as well as some procurement issues. The Cockburn ARC Expansion and Omeo Public Toilet Facility were regarded as successful and within budget expectations.</p>
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The Malabar BMX and Community Facility had a Project Management Plan Process created. The City had engaged a suitably qualified Project Manager and Superintendent (Savills) to support the delivery of this project. This project aimed to deliver an upgraded BMX facility to firstly support the Cockburn BMX Club Inc. and secondly the City of Cockburn and wider community.

The governance over the project is depicted below.



The Project Sponsor was accountable for vision, alignment, financial resources, and support. The Project Director is accountable for the capital works portfolio program, divisional leadership, first level escalation, post lifecycle and KPIs. The Project Director was responsible for objective and deliverables, critical issues resolution, liaison with stakeholders and a member of the Project Control Group (PCG). The Portfolio Manager had overall responsibility for project lifecycle on time and budget, provided leadership, first level of escalation, approval of minor variances, and may be an optional PCG member. The Program Manager had overall responsibility for project lifecycle on time and budget, leadership, first level escalation, approval of minor variances and a member of the PCG. The Project Manager supported and assisted the external Project Manager, considered requirements of stakeholders, documentation requirements, review and recommend final deliverables, informs Director and Process Owners, approval of insignificant variances and a member of the PCG. The External Project Manager and Superintendent (Savills) was responsible for project delivery and completion, overall authority to run the project, attendance at relevant project meetings, superintendent for contract, manage costs and risks, client liaison, sign-off deliverables, and a member of PCG. The Subject Matter Expert is the SME for the project for their area including Recreation (PCG member), Facility, Reserve, and Environmental Health.



The Project Scope included a track that complies to UCI standards, a 5m start ramp, a new building that includes functional space for the Cockburn BMX including toilets, meeting space, office and storage, floodlighting, car parking, park upgrade, pump track and sump regeneration with some exclusions. The project planning commenced prior to COVID and a number of high level risks were identified including costs exceed approved project budget, site contamination issues and project delays due to dust management restrictions, all of which came to fruition due to several factors.

The project included external design consultants including architects, Quantity Surveyor, electrical, civil, structural engineers, track design, and environmental consultants. A construction company was procured via RFT under AS4000 for a value of \$6.88M. Considering all other project lifecycle costs inclusive of contingencies, public art allowance, professional fees and internal fees, the total budget to complete the project was \$8.125 million.

A Project Management Plan dated June 2019 had been formulated by Savills. This document had the purpose of:

- Provide an overview of the project including an outline of the major project deliverables
- Define the methodology and approach for delivering the project
- Define the scope of the project and scope management processes
- Identify success criteria and critical success factors
- Define the approved budget and management of costs
- Detail who is involved in the management of the project and what their skills, roles and responsibilities are
- Identify the project risks and risk management strategies
- Provide a summary record of all pertinent project information and documents that may be produced during the project.

The project had several challenges including COVID resulting in a pause of the project with timelines slipping as well as cost overruns. Changes in the project management team, periods of absence for key personnel as well as some procurement issues contributed to budgeted costs being exceeded. The City performed an internal review of Procurement Services – Malabar BMX Contract C100950, Request for Tender RFT03/2023 to determine the circumstances that led to the City incurring \$203,328.50 (ex. GST) in cost escalation post the closing of the tender. It focussed on current corporate procurement practices, level of transparency and reporting available and whether practices clearly delineate and assign responsibility and accountability the various aspects of the tender. It was conducted at the request of the CEO during the period 02-11 January 2024.

The Council accepted the successful tender by MG Group – increased by \$1.239m making a total project value of \$8,124,842 and award advised 24 August 2023 being 107 days after close and within the 180day validity period. However, MG Group had a validity period of 60 days specified in their response and various qualifications. Execution of the contract was on 01 November 2023 and the Procurement Services Unit was guided by the Procurement Policy last reviewed 2023, Procurement Framework 2021, Purchase Order Guidelines last reviewed 2023, Tender Guidelines updated August 2017 and Delegated Financial Authority Application Form. It was noted the 60 days MG Group tender validity was not shared with the Evaluation Panel post initial evaluation and consensus meeting which triggered the additional cost escalation. Several opportunities for improvements were raised over the RFT assessment methodology, tender validity period, training, panel composition during absences, pre-tender estimates calculated close to closing date, procurement framework publishing, transparency, project management plan finalised prior to execution, contingencies to be confidential, process mapping, contract accountability, and regular reporting.



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During the project, several Project Control Group (PCG) meetings were held and we reviewed minutes from 02 October 2019 covering project initiation until 26 September 2024 when the date of practical completion was advised. A few tracking spreadsheets were provided for Malabar which tracks account allocation, budget, commitments etc. Also, several PCG reports were reviewed covering the period December 2023 to December 2024 which noted the current forecast of \$8.484m, \$0.402m under the adjusted budget estimate, with variations of \$0.748m approved variations. There were also pre-start reports and various site meeting minutes and two weeks look ahead reports from MG Group were examined from 20 December 2023 until August 2024 which covered stakeholders, scope and design, construction, financial, programme, safety, handover and commissioning and risk management.

The Malabar project is not representative of typical project conditions due to several unique factors such as four different Project Managers across its lifecycle, multiple Project Owners, including changes within the Recreation Services division. Significant parts of the project occurred during periods where the Head of Projects role was filled in an acting capacity and also when the Chief Operations Officer was seconded to the Chief Community Services and an acting Chief Operations Officers was appointed. This contributed to several errors due to insufficient handover, loss of project continuity, changing PMF and limited subject-matter expertise specific to the project's scope.

In addition, heightened community group involvement created disturbance between project managers (Internal/External), clients, and recreation services on roles and responsibilities. Malabar had to be constructed by a defined completion date so a community group at another facility, due for demolition, could be relocated, creating precise milestones which influenced business decisions. These contextual elements impacted the project's performance and thus the Malabar project was considered to be an exception to the norm. However, the appropriate project management artefacts were in place and the project construction and Superintendent roles were executed in accordance with contractual obligations.

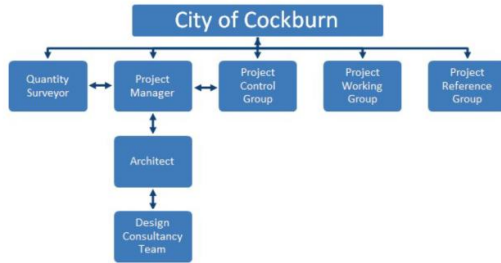
In relation to the ARC Expansion, a Project Management Plan was created for the Cockburn ARC and Fremantle Football Club Expansion dated October 2022. OCM minutes dated 09 November 2023 authorised the Mayor and CEO to enter into a Development Agreement with the Fremantle Football Club regarding the Cockburn ARC Expansion. We noted that the project was supported with various tracking spreadsheets showing transaction tracking regarding expenditure and reserves. In other OCM minutes the CEO had a declaration of financial interest and was a recipient of hospitality at an AFL match in August 2021 from Fremantle Football Club and left the meeting in compliance with policy.

For the project the Fremantle Football Club was to pay upfront for design costs, the CEO entered into negotiations for heads of agreement for prefunding up to \$5.8m and application for \$1m from DLGSC. A Request for Quotation was issued for Project Management Services for the Cockburn Aquatic and Recreation Centre (ARC) which is a multipurpose facility that includes a community aquatic and recreation centre and the Fremantle Football Club elite training and administration facilities. The project was managed using the framework below.



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The City has developed the framework by which the project will be managed as per the below:



Project management was provided by Successful Projects who developed an Indicative Tender Program which was successful with no key issues noted. Feedback from interviews noted that overall, the project was a success.

The Port Coogee Southern Amenities Facility Project – Rest Room Facility as known as Omeo Toilet was the third project examined. On 17th May 2023, Successful Projects received a request from the City of Cockburn to construct an Indicative Tender Program for the Port Coogee Southern Amenities Facility (Omeo Toilet Block Project). The Port Coogee Southern Amenities Facility Indicative Tender Program was developed based on the corresponding documents and directions. Several assumptions and allowances were made while developing the program. Risks to the program were identified and the outcomes of the program were well documented. They also provided a critical path and indicative program.

A review of OCM minutes dated 09 July 2024 noted that the City accepted the tender from Pennant Construction Pty Ltd. We reviewed the Omeo Site progress meeting agendas and minutes from 23 October 2024 to 26 February 2025 as well as some proposed agendas for May and June 2025. We also examined the Omeo Kick-off and Prestart meeting minutes conducted in July and August 2024 as well as various Council meetings, updates from the Project Control Group and updates to the Executive Leadership Team over procurement activities, project overview, risk assessment with options, and decision outcomes.

A review of various spreadsheets was performed showing transaction tracking regarding expenditure and reserves. Based on review of documentation and feedback from interviews, the general consensus was that this project was run well, although comments were made regarding the cost of the facility. One lesson learnt was the need to include asset management principles at design before budget. A lesson learnt review was conducted for this project with an extract provided below.

Omeo lessons learnt
Ben Moore - Why concrete at beach and not permeable paving.
Ensure we have the correct as-constructed drawings for underground services. Irrigation.
Ensure builder double checks documented finished floor levels against footpaths and other site features. Frasers foot path.
Don't use materials that are complex and expensive to install unless we have a very good reason to.
Check that there are FWG's where there should be.
Cross reference Architectural drawings with consultant's drawings.
Baby change tables in all UAT's.
Always get 2 quotes if figure is close to 50k threshold.
Discovery of light pole cables installed without conduit. Request photos throughout install process of future electrical work.

It was noted that the Malabar BMX and Community Facility project had some isolated issues due to several factors and various improvements have already been recommended in section 8.1. Both Cockburn ARC and Omeo were generally well run, with no major issues noted.



8.8 THE CURRENT LEVEL OF RESOURCING AND EXPERTISE AVAILABLE WITHIN THE PROJECTS TEAM WITH REFERENCE TO THE 2025/26 CAPITAL WORKS PROJECT

Overall Outcome	There have been several organisational changes over time in relation to project and the current structure is under review. Resourcing at present is meeting current demand supplemented by external resources for large or technical complex projects, however the proposed location of the PMO should be reassessed.
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The Projects Team has gone through several structural changes from 2014 to 2025. During the period there were various departures of Project Managers, Technical Officers were transitioning to Project Managers, a significant period of leave for the Manager of the PMO occurred and the IT Project Manager role, allocated to the PMO, was awaiting structural changes. Further, the PMO’s ability to drive improvements and implementation initiatives was significantly constrained by staff turnover and awaiting the outcomes of the organisational restructure. The PMO was mindful of the change fatigue being experienced by staff and under direction of the Head of Projects chose to defer further improvements and changes to avoid additional disruptions particularly in light of anticipated further organisational impacts.

The City of Cockburn Annual Report 2023-2024 notes that Project Services and the Project Management Office is under Infrastructure Services as depicted below.



Interviews with 16 key stakeholders (see section 8.1) noted that in terms of resourcing and expertise, there have issues in the past regarding numbers and capability, but improvements have occurred. There are teams in place for civil, building and parks. It was expected that another resource would be added to the two Project Managers for building, but construction has reduced as per the 2025/2026 Capital Works Program.

Many interviewees expressed that project management is not an easy topic and multi-million dollar projects need to have the appropriate expertise such as using external superintendents. Some noted that the Project Management Office should be a central office and independent. It was felt that there was very little parks expertise in the project delivery team, with a landscape architect lacking. It was also noted that some critical staff have left such as in the engineering



space. Some staff have also expressed that having a specialist project person in each Directorate may be a better option.

The overall consensus was that large or technical complex projects require external specialist resources which is current practice. Smaller projects could use internal Project Managers. Minor capital projects ranging from \$15k to around \$450k can be performed by Technical Officers, with projects above \$500k being managed by dedicated Project Managers.

Many interviewees felt that an allocation of 2.6 FTE for the PMO was not necessary and it could function using one person depending on its role, especially if it is a governance function rather than administration and reporting. It was also expressed that Project Managers need to understand the projects being managed and have a background in the area such as civil engineering for civil projects or construction for building projects.

It is currently proposed that the PMO will come under Corporate and System Services and potentially may be an oversight and governance body. The new PMO is proposed to have 2.6 FTE, however, if it is governance role, some interviewees have expressed that one FTE may be sufficient. It was also felt that if you want to provide a service or office it should not be under layers of management but be independent and may be better suited under the Office of the CEO.

Finding 6	The review identified that resourcing of project management has improved but there are some gaps in terms of specialist knowledge and the proposed positioning of the PMO may lack independence if it is a governance function.
Risk	The current structure has a number of risks: <ul style="list-style-type: none"> • PMO lacks independence • Project Managers may lack appropriate subject matter expertise • Structure does not align to Directorate requirements.
Risk Rating	Low
Recommendation 6	The City should review the proposed location of the PMO and the current resourcing of project management to ensure appropriate levels of subject expertise are available for internally managed projects.



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46. 19021534 - Malabar Park Cockburn BMX Redevelopment PCG Meeting Minutes (25 May 2020)
47. 19021534 - Malabar Park Cockburn BMX Redevelopment PCG Meeting Minutes (06 December 2023)
48. 19021534 - Malabar Park Cockburn BMX Redevelopment PCG Meeting Minutes (13 February 2024)
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50. 19021534 - Malabar Park Cockburn BMX Redevelopment PCG Meeting Minutes (04 April 2024)
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62. PCG Report 18 City of Cockburn Malabar Park (Cockburn BMX) Redevelopment (August 2024)
63. PCG Report 19 City of Cockburn Malabar Park (Cockburn BMX) Redevelopment (September 2024)
64. PCG Report 20 City of Cockburn Malabar Park (Cockburn BMX) Redevelopment (December 2024)
65. Contract Pre-Start Meeting – Minutes
66. Contract Pre-Start Meeting – Form
67. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (20 Dec 2023)
68. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (16 Jan 2024)
69. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (13 Feb 2024)



70. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (27 Feb 2024)
71. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (12 Mar 2024)
72. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (26 Mar 2024)
73. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (09 Apr 2024)
74. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (23 Apr 2024)
75. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (07 May 2024)
76. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (21 May 2024)
77. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (04 Jun 2024)
78. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (18 Jun 2024)
79. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (02 Jul 2024)
80. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (16 Jul 2024)
81. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (30 Jul 2024)
82. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (13 Aug 2024)
83. 19021534 - Malabar Park (Cockburn Project: BMX) Redevelopment Site Meeting Minutes (27 Aug 2024)
84. Malabar Park BMX Redevelopment Two weeks look-ahead. (12.02.24 to 26.02.24)
85. Malabar Park BMX Redevelopment Two weeks look-ahead. (25.03.24 to 8.04.24)
86. Malabar Park BMX Redevelopment Two weeks look-ahead. (16.01.24 to 30.01.24)
87. Malabar Park BMX Redevelopment Two weeks look-ahead. (7/05/2024 – 21/05/2024)
88. Malabar Park BMX Redevelopment Two weeks look-ahead. (9/04/2024 – 23/04/2024)
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90. Malabar Park BMX Redevelopment Two weeks look-ahead. (4/06/2024 – 18/06/2024)
91. OCM Minutes (10 August 2023)
92. Malabar CW Expenditure & Reserves 2018-19
93. Malabar CW Expenditure & Reserves 2019-20
94. Malabar CW Expenditure & Reserves 2020-21
95. Malabar CW Expenditure & Reserves 2021-22
96. Malabar CW Expenditure & Reserves 2022-23
97. Malabar CW Expenditure & Reserves 2023-24
98. Malabar CW Expenditure & Reserves 2024-25
99. Malabar CW Expenditure & Reserves 2025-26
100. OCM Minutes (09 November 2023)
101. ARC CW Expenditure & Reserves 20-21
102. ARC CW Expenditure & Reserves 21-22
103. ARC CW Expenditure & Reserves 22-23
104. ARC CW Expenditure & Reserves 23-24
105. ARC CW Expenditure & Reserves 24-25
106. ARC CW Expenditure & Reserves 25-26
107. ARC Expansion Transactions 20-21
108. ARC Expansion Transactions 21-22
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110. ARC Expansion Transactions 23-24
111. ARC Expansion Transactions 24-25
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113. OCM Minutes (09 September 2021)
114. OCM Minutes (10 November 2022)
115. RFQ 09-2020 Project Management Servies Cockburn Aquatic & Recreation Centre (ARC) Health and Fitness Expansion Cockburn Central, WA
116. List of ARC Contractors
117. Email – SP00327 – Omeo Toilet Block Program – Tender Timeline
118. Port Coogee Southern Amenities Facilities Project - Rest Room Facility - Ablution/Store Indicative Tender Program - All Activities (15 June 2023)
119. Port Coogee Southern Amenities Facilities Project - Rest Room Facility - Ablution/Store Indicative Tender Program - Critical Path (15 June 2023)
120. Port Coogee Southern Amenities Facilities Project - Rest Room Facility - Ablution/Store Indicative Tender Program – Summary (15 June 2023)
121. Port Coogee Southern Amenities Facility Indicative Tender Program Basis of Schedule Report (15 June 2023)
122. OCM Minutes (09 July 2024)
123. Omeo CW Expenditure & Reserves 18-19
124. Omeo CW Expenditure & Reserves 19-20
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129. Omeo CW Expenditure & Reserves 24-25
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131. Site Progress Meeting #01 – Minutes (BLANK) Port Coogee Southern Amenities Facility (OME0) (23 October 2024)
132. Site Progress Meeting #02 – Agenda Port Coogee Southern Amenities Facility (OME0) (6 November 2024)
133. Site Progress Meeting #02 – Minutes Port Coogee Southern Amenities Facility (OME0) (6 November 2024)
134. Site Progress Meeting #04 – Agenda Omeo Amenities Building (4 December 2024)
135. Site Progress Meeting #05 – Agenda Omeo Amenities Building (18 December 2024)
136. Site Progress Meeting #06 – Agenda Omeo Amenities Building (15 January 2025)
137. Site Progress Meeting #06 – Minutes Omeo Amenities Building (15 January 2025)
138. Site Progress Meeting #07 – Agenda Omeo Amenities Building (29 January 2025)
139. Site Progress Meeting #07 – Minutes Omeo Amenities Building (29 January 2025)
140. Site Progress Meeting #08 – Agenda Omeo Amenities Building (12 February 2025)
141. Site Progress Meeting #08 – Minutes Omeo Amenities Building (12 February 2025)
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143. Site Progress Meeting #09 – Minutes Omeo Amenities Building (26 February 2025)
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145. Site Progress Meeting #16 – Agenda Omeo Amenities Building (3 June 2025)
146. Site Progress Meeting #17 – Agenda Omeo Amenities Building (18 June 2025)
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149. Contractor follow-up from Prestart Meeting Minutes Port Coogee Southern Amenities Facility (OME0) (26 August 2024)
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151. Omeo Public Amenities Building- Procurement Stage Elected Member Strategic Briefing (28 May 2024)



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152. Omeo Public Amenities Building - Procurement Update Elected Member Strategic Briefing (28 May 2024)
153. Omeo Public Amenities Building- Procurement Stage ELT Briefing (22 May 2024)
154. Omeo Public Amenities Project Status Update (10 May 2023)
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160. Purchase Authorisation Level
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162. City of Cockburn Procurement Framework
163. City of Wanneroo Project Management Corporate Policy (5 November 2024)
164. City of Wanneroo Project Management Framework (July 2024)
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166. City of Canning Project Management Framework Schematic
167. City of Canning – PLM Register Changes (October 2025)
168. City of Canning Project Lifecycle Basic Process
169. City of Canning Project Management Framework (13 May 2025)
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171. City of Canning Terms of Reference – Tier 1 Projects Control Group (September 2025)
172. City of Canning Terms of Reference – Tier 2 Projects Control Group (September 2025)
173. Project Management Framework Guideline (07 April 2025)
174. PPM Project Management Framework V1.0
175. PPM Project Management Framework V1.0 (Combined)
176. Project Governance Framework Final
177. City of Cockburn Environment Analysis Report and Recommendations for Embedding a Project Management Office (PMO)
178. Portfolio Status Reports 12-01-2026
179. HWRP-Governance Group -Minutes
180. Email dated 28 Mar 2023 Callio Consulting - PM Review
181. Email dated 31 Aug 2023 Cap Infrastructure Projects Review
182. PPM Configuration Templates (Reports & Export Documents)
183. PPM - RIC - Risk Issue Change Documents
184. PPM - Pilot Projects Templates & Reports.

City of Cockburn Strategic Risk Register – As Discussed at the 17 February 2026 Council Risk Management Workshop, Updated on 05 May 2026)

Risk No.	Risk Identification & Analysis				Current Risk Assessment (Residual) Risk Rating				Management of Identified Risk		
	Risk Title	Risk Description	Possible Causes	Existing Controls	Control Rating:	Consequence Rating	Likelihood Rating	Level of Risk	Risk Strategy (i.e., ACCEPT, TOLERATE, REDUCE / IMPROVE CONTROLS)	Risk Owner	Treatment Action Plans
					R = Robust						
					A = Adequate						
I = Inadequate											
1.	Strategic Outcomes	Failure to deliver strategic plan outcomes resulting in significant reduction in liveability in our suburbs.	1. Strategic Plans, Corporate Business Plans, Asset Management Plans not executed. 2. Service Plans not aligned to community expectation and technical levels of services 3. Mismatch of urban intensification to infrastructure delivery 4. Ad hoc State government urban growth decisions (beyond subregional plan) 5. Constraints on funding 6. Shifts in community expectations 7. Reduction in WA State Govt Services requiring LGA's to address the gap 8. Geopolitical impacts	1. Integrated strategic, financial, asset planning framework 2. Asset management and renewal prioritisation processes 3. Suite of strategic documents adopted by Council and implemented, i.e. Community Infrastructure Plan, Integrated Transport Strategy, Urban Forest Plan, Climate Change Strategy, Waste Strategy. 4. Ongoing monitoring of demographic trends and growth assumptions	R	Insignificant 1	Possible 3	Low 3	Accept	Director Infrastructure Services	
2.	Corporate Outcomes	Failure to deliver services, projects, facilities and assets resulting in non-achievement of corporate business plan.	1. Insufficient organisational capability or capacity to deliver planned outcomes 2. Financial pressures or volatility impacting service and capital delivery 3. Ineffective prioritisation or sequencing of projects and initiatives 4. Asset portfolios not aligned with service needs 5. Workforce availability, capability or succession challenges 6. Supply chain disruption	1. Corporate planning and performance management framework 2. Long term financial planning and budget governance 3. Procurement and contract governance frameworks 4. Project and asset management frameworks 5. Workforce planning and capability development strategies	I	Medium 3	Possible 3	Moderate 9	Tolerate	Director Corporate and System Services	1. Fuel Supply Business Continuity Plan
3.	Cyber security	Failure to provide cyber security resulting in loss of private data or compromise of systems	1. Increasing sophistication and frequency of cyber threats 2. Human error, inadequate cyber awareness, failure to recognise threats, intentional acts. 3. Third-party or supply-chain vulnerabilities 4. Rapid digitisation outpacing control maturity	1. ICT planning, governance and risk management arrangements 2. Security monitoring, response and recovery capabilities 3. Staff awareness and training programs 4. External assurance and testing activities	A	Major 4	Unlikely 2	Moderate 8	Tolerate	Director Corporate and System Services	

City of Cockburn Strategic Risk Register – As Discussed at the 17 February 2026 Council Risk Management Workshop, Updated on 05 May 2026)

Risk No.	Risk Identification & Analysis				Current Risk Assessment (Residual) Risk Rating				Management of Identified Risk			
	Risk Title	Risk Description	Possible Causes	Existing Controls	Control Rating:	Consequence Rating	Likelihood Rating	Level of Risk	Risk Strategy (i.e., ACCEPT, TOLERATE, REDUCE / IMPROVE CONTROLS)	Risk Owner	Treatment Action Plans	
					R = Robust							
					A = Adequate							
I = Inadequate												
4.	Natural disaster	Natural disasters resulting in loss of life, substantial property damage or compromised community or public health and environmental damage	<ol style="list-style-type: none"> Bush fire Flood Storm / cyclone Storm surge/coastal erosion. 	<ol style="list-style-type: none"> Coastal Hazard Mitigation Risk Mitigation Adaptation Plan (CHRMAP) Local Emergency Management Arrangements (includes LEMP, Local Recovery Plan, Emergency Comms Plan, Animal Welfare Plan, Evacuation Centre Guidelines) Business Continuity Plan Bushfire Planning, Monitoring, Response and Recovery Storm water drainage asset planning, operation and maintenance 	A	Medium 3	Likely 4	High 12	Reduce	Director Sustainable Development and Safety		
5.	Community and Workplace Safety	Failure to provide a safe community or work environment resulting in loss of life or significant injuries	<ol style="list-style-type: none"> Emerging security threats and external risk environment Inadequate or ineffective safety governance systems Physical or psychosocial hazards Poorly planned or managed high-risk activities or events Insufficient safety culture or accountability 	<ol style="list-style-type: none"> WHS governance framework Community safety and security strategies Incident management, reporting and investigation processes Training, supervision and safety leadership programs Monitoring of safety performance and emerging risks 	A	Major 4	Possible 3	High 12	Reduce	Director Sustainable Development		

The Presiding Member invited Mr Cottril to comment on the item.

