



The Council of the City of Cockburn

Audit Risk and Compliance Committee **Agenda**

Tuesday, 18 March 2025

Audit Risk and Compliance Committee Meetingm 6pm, Tuesday, 18 March 2025

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Audit Risk and Compliance Committee Meetingm 6pm, Tuesday, 18 March 2025**Agenda****Committee Membersip**

Cr P Corke (Presiding Member)
Mayor L Howlett
Deputy Mayor C Stone
Cr K Allen
Cr C Reeve-Fowkes
Cr M Separovich
Independent Member W Gately
Independent Member A Kandie

1. Declaration Of Meeting

“Kaya, Wanju Whadjuk Boodja” which means “Hello, Welcome to Whadjuk Land”.

The Presiding Member will acknowledge the Whadjup Peoples of the Nyungar Nation who are the traditional custodians of the land on which the meeting will be held, and pay respect to their Elders both past and present, and extend that respect to First Nations Peoples present.

2. Appointment of Presiding Member (when required)

N/A

3. 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)**5. Apologies and Leave of Absence****Apology**

Mr W Gately, Independent Member

6. Public Question Time

7. Confirmation of Minutes

7.1 Minutes of the Audit Risk and Compliance Meeting - 3/12/2024

Recommendation

That Committee confirms the Minutes of the Audit Risk and Compliance Meeting held on Tuesday, 3 December 2024 as a true and accurate record.

8. Deputations

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

11 Reports - CEO (and Delegates)**11.1 Corporate and System Services****11.1.1 Roads to Recovery Program - Financial Statement and Independent Auditor's Report for Year Ended 30 June 2024**

Executive	Director Corporate and System Services
Author	Chief Financial Officer
Attachments	1. Roads to Recovery Financial Statement and Audit Report Year Ended 30 June 2024 ↓

RECOMMENDATION

The Committee recommends Council NOTES the Financial Statement and Independent Auditor's Report for year ended 30 June 2024 relating to the Roads to Recovery (R2R) Program.

Background

All audit reports received by the City, including the annual financial audit and project or service delivery audits mandated by funding bodies, are submitted to the Audit, Risk and Compliance Committee (ARC) for review.

Submission

N/A

Report

The City had \$1,120,875 available for expenditure from its annual Roads to Recovery (R2R) funding allocation of \$1,464,181. This amount accounts for \$343,306 that was expended in advance last year, as permitted by the funding conditions.

Total R2R funded expenditure for FY24 was \$932,121 on the Hammond Road duplication project. This leaves \$188,754 available and carried forward into FY25.

The City is required to prepare an audited statement in accordance with section 90 of the National Land Transport Act 2014 and the Roads to Recovery Funding Conditions 2019.

The unmodified (clean) audit opinion states the financial statement has been prepared in accordance with reporting requirements, is based on proper accounts and records, and to be used solely for the approved purposes.

Strategic Plans/Policy ImplicationsListening & Leading

A community focused, sustainable, accountable and progressive organisation.

- Best practice Governance, partnerships and value for money.

Budget/Financial Implications

Audit confirmed grant monies were appropriately expended on the approved project and there are no budget or financial implications resulting from the audit.

Legal Implications

N/A

Community Consultation

N/A

Risk Management Implications

Submitting this report to the ARC ensures all audit reports received by the City, including those addressing the City's compliance with grant funding requirements, are appropriately reviewed by the ARC.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil



Chartered Accountants

PARTNERS

Anthony Macri CA FCPA
Domenic Macri CA CPA
Connie De Felice CA CPA

**INDEPENDENT AUDITOR'S REPORT
2024
CITY OF COCKBURN**

To the Chief Executive Officer of the City of Cockburn

Part 1 – Chief Executive Officer's Financial Statement for the Roads to Recovery Program under the *National Land Transport Act 2014*

Opinion

We have audited the accompanying special purpose financial statement presented in Part 1 – Chief Executive Officer's Financial Statement for the Roads to Recovery Program (the Program), which comprises a Statement of Receipts and Expenditure (the Statement) for the year ended 30 June 2024.