11.1.2 (2026/MINUTE NO 0005) Cockburn IMP Project 21116389 Revised Certificate of Completion Hammond Road - Branch Circus to Bartram Road

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	1. Stantons Internal Audit - City of Cockburn IMP Project ↓

7.01pm Cr Widenbar departed the meeting.

Committee Recommendation

MOVED Cr C Reeve-Fowkes SECONDED Cr C Zhang
That Council:

- (1) RECEIVES the City of Cockburn IMP Project 21116389 Hammond Road – Branch Circus to Bartram Road Audit Report; and
- (2) AMENDS the 2025/26 budget to write off the Grant funding payment by reducing Capital Grant Income by \$600,000 and increase funding from the Road Reserve by \$600,000

CARRIED 6/1

For: Presiding Member S Zulsdorf, Deputy Presiding Member L Estrade, Deputy Mayor P Corke, Cr C Reeve-Fowkes, Cr H Srhoy and Cr C Zhang
Against: Cr K Allen.

6.59pm Mr Cottril departed the meeting and did not return.

Background

As a KPI for the 2025/26 Financial Year, Council requested the Chief Executive Officer (CEO) of the City of Cockburn (City) arrange an internal audit to:

- Determine how the City appeared to not inform and/or provide justification to Mains Road Western Australia (MRWA) and the Metropolitan Regional Road Group (MRRG) of a significant variation to the Cockburn IMP Project 21116389 Hammond Road – Branch Circus to Bartram Road (the Project), despite many requests for 12 months to the City from the MRWA and the MRRG
- Review how previously the City has managed and acquitted MRWA Grants including management of project variations with MRWA.

The CEO appointed Stantons International Audit and Consulting Pty Ltd (Stantons) to conduct the independent review of the Project (refer Attachment 1).

A summary of the events that led to the CEO requesting an external audit is set out below:

The City was awarded funding by the MRRG in 2020/2021 for the Project.

The Western Australian Government applies funding caps to road improvement projects under its MRRG road improvement grant funding.

At the time of the City's submission for the Project, the State's contribution was capped at \$3 million per annum (to a maximum of \$9million) towards a total project cost of \$13.5m, resulting in a \$2:\$1 State-to-City split.

The Project ran from 2019 to completion in 2025. Shortly after funding was initially approved, the total project cost was revised from \$8.0 million to \$13.5 million, an increase of 68%, and the City received an additional \$3.6 million from the MRRG over the life of the Project. Council approved total costs of \$22.6 million, and the project was ultimately delivered at a total cost of \$23.7 million.

The MRWA has raised its concern with the City that the cost of the whole project significantly exceeded the revised \$13.5m limit. MRWA questioned the 75% increase compared to the approved funding application and deemed the Project ineligible for funding in this program because the City could not justify the increase.

MRWA claims that, despite making repeated requests to the City over a 12-month period for an explanation of the significant project variation, no detailed justification was provided to satisfy the MRRG that the project was originally scored correctly and that the completed works aligned with the approved scope.

MRRG has advised that the final payment of \$600,000 will be withheld. This amount was accrued in the City's 2022/23 financial accounts as a debt due and payable to the City and remains outstanding.

MRRG has advised the City that it had considered the repayment of the \$8.4million previously disbursed to the City, such an action would be disproportionate given the project's completion.

Submission

N/A

Report

Stantons commenced the audit with an audit opening meeting on 3 February 2026.

Stantons interviewed key City management staff and reviewed key documents as part of the audit process which were provided by the City following a request for information from Stantons.

The audit examined the following areas:

- The City's current project management practices, especially communications with grants providers, to update grants providers, on projects progress

- The City's current corporate practices for grant funding management and acquittals (policy, approach, methodology, reporting)
- The City's funding guidelines/agreement with the MRWA and the MRRG to determine if MRWA/MRRG has the authority to withhold the last payment of the Project
- The financial impact of the MRWA/MRRG decision on not funding the last grant component the Project
- Leadership accountability within Corporate Finance and Infrastructure/Projects, throughout the Project and if there was any shortfall in these leadership accountabilities
- The role played by management leadership in the way projects are managed and articulated to Council
- The effectiveness of current project management controls in place
- The City's compliance with legislation, and its project management system, to assure ratepayers that the City is delivering value to the community
- The City's effective audit trail of expenditures.

On 23 April 2026, Stantons provided a draft audit report to the CEO for comment.

Audit summary of findings

The report lists two findings as follows:

1. The City did not have effective controls in place to manage project cost escalation, ensure timely communication with funding bodies, and maintain adequate financial records. Specifically, the City:
 - did not notify MRRG of a material project variation in a timely manner
 - did not seek approval for significant increases in project cost to the grant provider (MRWA)
 - was unable to provide sufficient and auditable justification for the increased project costs
 - did not ensure alignment between approved funding scope and actual expenditure.
2. While the City has established processes for project monitoring, reporting, and variation approval, these are not consistently applied or sufficiently robust to ensure accurate cost estimation, transparent acquittal, and effective management of project variations. Specifically -
 - cost estimation practices are not sufficiently detailed or validated
 - project reporting does not consistently capture performance, risks, and variations
 - acquittal processes lack transparency and reconciliation to approved funding scope
 - variation management controls are not consistently applied in practice.

Audit recommendations and City management comments

There are two recommendations listed in the report, to assist the City. These are presented below, together with management comments, and action implementation progress:

Item No.	Recommendation	Management Response	Action Implementation Progress
1.	<p>The City should strengthen its project governance, financial management, and funding compliance processes to ensure effective oversight and management of capital projects. This should include -</p> <ul style="list-style-type: none"> • Establishing formal requirements for timely notification and approval of material project variations • Implementing robust cost estimation, validation, and reforecasting processes • Ensuring clear alignment and reconciliation between approved funding scope and actual expenditure • Strengthening financial record-keeping to maintain a complete and auditable project cost trail • Finalising and embedding a standardised Project Management Framework aligned with recognised standards (e.g. PRINCE2 or PMBOK) • Enhancing PMO capability, independence, and oversight to enforce governance controls and provide assurance. 	<p>The project management framework is currently being progressed with the commencement of the Service Manager Organisational Capability and Performance, May 2026.</p> <p>The determination to progress either of the project management standard technology platforms - Project Management Body of Knowledge (PMBOK) or Projects In Controlled Environment, (PRINCE2) will enable a consistent practice that can be applied across the organisation in accordance with the Findings of the Project Management Audit.</p> <p>The Project Governance Framework will deliver each of the processes included in this recommendation by March 2027 consistent with the timeframe adopted in the Project Management Audit.</p>	<p>Group Manager People and Organisational Performance. To be implemented by end May 2026.</p>
2.	<p>The City should strengthen its processes for managing and acquitting MRRG-funded projects to ensure accuracy,</p>	<p>The project management framework is currently being progressed with the commencement of the Service</p>	<p>Group Manager People and Organisational Performance. To be implemented by end May 2026.</p>

Item No.	Recommendation	Management Response	Action Implementation Progress
	<p>consistency, and transparency. This should include –</p> <ul style="list-style-type: none"> • Enhancing cost estimation methodologies, including validation, documentation, and appropriate contingency allowances • Standardising project reporting to include clear tracking of scope, cost, risks, and variations • Improving acquittal processes to ensure full reconciliation between approved funding scope and actual expenditure • Strengthening variation management practices, including documentation, escalation, and compliance with approval thresholds • Ensuring all relevant costs (including service authorities, land impacts, and lifecycle factors) are incorporated into project planning • Reviewing and clarifying project cost allocation methodologies to ensure consistency and transparency 	<p>Manager Organisational Capability and Performance, May 2026.</p> <p>The processes for MRRG funded projects can be included in the roll out of the Project Governance Framework to ensure that there is enhanced estimates, standardised reporting and improved acquittal processes, with associated documentation.</p> <p>The Project Governance Framework will deliver each of the processes included in this recommendation by June 2027 consistent with the timeframe adopted in the Project Management Audit.</p>	

Both recommendations from the auditor have been reviewed by the City and appropriately responded to; and when fully implemented, they will improve the effectiveness of project management for all City projects.

As MRRG has been advised that the final payment of \$600,000 to the City will be withheld, this report includes an additional recommendation to write off the \$600k Hammond Park grant funding that was previously accrued in the 2022/23 financial

year, enabling the accrual to be reversed and the resulting shortfall to be funded from the Road Reserve.

The above additional recommendation is aligned with the recommendation by GFC Consulting in its 'Major Project Review – Hammond Road (Branch Circus to Bartram Road) For City of Cockburn (Recommendations), 24 November 2025' report:

“...it is not considered advisable for the City of Cockburn to pursue the remaining \$600,000 associated with the Hammond Road Project. The focus, moving forward, should be to develop a robust and transparent infrastructure funding management process that maximises grant opportunities and clearly demonstrates compliance with required standards.”

Strategic Plans/Policy Implications

Our Environment

Valuing natural assets, building climate resilience and using resources sustainably. •
Protect and enhance our natural areas and streetscapes.

Our Community

A diverse, active, and connected community that feels safe and has access to local services.

- Foster connected, accessible communities and services.

Our Places

Enhancing distinctive, liveable areas with well-connected, safe transport options.

- Enhance connectivity and mobility through integrated transport networks.

Our Governance

Transparent leadership that listens, communicates openly and plans for a sustainable future.

- Facilitate transparent and accountable governance for today and tomorrow.
Strive for financial sustainability and operational excellence.

Budget/Financial Implications

The proposed action will result in a \$600,000 receivable accrued in 2022/23, being written-off.

Legal Implications

City projects support the Integrated Planning and Reporting required under S5.56 (1) of the *Local Government Act 1995*.

Community Consultation

N/A

Risk Management Implications

Accepting these audit findings, and implementing the appropriate management measures, will ensure better management of the City's project management systems to continually improve:

- How projects are planned and scheduled
- How contractors are assessed and selected
- How projects are managed for time and quality
- How project and contract variations are managed;
- The systems that are used to manage projects
- The current corporate practices for grant funding management and acquittals (policy, approach, methodology, reporting).

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil

7.05pm Cr Widenbar returned to the meeting.



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**City of Cockburn
Cockburn IMP Project**

Internal Audit

May 2026

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1. EXECUTIVE SUMMARY

Introduction

The City of Cockburn is a local government area in Perth's southern suburbs, known for its growing population, diverse community, and mix of coastal and inland suburbs. It features a mix of pristine beaches, wetlands, and recreation facilities, as well as a strong industrial and commercial sector, particularly along the coast. The city covers approximately 167.5 square kilometres and is located about 24 kilometres south of Perth's central business district.

The City was awarded funding by the Metropolitan Regional Road Group (MRRG) in 2020/2021 for the Cockburn IMP Project 2116389 Hammond Road – Branch Circus to Bartram Road (the Project). The MRRG caps the funding to individual projects at \$3 million per year to a maximum contribution of \$9m.

The total project cost for the Project was revised up from \$8.0m to \$13.5m (68%) not long after the project was initially approved for funding and the City received an additional \$3.6m from the MRRG over the duration of this project.

Mains Road Western Australia (MRD) has raised its concern with the City that the cost of the whole project significantly exceeded the revised \$13.5m limit and was therefore deemed ineligible for funding in this program because it could not justify the increase.

The MRD claims that despite many of its numerous requests over 12 months to the City to explain how there was such a significant variation to the project, no detailed justification has been provided to satisfy the MRRG that the project was correctly costed originally and that the works undertaken matched those of the approved project.

The MRRG stated that the final payment of \$600,000 will be withheld, and it is seeking a detailed explanation from the City for the significant total project cost overrun and how that relates to the original submission of the total project cost maximum allowable grant.

Audit Objective:

The specific objectives of this review are as follows:

- Determine how the City appeared to not inform and / or provide justification to Main Roads Western Australia (MRD) and the Metropolitan Regional Road Group (MRRG) of a significant variation to the Cockburn IMP Project 2116389 Hammond Road – Branch Circus to Bartram Road (the Project), despite many requests for 12 months to the City from MRD and the MRRG; and
- Review how previously the City has managed and acquitted MRD Grants including management of project variations with MRD.

Scope of Works

The Scope of this audit is to review:

- The City's current project management practices especially communications with grants providers, to update grants providers, on projects progress
- The City's current corporate practices for grant funding management and acquittals (policy, approach, methodology, reporting)



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- The City's funding guidelines / agreement with the MRD and the MRRG to determine if MRD / MRRG has the authority to withhold the last payment of the Project
- The financial impact of the MRD / MRRG decision on not funding of last grant component of the Project
- Leadership accountability within Corporate Finance and Infrastructure / Projects, throughout the Project and if there was any shortfall in these leadership accountabilities.



2. OVERALL AUDIT OUTCOMES AGAINST AUDIT OBJECTIVE AND SCOPE

Overall Risk Rating

Objective Report Reference	Audit Objective	Outcomes	Risk Rating
8.1	Determine how the appeared to not inform and / or provide justification to Main Roads Western Australia (MRD) and the Metropolitan Regional Road Group (MRRG) of a significant variation to the Cockburn IMP Project 21116389 Hammond Road – Branch Circus to Bartram Road (the Project), despite many requests for 12 months to the City from MRD and the MRRG.	Partially Achieved	Moderate
8.2	Review how previously the City has managed and acquitted MRD Grants including management of project variations with MRD.	Partially Achieved	Moderate



3. SUMMARY OF FINDINGS

1. The City did not have effective controls in place to manage project cost escalation, ensure timely communication with funding bodies, and maintain adequate financial records. Specifically, the City:
 - did not notify MRRG of a material project variation in a timely manner;
 - did not seek approval for significant increases in project cost;
 - was unable to provide sufficient and auditable justification for the variation; and
 - did not ensure alignment between approved funding scope and actual expenditure.
2. While the City has established processes for project monitoring, reporting, and variation approval, these are not consistently applied or sufficiently robust to ensure accurate cost estimation, transparent acquittal, and effective management of project variations. Specifically:
 - cost estimation practices are not sufficiently detailed or validated;
 - project reporting does not consistently capture performance, risks, and variations;
 - acquittal processes lack transparency and reconciliation to approved funding scope; and
 - variation management controls are not consistently applied in practice.

4. RECOMMENDATIONS

1. The City should strengthen its project governance, financial management, and funding compliance processes to ensure effective oversight and management of capital projects. This should include:
 - Establishing formal requirements for timely notification and approval of material project variations
 - Implementing robust cost estimation, validation, and reforecasting processes
 - Ensuring clear alignment and reconciliation between approved funding scope and actual expenditure
 - Strengthening financial record-keeping to maintain a complete and auditable project cost trail with responsibility allocated to Finance
 - Finalising and embedding a standardised Project Management Framework aligned with recognised standards in terms of PRINCE2 principles for governance and PMBOK practices as delivery tools. Requirements can be scaled based on project size and risk
 - Enhancing PMO capability, independence, and oversight to enforce governance controls and provide assurance.
2. The City should strengthen its processes for managing and acquitting MRRG-funded projects to ensure accuracy, consistency, and transparency. This should include:
 - Enhancing cost estimation methodologies, including validation, documentation, and appropriate contingency allowances
 - Standardising project reporting to include clear tracking of scope, cost, risks, and variations
 - Improving acquittal processes to ensure full reconciliation between approved funding scope and actual expenditure with responsibility allocated to Finance
 - Strengthening variation management practices, including documentation, escalation, and compliance with approval thresholds
 - Ensuring all relevant costs (including service authorities, land impacts, and lifecycle factors) are incorporated into project planning



- Reviewing and clarifying project cost allocation methodologies to ensure consistency and transparency.

5. BUSINESS IMPROVEMENTS

1. The City may wish to consider a process map as follows:

1. Project Initiation and Strategic Assessment

- **Key Activities**
 - Identify project need and strategic alignment
 - Define preliminary scope, objectives, and expected outcomes
 - Undertake initial feasibility assessment
 - Confirm funding eligibility requirements (e.g. MRRG/MRWA)
 - Assign Project Sponsor and Project Manager
 - Establish preliminary risk assessment
- **Key Controls**
 - Formal Project Initiation Document (PID)
 - Executive approval to proceed
 - Funding criteria checklist completed
 - Project classification and governance pathway determined
- **Required Documentation**
 - Business Case
 - Preliminary Cost Estimate
 - Funding Eligibility Assessment
 - Risk Register
 - Governance Structure

2. Concept Design and Cost Estimation

- **Key Activities**
 - Undertake concept and detailed design
 - Conduct site investigations and service authority engagement
 - Identify land acquisition and utility relocation requirements
 - Prepare detailed cost estimate including contingencies
 - Identify scope assumptions and exclusions
- **Key Controls**
 - Independent review of cost estimates for major projects
 - Mandatory contingency thresholds
 - Validation of assumptions by Finance and Engineering
 - Formal sign-off of estimates prior to grant submission
- **Required Documentation**
 - Design Drawings
 - Quantity Estimates
 - Cost Estimate Worksheets
 - Contingency Assessment
 - Service Authority Advice
 - Scope Assumptions Register

3. Funding Submission and Approval

- **Key Activities**
 - Prepare grant submission
 - Reconcile project scope, estimates, and funding split
 - Submit funding application to MRRG/MRWA
 - Obtain Council endorsement where required
- **Key Controls**
 - Executive review of submission accuracy



- Financial reconciliation prior to submission
- Verification of project scoring and assumptions
- Version control maintained
- **Required Documentation**
 - Grant Submission
 - Funding Breakdown
 - Approval Minutes
 - Supporting Calculations
 - Version Register
- 4. Project Delivery and Financial Management**
 - **Key Activities**
 - Procure contractors and award contracts
 - Deliver project works
 - Monitor budget, scope, milestones, and risks
 - Track all project expenditure at project level
 - Undertake monthly financial reconciliation
 - **Key Controls**
 - Dedicated project cost codes
 - Monthly budget vs actual reporting
 - Mandatory variation register
 - Stage gate reviews for major milestones
 - Financial oversight by Finance Business Partner
 - **Required Documentation**
 - Approved Budget
 - Procurement Documentation
 - Contract Variations Register
 - Monthly Financial Reports
 - Project Progress Reports
 - Risk and Issues Register
- 5. Variation Management and Escalation**
 - **Key Activities**
 - Identify scope, cost, or schedule variations
 - Assess impact against approved funding scope
 - Escalate material variations
 - Seek approval from MRRG/MRWA where required
 - **Key Controls**
 - Mandatory variation assessment template
 - Defined escalation thresholds
 - Formal approval prior to commitment of expenditure
 - Funding body notification requirements embedded
 - **Required Documentation**
 - Variation Requests
 - Cost Impact Assessment
 - Funding Impact Assessment
 - Approval Records
 - Stakeholder Communications
- 6. Project Reporting and Governance Oversight**
 - **Key Activities**
 - Quarterly reporting to Council
 - Monthly reporting to Executive
 - Monitor project KPIs and funding compliance
 - Report exceptions and emerging risks
 - **Key Controls**



- Standardised reporting templates
 - PMO oversight and challenge function
 - Exception reporting for cost/scope deviations
 - Independent review of high-risk projects
 - **Required Documentation**
 - Quarterly Project Reports
 - Dashboard Reporting
 - Exception Reports
 - Governance Meeting Minutes
- 7. Project Completion and Acquittal**
- **Key Activities**
 - Finalise project expenditure
 - Reconcile approved funding vs actual expenditure
 - Prepare Certificate of Completion
 - Submit acquittal documentation to MRRG/MRWA
 - **Key Controls**
 - Finance validation of expenditure
 - Reconciliation of eligible/ineligible costs
 - Audit trail verification
 - Executive sign-off prior to submission
 - **Required Documentation**
 - Final Cost Reconciliation
 - Certificate of Completion
 - Acquittal Documentation
 - Supporting Financial Records
 - Lessons Learned Report.



6. OVERALL COMMENTS

City of Cockburn - Management Comments

Management supports the recommendations.

The future of project management requires a project governance framework with consistent reporting the Executive Leadership Team and Council. Consistent approaches and improved reporting will improve grant compliance, acquittal and risk mitigation measures. The recommendations will further improve comprehension of the MRRG guidelines and policies as projects are planned and scoped for delivery by Project Managers along with appropriate training and system configuration to maintain compliance.

The project management framework is currently being progressed with the commencement of the Service Manager Organisational Capability and Performance, May 2026. The determination to progress either of the project management standard technology platforms - Project Management Body of Knowledge (PMBOK) or Projects In Controlled Environment, (PRINCE2) will enable a consistent practice that can be applied across the organisation in accordance with the Findings of the Project Management Audit.

Stantons - Audit Management Comments

We acknowledge the management comments from the City of Cockburn. We also note the management actions. We would like to thank the City's staff for all their assistance with the audit.

City of Cockburn Management Overview:

During the period covered by the audit there was turnover both at the senior leadership level, and at the level of officer responsible for delivering project and grant management. This makes it difficult to assign leadership accountability for project governance at relevant times during the project. The project was also being implemented after the COVID-19 pandemic during a period of rapid delivery of grant funding from the State and Federal Government. This contributed to project intensification and escalating costs in project delivery.

The audit provides valuable insight to ensure that project and grant leadership accountability is embedded within the proposed Project Governance Framework.



7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Extreme	The finding poses a severe risk to CoC if not appropriately and timely addressed.	Commence remedial action immediately
High	The finding poses significant risk to CoC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to CoC if not appropriately and timely addressed.	Commence remedial action within 6 months
Low	The finding poses minimal risk to CoC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

DISCLAIMER

This report is prepared for CoC’s internal use and may be shared with its auditors and professional advisors for internal use. Copying and distribution of this report to other parties should not be done without prior approval and consent from Stantons.

BASIS OF AUDIT

We have conducted our audit in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing. The content of this report therefore represents the independent view by Stantons purely based on the information provided by CoC members of staff during audit fieldwork. Changes to the contents of the report without Stanton’s involvement will render all contents less “independent” and unrepresentative of Stanton’s position with regards to the contents contained therein.

INHERENT LIMITATIONS

Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.


An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Liability limited by a scheme approved under Professional Standards Legislation.

Report Release

Released by (Name): James Cottrill
Title: Principal, Internal Audit, IT Audit & Risk Consulting

Signature: 
Date: 12 May 2026



8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE HOW THE CITY APPEARED TO NOT INFORM AND / OR PROVIDE JUSTIFICATION TO MAIN ROADS WESTERN AUSTRALIA (MRD) THE METROPOLITAN REGIONAL ROAD GROUP (MRRG) OF A SIGNIFICANT VARIATION TO THE COCKBURN IMP PROJECT 21116389 HAMMOND ROAD – BRANCH CIRCUS TO BARTRAM ROAD (THE PROJECT), DESPITE MANY REQUESTS FOR 12 MONTHS TO THE CITY FROM MRD AND THE MRRG.

Overall Outcome	<p>The City did not adequately inform, update, or provide sufficient justification to Main Roads Western Australia (MRD) and the Metropolitan Regional Road Group (MRRG) regarding a significant increase in the total cost of the Hammond Road Project.</p> <p>The final project cost of approximately \$23.8 million exceeded the approved maximum of \$13.5 million by approximately \$10.2 million (76%). This also represents an increase of approximately 198% from the original estimate of \$8.0 million.</p> <p>Despite being aware of the cost escalation as early as September 2021, the City did not submit a revised proposal nor provided timely and adequate justification to MRRG, despite repeated requests of clarifications over a 12-month period.</p> <p>As a result, the project was assessed as non-compliant with MRRG funding requirements, reducing transparency and weakening stakeholder confidence in the City’s project governance and financial management practices.</p>
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Significant Cost Escalation without Further Submissions

The Hammond Road project was initially submitted on 10 September 2019 with an estimated cost of \$8.0 million. A revised submission on 22 May 2020 increased the estimated cost to \$13.5 million (68.75% increase), primarily driven by substantial increases in intersection upgrade costs.

Mid-block/Intersection	Initial Cost\$	Revised Cost\$	Increase Rate	Date
Branch Circus to Bartram Road	\$4.50M	\$5.27M	17.11%	May 2020
Intersection Hammond Rd/Hird Rd	\$1.30M	\$2.97M	128.46%	May 2020
Intersection Hammond Rd/Darlot Av/Carmel Way	\$1.10M	\$2.60M	136.36%	May 2020
Intersection Hammond Rd/Bartram RD	\$1.10M	\$2.66M	141.82%	May 2020
Total Project Cost	\$8.00M	\$13.50M	68.75%	May 2020

No further revised submissions were provided to the grant provider being Metropolitan Regional Road Group (MRRG) despite continued escalation. The Certificate of Completion submitted on 18 December 2024 reported a final cost of \$23.8 million. This represents:

- \$10.2 million above the approved funding cap; and
- A material deviation from the scope and assumptions underpinning the original approval.

Under expected funding governance practices, such a variation would require formal resubmission and approval. The City did not adequately inform, update, or provide sufficient justification to Main Roads Western Australia (MRD) and the Metropolitan Regional Road Group (MRRG) regarding a significant increase in the total cost of the Hammond Road Project. The final project cost of approximately \$23.8 million exceeded the approved maximum of \$13.5



million by approximately \$10.2 million (76%). This also represents an increase of approximately 198% from the original estimate of \$8.0 million.”

Failure to Notify and Escalate Known Variations

Council Meeting Minutes dated 9 September 2021 confirmed that the City was aware that the total project cost had increased to approximately \$22.6 million at that time and had endorsed this cost. The breakdown of costs is detailed below.

Project Management (inc. Tendering)	\$307,000
Concept and Detailed Design	\$70,000
Land Acquisition	\$1,181,000
Forward Works	\$2,340,550
Service Relocations	\$2,510,556
Road construction contract	\$14,064,607
Contingency	\$2,109,692
Works by Others (MRWA)	\$30,000
TOTAL:	\$22,613,405

The funding model for the construction of Hammond Road is detailed below.

MRRG (5132)	\$8,999,541
MRRG (5131)	\$408,760
Municipal (FY23)	\$3,000,000
RTR 2020/21	\$2,080,582
Road & Drainage Reserve	\$4,023,211
DCA1 (31/3/2021)	\$4,101,311
TOTAL:	\$22,613,405

Despite this:

- no formal notification was made to MRRG;
- no revised submission or approval was sought; and
- no documented escalation occurred.

MRRG formally queried the variation on 16 January 2025 following submission of the Certificate of Completion. This indicates a failure of key project governance controls, including:

- cost monitoring and forecasting;
- escalation of material variance
- potential incorrect interpretation of the applicable total project cost under the MRWA guidelines; and
- compliance with funding body notification requirements.

Inadequate Cost Estimation and Financial Accuracy

The review identified weaknesses in cost estimation and financial controls, including:

- a \$521K summation error in the revised submissions;
- significant increases in individual cost components (e.g., intersection costs increasing by over 120% - 140%); and
- final costs significantly exceeding both initial and revised estimates.



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	MRWA Grant Submission(22 May 2020)	MRWA Grant Submission with adjusted Contingency (inc)	Construction Costs as considered in Grant Expenditure
Item	TOTAL	TOTAL	TOTAL
Road Construction	\$ 3,310,591.89	\$ 3,187,577.80	\$ 4,791,567.92
Footpath Construction	\$ 277,430.10	\$ 267,121.42	\$ 582,874.50
Drainage	\$ 866,332.16	\$ 834,141.22	\$ 1,520,426.53
Walls & Fences	\$ 2,222,990.00	\$ 2,140,388.73	\$ 2,020,900.00
Extra Costs	\$ 7,343,644.00	\$ 7,070,770.83	\$ 4,582,347.14
Total	\$ 14,020,988.15	\$ 13,500,000.00	\$ 13,498,116.09
# Error Adjustment	\$ 520,988.15		
Total Project Cost	\$ 13,500,000.00		\$ 13,498,116.09

These issues potentially indicate:

- insufficient validation and review of cost estimates;
- lack of independent challenge or assurance; and
- absence of robust cost forecasting throughout the project lifecycle.

Misalignment between Approved Scope and Final Expenditure

As per the State Road Funds to Local Government Procedures, it specifies that on completion of the project the Local Government shall provide a Certificate of to the Secretariat. This must include an accurate final cost, including expenditure detail as included in the original funding request. The Chief Executive Officer and the Works Supervisor/Engineer must co-sign this certificate prior to the balance of the funds being released to the Local Government.

Analysis of Council records and funding breakdowns identified inconsistencies between:

- the project scope and cost components submitted to MRRG; and
- the final expenditure reported in the Certificate of Completion.

For example:

- certain cost categories (e.g., project management and tendering costs) were included in final expenditure but not clearly aligned with the approved submission;
- the Certificate of Completion did not clearly distinguish eligible versus ineligible costs; and
- no reconciliation was provided explaining the variance between approved and actual costs.

This limits transparency and prevents validation of whether the funding was used in accordance with the approved scope.

Inadequate Supporting Documentation and Audit Trail

The City advised that it was difficult to provide auditable cost breakdowns due to how the project had been transacted and accounted for.

As a result, cost allocations were reconstructed retrospectively through engineering assessments and supporting documentation did not provide a clear audit trail from source transactions to reported totals.

This reflects weakness in the financial record-keeping and project-level cost tracking. Consideration could be given to having a process map for these types of projects.



<p>Business Improvement Suggestion 1</p>	<p>The City may wish to consider a process map as follows:</p> <ol style="list-style-type: none"> 1. Project Initiation and Strategic Assessment <ul style="list-style-type: none"> • Key Activities <ul style="list-style-type: none"> ○ Identify project need and strategic alignment ○ Define preliminary scope, objectives, and expected outcomes ○ Undertake initial feasibility assessment ○ Confirm funding eligibility requirements (e.g. MRRG/MRWA) ○ Assign Project Sponsor and Project Manager ○ Establish preliminary risk assessment • Key Controls <ul style="list-style-type: none"> ○ Formal Project Initiation Document (PID) ○ Executive approval to proceed ○ Funding criteria checklist completed ○ Project classification and governance pathway determined • Required Documentation <ul style="list-style-type: none"> ○ Business Case ○ Preliminary Cost Estimate ○ Funding Eligibility Assessment ○ Risk Register ○ Governance Structure 2. Concept Design and Cost Estimation <ul style="list-style-type: none"> • Key Activities <ul style="list-style-type: none"> ○ Undertake concept and detailed design ○ Conduct site investigations and service authority engagement ○ Identify land acquisition and utility relocation requirements ○ Prepare detailed cost estimate including contingencies ○ Identify scope assumptions and exclusions • Key Controls <ul style="list-style-type: none"> ○ Independent review of cost estimates for major projects ○ Mandatory contingency thresholds ○ Validation of assumptions by Finance and Engineering ○ Formal sign-off of estimates prior to grant submission • Required Documentation <ul style="list-style-type: none"> ○ Design Drawings ○ Quantity Estimates ○ Cost Estimate Worksheets ○ Contingency Assessment ○ Service Authority Advice ○ Scope Assumptions Register 3. Funding Submission and Approval
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	<ul style="list-style-type: none"> • Key Activities <ul style="list-style-type: none"> ○ Prepare grant submission ○ Reconcile project scope, estimates, and funding split ○ Submit funding application to MRRG/MRWA ○ Obtain Council endorsement where required • Key Controls <ul style="list-style-type: none"> ○ Executive review of submission accuracy ○ Financial reconciliation prior to submission ○ Verification of project scoring and assumptions ○ Version control maintained • Required Documentation <ul style="list-style-type: none"> ○ Grant Submission ○ Funding Breakdown ○ Approval Minutes ○ Supporting Calculations ○ Version Register <p>4. Project Delivery and Financial Management</p> <ul style="list-style-type: none"> • Key Activities <ul style="list-style-type: none"> ○ Procure contractors and award contracts ○ Deliver project works ○ Monitor budget, scope, milestones, and risks ○ Track all project expenditure at project level ○ Undertake monthly financial reconciliation • Key Controls <ul style="list-style-type: none"> ○ Dedicated project cost codes ○ Monthly budget vs actual reporting ○ Mandatory variation register ○ Stage gate reviews for major milestones ○ Financial oversight by Finance Business Partner • Required Documentation <ul style="list-style-type: none"> ○ Approved Budget ○ Procurement Documentation ○ Contract Variations Register ○ Monthly Financial Reports ○ Project Progress Reports ○ Risk and Issues Register <p>5. Variation Management and Escalation</p> <ul style="list-style-type: none"> • Key Activities <ul style="list-style-type: none"> ○ Identify scope, cost, or schedule variations ○ Assess impact against approved funding scope ○ Escalate material variations ○ Seek approval from MRRG/MRWA where required • Key Controls <ul style="list-style-type: none"> ○ Mandatory variation assessment template
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	<ul style="list-style-type: none"> ○ Defined escalation thresholds ○ Formal approval prior to commitment of expenditure ○ Funding body notification requirements embedded ● Required Documentation <ul style="list-style-type: none"> ○ Variation Requests ○ Cost Impact Assessment ○ Funding Impact Assessment ○ Approval Records ○ Stakeholder Communications <p>6. Project Reporting and Governance Oversight</p> <ul style="list-style-type: none"> ● Key Activities <ul style="list-style-type: none"> ○ Quarterly reporting to Council ○ Monthly reporting to Executive ○ Monitor project KPIs and funding compliance ○ Report exceptions and emerging risks ● Key Controls <ul style="list-style-type: none"> ○ Standardised reporting templates ○ PMO oversight and challenge function ○ Exception reporting for cost/scope deviations ○ Independent review of high-risk projects ● Required Documentation <ul style="list-style-type: none"> ○ Quarterly Project Reports ○ Dashboard Reporting ○ Exception Reports ○ Governance Meeting Minutes <p>7. Project Completion and Acquittal</p> <ul style="list-style-type: none"> ● Key Activities <ul style="list-style-type: none"> ○ Finalise project expenditure ○ Reconcile approved funding vs actual expenditure ○ Prepare Certificate of Completion ○ Submit acquittal documentation to MRRG/MRWA ● Key Controls <ul style="list-style-type: none"> ○ Finance validation of expenditure ○ Reconciliation of eligible/ineligible costs ○ Audit trail verification ○ Executive sign-off prior to submission ● Required Documentation <ul style="list-style-type: none"> ○ Final Cost Reconciliation ○ Certificate of Completion ○ Acquittal Documentation ○ Supporting Financial Records ○ Lessons Learned Report
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Failure to Provide Justification Despite Repeated Requests



MRRG formally requested justification for the cost variation over a 12-month period. However, the City did not provide sufficient detail to:

- explain the drivers of the \$10.2 million cost increase;
- demonstrate alignment with the approved project scope; or
- support the validity of the original project scoring and prioritisation.

While external factors (e.g., COVID-19, economic conditions, and staff turnover) were acknowledged, these were not supported by detailed analysis or quantification.

Funding Compliance Outcome and Stakeholder Impact

Due to the lack of justification and the extent of the cost overrun:

- the project was deemed non-compliant with the maximum allowable project cost; and
- funding eligibility was challenged by MRRG.

Although recovery of funds was considered, it was not pursued given the project had been completed and recovery was considered disproportionate. MRRG have withheld the last payment of the Project in accordance with the funding agreement, meaning the cost of \$600K was borne by the City.

Nonetheless, MRRG expressed concern regarding the City's inability to provide a reasonable and timely explanation, indicating reduced confidence in the City's governance and financial management practices.

Underlying Project Governance Weaknesses

The issues identified are consistent with broader weaknesses identified in the City's project management review conducted previously, including:

- The City's Project Management Framework (PMF) was formally endorsed by the Executive Leadership Team in December 2021 as part of a five-year implementation program, which included a planned beta-testing phase, incorporating the framework document and the associated suite of templates. However, feedback indicated that many project managers and officers were unaware of the framework's existence, suggesting that it is not readily accessible or embedded within the City. It does not reflect current governance arrangements, aligns to technology platforms, nor references best practice project management standards e.g. Project Management Body of Knowledge (PMBOK), and PRojects IN Controlled Environment, (PRINCE2).
- Project management practices are applied inconsistently across the organisation. Different business areas (e.g. building, roads, infrastructure, IT) use varying tools and documentation approaches, resulting in inconsistent quality and governance of project delivery. While TechOne PPM is used for some capital projects, its adoption and use are not standardised across all directorates. In several cases, project management documentation is maintained manually or through ad hoc systems. This inconsistency results in varied levels of visibility and control over project progress, risks, and outcomes.
- The PMO currently has limited capability and resourcing (1.0 FTE PMO Manager) and does not effectively perform its intended governance and oversight role. It is not fully independent from delivery teams, limiting its ability to enforce standards and provide objective assurance.
- Weak governance controls and absence of enforced deadlines throughout the project lifecycle. Steering Committees and oversight groups are not consistently established or maintained, and project roles (including sponsors and managers) are not always clearly accountable for outcomes. It was advised that a Project Board was recently established for project management which comprised cross functional representation



to ensure that broader organisational interests were incorporated into key decision making.

- City’s Project Management Framework does not align to best practice such as PRINCE2 or PMBOK as do the City of Canning or City of Wanneroo. The framework has no formal review process, is not consistently applied, provides limited guidance and does not clearly mandate a records management protocol.
- Resourcing of project management has improved but there are some gaps in terms of specialist knowledge and the proposed positioning of the PMO may lack independence if it is a governance function.

Finding 1	<p>The City did not have effective controls in place to manage project cost escalation, ensure timely communication with funding bodies, and maintain adequate financial records. Specifically, the City:</p> <ul style="list-style-type: none"> • did not notify MRRG of a material project variation in a timely manner; • did not seek approval for significant increases in project cost; • was unable to provide sufficient and auditable justification for the variation; and • did not ensure alignment between approved funding scope and actual expenditure.
Risk	<ul style="list-style-type: none"> • Breach of MRRG funding conditions and requirements • Significant cost overruns and inefficient use of public funds • Reduced confidence from MRWA, MRRG, and other stakeholders • Weak oversight and accountability increasing likelihood of recurrence • Inadequate records and reporting impacting transparency and auditability.
Risk Rating	Moderate
Recommendation 1	<p>The City should strengthen its project governance, financial management, and funding compliance processes to ensure effective oversight and management of capital projects. This should include:</p> <ul style="list-style-type: none"> • Establishing formal requirements for timely notification and approval of material project variations • Implementing robust cost estimation, validation, and reforecasting processes • Ensuring clear alignment and reconciliation between approved funding scope and actual expenditure • Strengthening financial record-keeping to maintain a complete and auditable project cost trail with responsibility allocated to Finance • Finalising and embedding a standardised Project Management Framework aligned with recognised standards (e.g. PRINCE2 or PMBOK) • Enhancing PMO capability, independence, and oversight to enforce governance controls and provide assurance.



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<p>Management Comment</p>	<p>The project management framework is currently being progressed with the commencement of the Service Manager Organisational Capability and Performance, May 2026.</p> <p>The determination to progress either of the project management standard technology platforms - Project Management Body of Knowledge (PMBOK) or Projects In Controlled Environment, (PRINCE2) will enable a consistent practice that can be applied across the organisation in accordance with the Findings of the Project Management Audit.</p> <p>The Project Governance Framework will deliver each of the processes included in this recommendation by March 2027 consistent with the timeframe adopted in the Project Management Audit.</p>
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8.2 REVIEW HOW PREVIOUSLY THE CITY HAS MANAGED AND ACQUITTED MRD GRANTS INCLUDING MANAGEMENT OF PROJECT VARIATIONS WITH MRD.

Overall Outcomes	<p>The City has established processes for monitoring and reporting MRRG-funded projects, including periodic reporting to Council and internal oversight mechanisms. However, these processes are not consistently applied or sufficiently robust to ensure effective cost estimation, project acquittal, and management of project variations.</p> <p>While governance structures (e.g. reporting cycles and delegated authorities) are in place, weaknesses were identified in cost estimation practices, documentation, consistency of reporting, and transparency of acquittal processes. These weaknesses reduce the City's ability to demonstrate compliance with MRRG funding requirements and increase the risk of material project cost variations not being appropriately identified, managed, or communicated.</p>
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Project Monitoring and Reporting Framework

The City performs:

- Quarterly formal reporting to Council through Corporate Business Plan updates; and
- Monthly informal reporting to the Executive Team.

Projects are also managed on an exception basis, requiring explanation and corrective action where deviations exceed approved tolerances.

In addition, the City maintains a Quarterly MRRG Project Milestone and Status Report to track funded projects. However, it was noted that:

- the format and naming of this report have changed across financial years (2021/22–2023/24); and
- the report appears primarily focused on funding received vs outstanding, rather than comprehensive tracking of project performance, risks, and variations.

This limits its effectiveness as a governance and oversight tool.

Weaknesses in Cost Estimation Practices

Review of the grant estimation process identified several deficiencies:

- Underestimation of key cost components, particularly:
 - earthworks (significant level changes of 0m–3m not fully accounted for);
 - asphalt (not fully included or incorrectly recorded);
- Lack of supporting documentation for detailed cost estimates;
- Insufficient contingency allowance, with approximately 6% applied despite documentation indicating 10%, and industry expectations suggesting higher allowances (e.g. 10–15% for complex infrastructure works);
- Failure to account for key project complexities, including:
 - land acquisition impacts on design accuracy;
 - level differences across newly acquired land;
 - complexity of traffic management and retaining structures;
- Omission of scope elements, including:
 - asphalt works for mid-block sections;
 - noise wall requirements due to property subdivision; and
 - service authority costs (e.g. ATCO Gas, TPG, Water Corporation upgrades).



A recalculation based on identified omissions suggests that the project estimate could have been significantly higher (approximately \$23.9 million), indicating that the original and revised estimates were not sufficiently robust.

Variations Between Grant Estimates, Tender, and Final Costs

Significant discrepancies were identified between:

- grant estimates;
- tendered costs; and
- final project costs.

Contributing factors include:

- underestimation of major cost components;
- scope changes and omissions; and
- lack of allowance for price escalation over a multi-year delivery period (3 years).

This indicates that cost estimation processes did not adequately consider:

- project lifecycle duration;
- market conditions; and
- inflationary pressures.

Project Acquittal and Transparency Issues

Three (3) progress payment claims submitted to MRRG referenced the approved project allocation of \$13.5 million. However, the final claim reflected a total project cost of approximately \$23.7 million.

While the funding split remained capped at \$9.0 million (State) and the balance funded by the City, the acquittal process:

- did not clearly explain the increase in total project cost;
- did not reconcile actual expenditure against approved funding scope; and
- lacked transparency regarding the drivers of cost overruns.

This reduces the ability of MRRG to assess compliance with funding conditions.

Financial Management and Cost Allocation Practices

Finance advised that:

- project costing is based on hourly charge-out rates including overheads;
- rates are periodically reviewed and adjusted; and
- full cost allocation is applied at year-end.

However:

- inconsistencies were identified in the application and understanding of project management cost allocations;
- a flat percentage allocation (e.g. 3%) may not reflect actual project effort, particularly for smaller projects; and
- underbudgeting of project management costs requires retrospective budget adjustments.

While not within the direct scope of this audit, these inconsistencies may contribute to inaccuracies in project cost estimation and reporting.

Variation Management and Delegations

The City has defined delegation thresholds for approving project variations:

- Project Managers – minor variations (e.g. up to ~\$90,000);
- Program Managers – higher thresholds with consultation;



- Executive / Council – major variations (e.g. >\$250,000 or significant delays).

These thresholds are broadly aligned with standard contract frameworks (e.g. AS2124, AS4000).

However, the effectiveness of these controls is dependent on:

- accurate identification of variations;
- timely escalation; and
- proper documentation and reporting.