The Statement has been prepared by the City of Cockburn in accordance with the requirements of section 90 of the *National Land Transport Act 2014* (the Act) and the Roads to Recovery Funding Conditions 2019 (the Conditions) to meet the reporting requirements of the Australian Government Department of Infrastructure, Transport, Regional Development and Communications.

In our opinion, in all material respects:

- the Statement is based on, and in agreement with proper accounts and records
- the amount reported in the Statement as expended during the year was used solely for expenditure on the maintenance or construction of roads
- the amount certified by the Chief Executive Officer of the City of Cockburn in the Statement as its own source expenditure on roads during the year is based on, and in agreement with proper accounts and records.

Basis for opinion

We conducted our audit in accordance with the Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Statement* section of our report.

We are independent of the City of Cockburn in accordance with the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the statement. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of matter – Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to the special purpose framework used to prepare the Statement. The Statement has been prepared for the purpose of fulfilling the City of Cockburn's reporting obligations to the Australian Government Department of Infrastructure, Transport, Regional Development and Communications under the Act and the Conditions. As a result, the Statement may not be suitable for another purpose. Our report is intended solely for the City of Cockburn and the Australian Government Department of Infrastructure, Transport, Regional Development and Communications and should not be distributed to or used by parties other than the City of Cockburn or the Australian Government Department of Infrastructure, Transport, Regional Development and Communications.

Responsibility of the Chief Executive Officer for the Statement

The Chief Executive Officer is responsible for the preparation of the Statement in accordance with the requirements of the Act and Conditions, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the Statement

The objectives of our audit are to obtain reasonable assurance about whether the Statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

A further description of our responsibilities for the audit of the statement is located on the Auditing and Assurance Standards Board website. This description forms part of our auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Other information

Those charged with governance are responsible for the other information. The other information comprises the information accompanying the Statement, such as Parts 2, 3 and 4 for the year ended 30 June 2024, but not the Statement and our auditor's report.

Our opinion does not cover the other information and, accordingly, we do not express any form of assurance conclusion thereon.



Anthony Macri
Partner – Macri Partners

th
38 October 2024



Australian Government
 Department of Infrastructure, Transport,
 Regional Development, Communications and the Arts

NATIONAL LAND TRANSPORT ACT 2014, PART 8

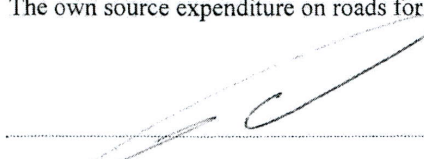
PART 1 - CHIEF EXECUTIVE OFFICER'S FINANCIAL STATEMENT AND AUDITOR'S REPORT

Chief Executive Officer's financial statement
 (see subclause 6.2(a) of the funding conditions)

The following financial statement is a true statement of the receipts and expenditure of the Roads to Recovery payments received by City of Cockburn under Part 8 of the *National Land Transport ACT 2014* in the financial year 2023-24.

[1]	[2]	[3]	[4]	[5]
Amount brought forward from previous financial year \$	Amount received in report year \$	Total amount available for expenditure in report year \$	Amount expended in report year \$	Amount carried forward to next financial year \$
		[1]+[2]		[3]-[4]
-343,306	1,464,181	1,120,875	932,121	188,754

The own source expenditure on roads for City of Cockburn in 2023-24 was: \$3,039,442


 _____ (signature of Chief Executive Officer/General Manager)

28/3/2024

_____ Daniel Simms (name of Chief Executive Officer/General Manager)

Auditor's report

(Conditions cl.6.2(b))

In my opinion:

- (i) the financial statement above is based on proper accounts and records;
and





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Regional Development, Communications and the Arts

- (ii) the financial statement above is in agreement with proper accounts and records; and
- (iii) the amount reported as expended during the year was used solely for expenditure on the maintenance and/or construction of roads; and
- (iv) the amount certified by the Chief Executive Officer in the Chief Executive Officer's financial statement above as the funding recipient's own source expenditure on roads during the year is based on, and in agreement with proper accounts and records.

I am an "appropriate auditor" as defined in section 4 of the *National Land Transport ACT 2014*.