As discussed in Section 8.1, these controls were not effectively applied in practice for significant project variations.

Leadership Accountabilities

The organisational structure changed over the timeline of the Hammond Road project was detailed in the Appendix. The numerous changes in leadership and accountability may have potentially impacted the project due to differing levels of handover between each accountable leader. However, there was insufficient audit evidence to fully conclude on this.

<p>Finding 2</p>	<p>While the City has established processes for project monitoring, reporting, and variation approval, these are not consistently applied or sufficiently robust to ensure accurate cost estimation, transparent acquittal, and effective management of project variations. Specifically:</p> <ul style="list-style-type: none"> • cost estimation practices are not sufficiently detailed or validated; • project reporting does not consistently capture performance, risks, and variations; • acquittal processes lack transparency and reconciliation to approved funding scope; and • variation management controls are not consistently applied in practice.
<p>Risk</p>	<ul style="list-style-type: none"> • Inability to demonstrate adherence to MRRG funding requirements • Inaccurate cost estimates leading to budget overruns and funding gaps • Ineffective monitoring and oversight of capital projects • Reduced confidence from funding bodies and stakeholders • Inconsistent practices leading to inefficiencies and control gaps.
<p>Risk Rating</p>	<p>Moderate</p>
<p>Recommendation 2</p>	<p>The City should strengthen its processes for managing and acquitting MRRG-funded projects to ensure accuracy, consistency, and transparency. This should include:</p> <ul style="list-style-type: none"> • Enhancing cost estimation methodologies, including validation, documentation, and appropriate contingency allowances • Standardising project reporting to include clear tracking of scope, cost, risks, and variations



	<ul style="list-style-type: none"> • Improving acquittal processes to ensure full reconciliation between approved funding scope and actual expenditure with responsibility allocated to Finance • Strengthening variation management practices, including documentation, escalation, and compliance with approval thresholds • Ensuring all relevant costs (including service authorities, land impacts, and lifecycle factors) are incorporated into project planning • Reviewing and clarifying project cost allocation methodologies to ensure consistency and transparency.
Management Comment	<p>The project management framework is currently being progressed with the commencement of the Service Manager Organisational Capability and Performance, May 2026.</p> <p>The processes for MRRG funded projects can be included in the roll out of the Project Governance Framework to ensure that there is enhanced estimates, standardised reporting and improved acquittal processes, with associated documentation.</p> <p>The Project Governance Framework will deliver each of the processes included in this recommendation by June 2027 consistent with the timeframe adopted in the Project Management Audit.</p>



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10.APPENDIX

Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
Apr 2019		CEO	Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			
May 2019	Original MRRG Submission (\$8.0M)	CEO	Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			
Aug 2019		CEO	Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			
Sep 2019	Original MRRG Submission Queries Response	CEO	Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			



Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
Oct 2019		CEO	Acting Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			
Apr 2020		Acting CEO	Acting Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			
May 2020	Revised MRRG Submission	Acting CEO	Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
May 2020	Revised MRRG Submission Letter (\$13.5M)	Acting CEO	Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			
Jun 2020		Acting CEO	Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			
Jul 2020		Acting CEO	Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			
Aug 2020	MRRG 1st Grant Received (\$3.0M)	Acting CEO	Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
			Director Engineering and Works			
Sep 2020	Media Release (\$15.0M)	Acting CEO	Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			
Oct 2020		Acting CEO	Director Finance and Corporate Services	Manager Engineering	Project & Asset Services Manager	
			Director Engineering and Works			
Apr 2021		CEO	Acting Chief Financial Officer	Manager Engineering	Project & Asset Services Manager	
			Acting Chief of			



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
			Operations			
May 2021	Revised MRRG Submission	CEO	Acting Chief Financial Officer	Manager Engineering	Project & Asset Services Manager	
			Acting Chief of Operations	Manager Engineering		
Jun 2021	Access to RTR Web and Program Management (\$13.5M)	CEO	Acting Chief Financial Officer	Manager Engineering	Services Manager	
			Acting Chief of Operations			
Jun 2021	New MMRG Program Manager – Anton Lees	CEO	Acting Chief Financial Officer	Manager Engineering	Project & Asset Services Manager	
			Acting Chief of Operations			



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
Jul 2021		CEO	Acting Chief Financial Officer		Project & Asset Services Manager	
			Chief of Operations			
Aug 2021		CEO	Acting Chief of Finance		Project & Asset Services Manager	
			Chief of Operations			
Sep 2021	Council Agenda Item \$14M (\$1M + \$3M 2023)	CEO	Chief Financial Officer		Project & Asset Services Manager	
			Chief of Operations			



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
Sep 2021	Adopted Officer Report to Council -Cost breakdown \$22M	CEO	Chief Financial Officer		Project & Asset Services Manager	
			Chief of Operations			
Oct 2021		CEO	Chief Financial Officer		Project & Asset Services Manager	
			Chief of Operations			
Nov 2021		CEO	Chief Financial Officer		Project & Asset Services Manager	
			Chief of Operations			



Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
Dec 2021	Quarterly Expenditure Report	CEO	Chief Financial Officer		Project & Asset Services Manager	
			Chief of Operations			
Dec 2021	Noise Report Lloyd George Acoustics	CEO	Chief Financial Officer		Project & Asset Services Manager	
			Chief of Operations			
Dec 2021	Quarterly Expenditure Report	CEO	Chief Financial Officer		Project & Asset Services Manager	
			Chief of Operations			



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
Jan 2022		CEO	Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Feb 2022		CEO	Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Mar 2022	MMRG Program of Work – Update Request	CEO	Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Mar 2022	Project updates following meeting with MRRG	CEO	Chief Financial Officer	Head Of Projects		
			Chief of Operations			



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
Mar 2022	Fallout on CoC Grant following MRRG meeting	CEO	Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Mar 2022	Quarterly Expenditure Report	CEO	Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Apr 2022		CEO	Chief Financial Officer	Head Of Projects		
			Chief of Operations			
May 2022		CEO	Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Jun 2022	2nd Grant Payment Received (\$3.0M)	CEO	Chief Financial Officer	Head Of Projects		
			Chief of Operations			



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
Jul 2022		CEO	Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Nov 2022		Acting CEO	Chief Financial Officer	Head Of Projects		
			Acting Chief of Operations			
Dec 2022	Quarterly Expenditure Report (45% Completion)	Acting CEO	Acting Chief Financial Officer	Head Of Projects		
			Acting Chief of Operations			
Jan 2023		Acting CEO	Acting Chief Financial Officer	Head Of Projects		
			Acting Chief of Operations			
Feb 2023		Acting CEO	Acting Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Mar 2023	Quarterly Expenditure Report (\$13.5M)	Acting CEO	Acting Chief Financial Officer	Head Of Projects		



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
			Chief of Operations			
Apr 2023	3rd Grant Payment Received (\$2.4M)	Acting CEO	Acting Chief Financial Officer	Head Of Projects		
			Chief of Operations			
May 2023		Acting CEO	Acting Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Jun 2023		Acting CEO	Acting Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Jul 2023	Quarterly Expenditure Report	Acting CEO	Acting Chief Financial Officer	Head Of Projects		
			Chief of Operations			



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
Aug 2023		Acting CEO	Acting Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Sep 2023	Quarterly Expenditure Report	Acting CEO	Acting Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Nov 2023		CEO	Acting Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Dec 2023	Quarterly Expenditure Report	CEO	Acting Chief Financial Officer	Head Of Projects		
			Chief of Operations			



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
Jan 2024		CEO	Acting Chief Financial Officer	Head Of Projects		
			Chief of Operations			
Feb 2024		CEO	Acting Chief Financial Officer	Head Of Projects		Manager Transport and Traffic
			Acting Chief of Operations			
Apr 2024	Final Claim – Certificate of Completion Invoice not received – please explain 75% increase	CEO	Acting Chief Financial Officer	Head Of Projects		Manager Transport and Traffic
			Acting Chief of Operations			
May 2024		CEO	Acting Director Corporate and System Services	Head Of Projects		Manager Transport and Traffic
			Acting Director Infrastructure Services			
Jun 2024	Will investigate and respond – possible prefunding and exclusions	CEO	Acting Director Corporate and System Services	Head Of Projects		Manager Transport and Traffic
			Acting Director			



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
			Infrastructure Services			
Jul 2024		CEO	Acting Director Corporate and System Services	Head Of Projects		Manager Transport and Traffic
			Acting Director Infrastructure Services			
Nov 2024		CEO	Director Corporate and System Services	Head Of Projects		Manager Transport and Traffic
			Director Infrastructure Services			
Dec 2024	Final claim – Revised Certificate of Completion	CEO	Director Corporate and System Services	Head Of Projects		Manager Transport and Traffic
			Director Infrastructure Services			
Jan 2025		CEO	Director Corporate and System Services	Head Of Projects		Manager Transport and Traffic



Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
			Director Infrastructure Services			
Feb 2025	Errors in how the project has been transacted – communicated to MRWA	CEO	Director Corporate and System Services	Head Of Projects		Manager Transport and Traffic
			Director Infrastructure Services			
Mar 2025		CEO	Director Corporate and System Services		Service Manager Traffic and Major Projects	Manager Transport and Traffic
			Director Infrastructure Services			
Apr 2025	Revised Certificate of Completion	CEO	Director Corporate and System Services		Service Manager Traffic and Major Projects	Manager Transport and Traffic
			Director Infrastructure Services			
May 2025		CEO	Director Corporate and System Services		Service Manager Traffic and Major Projects	



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Date	Timeline – according to GFG Report	Chief Executive Officer	Executive Level	Group Manager Level	Service Manager Level	Service Lead Level
			Director Infrastructure Services			
Jun 2025	Retention of \$600k (Project cost \$23.7M)	CEO	Director Corporate and System Services		Service Manager Traffic and Major Projects	
			Director Infrastructure Services			

Declaration of Interest

Type of Interest	Nature of Interest
Ms S Zulsdorf declared an Impartiality Interest, pursuant to Regulation 22 of the Local Government (Model Code of Conduct) Regulations 2021 for Item 11.1.3.	The nominated Internal Auditor is an Internal Auditor on a number of other Audit Risk and Improvement Committees of which I am a member.

11.1.3 (2026/MINUTE NO 0006) RFQ01/2026 Appointment of Auditor - Internal Audits and Development of Internal Audit Plan

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	<ol style="list-style-type: none"> 1. City of Cockburn Internal Audit Plan 2024-2026 ↓ 2. Summary of Evaluation Process – Selection of Successful Submission for RFQ01/2026 ‘Appointment of Auditor- Internal Audits and Development of Internal Audit Plan’ (Confidential)

Committee Recommendation

MOVED Deputy Mayor P Corke SECONDED Cr H Srhoy

That Council ENDORSES the tender submission from William Buck Consulting (WA) Pty Ltd for RFQ01/2026 ‘Appointment of Auditor – Internal Audits and Development of Internal Audit Plan’, for a period of two (2) years from the date of Contract Award, with City of Cockburn instigated options to extend the period for a subsequent twelve (12) months after that, to a maximum of three (3) years.

CARRIED 8/0

Background

At its 20 May 2025 meeting, the City’s Audit Risk and Compliance Committee (ARC) of the City of Cockburn (the City) endorsed the approach to be undertaken by the City in relation to its City of Cockburn Internal Audit Plan 2024-2026 (Audit Plan) and supported a formal procurement process for delivery of internal audit services (2025/Minute No 0016). The Audit Plan is presented to this report (refer Attachment 1).

This report informs the City’s Audit Risk and Compliance Improvement Committee (ARIC) of the procurement process undertaken by the City and its outcome, specifically the selection of William Buck Consulting (WA) Pty Ltd (William Buck) as the successful service provider for the ‘Appointment of Auditor – Internal Audits and Development of Internal Audit Plan’.

Submission

N/A

Report

Through the release on 22 January 2026 of RFQ01/2026 'Appointment of Auditor – Internal Audits and Development of Internal Audit Plan', the City invited suitably qualified and experienced service providers to provide services as an internal auditor to the City.

RFQ01/2026 required an audit service provider to deliver two audits remaining in the City's current Internal Audit Plan, provide advice to draft a new Internal Audit Plan including reviewing the City's audit log, and provide an audit service to complete the new internal audit.

11 suitably qualified and experienced service providers were invited and four quotes were received.

Attachment 2 to this report summarises the process undertaken by a selection panel in evaluating all quotes submitted against a weighed selection criteria. The selection panel by consensus agreed that the submission from William Buck achieved the highest overall score and demonstrated:

- Extensive and directly relevant local government experience
- Strong and suitably qualified resources
- A robust, risk-based and contemporary audit methodology
- Alignment with sustainability and responsible business practices
- A strong local presence and understanding of the WA local government environment.

Therefore, it is recommended that Council appoint William Buck as the City's Internal Auditor for the provision of internal audit services and the development of the Internal Audit Plan, for the specified contract term, subject to finalisation of contractual arrangements.

This recommendation is based on William Buck having demonstrated experience in performing this type of work at other organisations, including at other local governments within Western Australia.

Strategic Plans/Policy ImplicationsOur Governance

Transparent leadership that listens, communicates openly and plans for a sustainable future.

- Facilitate transparent and accountable governance for today and tomorrow. Strive for financial sustainability and operational excellence.

Budget/Financial Implications

The engagement of the recommended audit firm can be accommodated through existing budget.

Legal Implications

Local Government (Audit) Regulations 1996 r17 CEO to review certain systems and procedures.

Community Consultation

N/A

Risk Management Implications

Audit oversight and review is a function of the ARIC. The ARIC is required to review the City's Internal Audit Plan as part of the City's risk management practices to support continuous improvement.

This report details improvements to the City's risk management reporting practices

Advice to Proponent(s)/Submitters

N/A

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

Nil

City of Cockburn Internal Audit Plan 2024-2026 (Revised – 19 March 2024 Audit, Risk and Compliance Committee Meeting)

Function/Process/Activity	Reason	Likelihood	Consequence	Risk	Audit Scope – to be refined in partnership with the Auditor	Organisational Context	2024	2025	2026
<p>1. Procurement</p> <p>Corporate and Systems Services – Strategic Procurement</p> <p><u>ELT member:</u> Director Corporate and System Services;</p> <p><u>Responsible Person:</u> Chief Financial Officer]</p>	<p>Ensuring Value for Money: The City is entrusted with public funds, and procurement is often a significant area of expenditure. An audit helps ensure these funds are used effectively and efficiently to acquire goods and services that meet the needs of the community at a fair price.</p> <p>Promoting Transparency and Accountability: Public trust is essential for the City. An audit fosters transparency by scrutinizing procurement practices and revealing any potential irregularities or non-compliance with regulations. This promotes accountability and helps ensure public funds are used ethically and for intended purposes.</p> <p>Identifying and Mitigating Risks: Procurement processes can be complex and susceptible to various risks, such as fraud, corruption, or errors in judgment. An audit can identify these risks, assess their likelihood, and impact, and recommend strategies to mitigate them, safeguarding public funds and ensuring the integrity of the procurement process.</p> <p>Enhancing Efficiency and Effectiveness: An audit can identify areas where procurement procedures can be streamlined or improved, potentially leading to cost savings and increased efficiency. It can also evaluate the effectiveness of procurement strategies in achieving desired results and suggest improvements for better alignment with the City's objectives.</p> <p><i>Linked to Strategic Community Plan 2020-2030, Strategic Outcomes and Objectives; Listening and Leading – A community focused, sustainable, accountable, and progressive organisation.</i></p> <p><i>Strategic Objectives – 5.1 Best practice Governance, partnerships, and value for money. Measurements – Improved satisfaction with the City's Governance and financial sustainability</i></p> <p><i>Local Government Act 1995</i> <i>Local Government (Functions and General) Regulations 1996.</i></p>	Possible 3	Minor 2	Moderate 6	<p>Contract Formation and Award: Adherence to established procurement policies and procedures in the formation and award of contracts. Review of tender documentation and evaluation processes to ensure compliance with regulations and fairness. Assessment of contract award decisions and justifications for chosen suppliers.</p> <p>Contract Management: Effectiveness of contract management practices.</p> <p>Contract Variations and Extensions: Review of the process for authorising contract variations and extensions.</p> <p>Contractual Dispute Resolution: Effectiveness of mechanisms for resolving disputes arising from contracts.</p> <p>Contract Close-out and Post-Contract Review: Review of contract close-out procedures.</p> <p>Training and Awareness: Availability and effectiveness of training programs for staff on procurement policies, procedures, and best practice. Assessment of staff awareness and understanding of their roles and responsibilities.</p>	<p>On 20 June 2022, the Chief Financial Officer suggested scheduling this audit for the 2023 calendar year. The reason for this being that the Procurement Team at capacity with tenders and the conversion from <i>Ci</i> to <i>Ci – Anywhere</i> until December 2022.</p> <p>OAG Local Government Focus Audit - Timely Payment Of Suppliers – 2018.</p> <p>Procurement Improvement Internal Audit Completed 2014/15.</p> <p>Procurement/Supply Chain Management Process 2011 Internal Audit Plan Completed 2012/13.</p>			✓
<p>2. Information Management</p> <p>Corporate and Systems Services – Information Technology and Customer</p> <p><u>ELT member:</u> Director Corporate and System Services;</p>	<p>Ensuring Transparency and Accountability: Effective information management is crucial for transparent decision-making and public accountability. An audit evaluates how information is collected, stored, and accessed, ensuring it's readily available for public scrutiny and supports informed decision-making by Council.</p> <p>Mitigating Risks and Protecting Data: The City manages vast amounts of sensitive data, and proper information management is critical for mitigating risks like data breaches, loss, or</p>	Possible 3	Minor 2	Moderate 6	<p>Information Governance Framework: Existence and effectiveness of a documented information governance framework that outlines policies, procedures, and responsibilities for information management. Alignment of the framework with relevant regulations and best practice.</p> <p>Information Lifecycle Management: Effectiveness of processes for creating, capturing, storing, accessing, using, archiving, and disposing of information throughout its lifecycle. Compliance with relevant retention and disposition schedules for different types of information.</p>	<p>The last Records Management internal audit was undertaken in 2018.</p> <p>A Privacy Impact Assessment Audit was undertaken in 2020.</p> <p>In 2024, locating information for FOI requests, legal purposes and staff related matters continues to be challenging and an ongoing</p>			✓

City of Cockburn Internal Audit Plan 2024-2026 (Revised – 19 March 2024 Audit, Risk and Compliance Committee Meeting)

Function/Process/Activity	Reason	Likelihood	Consequence	Risk	Audit Scope – to be refined in partnership with the Auditor	Organisational Context	2024	2025	2026
<p>Responsible Person: Chief Information Officer]</p>	<p>unauthorised access. An audit assesses the security measures in place, identifies potential vulnerabilities, and recommends improvements to safeguard sensitive data.</p> <p>Enhancing Efficiency and Effectiveness: Efficient information management underpins various government functions. An audit evaluates information flow, access, and utilisation, identifying areas for improvement. This can lead to streamlined processes, improved information sharing, and ultimately contribute to better service delivery and decision-making for the benefit of the community.</p> <p><i>Linked to Strategic Community Plan 2020-2030, Strategic Outcomes and Objectives; Listening and Leading – A community focused, sustainable, accountable, and progressive organisation.</i></p> <p><i>Strategic Objectives – 5.1 Best practice Governance, partnerships, and value for money. Measurements – Improved satisfaction with the City's Governance and financial sustainability. Local Government Act 1995 State Records Act 2000</i></p>				<p>Information Security: Adequacy of security controls to protect information from unauthorised access, modification, loss, or misuse.</p> <p>Information Technology Infrastructure: Effectiveness of the information technology (IT) infrastructure in supporting information management needs, including:</p> <ul style="list-style-type: none"> Hardware and software systems for data storage, processing, and access. System uptime and performance monitoring. Backup and disaster recovery capabilities. <p>Information Access and Transparency: Availability of clear and accessible procedures for internal and external access to public information, complying with relevant open government and freedom of information (FOI) requirements.</p> <p>Effectiveness of communication strategies to educate the public about information access rights and procedures.</p> <p>Records Management: Effectiveness of the City's records management program.</p> <p>Information Management Training and Awareness: Availability and effectiveness of training programs for staff on information management policies, procedures, and data security best practices.</p> <p>Assessment of staff awareness and understanding of their roles and responsibilities in managing information effectively.</p>	<p>matter for the City.</p> <p>It is important to test the outcomes of the previous audit in line with the City's community growth, staff turnover and periods of shutdown due to Covid to ensure that information management is keeping pace with organisational change.</p>			
<p>3. Corporate Card Expenditure, Controls and Reporting</p> <p>Corporate and Systems Services – Strategic Finance</p> <p>[ELT member: Director Corporate and System Services;</p> <p>Responsible Person: Chief Financial Officer]</p>	<p>This internal Audit is required to comply with Council Decision (3) as set out in the Minutes for the 9 November 2023 OCM record 2023/Minute No. 0299 -</p> <p><i>'That Council:</i> (1) <i>ADOPTS the amendments to the Procurement Policy;</i> (2) <i>AMENDS Item 2, Value for Money, to include the following: All pre-qualified, approved, and strategic business partnership suppliers will be systematically reviewed in line with contract terms and performance criteria (at least three yearly or as required) and</i> (3) <i>REQUESTs the CEO to present an internal Scope of Audit – Corporate Credit Card Expenditure, Controls and Reporting to the first Audit & Risk meeting in 2024 for consideration by the Committee.'</i></p>	Unlikely 2	Minor 2	Low 4	<p>The recommended scope of this audit is:</p> <ul style="list-style-type: none"> to assess the types of purchase made by credit cards; to determine whether credit cards are the most efficient and effective means for the types of costs incurred; to assess the oversight and control of the credit card spending; and to make recommendations for improvement as required. <p>UPDATE</p> <p>Paxon Group was selected on 20 June 2024 to conduct this audit. The final audit report was submitted by Paxon on 06 January 2025. The report was submitted to the Audit, Risk and Compliance Committee at its 18 March 2025 meeting.</p>	<p>Council 2023/Minute No. 0299 records the reason for Council Decision (3) as:</p> <p><i>'The City currently has 72 corporate credit cards averaging \$100k total spend per month, equating to approximately \$1.2mil expenditure per year. In the current economic climate, it is prudent that an audit is conducted to ensure public money is being spent wisely and ethically. This audit is one part of a wide-ranging program we should put in place to make sure our spending is focused on the right priorities and that strong controls govern how rates are spent. Residents and ratepayers are under economic strain. There is no such thing as council money – there is only ratepayers' money that we are charged with</i></p>			

City of Cockburn Internal Audit Plan 2024-2026 (Revised – 19 March 2024 Audit, Risk and Compliance Committee Meeting)

Function/Process/Activity	Reason	Likelihood	Consequence	Risk	Audit Scope – to be refined in partnership with the Auditor	Organisational Context	2024	2025	2026
						<p><i>spending wisely and frugally. We should examine every area of spending to make sure ratepayers are getting value for money and ensure that their money is being spent in the most efficient and ethical way possible.'</i></p> <p>COMPLETED & CLOSED</p>			
<p>4. Fleet Management</p> <p>Infrastructure Services – Fleet Management</p> <p><u>[ELT member:</u> Director Infrastructure Services;</p> <p><u>Responsible Persons:</u> Group Manager Parks, Fleet and Waste, and Group Manager People and Organisational Performance]</p>	<p>The City has a considerable investment in its fleet assets and considerable resources are consumed in operating and maintaining the fleet to ensure it services the City's business requirements. Independent review will assist determine the effectiveness of the fleet management model.</p> <p><i>Linked to Strategic Community Plan 2020-2030, Strategic Outcomes and Objectives; Listening and Leading – A community focused, sustainable, accountable, and progressive organisation.</i></p> <p><i>Strategic Objectives – 5.1 Best practice Governance, partnerships, and value for money. Measurements – Improved satisfaction with the City's Governance and financial sustainability.</i></p>	Unlikely 2	Medium 3	Moderate 6	<p>The objective of the review is to assess the adequacy of the management control framework and related risk management strategies for the fleet management function, including processes relating to the planning, organising, controlling, directing, communicating, and the management of vehicle assets. Extent to which the City's is complying with policies, procedures, guidelines, and with laws and regulations pertaining to fleet management.</p> <p>UPDATE</p> <p>Blue Zoo Pty Ltd was selected on 23 April 2025 to conduct this audit. The audit was shared with the City of Kwinana. The final audit report was submitted by Bluezoo on 02 September 2025. The report will be submitted to the Audit, Risk and Integrity Committee at its 06 December 2025 meeting.</p>	Emerging Strategic & Operational Risks		✓	
<p>5. 'Acting through'</p> <p>Corporate and Systems Services – Strategic Procurement</p> <p><u>[ELT member:</u> Director Corporate and System Services;</p> <p><u>Responsible Person:</u> Chief Information Officer]</p>	<p>The City included this audit in the City of Cockburn Strategic Internal Audit Plan 2022-2023 (ARC September 2022) for completion in the 2022 - 2023 financial year to comply with a 14 April 2022 resolution of Council.</p> <p><i>There is uncertainty by some Elected Members of the application of the principle of 'acting through'. This was identified in the City of Cockburn Governance Review 2021 at the City of Cockburn Governance Steering Committee Meeting on 22 March 2022. Subsequently, Council resolved on 14 April 2022 to list the item in the City's Strategic Internal Audit Plan 2022-2023 to be completed in the 2022 -2023 financial year.</i></p> <p><i>Local Government Act 1995 (the Act)</i></p>	Risk assessment was not undertaken			<p>The auditor will be required to examine how procurement at the City implements and administers its:</p> <ul style="list-style-type: none"> · Authorisations provided under legislation · Delegations provided under the Act · Acting through another person <p>UPDATE</p> <p>It has taken the City significant time to procure the services of an Auditor to undertake this work. McLeods Lawyers was selected on 28 June 2023 to conduct this audit. Due to the nuance of the matter, the audit took longer than anticipated. It The final audit report was submitted by McLeods on 24 February 2025. The report was submitted to the Audit, Risk and Compliance Committee at its 18 March 2025 meeting.</p>	Section 5.45 of the Act states that provisions concerning delegations do not prevent a local government from performing any of its functions by acting through a person, or a CEO from performing any of his or her functions through the actions of another person.		✓	

11.1.4 (2026/MINUTE NO 0007) Integrity Strategy Update

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	1. Ethical Governance Proposal to City of Cockburn (Confidential)

Committee Recommendation

MOVED Deputy Mayor P Corke SECONDED Cr H Srhoy

That Council NOTES the appointment of Ethical Governance to facilitate the City of Cockburn Integrity Strategy to align with the Public Sector Commission's Integrity Strategy.

CARRIED 8/0

Background

At its 25 November 2025 meeting, the Audit, Risk and Improvement Committee (ARIC) of the City of Cockburn (the City) was presented with an update on the progress made by the City with the Development of an Integrity Strategy aligned with the Integrity Strategy of the Public Sector Commission (PSC).

Subsequently, the City sought the services of an appropriately experienced and qualified external service provider to facilitate developing and implementing the City's Integrity Strategy Improvement Framework.

This report is to inform the ARIC to note the procurement process undertaken by the City and the outcome of that process that resulted in Ethical Governance being selected as the successful service provider to facilitate in developing and implementing the City's Integrity Strategy Improvement Framework.

Submission

N/A

Report

On 3 March 2026 the City invited the following four external service providers to quote on facilitating and implementing the City's Integrity Strategy Improvement Framework to align with the PSC's Integrity Strategy:

- Applied Innovation
- Australian Compliance Institute
- Ethical Governance
- Governance Institute of Australia.

The invitation stipulated that quotes should be based on the cost of providing the service in accordance with:

- WALGA PSP003 Panel
- Common User Agreement.

The following two entities stated that they were unable to submit a proposal:

- Applied Innovation;
- Governance Institute of Australia;

Ethical Governance submitted a proposal to the City outlining its approach to facilitating leadership workshops and developing an integrated strategy aligned with the Public Sector Commission's integrity framework. Proposal from Ethical Governance (refer Attachment 1).

The proposal from Ethical Governance outlines a facilitation and strategy development approach designed not only to meet the requirements of the PSC's Integrity Framework, but also to ensure the strategy is practical, implementable, and capable of embedding integrity as a lived organisational capability across the City.

Ethical Governance has been appointed to facilitate in developing and implementing the City of Cockburn Integrity Strategy to align with the Public Sector Commission's Integrity Strategy.

Work has commenced with Ethical Governance to facilitate internal workshops and prepare the draft Integrity Strategy. This will be presented to the ARIC at later meeting in 2026 for consideration of formal adoption.

Strategic Plans/Policy Implications

Our Economy

Attracting investment, supporting business and visitor growth and boosting local jobs through vibrant hubs.

- Attract investment to the City by promoting innovation and economic opportunity.

Our Governance

Transparent leadership that listens, communicates openly and plans for a sustainable future.

- Facilitate transparent and accountable governance for today and tomorrow. Strive for financial sustainability and operational excellence.

Budget/Financial Implications

The engagement of the Integrity Strategy can be managed within existing Corporate Business Plan and Budget processes.

Legal Implications

The Integrity Strategy will assist the City to comply with its legal obligations and align it to the PSC integrity requirements.

Community Consultation

N/A

Risk Management Implications

The Integrity Strategy can include actions to better manage any identified integrity risks.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil

11.1.5 (2026/MINUTE NO 0008) City of Cockburn Risk Register Update

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	1. City of Cockburn Strategic Risk Register Summary - 25 November 2025 ↓ 2. Strategic Risks - Audit Risk and Improvement Committee 17 February 2026 ↓

Committee Recommendation

MOVED Deputy Mayor P Corke SECONDED Cr H Srhoy
That Council:

- (1) ENDORSES the Strategic Risk Register shown as Attachment 2;
- (2) REQUESTS the Chief Executive Officer to prepare an Organisational Risk Register based on the same principles, and reflecting the approach, of the Strategic Risk Register;
- (3) REQUESTS the Chief Executive Officer to prepare an updated Risk Management Framework based on the same principles, and reflecting the approach, of the Strategic Risk Register; and
- (4) REQUESTS biannual risk reports to the ARIC on Strategic Risk and Operational Risk.

CARRIED 8/0

Background

Following the 25 November 2025 Audit, Risk and Improvement Committee (ARIC) meeting, Council requested that the Chief Executive Officer (CEO) organise a workshop on Risk at the City of Cockburn.

At the 17 February 2026 ARIC meeting, the City facilitated a risk management workshop which was attended by the ARIC members, one non-ARIC Elected Member, and the Executive Leadership Team (ELT). The risk management workshop was to review the City's Strategic Risk Register.

This report provides an update to the ARIC on the City's approach to Risk following the 17 February 2026 Risk Workshop.

Submission

N/A

Report

At the 17 February 2026 Risk Management Workshop, attendees reviewed the 13 strategic risks which were identified by Elected Members and ELT at risk management workshops facilitated by Riskwest during May and August 2024.

The current Strategic Risk Register emanating from the 2024 Riskwest Workshops is summarised (refer Attachment 1).

Regular reviews of the Strategic Risk Register are necessary to ensure the City's identified strategic risks are aligned to the City's current Strategic Community Plan. The current City of Cockburn Strategic Community Plan 2025-2035 was adopted by Council at the 19 June 2025 Special Council Meeting. The 17 February 2026 Risk Management Workshop was an appropriate and timely strategic risk review.

Strategic risks reflect the internal and external forces capable of causing uncertainty on the City's long-term business strategies or strategic objectives in its Strategic Community Plan. For effective risk governance, strategic risks are owned and managed by individual member of the City's Executive Leadership Team (ELT).

Table 1 below summarises the outcome from the 17 February 2026 Risk Management Workshop, which resulted in five new strategic risks being identified.

Table1: City of Cockburn 17 February 2026 strategic risk register summary

Risk No.	Risk name	Risk description	Risk owner
1	Strategic outcomes	Failure to deliver strategic plan outcomes resulting in significant reduction in liveability in our suburbs.	Director Infrastructure Services
2	Corporate outcomes	Failure to deliver services, projects, facilities and assets resulting in non-achievement of Corporate Business Plan.	Director Corporate and System Services
3	Cyber security	Failure to provide cyber security resulting in loss of private data or compromise of systems.	Director Corporate and System Services
4	Natural disaster	Natural disasters resulting in loss of life, substantial property damage or compromised community or public health.	Director Sustainable Development and Safety
5	Community and workplace safety	Failure to provide a safe community or work environment resulting in loss of life or significant injuries.	Director Sustainable Development and Safety

Attachment 2 to this report is the comprehensive revised strategic risk register summarise in Table 1 above.

Operational Risks

The 25 November 2025 Council resolution requests the City's Operational Risk Register to also be reviewed. It is appropriate for ARIC to adopt the Strategic Risk Register before the City reviews its operational risks. It is anticipated this review will be completed by the end of this calendar year.

Business Continuity

In late February 2026 military conflict in the Middle East erupted causing global oil market disruption. Australian agencies and regulators reported that, from 20 February 2026, wholesale petrol and diesel prices began rising, and after 28 February 2026 international benchmark prices and domestic wholesale prices moved sharply higher.

As a result of the above global events, the City has convened a Business Continuity Team to monitor and manage a concerted Fuel Supply Business Continuity Response Plan. Managing resources to understand and plan an appropriate response by the City has taken priority over a review of the Operational Risk Register.

The City has prepared a bespoke Fuel Supply 2026 Business Continuity Plan to respond to events and significant work has been undertaken to plan for a response if fuel supply conditions worsen. A report to Council endorsed this approach at the April 2026 Council meeting.

Strategic Plans/Policy Implications

Our Governance

Transparent leadership that listens, communicates openly and plans for a sustainable future.

- Facilitate transparent and accountable governance for today and tomorrow. Strive for financial sustainability and operational excellence.

Budget/Financial Implications

Endorsing the Strategic Risk Register has no immediate financial impact; however, future risk treatment actions may have resourcing or budget implications that will be considered through normal planning and budget processes.

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 ARIC.

The ARIC is required to review the City's Strategic and Operational Risk as part of the City's risk management practices.

The ARIC's oversight of the Risk Register review report supports continuous improvement of risk management processes.

Adopting this report will result in the City continually improving 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 strategic risk register summary, on 25 November 2025

Risk No.	Risk name	Risk description	Level of risk
1	Financial sustainability	Failure to ensure the financial viability and long term sustainability of the City.	Moderate 8
2	Economic development	Failure to engage and partner with business and development stakeholders to promote, advocate and support opportunities to live, work and invest in the City.	Moderate 6
3	Environmental protection and management	Council plans, decision making processes and/or activities fail to effectively and responsibly support the management, protection and improvement of its natural environment (areas, bushlands, parks and open spaces).	Moderate 9
4	Sustainable Resource Management - Water	Failure to manage both the use of and impact on water supply across the City's activities in a sustainable and responsible way.	Moderate 6
5	Sustainable Resource Management - Energy	Failure to manage the use of energy across the City's activities in a sustainable and responsible way.	Moderate 6
6	Sustainable Resource Management - Waste	Failure to manage waste across the City's activities in a sustainable and responsible way.	Moderate 6
7	Climate Change	Failure to manage both the impact of climate change, as well as the impact the City has on the driver of climate change.	Moderate 9
8	Community, Lifestyle and Security	Failure to plan for, provide and support socially connected, healthy and safe neighbourhoods.	Moderate 6
9	Infrastructure and assets	Failure to strategically plan, deliver and maintain infrastructure and assets to support the City's community aspirations and predicted growth.	Moderate 6
10	Transport	Failure to strategically plan, deliver and maintain an integrated, improved and accessible transport network, to support the City's community aspirations and predicted growth.	Moderate 9
11	Governance	Failure to ensure ethical and accountable governance and decision-making at the City.	Moderate 6
12	Community Engagement and Service Delivery	Failure to deliver quality and responsive services, which meet the needs and expectations of the community.	Moderate 6
13	Employer of choice	Inability to develop and maintain a competent, capable and culturally aligned workforce.	Moderate 9

City of Cockburn Strategic Risk Register – As Discussed at the 17 February 2026 Council Risk Management Workshop, Updated on 05 May 2026)

Risk No.	Risk Identification & Analysis				Current Risk Assessment (Residual) Risk Rating				Management of Identified Risk		
	Risk Title	Risk Description	Possible Causes	Existing Controls	Control Rating:	Consequence Rating	Likelihood Rating	Level of Risk	Risk Strategy (i.e., ACCEPT, TOLERATE, REDUCE / IMPROVE CONTROLS)	Risk Owner	Treatment Action Plans
					R = Robust						
					A = Adequate						
I = Inadequate											
1.	Strategic Outcomes	Failure to deliver strategic plan outcomes resulting in significant reduction in liveability in our suburbs.	1. Strategic Plans, Corporate Business Plans, Asset Management Plans not executed. 2. Service Plans not aligned to community expectation and technical levels of services 3. Mismatch of urban intensification to infrastructure delivery 4. Ad hoc State government urban growth decisions (beyond subregional plan) 5. Constraints on funding 6. Shifts in community expectations 7. Reduction in WA State Govt Services requiring LGA's to address the gap 8. Geopolitical impacts	1. Integrated strategic, financial, asset planning framework 2. Asset management and renewal prioritisation processes 3. Suite of strategic documents adopted by Council and implemented, i.e. Community Infrastructure Plan, Integrated Transport Strategy, Urban Forest Plan, Climate Change Strategy, Waste Strategy. 4. Ongoing monitoring of demographic trends and growth assumptions	R	Insignificant 1	Possible 3	Low 3	Accept	Director Infrastructure Services	
2.	Corporate Outcomes	Failure to deliver services, projects, facilities and assets resulting in non-achievement of corporate business plan.	1. Insufficient organisational capability or capacity to deliver planned outcomes 2. Financial pressures or volatility impacting service and capital delivery 3. Ineffective prioritisation or sequencing of projects and initiatives 4. Asset portfolios not aligned with service needs 5. Workforce availability, capability or succession challenges 6. Supply chain disruption	1. Corporate planning and performance management framework 2. Long term financial planning and budget governance 3. Procurement and contract governance frameworks 4. Project and asset management frameworks 5. Workforce planning and capability development strategies	I	Medium 3	Possible 3	Moderate 9	Tolerate	Director Corporate and System Services	1. Fuel Supply Business Continuity Plan
3.	Cyber security	Failure to provide cyber security resulting in loss of private data or compromise of systems	1. Increasing sophistication and frequency of cyber threats 2. Human error, inadequate cyber awareness, failure to recognise threats, intentional acts. 3. Third-party or supply-chain vulnerabilities 4. Rapid digitisation outpacing control maturity	1. ICT planning, governance and risk management arrangements 2. Security monitoring, response and recovery capabilities 3. Staff awareness and training programs 4. External assurance and testing activities	A	Major 4	Unlikely 2	Moderate 8	Tolerate	Director Corporate and System Services	

City of Cockburn Strategic Risk Register – As Discussed at the 17 February 2026 Council Risk Management Workshop, Updated on 05 May 2026)

Risk No.	Risk Identification & Analysis				Current Risk Assessment (Residual) Risk Rating				Management of Identified Risk			
	Risk Title	Risk Description	Possible Causes	Existing Controls	Control Rating:	Consequence Rating	Likelihood Rating	Level of Risk	Risk Strategy (i.e., ACCEPT, TOLERATE, REDUCE / IMPROVE CONTROLS)	Risk Owner	Treatment Action Plans	
					R = Robust							
					A = Adequate							
				I = Inadequate								
4.	Natural disaster	Natural disasters resulting in loss of life, substantial property damage or compromised community or public health and environmental damage	<ol style="list-style-type: none"> Bush fire Flood Storm / cyclone Storm surge/coastal erosion. 	<ol style="list-style-type: none"> Coastal Hazard Mitigation Risk Mitigation Adaptation Plan (CHRMAP) Local Emergency Management Arrangements (includes LEMP, Local Recovery Plan, Emergency Comms Plan, Animal Welfare Plan, Evacuation Centre Guidelines) Business Continuity Plan Bushfire Planning, Monitoring, Response and Recovery Storm water drainage asset planning, operation and maintenance 	A	Medium 3	Likely 4	High 12	Reduce	Director Sustainable Development and Safety		
5.	Community and Workplace Safety	Failure to provide a safe community or work environment resulting in loss of life or significant injuries	<ol style="list-style-type: none"> Emerging security threats and external risk environment Inadequate or ineffective safety governance systems Physical or psychosocial hazards Poorly planned or managed high-risk activities or events Insufficient safety culture or accountability 	<ol style="list-style-type: none"> WHS governance framework Community safety and security strategies Incident management, reporting and investigation processes Training, supervision and safety leadership programs Monitoring of safety performance and emerging risks 	A	Major 4	Possible 3	High 12	Reduce	Director Sustainable Development and Safety		

Declaration of Interest

Type of Interest	Nature of Interest
Ms S Zulsdorf declared an Impartiality Interest, pursuant to Regulation 22 of the Local Government (Model Code of Conduct) Regulations 2021 for Item 11.1.6	The nominated person was a fellow external member of one of the Audit Risk and Improvement Committees of which I am a member.

11.1.6 (2026/MINUTE NO 0009) Appointment of Deputy of the Presiding Member - ARIC

Executive	Chief Executive Officer
Author	Service Lead Governance and Council Support
Attachments	1. Mr Aswin Kumar - CV and Cover Letter (Confidential)

Committee Recommendation

MOVED Deputy Mayor P Corke SECONDED Cr H Srhoy
That Council:

- (1) APPOINTS Aswin Kumar as independent Deputy of the Presiding Member of the City of Cockburn Audit, Risk and Improvement Committee; and
- (2) DETERMINES the fee payable for the independent Deputy of the Presiding Member to be the maximum amount as determined by the Salaries and Allowances Tribunal from time to time, varied automatically.

CARRIED 8/0

Background

Under recent Local Government Reform, local governments will be required to have an Audit, Risk and Improvement Committee (ARIC).

As part of these reforms, Council must, at a minimum, appoint an independent Presiding Member of the ARIC. Council may also appoint an independent Deputy Presiding Member of the ARIC. Council did this at the 28 October 2025 Special Meeting of Council.

Reforms also require that Council appoint an independent Deputy of the Presiding Member. This report presents to Council the recommended candidate for this role for Council's consideration.

Submission

N/A

Report

Under Local Government Reform, ARICs will be required to have an independent Deputy of the Presiding Member. This is a separate and distinct role to the Deputy Presiding Member.

The Deputy of the Presiding Member will only attend an ARIC meeting where both the independent Presiding Member and Deputy Presiding Member are unable, unwilling or unavailable to attend. The Deputy Presiding Member and the Deputy of the Presiding Member cannot be the same person.

To identify a suitable candidate, the City reviewed the applications received for the independent Presiding Member and Deputy Presiding Member roles. The City then reached out to any candidates who were selected for interview but unsuccessful, and who have previous experience as an independent member of an ARIC.

The City has identified Aswin Kumar as the preferred candidate for appointment. His CV and cover letter as provided in his application for the independent Presiding Member and Deputy Presiding Member roles is attached to this report.

Mr Kumar has previous experience as an independent member of the City of Subiaco and Mindarie Regional Council, Audit and Risk Committees.

Strategic Plans/Policy Implications

Our Governance

Transparent leadership that listens, communicates openly and plans for a sustainable future.

- Facilitate transparent and accountable governance for today and tomorrow.

Budget/Financial Implications

There are no significant budget/financial implications arising from the recommendations of this report. The City has budgeted for the required meeting fee and allowable expense reimbursements for independent members.

Legal Implications

The City is required under the Act to appoint a Deputy of the Presiding Member of the ARIC.

Community Consultation

N/A

Risk Management Implications

There is a low level of risk associated with adopting the officer recommendations as presented to Council. It ensures Council appoints a Deputy of the Presiding Member of the ARIC, as required by the Act.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil

11.1.7 (2026/MINUTE NO 0010) Local Government Reform: Update to Terms of Reference for the Audit, Risk and Improvement Committee

Executive Chief Executive Officer

Author Service Lead Governance and Council Support

Attachments 1. ARIC Terms of Reference - track changes
2. ARIC Terms of Reference (**Attachments under separate cover**)

Committee Recommendation

MOVED Deputy Mayor P Corke SECONDED Cr H Srhoy

That Committee recommends Council ADOPTS the revised Terms of Reference for the Audit, Risk and Improvement Committee.

CARRIED 8/0

Background

On 1 January 2026, changes to the Local Government Act 1995 (the Act), Local Government (Audit) Regulations 1996 (Audit Regulations), and the Local Government (Financial Management) Regulations 1996 (Financial Management Regulations) came into effect to give effect to reform to Audit, Risk and Improvement Committees.

This report presents to Council an update to the Terms of Reference for the Audit, Risk and Improvement Committee to ensure to aligns with changes made as a result of reform.

Submission

N/A

Report

As part of LG Reform, the Audit Regulations have been amended to prescribe the functions of an Audit, Risk and Improvement Committee.

City officers have assessed the functions prescribed as provided in the Audit Regulations, with the City's current Terms of Reference for the ARIC, and made updates to the Purpose, Objectives and Duties of the ARIC, to ensure alignment.

While the changes appear significant (refer Attachment 1), they are largely wording changes to more closely align the Terms of Reference with the wording used in the Audit Regulations, as well as to remove repetitive content.

One key change, reflected in the updated Terms of Reference, is that with reform, the requirement for the CEO to conduct a review of the local government financial management systems and procedures every three years under regulation 5(2)(c) of the Financial Management Regulations has been removed.

Instead, it is now incorporated as part of the broader four-yearly review of the City's systems and procedures as required by regulation 17 of the Audit Regulations.

Other key changes made to the Terms of Reference during this review, not related to LG Reform, are:

- Changing the meeting fee for the Deputy Presiding Member so that it is 75% of the maximum allowable by the Salaries and Allowances Tribunal. This gives effect to Council's decision made at the 12 May 2026 Ordinary Meeting of Council
- Removing the requirement that there be at least two proxies. The current ARIC does not have any proxy members. Further, the Terms of Reference for the Governance Committee do not include any requirement for proxies to be appointed
- Removing the clause specifying what a quorum for a meeting is as the Act already prescribes the Quorum for Committee meetings
- Amending the time an ARIC is held to be "as scheduled by Council", to allow more flexibility of scheduling where needed
- Removing the content to do with delegated authority. This aligns with the revocation of this delegation done by Council at the 12 May 2026 Ordinary Meeting of Council. As explained in that report, delegation to the ARIC is not necessary for ARIC to be able to meet with an auditor.

Strategic Plans/Policy Implications

Our Governance

Transparent leadership that listens, communicates openly and plans for a sustainable future.

- Facilitate transparent and accountable governance for today and tomorrow.

Budget/Financial Implications

There are no significant budget or financial implications arising from the recommendations of this report.

Legal Implications

The functions of the City's ARIC as provided for in the Terms of Reference must align with the functions prescribed under the Audit Regulations. The revised Terms of Reference are considered aligned with the Act.

Community Consultation

N/A

Risk Management Implications

There is a low level of risk associated with adopting the officer recommendations as presented to Council. The revised Terms of Reference are aligned with the Audit Regulations, improve clarity and remove existing ambiguities, making them easier to interpret and apply.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil

11.1.8 (2026/MINUTE NO 0011) OAG Report 11: Local Government Management of Gifts and Benefits - Review of Recommendations

Executive	Chief Executive Officer
Author	Courts and Legal Process Coordinator
Attachments	1. OAG Report 11 - Local Government Management of Gifts and Benefits ↓

Committee Recommendation

MOVED Deputy Mayor P Corke SECONDED Cr H Srhoy
That Council:

- (1) RECEIVES Office of Auditor General Report 11 – Local Government Management of Gifts and Benefits as attached to this report as Attachment 1; and
- (2) NOTES the Officer responses and recommendations to the Office of Auditor General Report 11’s recommendations for local governments to enable effective management of gifts and benefits.
- (3) REQUESTS the actions outlined in the report be included in the City’s proposed Integrity Strategy.

CARRIED 8/0

Background

On 18 March 2026, the Office of the Auditor General (OAG) published Report 11, entitled ‘Local Government Management of Gifts and Benefits’ (Report) (refer Attachment 1). The focus of the Report was on the effective management of gifts and benefits across six local government areas:

Gifts and benefits management is an important area for effective and transparent governance as was noted in the Report. Gifts and benefits can create real or perceived conflicts of interest, impacting integrity and public trust in local government decision-making.

Overall, the Report found that [e]ntities were generally effective in disclosing gifts and benefits, but they need to improve how they manage conflicts of interest from accepted gifts and more support and guidance is needed from the Local Government Industry Regulations and Safety. The broader recommendations proposed by the Report focus on improvements to education, policy design and reporting mechanisms.

The present report for Council’s consideration reviews the recommendations for local governments proposed by the OAG Report.

Submission

Broadly, the Report presents two key recommendations for local governments to consider, which are broken down into further sub-recommendations. These recommendations are responded to in the tables below.

Provide education and guidance that sets out entity expectations and assists staff and council members in making decisions by:

<p>Implementing clear and up to date policies and procedures that outline gifts that are acceptable (good practice limits these to token gifts)</p>	<p>The City of Cockburn’s Employee Code of Conduct 2025 currently restricts acceptance of gifts where it is less than \$50 in value or only of symbolic or tokenistic value</p> <p>The Code of Conduct is unclear in regard to gifts between \$50 and \$300 in value. Whilst stipulating that gifts can only be accepted if under \$50 in value, the Code nonetheless states that where a gift between \$50 to \$300 is accepted it must also be declared.</p> <p>Introducing new clarity into the Code of Conduct will help maintain effective management of gifts.</p> <p>For Elected Members, gift disclosure requirements are clearly outlined in the Local Government Act 1995 and require disclosure in the event of a gift or gifts exceeding a total value of \$300 over 12 months. These requirements are communicated via the Elected Members Guide on Gifts, available on the Elected Members online portal.</p> <p>ACTION: Update employee Code of Conduct by June 2027</p>
<p>Requiring accepted and declined gifts from commercial entities be declared</p>	<p>The Employee’s Code of Conduct does not require the disclosure of declined gifts currently. Although there is a regular practice of declaring declined gifts.</p> <p>Elected members are currently required to disclose declined gifts as per the Gifts Guide.</p> <p>No action required</p>

<p>Specifically outline gifts that are prohibited</p>	<p>The Employee Code of Conduct specifically states what gifts are prohibited under the Local Government Act 1995 and the Code, including gifts which may give rise to a 'perception of or actual risk of conflict of interest'.</p> <p>The Elected Members Guide for Gifts does not specifically outline what gifts are prohibited. It does link to the Local Government, Industry Regulation and Safety webpage which provides more information for elected members. The City views it as desirable to update the EM's guide for gifts to reflect the specifically prohibited categories of gifts.</p> <p>No action required</p>
<p>Implement regular training and education programs to ensure staff understand and apply policy, procedure and code of conduct, in practice and when making decisions.</p>	<p>For employees, specific training is not provided regarding gifts and benefits management. Staff are expected to familiarise themselves with the Code of Conduct and the established process for gifts and their declaration as part of the induction.</p> <p>Training is provided to newly elected Elected Members on conflicts of interest. This training includes aspects of gifts and benefits management.</p> <p>ACTION: Implement appropriate governance training to employees on an ongoing basis by December 2027</p>

Implement fit for purpose, risk-based monitoring and reporting mechanisms to:

Proactively oversee gift and benefit declarations	<p>The City currently offers a declaration process for staff who have accepted gifts over \$50. This declaration is retrospective and the requirement to fulfill a declaration arises only after the gift has been accepted or declined. Declarations are overseen by Governance and the Office of the CEO.</p> <p>Elected Member and CEO declarations are mandatory under the legislation and published on the City's website.</p> <p>No action required</p>
Analyse information across the entity to identify undeclared gifts, check that controls are working and identify any concerning trends or patterns	<p>Staff members who fail to declare a gift are subject to disciplinary proceedings under the Code of Conduct. Elected Members and the CEO are governed under the legislation.</p> <p>The City does not consider it is possible to manage trends for undisclosed gifts as the City has no ability to track them.</p> <p>No action required</p>
Manage perceived and actual conflicts of interest, requiring these declarations to consider the receipt of gifts and benefits	<p>The Code of Conduct currently prohibits receiving gifts or benefits which could give rise to a perceived or actual conflict of interest. Declaration also requires stating the nature of the relationship between the gift giver and the recipient to ensure transparency.</p> <p>Elected Members are also required to state the nature of the relationship between themselves and the gift givers. Disclosures of interest and gifts are publicly available.</p> <p>No action required</p>
Consider a centralised complaints register to highlight where controls and process have not been followed and identify systemic risks	<p>The City currently does not have a specific complaints process or registry related to gifts and benefits.</p> <p>Complaints related to gifts and benefits</p>

	<p>are handled as per the complaints policy in regards to employees and per the <i>Local Government Act 1995</i> and Elected Member Code of Conduct for Elected Members.</p> <p>The City has not received any complaints about gifts in the last 12 months.</p> <p>No action required</p>
--	--

Report

Overall, the City is compliant with the legislation. The development of an Integrity Strategy will allow consideration of the recommendations made by the Report. However, there remains room for improvement in several areas. This includes:

- Amending the Employee Code of Conduct in order to better communicate and increase the clarity of the specific requirements and restrictions employees are expected to comply with
- Amending the Elected Member Guide for Gifts to outline what gifts are specifically prohibited by the Local Government Act
- Introduce mandatory training for employees in regard to gifts and benefits including when and how to make declarations.

These improvements can be introduced and actioned as part of the City's developing Integrity Strategy.

Strategic Plans/Policy Implications

Our Governance

Transparent leadership that listens, communicates openly and plans for a sustainable future.

- Facilitate transparent and accountable governance for today and tomorrow. Strengthen engagement, communication and enhance customer experience.

Budget/Financial Implications

N/A

Legal Implications

The City is currently compliant with the statutory requirements around gifts and benefits as outlined in Part 4A of the *Local Government (Administration) Regulations 1996* and Subdivision 2A Division 6 Part 5 of the *Local Government Act 1995*.

Risk Management Implications

Failure to implement the suggested improvements risks exposing the City to integrity and transparency failures. Implementing the suggested improvements will better safeguard the City from potential breaches of statutory requirements around gifts and benefits.

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 report of local governments and makes recommendations to manage these risks. The City needs to consider these recommendations and implement appropriate control measures as appropriate.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil



Report 11: 2025-26 | 18 March 2026

PERFORMANCE AUDIT

Local Government Management of Gifts and Benefits



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

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(to assist people with hearing and voice impairment)

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

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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/LightField Studios

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

**Local Government Management of Gifts and
Benefits**

Report 11: 2025-26
18 March 2026

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**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

LOCAL GOVERNMENT MANAGEMENT OF GIFTS AND BENEFITS

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 if six local government entities are effectively managing gifts and benefits registers. It also assessed if the Department of Local Government, Industry Regulation and Safety is providing effective guidance to the sector.

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

A handwritten signature in black ink, appearing to read 'Caroline Spencer'.

Caroline Spencer
Auditor General
18 March 2026

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Auditor General's overview



Ratepayers and the public have a right to expect that when local government entities make decisions, they are made based on merit and are free from undue influence. This requires entities to have effective policies and practices over gifts and benefits to ensure that there is transparency and that any resulting conflict of interest is appropriately managed. This is a particularly challenging area for council members, whose responsibilities to represent, advocate and build relationships within the community often expose them to offers of gifts and benefits. This audit identified that the range and number of gifts indicates that staff at all levels, not just council members and CEOs, are exposed to the risk of inappropriate influence.

Having complete and accurate gift registers allows scrutiny of who is offering gifts, who is accepting them and whether potentially inappropriate relationships are being cultivated. Our review of the publicly available registers identified that between 2019 and 2024, entities reported over 2,500 gifts valued at approximately \$664,000. Event tickets and food and beverages were the most common gifts.

Given some high profile media reporting in recent years, we expected to identify systemic non-compliance with policies and procedures and incomplete recording of gifts and benefits. This was not the case as almost all entities have a gift register and we found evidence of good practice and diligence in the reporting and disclosure of gifts and benefits. Our e-discovery procedures revealed over 900 emails offering gifts and, from that, our detailed review only identified nine gifts above the reporting threshold which were accepted but not recorded within a two-and-half-year period. While there were a further 54 instances where we could not conclusively determine whether a gift was accepted because the staff were no longer employed by the entity, these results highlight the concerted effort entities are taking to transparently disclose gifts and benefits.

Diligent disclosure is important, but so too is managing the conflicts of interest created by gifts and benefits. Significant improvement is needed here as we found many instances where conflicts of interest were not appropriately managed. Across the six entities we audited, 79 individuals had received a gift or benefit from a supplier and had then inappropriately participated in tender assessments, been involved in procurement decisions or overseen contracts with suppliers. This creates unacceptable conflicts of interest which undermine decision-making.

We found that 70% of the gifts at the six entities were accepted by staff and almost half of these were related to events and hospitality. Given this, there is a need for strong controls and clear guidance directed at staff. Entities need to make it clear to potential and current suppliers to not offer gifts, and to staff, that they should decline gifts from current and potential suppliers and proponents.

There is more that the Department of Local Government, Industry Regulation and Safety can do to support entities in meeting their obligations. The six entities we audited all indicated that guidance could be improved, with some seeking independent legal advice to properly understand and meet their obligations. Clear guidance targeted to staff as well as council and CEOs, will help avoid these unnecessary costs being passed onto ratepayers.

Gifts and benefits are a risky and complicated area not just in local government but for all public officials and entities. It is important for all entities to review the findings, recommendations and better practices in this report to ensure that they have strong controls which promote a culture of transparency, impartiality and effective management of conflicts of interest.

Executive summary

Introduction

Following a sector-wide review of publicly available gifts and benefits registers, this audit assessed if the following six local government entities are effectively managing gifts and benefits:

- City of Bayswater
- City of Fremantle
- City of Kwinana
- City of Mandurah
- City of Perth
- Town of Cambridge.

We also assessed if the Department of Local Government, Industry Regulation and Safety (LGIRS) is actively monitoring entity compliance with gifts and benefits regulations and is providing effective guidance to the sector.

Rationale for undertaking the audit

Gifts and benefits can create real or perceived conflicts of interest, impacting integrity and public trust in local government decision-making. Strong governance, clear policies, and effective oversight are essential to manage these risks.

Recent media reports have raised concerns about gift acceptance practices in local governments, including high-value trips funded by external entities. Similar issues have been highlighted in other jurisdictions¹, with audit findings recommending improvements to risk management, policy frameworks and compliance monitoring.

This audit provides transparency over gifts and benefits practices in local government entities, with a detailed examination at six entities.

Background

Managing gifts and benefits is essential for maintaining integrity, accountability and public trust. It helps to prevent conflicts of interest and ensure decisions are made based on merit and not influenced by personal interests.

A gift is something of value given to someone without receiving equal value in return.² This can include money, goods, property, travel and hospitality. Benefits are often intangible and include any preferential treatment, privileged access, favours or other advantages offered to an officer above their normal salary or engagement entitlements.³ Unlike gifts, benefits often

¹ Tom McIlroy, '[Salesforce slammed for lavish gifts meals with NDIA](#)', *Australian Financial Review*, 26 June 2024, accessed 6 August 2024.

² A gift is defined within the *Local Government Act 1995 (s5.57)* and includes a conferral of a financial benefit (including disposition of property) made by a person in favour of another person without adequate consideration in money or a travel contribution.

³ Government of Western Australia, '[Managing the Risks of Gifts Benefits and Hospitality](#)', WA.gov.au website, 15 January 2025, accessed 24 October 2025.

lack a clear monetary value, but they can still create risks, particularly if they appear to offer a private advantage connected to someone's public role.

Gifts and benefits create a connection between the person who gave it and the person receiving it. This might influence how decisions are made, or the perception of how decisions are made. This risk and perception apply to all gifts and benefits, not just those that are required by the *Local Government Act 1995* (LG Act)⁴ to be declared.

Although offers of gifts are often provided with positive intentions to recognise working relationships, they can create perceived or actual conflicts of interest and need to be managed based on clear principles that focus on:

- ensuring gifts are declared to provide transparency and enable scrutiny of who is giving and receiving gifts, and why
- considering who benefits from a gift when individuals accept or decline an offer
- declining most offers, particularly those from suppliers or other entities with commercial relationships with the entity
- identifying and managing conflicts of interest to maintain and demonstrate the integrity of decision-making
- good record keeping and active oversight of compliance.

Managing gifts and benefits well relies on individuals being able to do the right thing and make informed decisions. They need support in doing this in the form of codes of conduct, policies and procedures, and training. Gifts can vary widely, from token to substantial. They may be one-off or repeated and may be offered to many people or targeted at individuals. Depending on the context, they may all present a risk and accepting any gift requires careful consideration.

The LG Act regulations require council members and chief executive officers (CEOs) to declare any gift received in their capacity as a council member or CEO valued at \$300 or above (or the cumulative value of gifts from one donor if they exceed \$300 in a 12-month period) within 10 days of receipt. Council members and CEOs must also manage associated conflicts of interest. The CEO must maintain an up-to-date version of the register and publish it on the entity's official website.

When a council member or CEO receives a gift and the council is discussing a matter related to the donor, the council member or CEO cannot take part in the discussion or decision unless the council or the Minister for Local Government gives them permission to do so. This requirement does not apply to excluded gifts⁵.

Mayors, Shire presidents, council members and CEOs are required to represent and promote the interests of their community. This can involve being offered gifts and benefits, particularly invitations to attend events. To manage this, entities under the LG Act are required to have a specific policy covering council member and CEO attendance at events. This policy supports decisions on whether attendance at events should be declared as a gift or whether it is in accordance with the entity's events policy and therefore does not need to be declared.

⁴ *Local Government Act 1995* ss 5.87A, 5.87B and 5.87C.

⁵ Excluded gifts are prescribed under s.5.62(1B) of the *Local Government Act 1995* and includes gifts offered to staff to attend events in accordance with local government rules and policies, gifts offered by other government departments, other local governments or member bodies such as Western Australian Local Government Association and Local Government Professionals Australia.

Local government staff also receive gifts and benefits. However, the requirements for staff differ from the requirements for council members and CEOs. The LG Act regulations prohibit staff⁶ from accepting gifts which exceed a \$300 threshold in a 12-month period. For gifts below this amount, the regulations require entities to set their own threshold for recording, storing and disclosing gifts accepted by staff in their codes of conduct. This provides flexibility to entities to determine their own reporting requirements for staff.

Given that entities maintain a broad range of commercial or other beneficial relationships, situations may arise that increase the risk of conflicts of interest. It is therefore important that the gifts and benefits staff receive are declared and any associated conflict of interest is managed, although this is not specifically prescribed under the LG Act.

Conclusion

Entities were generally effective in disclosing gifts and benefits, but they need to improve how they manage conflicts of interest from accepted gifts and more support and guidance is needed from the LGIRS. Addressing these weaknesses will help to ensure that decisions are free from undue influence and assist entities in managing their obligations in an efficient and transparent way.

Most entities demonstrated transparency in reporting gifts received by council members, CEOs and staff. All except two of the 147 entities had a published gift register and our e-discovery procedures for unrecorded gifts and benefits at six entities indicated that registers were mostly complete. This transparency is important in maintaining public trust and confidence and helps to ensure accountability in decision-making.

While gift registers were mostly accurate and complete, entities were not effectively managing conflicts of interests arising from accepted gifts. At the six audited entities, there were 79 individuals who accepted gifts from current or future suppliers and were involved with procurement, purchasing or contract management decisions. If conflicts of interest arising from accepted gifts are not managed, decisions may not be free from undue influence.

Current guidance from LGIRS focuses on council members and CEOs, but at the six entities, 70% of gifts were accepted by staff. In addition, current legal and regulatory requirements are out of step with the public sector more broadly, with the thresholds for reporting gifts being high and the timeframes for disclosing gifts being too tight. Clear and appropriate guidance will not only help entities manage their obligations efficiently, but it will also improve the transparency for ratepayers.

⁶ For the purposes of regulations 19AB and 19AC of the Local Government (Administration) Regulations 1996, staff are all employees excluding the CEO.

Findings

Overall, entities are providing transparency around gifts and benefits

Almost all entities had gift registers, but some were incomplete or had not been updated, limiting the monitoring of risks and compliance

Although most entities had published gift registers, 78 (53%) entities' registers did not have any information or had information that had not been recently updated (Table 1). Where no gifts or benefits have been accepted, it is important for entities to publish a nil declaration on the gifts and benefits register during the reporting period. Transparency enables the community's ability to scrutinise potential conflicts of interest or undue influence in decision-making.

	Number of entities	Percentage
Did not have published register	2	1%
No data in published register	24	16%
No new data since 1 July 2022	35	24%
No new data since 1 July 2023	17	12%
Published register with current data	69	47%
Total entities	147	100%

Source: OAG based on public entity data July 2024

Table 1: Review of published entity gift registers

We found that 75% of the registers did not record whether a gift or benefit had been accepted or declined. LGIRS guidelines and Form 4 – Register of gifts (Appendix 1)⁷ provided within the regulations to assist entities, does not require this information to be recorded as this is not required by the LG Act and regulations. Tracking both accepted and declined gifts can reveal patterns of attempted influence requiring further oversight.

We note that entities receive many gift offers, including those from community organisations and groups they support. However, declaring declined gifts from commercial entities seeking to benefit from interactions with local governments will help to identify conflicts of interest risks and bring entities more in line with State and Australian entities that report declined gifts.

Decisions to accept gifts and benefits often lack clarity about who the intended beneficiary is. Council members, CEOs and staff did not consistently document details that show consideration of the nature of gifts being offered, why they were offered and in what capacity they were being accepted (for example for official representation, ceremonial purposes or whether personally accepted by staff). Documenting these details and outlining the reasons for accepting or declining gifts or benefits within registers is key. They help individuals demonstrate whether a gift is for their personal benefit, for the benefit of the gift giver, or for the entity they represent. Without these details, ambiguity can lead to inconsistent practices, misinterpretation of regulatory obligations and difficulty in enforcing policies around gift acceptance.

⁷ This form is applicable to council members and CEOs.

Entities do not always have the controls and processes to declare gifts within 10 days of receipt as required by the LG Act. Ninety per cent of the registers we reviewed did not record the date the gift declarations were recorded in the register. The absence of this date impairs entities and LGIRS monitoring of compliance with the 10-day rule. This is because most entities are using the Form 4 – Register of gifts (Appendix 1) provided by LGIRS that does not capture this information.

All audited entities are reporting gifts and benefits within their registers, however all indicated that reporting within 10 days of when a gift is received is onerous and impractical. The Australian Government requires its agency heads to report in its registers within 31 days of when a gift is received.⁸ We consider this timeframe is more reasonable to allow entities to identify, record and properly communicate decisions and related actions within its registers, whilst continuing to meet public expectations.

Gift registers at the six audited entities were generally complete, providing transparency and allowing for public scrutiny

Dealing with gifts and benefits can be complex, particularly for council members, as their roles in representing, advocating for, and build relationships with the community and stakeholders can lead to offers of gifts and hospitality. Lack of clarity in decision-making can lead to risks, including perceived or actual conflicts of interest, undermining public confidence in the integrity of an entity's operations. While some individuals may assume they are acting appropriately, without a clear framework and principles (Figure 1), policy and code of conduct requirements may not be met, which can unnecessarily damage the reputations of people who aim to uphold high standards in public office.



Source: OAG

Figure 1: Key components of a gifts and benefit framework

Our e-discovery identified just over 900 emails offering gifts and benefits, and from this review we found nine instances where staff accepted gifts that did not match any declaration recorded in the gift register. This reflects a sample of council members, CEOs and staff at

⁸ Australian Public Service Commission, [Guidance for Agency Heads – Gifts and Benefits](https://www.aspc.gov.au/guidance-for-agency-heads-gifts-and-benefits), ASPC.gov.au, 20 October 2023, accessed 14 July 2025.

each audited entity over a two-and-a-half-year period, and indicates that gifts and benefit registers were generally complete, with three entities having no identified undeclared gifts and benefits. This greatly assists entities to identify, assess and manage conflicts of interest.

The six audited entities confirmed (Table 2) that:

- 48 of the offers were gifts that had been accepted
 - 39 of these were below the \$300 threshold limit defined by the LG Act and regulations, or relevant limit for staff⁹ and therefore were not required to be declared
 - the remaining nine non-declared gifts have been added to audited entities' gift registers following our enquiries
- a further 197 offers were accepted under the entities event attendance and related policies. These were either paid for by the staff member and therefore not treated as gifts or benefits, or the entity itself paid for them.

Entity	Total number of offers	Gifts that had been accepted	Below the reporting threshold	Above thresholds and now added to the gift register
City of Bayswater	81	27	24	3
City of Fremantle	219	13	13	0
City of Kwinana	106	4	0	4
City of Mandurah	147	0	0	0
City of Perth	294 ¹⁰	4	2	2
Town of Cambridge	54	0	0	0
Total	901	48	39¹¹	9

Source: OAG based on entity data

Table 2: e-discovery results (1 July 2022 to 31 December 2024) identifying offers and accepted gifts by audited entities

In total, the audit resulted in 18 gifts (2%) being added to entity gift registers. Nine of these were above the threshold for reporting and had to be disclosed, another nine were below the threshold but were disclosed voluntarily.

There were another 54 instances (6%) across the audited entities where it could not be determined if the gift or benefit had been accepted or declined because the staff were no longer employed by the entity. In these instances, it is not known if disclosure requirements have been met. However, even if these were all accepted and not disclosed, the level of non-compliance would be low at 63 (7%). The remaining offers were either declined or the entities had paid for the individual to attend an event where a benefit to the entity was identified.

⁹ The relevant limit for staff will be the limit prescribed in each entities' code of conduct as required by Regulation 19AC of the Local Government (Administration) Regulations 1996.

¹⁰ Due to the large number of offers, we recommended that the City of Perth focus their review on entries which could raise possible conflicts of interest if accepted. Of the 294 offers identified, 237 lower risk category offers have not been reviewed at the time of this report.

¹¹ Of these gifts, there were nine that entities voluntarily added nine to the register after the audit.

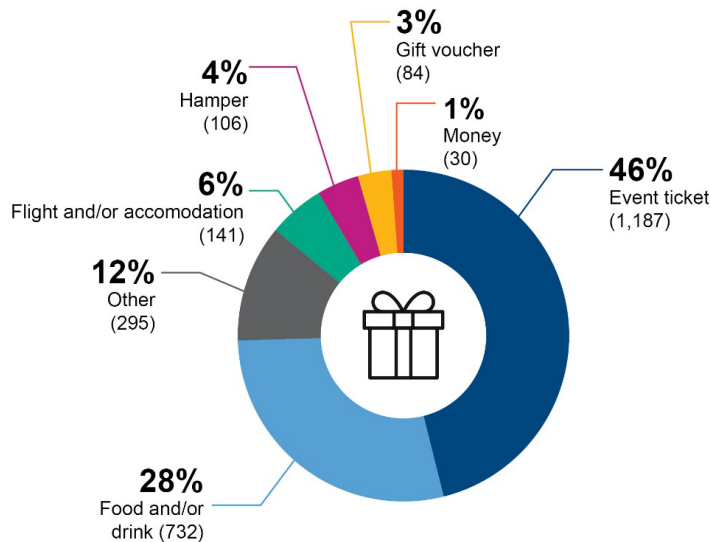
While most of the 48 accepted gifts were work-related and included conferences, hospitality and business-related activities, a small number were accepted for personal benefit. These included a small number of complimentary tickets to VIP sections and corporate suites for sporting events, as well as hospitality (including meals and alcohol). Gifts were accepted from a range of organisations including sport clubs, entertainment/event organisers, professional bodies, mining and IT companies, contractors and suppliers. Accepted gifts and benefits have the potential to create a conflict of interest, even if they are work-related, when they are not identified and managed. This reinforces the need for declarations to detail decision-making to aide with transparency.

The range and number of gifts indicates that staff at all levels, not just council members and CEOs, are exposed to the risk of inappropriate influence

Gifts and benefits are offered and accepted across operational and decision-making roles within entities and by council members and CEOs. While mayors, council members and CEOs receive gifts, staff involved in decision-making areas such as procurement, leasing and property approvals are also offered and accept gifts. These staff are at higher risk of conflicts of interest because of the decisions they make in their roles.

Across the six audited entities, 70% of gift declarations were made by staff. Even though staff have lower reporting thresholds, which can lead to more declarations, receiving gifts still increases the risk of real or perceived conflicts of interest. This shows why strong controls and clear processes for managing gifts are important. These controls and processes should apply at all levels of entities, particularly to high-risk positions.

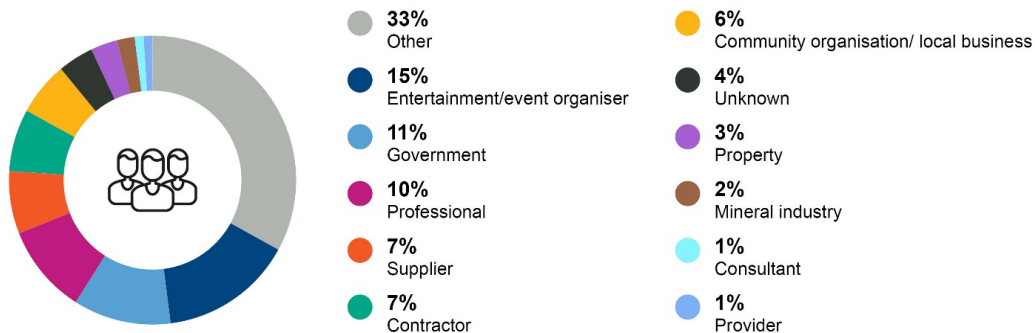
Our review of the publicly available registers of all entities found that between 2019 and 2024 the total number of gifts reported by entities was over 2,500 with a total value of approximately \$664,000. Event tickets and food and drink were the most common type of gifts offered, with 10% of all gifts being alcohol and 4% being money or gift vouchers (Figure 2). Gifts of flights and accommodation included 23 instances of international travel.



Source: OAG using publicly available information

Figure 2: Types of gifts recorded in entities' publicly available gift registers between 2019 and 2024

These gifts and benefits were offered by many providers with almost 13% recorded in registers as received from current suppliers and contractors of the entity (Figure 3).



Source: OAG using publicly available information

Figure 3: Sources of gifts recorded in entities' publicly available gift registers between 2019 and 2024

The receipt of gifts and benefits may also be covered by other entity policies and procedures. In accepting gifts, the recipient needs to be mindful of those to ensure compliance with both policies. For example, some member entities of the Perth South West Metropolitan Alliance recorded overseas travel to the United States of America in September 2024 as a gift in their registers and others did not. Where entities have recorded this travel within their gift and benefits registers this provides transparency for council and ratepayers. Entities should still ensure acceptance of gifts and recording of these within gift registers does not substitute for complying with their overseas travel policy requirements.

Entities are not effectively managing conflicts arising from accepting gifts

Conflicts of interest created by accepting gifts are not effectively managed increasing the risk of inappropriate influence

Even when accepted gifts are declared and transparent, we found that the resulting conflicts of interest are not effectively identified or managed. A conflict of interest is created by gift recipients accepting gifts and benefits from current or potential suppliers seeking to obtain work with the entity. We found examples in all audited entities where gifts had been accepted and declared from suppliers but some of these individuals had been involved in procurement decisions or contract management with the supplier. Although in these instances there was a level of transparency about the gifts, because conflicts of interest were not managed, the risk of inappropriate influence was not mitigated.

There were almost 700 instances of accepted gifts or benefits from organisations on the supplier master file for all the audited entities. Of these:

- 79 individuals who had accepted gifts and benefits were then involved in procurement as panel members of tenders, approving procurement decisions and/or purchase requisitions, or overseeing contracts with suppliers
- only five of these individuals (6.3%) had disclosed a conflict of interest risk when participating in a procurement decision relating to the entity providing the gift
- for two of the five individuals, even when a conflict of interest had been declared, we were unable to find any documented strategies to mitigate the risk of influence.

Case study 1 where offers of gifts and benefits from suppliers were accepted by staff. Although the value of the gifts were sometimes small in value, they create a concerning trend as they were identified across the audited entities and resulted in a perceived or actual conflict of interest. If these are not managed, they can lead to the perception of improper influence of decisions made by entities.

Case study 1: Examples of inappropriate gifts offered by suppliers and accepted by staff participating in procurement decisions

- In 2019, a staff member was on the evaluation panel that awarded a contract to a supplier for approximately \$111,000. The staff member subsequently managed the contract. Six months before the contract was renewed, the contract manager accepted tickets to watch an AFL game at Optus Stadium. This contract manager was also a panel member during the contract renewal process which saw the contract successfully renewed and increase in value to almost half a million dollars.
- A staff member received three bottles of 12-year-old whisky from a property company valued under \$300 after the awarding of a tender for an estimated value of \$19.2 million over a five-year period. These gifts were surrendered by the staff member to their social club, and therefore still retained by the entity. The offering and acceptance of such gifts is inappropriate, even after the awarding of contracts, as it is intended to build relationships that may bias future decisions.
- At another audited entity, three staff accepted gifts which included alcohol from a current supplier. Two of the staff were on a tender evaluation panel for that supplier and did not declare any conflict of interest in relation to the gifts. The supplier was the successful tenderer and awarded a contract to the value of \$400,000. Those staff have also been involved in approving purchase orders for the supplier.
- At one audited entity the following conflicts of interest were identified and not declared:
 - two staff members accepted a bottle of alcohol each, valued at \$50 per bottle from a supplier. One of the staff members approved purchase orders for the supplier and was the nominated representative overseeing the contract, currently valued at \$185,000
 - a staff member accepted a bottle of whisky valued at \$120 from a supplier and approved purchase orders and purchase amendments from this supplier
 - a staff member received a \$50 gift card from a supplier and then went on to approve purchase orders and a contract extension for a further one year for this supplier.
- Thirteen staff at another entity received various \$50 gift vouchers in 2019 from a supplier. Four of the staff were involved in the tender process where the gift giving organisation was successful with a contract value of approximately \$1.4 million.

All audited entities' policies required panel members to declare conflicts of interest during procurement processes. However, none of them asked panel members when assessing tenders or making procurement decisions to consider whether receiving a gift or benefit may create a conflict. Instead, procurement processes focused primarily on conflicts from personal relationships, proximity, or financial interests, which are better understood by staff and still need to be managed. Staff involved in procurement and commercial activities need to understand conflict of interest risks related to receiving gifts or benefits and when to declare a conflict of interest. By excluding gift-based conflict of interest consideration, entities risk overlooking a key source of influence that can affect decision-making as evidenced in Case study 1.

Conflicts of interest are not considered when recording gifts and benefits, limiting entity oversight of risk and staff compliance with policies

Most audited entities do not require staff to consider the risks from gift acceptance. Five of the six entities' gift registers did not require recipients to consider conflict of interest risks. The City of Mandurah was the only entity that explicitly asked recipients to assess perceived and actual conflict of interest, including whether accepting a gift could lead to a future conflict of interest. Staff are required to consider and document whether the acceptance of the gift creates an impression that the staff member will favour the provider when carrying out their duties. The register also requires declarations to detail information considered in decisions made in accepting or declining gifts, including whether their supervisor or manager has been informed of the gift to aide with oversight, representing good practice.

The City of Mandurah's register is supported by guidance requiring staff to decline the receipt of gifts or benefits from suppliers where conflicts of interest arise and defines which gifts may be acceptable and which are prohibited. Prohibited gifts include:

- any token gift over the value of \$50
- any cash or equivalent
- training over \$300
- ticket to an event valued over \$300
- ticket to an event not related to professional development valued over \$50
- any gift of alcohol
- prizes of any value.

Low value gifts can create a perception of bias or preferential treatment if received frequently from parties with vested interests, even when staff are following policies.

The gift registers across the six audited entities showed instances where suppliers and stakeholders offered frequent, low-value gifts such as hospitality, promotional items, and event invitations. While suppliers may wish to showcase the value of their products and services, this should occur through fair and competitive procurement processes – not through gifts. Although low-value gifts often fall below disclosure thresholds and may seem harmless and considered gestures of goodwill, if repeated they can gradually build familiarity and influence over decision-makers. Entities should demonstrate that there is a clear benefit to the entity and not to individuals before accepting the gift.

Some entities have statements of business ethics to help prevent suppliers offering gifts

To minimise staff exposure to the risks from supplier gifts, three of the audited entities have a statement of business ethics (City of Perth, City of Mandurah and Town of Cambridge). A statement of business ethics sets out entity expectations of suppliers in conducting business with them, including not providing or offering gifts and incentives, and provides staff guidance in declining gifts and benefits when offered. At one entity, the implementation of a statement of business ethics resulted in a decline in gift offers from suppliers. A statement of business ethics supports staff to minimise the risk of organisations seeking to influence decisions through gifts and benefits.

However, a statement of business ethics on its own will not always prevent gifts from suppliers. Improvements in policy and procedures, training and monitoring is required to manage the risks of gifts and benefits appropriately.

Audited entities are not using all information to mitigate risks arising from accepting gifts

None of the six audited entities have processes to review information in their gift registers to identify patterns or trends in gifts offered or accepted. This means they are not analysing data that could reveal risks such as offers targeting particular positions, repeated offers from the same company, or conflict of interest risks associated with gift providers. As a result, they are less equipped to identify and address emerging risks.

Further, not all audited entities were using other information they have such as supplier masterfile information, tender registers, lease registers and complaint registers that would help them identify whether controls for gift-based conflicts are working. The City of Kwinana introduced a centralised complaints register, but this has not been implemented long enough to identify trends in conflicts of interest or information which may indicate that there are undeclared gifts and benefits. The other entities could also use complaints information to help identify concerns that relate to fair and transparent decisions. However, these entities did not have centralised complaints information because complaints are dealt with in individual business areas. This siloed approach makes it harder to use the information to identify where there has been at least a perception of a conflict of interest that may be linked to gifts and benefits.

The audited entities rely heavily on staff knowing when to declare gifts and following codes of conduct. Consistent oversight is needed to help entities manage gift declarations. While all the audited entities used an electronic system to manage gift and benefit declarations, there were gaps in recording and ensuring compliance. Two of the audited entities are not fully utilising system functionality with one entity manually recording information between their register and system and the other using their system to only manage council members and CEO declarations. Improving system functionality will help entities ensure the information they have is robust and allow them to use this information for effective oversight of gift and benefit declarations and identify and manage conflicts of interest.

There were six instances across two entities where advice from governance staff to declare gifts was not acted upon, reducing transparency and increasing risk. All audited entities had governance teams providing advice and promoting compliance. In one entity, governance advised staff to return gifts offered by current suppliers, demonstrating proactive support but also highlighting ongoing risks in procurement-related roles. Council members, CEOs and staff are encouraged to seek governance advice when unsure about accepting gifts and leadership teams should support and reinforce the advice governance teams provide. Not following governance advice can undermine transparency and weaken controls designed to ensure compliance and reduce risk.

Entities have policies, procedures and training on gifts and benefits but more support is required

Policies and procedures exist but some are outdated and lack details on what is expected of council members and staff

All six audited entities have policies and procedures to help staff recognise and avoid situations where personal interests could influence, or appear to influence, professional decisions. These policies and procedures are supported by codes of conduct that outline disclosure requirements, but most procedures require improvements to help manage the risks inherent in offers of gifts and benefits.

Four of the six entities' gifts and benefits policies lack clear guidance on when gifts and benefits should be declined, with some being outdated. These entities do not clearly outline examples of prohibited gifts, including not accepting gifts from current or potential suppliers.

This limits their usefulness in helping staff make sound decisions when faced with offers of gifts or benefits and protect the entity from perceptions of bias.

At each of the six audited entities, we saw gifts and benefits being declined by staff, which helps demonstrate that staff do assess and decline gifts when benefits to entities are not clear. Gifts and benefits declined included invitations to sporting events, hospitality that included networking with food and alcohol and gifts offered from suppliers. Some audited entities declined gifts and subsequently chose to pay where a work-related benefit was determined for example where a staff member attended professional development courses. These instances demonstrate staff awareness and the majority try to do the right thing and comply with policy positions.

Policies and procedures clearly define the circumstances when it is appropriate or not to accept gifts or benefits and explain the processes to follow where a perceived or actual conflict of interest exists. The City of Mandurah has published a decision-making tool on its intranet to help convey expectations and guide staff in their decisions and declarations of gifts and benefits. This tool is clear, practical and easy to understand and represents good practice made available by the Public Sector Commission¹² (Figure 4). Guidance to staff also includes the Public Sector Commission's 6Ps and 6Rs Tools¹³ for managing conflicts of interest.

<p>G – Giver</p> <p>Who is providing the gift, benefit or hospitality and what is their relationship to me?</p> <p>Does my role require me to select contractors, award grants, regulate industries or determine government policies?</p> <p>Could the giver (person or organisation) benefit from a decision I make?</p> <p>I – Influence</p> <p>Is the giver seeking to influence my decisions or actions?</p> <p>Is the gift, benefit or hospitality being offered to me publicly or privately?</p> <p>Is it a courtesy, token of appreciation or highly valuable?</p> <p>Does its timing coincide with a decision I am about to make?</p> <p>F – Favour</p> <p>Is the giver seeking a favour in return for the gift, benefit or hospitality?</p> <p>Is the gift, benefit or hospitality being offered honestly?</p> <p>Has the giver made several offers to me or people in my business area over the last 12 months?</p> <p>Would accepting it create an obligation on me to return a favour?</p> <p>T – Trust</p> <p>Will public trust be enhanced or diminished?</p> <p>Could I publicly explain why I am accepting the gift, benefit or hospitality?</p> <p>What would my colleagues, family, friends and associates think?</p> <p>Have I made good records on accepting the gift, benefit or hospitality in accordance with reporting and recording procedures?</p> <p>Declining a gift can be as simple as saying "Thank you for your offer however as a public officer it is not appropriate for me to accept gifts".</p>
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Source: City of Mandurah

Figure 4: Prompts for City of Mandurah staff to consider when offered a gift (using public sector guidance – decision-making tool)

¹² Government of Western Australia, [Decision-making tool: GIFT test](#), WA.gov.au website, 3 November 2021, accessed 25 January 2025

¹³ [The 6Ps and 6Rs tools](#) help authorities and public officers identify and manage conflicts of interest.

Training is available, but it is often limited to the induction process rather than regularly reinforced to help embed desired behaviours

All the audited entities have formal training covering gift and benefits policies and procedures, but for most audited entities training is provided to council members and staff only during onboarding. The City of Mandurah and the City of Perth provide regular training to staff members, which includes some coverage of gifts and benefits. A lack of regular training reduces the likelihood that the behaviours laid out in policies and procedures are embedded in the culture of entities.

In the absence of regular refresher training, most audited entities rely on seasonal or informal reminders to reinforce gift declaration requirements. These typically occur around festive periods, such as Christmas, or during staff briefings. While helpful, this ad-hoc approach may not provide sufficient guidance for staff to consistently apply policies throughout the year.

LGIRS support and guidance on gifts and benefits is not fully effective

There is limited guidance to the sector for entity staff, leaving entities to develop their own guidance, increasing the risk of inconsistent practice across the sector. LGIRS guidance, last reviewed in 2022, is targeted only to council members and CEOs as they are explicitly covered by the LG Act and regulations. LGIRS supports entities and responds to specific individual queries on gifts and benefits but does not proactively communicate these more broadly to enable shared learning.

In some areas the LGIRS guidance has not been sufficient, resulting in different interpretations by entities. Some entities were obtaining their own independent legal advice, at the cost of ratepayers, to help them meet their compliance requirements. In one instance LGIRS recommended an entity seek their own legal advice if they had any doubt on LGIRS interpretation of a query they raised with them. This query was in relation to the timing of exactly when a gift was accepted. Without clear guidance, inconsistent practice can lead to limited transparency and make monitoring of compliance by LGIRS difficult.

All the audited entities told us the guidance provided by LGIRS is not sufficient to meet their needs. For instance, the current disclosure requirements do not require declarations of declined gifts and the disclosure threshold of \$300 is higher than that set for the WA State and Australian government entities (\$50 and \$100 respectively). This can restrict transparency and may not reflect community expectations. All audited entities have independently set lower value thresholds than those required, indicating the \$300 threshold does not meet their risk tolerances.

Recommendations

To enable effective management of gifts and benefits, entities should:

1. provide education and guidance that sets out entity expectations and assists staff and council members in making decisions by:
 - a. implementing clear and up to date policies and procedures that outline gifts that are acceptable (good practice limits these to token gifts)
 - b. requiring accepted and declined gifts from commercial entities, be declared
 - c. specifically outline gifts that are prohibited
 - d. implement regular training and education programs to ensure staff understand and apply policy, procedure and code of conduct, in practice and when making decisions.

Implementation timeframe: December 2026

Entity response: Entities generally accepted the recommendations but noted that there is currently no legal or regulatory requirement to disclose declined gifts.

2. Implement fit for purpose, risk-based monitoring and reporting mechanisms to:
 - a. proactively oversee gift and benefit declarations
 - b. analyse information across the entity to identify undeclared gifts, check that controls are working and identify any concerning trends or patterns
 - c. manage perceived and actual conflicts of interest, requiring these declarations to consider the receipt of gifts and benefits
 - d. consider a centralised complaints register to highlight where controls and processes have not been followed and identify systemic risks.

Implementation timeframe: December 2026

Entity response: Recommendation supported.

To enable effective oversight of compliance requirements and in supporting the local government sector, LGIRS should:

3. review regulatory requirements and guidelines to consider:
 - a. reducing the \$300 threshold or explaining why it remains appropriate (noting state entity requirements of \$50 or Australian Government requirements of \$100)
 - b. increasing the timeframe for updating gift registers from 10 days to better reflect the tempo and nature of senior attention, decision-making and compliance reporting processes, (noting 31 days is the Australian Government timeframe)
 - c. amending the Form 4 template to record both the date the gift was received as well as the date the gift register was updated to allow regulatory compliance to be monitored.

Implementation timeframe: December 2026

Entity response: Recommendation to be considered as part of review of potential legislative reform and updates to guidelines.

4. Issue updated guidance and templates to the sector to:
 - a. extend guidance beyond elected members and CEOs to include all entity staff
 - b. require entity gift registers to disclose accepted gifts and benefits and declined gifts from commercial entities to:
 - improve transparency – listing all offers improves trust that declined gifts have not been accepted informally and staff have not been subject to influence
 - improve compliance - declined gifts can help identify patterns where repeated offers from the same person or company are being offered or identify situations requiring further oversight
 - help protect staff by officially recording declined gifts demonstrating compliance and maintaining trust.

Implementation timeframe: December 2026

Entity response: LGIRS accepts the recommendation.

Response from the City of Bayswater

The City of Bayswater thanks the Office of the Auditor General (OAG) for its comprehensive report. We acknowledge the complexity of this audit and appreciate the significant effort involved in reviewing extensive information to develop recommendations that support local governments in managing gifts and benefits effectively.

The report confirms that local governments are generally complying with legislative requirements. The data reflects robust governance practices and strong adherence to these requirements, providing confidence in overall compliance across the sector.

Three gifts were identified as accepted by City of Bayswater employees, but not recorded in the City's Gift Register. Two related to an Economic Development Breakfast and one to an Awards Ceremony where the City was nominated for an award. Employees were requested to attend these events as part of their official duties and therefore did not perceive or identify them as gifts.

The City acknowledges there is always room for improvement. While the findings confirm a strong commitment to integrity and sound governance practices, the City of Bayswater values the recommendations and remains committed to continuous improvement and maintaining high standards of accountability.

Response to Recommendations:

Finding 1: The City will review and update its processes and training to provide enhanced education and guidance on the management of gifts and benefits.

Due Date: 31 December 2026

Finding 2: The City will implement a risk-based approach to monitoring the recording and reporting of gifts and benefits.

Due Date: 31 December 2026

Response from the City of Fremantle

Recommendation 1

All newly elected Council Members at the City of Fremantle are required to complete an induction and mandatory training following the election. The City's induction process includes a presentation from WALGA or City Officers, outlining their role and responsibilities as an Elected Member, this includes gifts and interest disclosure requirements. They are also provided with an induction manual, which includes various information regarding gifts and disclosure of interest requirements. The induction manual also includes operational guidelines published by the Department, Council policies and procedures. In 2025, the city also introduced an internal intranet site for Elected Members to provide them with direct access to up-to-date information relevant to their role.

Officers at the City are required to complete mandatory Code of Conduct training, which includes important information in relation to gifts, and specifically outlines that gifts over \$300 are prohibited. Information regarding disclosure of interest relating to gifts has also been included in the City's new procurement policy, guidelines and mandatory training. Officers are reminded that they are required to disclose any interests relating to a supplier when undertaking any procurement process such as an RFQ or Tender. Online and in person Governance training has been implemented to ensure staff are aware of their

requirements relating to gifts, and regular reminders and information is also published on the City's internal intranet site.

Elected Members and staff are required to disclose gifts in accordance with the requirements of the Local Government Act and these disclosures are recorded within a gift register which is published on the City's website. The City has not implemented the requirement to disclose gifts that have been declined, as this is not a requirement of the Act. However, staff are required to record this information in the City's records keeping system for future reference.

Recommendation 2

In addition to the annual Compliance Audit Return review, the City undertakes regular internal Governance audits, to monitor gift disclosures and compliance. When non-compliance occurs, the matter is reviewed and appropriate action is taken. This may include mandatory training relating to gift and interest disclosures, or if the matter is serious or repeated, disciplinary action may be taken and the matter is reported to the Department and CCC. If non-compliance is related to an Elected Member or the CEO, this is reported to the Department and CCC as required.

Disclosure of declined gifts

Whilst the City makes every effort to ensure Staff and Elected Members are aware of their requirements relating to gifts, and gift disclosures are made to ensure compliance and transparency, in the City's opinion, the disclosure of gifts that are declined is not required for the following reasons:

The Local Government Act 1995 establishes disclosure obligations for gifts that are received by the CEO and Council Members. Section 5.87A(1) requires disclosure only for gifts that have been received. The term "received" implies acceptance and possession of the gift. Where a gift is declined, it is never taken into possession and therefore does not meet the statutory condition of being "received". As such, a gift that is offered but not accepted, in the City's opinion, does not fall within this definition.

The intent of disclosure provisions is to ensure transparency regarding benefits that may influence decision-making. If a gift is declined, no benefit is conferred, and therefore no potential for undue influence exists. Recording declined gifts as disclosures could create unnecessary administrative burden and misrepresent the nature of interactions, as no actual transfer of value occurred. Therefore, a gift that has not been accepted should not be disclosed, as it does not meet the legislative requirement of being "received," nor does it present any risk of influence or conflict of interest.

Gifts received electronically by email

A gift offered via email is not considered "received" until formal acceptance occurs. The City's interpretation is based on the following principles:

Section 5.87A of the Act requires disclosure of gifts that are received. The term "received" implies both acceptance and possession. An emailed offer is merely an invitation; until the recipient formally accepts, no transfer of benefit has occurred. The intent of the legislation is to ensure transparency regarding benefits that may influence decision-making. If a gift remains unaccepted, there is no actual benefit conferred, and therefore no potential for undue influence.

Formal acceptance provides a clear, auditable point in time when the gift becomes a reportable item. This prevents ambiguity about whether an offer constitutes a received gift and supports consistent governance practices. Treating emailed offers as "received"

without acceptance could lead to unnecessary disclosures and misinterpretation of interactions. Requiring formal acceptance ensures that only genuine transfers of value are recorded.

In conclusion, a gift offered by email should only be considered “received” once formal acceptance has been given, as this aligns with the statutory wording, legislative intent, and best practice for transparency and accountability.

Concluding remarks

As a result of this Audit, the City has commenced a review of the information, processes and training provided to staff and Elected Members relating to gift and disclosures of interest, to ensure improvement. Various initiatives as outlined in the responses above have already been implemented, and additional improvements are being considered by the City, with the intent to be implemented as actions as a result of this audit. These actions will be reported to the City’s Audit, Risk and Improvement Committee for consideration and adopted by Council.

Response from the City of Kwinana

The City of Kwinana (City) appreciates the Office of the Auditor General’s (OAG) report on local government management of gifts and benefits and supports the recommendations provided. The City values the OAG’s review and acknowledges the importance of robust compliance practices in relation to gifts, benefits and conflicts of interest. The findings and insights outlined in the report will assist the City in further strengthening its ongoing commitment to transparency, integrity and public trust in decision-making.

The report highlights that legislative change alone may not always achieve all governance outcomes as intended. It reinforces that compliance with minimum statutory requirements does not necessarily equate to best practice. The City recognises the OAG’s encouragement for local governments to exceed baseline standards, including consideration of measures such as declaring declined gifts and recording supplementary information in the Form 4 register. While the City acknowledges the value of enhanced disclosure, the inclusion of additional information is not currently within the scope of the legislatively prescribed form. Accordingly, the City suggests that any expansion of reporting requirements be supported by formal legislative amendment and that proposed changes be clearly communicated to all local governments to ensure consistent application.

The City is committed to supporting its Governance and Legal team in the implementation of required changes arising from the OAG’s recommendations. The Leadership team will play a key role in proactively promoting clear information and encouraging adherence to updated processes and procedures, ensuring that all staff are well-informed and equipped to comply effectively. The City also notes its support for the recommendations directed to the Local Government Integrity Reporting System (LGIRS).

Since the OAG audit commenced in November 2024, the process has already prompted improvements to the City’s internal practices concerning gifts, benefits and conflicts of interest. The City has initiated a comprehensive review of relevant processes and is progressively implementing necessary changes. A detailed project plan has been developed to guide the coordinated implementation of all recommendations. Progress reports will be provided to the City’s Audit, Risk and Improvement Committee for ongoing oversight and monitoring.

The City will continue to implement these improvements with the objective of maintaining best practice standards in the management of gifts, benefits and conflicts of interest. The

City thanks the Office of the Auditor General for its audit and constructive recommendations and is confident that the actions underway will further enhance governance, accountability and community confidence.

Recommendation 1

The City acknowledges and accepts the recommendations outlined for the effective management of gifts and benefits, and conflicts of interest within Local Government entities. Since the commencement of the OAG audit, the City has proactively begun implementing changes to its approach.

Recommendation 2

The City acknowledges and accepts the recommendations regarding the implementation of fit for purpose, risk-based monitoring and reporting mechanisms. The City would like to note it has completed recommendation 2(d) by establishing the City's "Feedback Register" in August 2023.

Response from the City of Mandurah

The City of Mandurah (the City) has established controls in place that address the OAG recommendations. These controls are reviewed annually to assess their effectiveness and to support continuous improvement.

Through the City's control environment, employees are required to carefully assess the appropriateness of accepting any gift or benefit, particularly where they are involved in procurement activities, grant assessments, or the exercise of delegated authority.

Employees are reminded that the acceptance of a gift must not compromise, or be seen to compromise, their impartiality or the integrity of the City. Decisions must be made on merit, free from undue influence. Where there is any doubt, employees are required to decline the gift and/or seek guidance in accordance with the City's Code of Conduct requirements.

The City has a number of controls to proactively oversee gifts and benefit declaration, including quarterly and annual reporting.

The City will improve its current reporting to the Chief Executive Officer to include a three-year trend analysis that will identify: number of gifts received; number of gifts offered and declined; individuals repeatedly receiving gifts; business units repeatedly receiving gifts; suppliers repeatedly offering gifts and categories of gifts received. Where there are trends observed, the City will utilise this information to provide:

- further education for individuals or teams;
- improvement to controls, such as procedures and guidelines;
- contact City suppliers regarding their obligations under the Statement of Business Ethics, i.e. do not provide gifts to City employees.

The City will further strengthen its employee gifts and conflict of interests training, including identifying and managing any actual, potential or perceived conflict of interest arising from it. This requirement will apply particularly where employees are:

- Undertaking procurement and tender evaluation processes
- Assessing or recommending grant funding
- Exercising delegated or statutory authority

- Training materials, guidelines and procedures will be updated to reinforce these obligations and ensure consistent understanding and application by City officers.

The City will continue to reinforce these obligations through, training, guidelines and ongoing awareness initiatives to ensure consistent and ethical decision-making across the organisation.

Response from the City of Perth

The City of Perth is committed to continuous improvement and feedback and has welcomed the opportunity to participate in the OAG's Local Government Management of Gifts and Benefits Audit.

The City has a range of policies and guidance in place for both staff and elected members to support them in meeting their obligations relating to the declaration of gifts and benefits. This also provides additional guidance and oversight in the management of any related interests.

Based on the two recommendations in this report the city will further enhance its education and training on gifts and benefits and interests' management.

Recommendation 1

The City of Perth believes it already has clear and up to date policies in place. However, the City will review its gifts management framework to ensure currency and promote best practice. The City will also continue to encourage its Elected Members to declare all gifts.

The City is developing additional training (face to face) to further support employee understanding of gifts management at the City. Additional training (face to face) is expected to be implemented in the first quarter of 2026.

Recommendation 2

The City of Perth will review its gifts management framework to ensure currency and promote best practice as suggested in this report. Noting that Employee and Elected Member complaint registers will continue to be kept separately.

Response from the Town of Cambridge

The Town of Cambridge is committed to continuous improvement and has welcomed the opportunity to participate in the OAG's management of gifts and benefits performance audit. The Town acknowledges the overall findings and recommendations and supports the better practice guide.

The Town has maintained strong internal controls in relation to the acceptance of gifts and benefits. In addition, our outward facing Statement of Business Ethics clearly establishes the Town's expectations in relation to the conduct of business with the Town, including not offering gifts.

The Town will look to incorporate the better practice system of controls detailed in the report as part of a future review of the Town's policy and procedures in relation to the acceptance of gifts and benefits.

Response from the Department of Local Government, Industry Regulation and Safety

Recommendations 3 and 4

Suggested legislative reform would need to be considered as part of the larger reform program and would be subject to stakeholder consultation and decisions of Government.

LGIRS acknowledges the Auditor General's observation and supports the need for clear and practical guidance to assist local governments in managing integrity risks.

Our current guidance is directed at council members and CEOs, as they are explicitly covered by the regulations. Gift disclosure and reporting requirements for local government employees that are not CEOs should be included in each individual local government employee code of conduct. LGIRS recognises that additional guidance may assist local governments in supporting staff to meet the requirements of their codes of conduct.

The Local Government Regulatory Approach outlines LGIRS' commitment to fostering best practice and supporting compliance across the sector. Consistent with this approach, LGIRS issued a Local Government Alert – Guidance on managing gifts, benefits and hospitality on 4 September 2025, encouraging all local governments to review their codes of conduct and consider additional policies. LGIRS will continue to engage with the Western Australian Local Government Association and the Local Government Professionals WA to review its guidance materials and to explore opportunities for further sector support, including joint training initiatives by 31 December 2026.

LGIRS notes that the Local Government Inspector formally commenced on 1 January 2026. This represents a significant change in the State Government's regulatory approach for the local government sector, and accordingly, the Local Government Inspector will play a central role in shaping the future compliance framework and approach to proactive monitoring. LGIRS will liaise with the Local Government Inspector to hand over this recommendation for consideration as part of the Inspector's compliance monitoring plan. LGIRS will also engage with the Inspector regularly to assist with monitoring.

Audit focus and scope

This audit was conducted with an initial review of published gifts and benefits registers from all 147 entities with results informing our more in-depth work at six metropolitan entities.

The objective of this audit was to assess whether entities effectively manage gifts and benefits.

We based our audit on the following criteria:

- Are entities complying with their gifts and benefits policies and procedures?
- Are entities recording all offers of gifts and benefits?
- Are entities' decisions for accepting or declining gifts and benefits appropriate?
- Are entities recording and managing all conflicts of interests in relation to gifts and benefits?
- Is LGIRS actively monitoring compliance with the regulations and providing adequate guidance to entities?

The audit reviewed gifts and benefits registers and the recording and management of conflict of interests at each audited entity over the period 1 July 2019 to 30 June 2024.

We assessed each entity's policies and procedures against legislative requirements, LGIRS' operational guidelines and our better practice guidance in Appendix 1. At each entity, we also:

- reviewed policies, procedures and processes relating to gifts and benefits
- examined records and processes for monitoring conflicts of interest
- reviewed all entity / regional council entities' gifts and benefits register for council members, CEO and council
- conducted e-discovery procedures on the email correspondence of selected key decision makers for undeclared gifts and benefits to test the completeness of gift and benefit declarations
- e-discovery procedures used defined terms of common offers of gifts and benefits we identified through our initial review of published gifts and benefits registers of all entities. Our results are restricted to these terms meaning not all offers of gifts and benefits to selected risk positions can be identified
- where e-discovery procedures identified offers of gifts and benefits, these have been assessed by entities. They have updated their registers to record and make transparent gift offers that have been accepted and notified external entities where compliance obligations were not met
- reviewed tender and procurement contracts
- met with key staff from governance, procurement, contracts and finance areas.

We did not assess electoral gifts as they fall under different rules and regulations and are only relevant for a specific period (during elections).

It is outside the scope of this audit and our remit under the *Auditor General Act 2006* to, and we did not, conduct any investigation of:

- the conduct of any individual member of staff in accepting gifts or benefits or the appropriateness of each individual decision to accept a gift or benefit
- the appropriateness of decisions made by staff after accepting gifts or benefits
- the conduct of any commercial supplier; or
- whether there was any direct or deliberate attempt to influence any particular procurement by offering gifts or benefits to entity staff or seek to identify any direct inappropriate influence on any specific procurement.

As this was our first audit into gifts and benefits for local government entities, we are not naming individuals and have relied on the sampled entities to update their gift registers and report non-compliance appropriately. However, we may change this position in future audits if we again find instances where gifts and benefits are accepted, but not disclosed.

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 \$690,000.

Appendix 1: Form 4 – Register of gifts

Local Government Act 1995

Local Government (Administration) Regulations 1996

REGISTER OF GIFTS

Name of person making disclosure	Description of gift	Name and address of person who made gift	Date gift was received	Estimated value of gift at time it was made	Nature of relationship between person who made gift and person who received gift	For a gift that is a travel contribution — description and date of travel	For an excluded gift under s. 5.62(1B)(a) — the date of the approval referred to in s. 5.62(1B)(a)(ii) and the reasons for the approval




Source: Local Government (Administration) Regulations 1996

Form 4 – Register of gifts within the Regulations to be used by entities to manage risks associated with the receipt of gifts and benefits highlighted weaknesses.



Appendix 2: Gifts and benefits better practice guidance

Entities need to have gifts and benefits policies and procedures that are up-to-date and accessible to staff. These policies and procedures should include key controls for the declaration of gifts and benefits, the management of conflict of interests created from accepting gifts and benefits and regular review and monitoring.




The table lists the key elements of a system of controls for effective gifts and benefits management, which guided our audit.

Key elements / Framework component ¹⁴	Outcome	What we expect to see
Policies and procedures 	Comprehensive, approved and up-to-date policies and procedures to provide all local government staff with guidance on their obligations	<ul style="list-style-type: none"> clear and easy to understand policy and procedures that detail prohibited gifts code of conduct signed at start of employment and annually thereafter clear and specific definitions of gifts and benefits to aid in decision-making and limit ambiguity, providing examples relevant to entity operations set out overarching entity expectations reinforcing policy, procedures and code of conduct messages management of gifts and benefits considered in the context of ethical conduct, impartiality, honesty, transparency and accountability evidence of periodic review.
Declaration of all gifts and benefits 	Consistent expectations	<ul style="list-style-type: none"> all gifts and benefits are declared regardless of value or acceptance standardised declaration forms, ensuring consistency of information recorded and decision-making process consider whether the receipt of gifts and benefits results in a conflict of interest that needs to be identified and managed gift registers should detail where there are nil returns to ensure they provide transparency and date of update of registers should be evident
Making appropriate decisions 	Clear decision-making framework	<ul style="list-style-type: none"> to minimise risk, the entity's policy position should be communicated to stakeholders, suppliers and clients – this could include sharing the statement of business ethics guidance to aid staff with decision-making and when the acceptance of gifts may be considered appropriate guidance be clear in setting out processes for avoiding and managing conflicts of interest to

¹⁴ Refer to Figure 1 Key components of a gifts and benefits framework

Key elements / Framework component ¹⁴	Outcome	What we expect to see
		<p>consider who benefits from the acceptance of the gift or benefit</p> <ul style="list-style-type: none"> • decisions be based on risk assessment that consider potential, perceived and actual conflicts of interest • provide clear guidance on declaring conflicts of interest, managing (with documented mitigation strategies) and reviewing these • guidance to support staff in declining gifts and benefits.
<p>Training and education</p> 	<p>Training to increase awareness of impartiality, integrity and conduct expectations</p>	<ul style="list-style-type: none"> • regular codes of conduct, fraud awareness and integrity training (yearly) • regular reminders to council members, CEO and staff to make sure there is awareness and understanding of compliance obligations • advanced integrity training for staff in areas identified as high risk of influence (e.g. procurement, recruitment, finance, binding decision makers).
<p>Oversight</p> 	<p>Regular monitoring and reporting to provide management with insights into use and the effectiveness of controls, and to address shortcomings in a timely manner</p> <p>Identification of patterns, areas of increased risk</p> <p>Evidence of reviews should be retained</p>	<ul style="list-style-type: none"> • reports from monitoring and reviews made available to leadership and audit committee periodically • all accepted and declined gifts or benefits reported to a central member of management to allow for effective oversight • monitor for repeat offers and cumulative value as these may flag risk where there is an intention to influence decisions that require further scrutiny, as well as monitor acceptance of repeat token gifts that may otherwise go undetected.

Key components of a gifts and benefit framework

-  Identify and record gifts and benefits
-  Identify and manage conflicts of interest
-  Use information to monitor and oversee risk

Source: OAG

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Auditor General's 2025-26 reports

Number	Title	Date tabled
11	Local Government Management of Gifts and Benefits	18 March 2026
10	Controls Over Portable Assets – State Entities	6 March 2026
9	Microsoft 365 Security Controls – State Entities	6 March 2026
8	Status of Local Government Audits 2025	28 January 2026
7	State Government 2025 – Information Systems Audit Results	3 December 2025
6	State Government 2025 – Financial Audit Results	3 December 2025
5	Valuation of Property Held by the Public Education Endowment Trust	3 December 2025
4	WA's Progress to Implement the National Principles for Child Safe Organisations (arising from the Royal Commission into Institutional Responses to Child Sexual Abuse)	27 November 2025
3	Maintaining Regional Local Roads	12 November 2025
2	Gold Corporation – Trade Applications	29 October 2025
1	Management of Housing Maintenance Information	6 August 2025

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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

This item was considered prior to Item 11.1.1 for the convenience of the Auditors present.

14.1 (2026/MINUTE NO 0012) Audit Plan for Financial Year ending 30 June 2026

Responsible Officer	Director Corporate and System Services
Author	Service Manager Strategic Finance
Attachments	1. City of Cockburn Audit Plan for the year ending 30 June 2026 Attachment provided under separate cover

Committee Recommendation

MOVED Cr H Srhoy SECONDED Cr C Reeve-Fowkes

The Committee recommends Council RECEIVES the Audit Plan for the financial year ending 30 June 2026, as attached to the Agenda, noting it outlines the external audit scope, approach and timelines, and supports oversight of the audit process.

CARRIED 8/0

Background

The attached audit plan for the 2025-26 Financial Year outlines the purpose and scope of the external audit and explains the audit methodology and approach to be taken in completing the 2026 Financial Year Audit.

It provides the Audit, Risk and Improvement Committee (ARIC) with the opportunity to review the audit focus areas, the auditor's procedures, and the agreed timelines.

The audit plan was prepared by KPMG (contracted audit firm) in consultation with the City and approved by the Office of the Auditor General (OAG).

Given the OAG has indicated a preference that their audit plans, management letters and audit closing reports are not made publicly available, this audit plan has been made confidential (refer Confidential Attachment.1).

Regulation 9 (2) of the *Local Government (Audit) Regulations 1996* sets out that the principal objective of the external audit is for the auditor to undertake sufficient work to form an opinion on whether the accounts are properly kept, and whether the Annual Financial Report:

- is prepared in accordance with underlying financial records; and
- fairly represents the results of the Local Government's operations as at 30 June, in accordance with Australian Accounting Standards and the *Local Government Act 1995*.

In addition, the ARIC Terms of Reference require the Committee to discuss the scope and planning of the audit with the external auditor on an annual basis.

Submission

N/A

Report

KPMG, as the appointed contract audit firm, will undertake an independent audit of the City's 2025–2026 financial statements to support the OAG in forming an audit opinion.

The audit will be conducted in accordance with Australian Auditing Standards and is designed to provide reasonable assurance that the financial report is free from material misstatement.

Audit planning includes identifying and assessing key risk areas, informed by KPMG's understanding of the City's operations, financial reporting framework, and the broader local government environment. Audit procedures will consider the effectiveness of internal controls and the appropriateness of accounting policies, estimates and disclosures.

Interim audit fieldwork is scheduled for June 2026, with year-end audit procedures commencing in early October 2026, in line with the proposed timeline. The draft audit report will be presented to ARIC on 1 December 2026, with the audit opinion and management letter to follow.

KPMG and the OAG will attend the May ARIC meeting to present and discuss the audit plan for the year ending 30 June 2026.

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

The OAG has provided a quote for the audit, which is included within the FY27 Annual Budget.

Legal Implications

- *Local Government Act 1995* Sections 5.53, 5.54, 6.4, and Part 7 - Audit
- *Local Government (Audit) Regulations 1996* Regulations 9, 9A and 10
- *Local Government (Financial Management) Regulations 1996* Part 4 - Financial Reports.

Community Consultation

N/A

Risk Management Implications

Under the *Local Government Act 1995*, Council is required to accept the Annual Report (including the Financial Report and Auditor's Report) by 31 December each year, or within two months of the auditor's report being available if it is delayed. Failure to meet these timeframes would result in statutory non-compliance.

Effective audit planning supports timely completion of the audit and assists in mitigating this risk.

Advice to Proponent(s)/Submitters

N/A

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

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 7.11pm.