Anthony Macri

(signature of auditor)

28/10/2024

ANTHONY MACRI

(name of auditor)

MACRI PARTNERS

(name of auditor's company)

Note: Under s.4 of the Act, "appropriate auditor" means:

- (a) in relation to a funding recipient whose accounts are required by law to be audited by the Auditor-General of a State — the Auditor-General of the State; or
- (b) in relation to a person or body whose accounts are required by law to be audited by the Auditor-General of the Commonwealth — the Auditor-General of the Commonwealth; or
- (c) in relation to any other funding recipient — a person (other than an officer or employee of the person or body) who is:
 - (i) registered as a company auditor or a public accountant under a law in force in a State; or
 - (ii) a member of the Institute of Chartered Accountants in Australia or of the Australian Society of Accountants.



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 Regional Development, Communications and the Arts

PART 3 – STATEMENT ON EXPENDITURE MAINTENANCE BY CHIEF EXECUTIVE OFFICER

(see subclause 6.3(b) of the funding conditions)

I, Daniel Simms, Chief Executive Officer/General Manager, of
City of Cockburn, state that, in accordance with the funding
 conditions determined under section 90 of the *National Land Transport ACT 2014* :


- 1(a) expenditure on the construction and/or maintenance of roads by City of Cockburn using its own sources funds in the year to which this report refers was \$3,039,442.
- 1(b) the reference amount for City of Cockburn is \$3,212,001.

The following information need only be provided if the expenditure shown in 1(a) is less than the reference amount as shown in 1(b) above:

- 2(a) expenditure on the construction and/or maintenance of roads by City of Cockburn using its own sources funds for the year prior to the year to which this report refers was \$4,128,354.
- 2(b) the average of expenditure on the construction and/or maintenance of roads by City of Cockburn using its own source funds for the year to which this report refers and the previous year was \$3,583,898.

The following information need only be provided if the expenditure shown in 1(a) is less than the reference amount as shown in 1(b) above:

- 3(a) expenditure on the construction and/or maintenance of roads by City of Cockburn using its own sources funds in the year two years before the year to which this report refers was \$7,637,429.
- 3(b) the average of expenditure on the construction and/or maintenance of roads by City of Cockburn using its own source funds for the year to which this report refers and the previous two years was \$4,935,075.


 (signature of Chief Executive Officer/General Manager)

28/01/2024



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PART 4

STATEMENT OF EXPECTATIONS RELATING TO ROAD SAFETY

The following projects completed year ending 30 June 2024 have been formally evaluated as per the work schedule:

Work Schedule Id	3	Project Name	Hammond Road - from Branch Circus to Bartram Road, Success Western Australia
Comments	Duplication of existing single lane and additional roundabouts at various points of the 1.km construction area have been established.		

STATEMENT OF OUTCOMES BY CHIEF EXECUTIVE OFFICER

(see subclause 6.3(e) of the funding conditions)

City of Cockburn has achieved the following outcomes under the Roads to Recovery Program in 2023-24:

Hammond Road duplication will increase safety for pedestrian and cyclists, whilst additional lanes will support the increase of vehicle (up to 22,000) and improve the south - north connectivity of traffic.

Key outcomes

Outcome	Estimated % of Roads to Recovery Expenditure (all projects)
1. Road Safety	50
2. Regional economic development	20
3. Achievement of asset maintenance strategy	0
4. Improved access for heavy vehicles	15
5. Promotion of tourism	0
6. Improvements of school bus routes	0
7. Access to remote communities	0
8. Access to intermodal facilities	0
9. Traffic management	15
10. Improved recreational opportunities	0
11. Amenity of nearby residents	0
12. Equity of access (remote areas)	0



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Regional Development, Communications and the Arts

13. Other	0
TOTAL	100

28/01/2024

(signature of Chief Executive Officer/General Manager)

11.1.2 Local Roads and Community Infrastructure (LRCI) Program - Audit for the Year Ended 30 June 2024

Executive	Director Corporate and System Services
Author	Chief Financial Officer
Attachments	1. Independent Auditor's Report - Local Roads and Community Infrastructure Program Year Ended 30 June 2024 ↓

RECOMMENDATION

The Committee recommends Council NOTES the Independent Auditor’s Reports for the Local Roads and Community Infrastructure Program (Phases 3 and 4) - year ended 30 June 2024.

Background

All audit reports received by the City, including the annual financial audit and other project or service delivery audits required by funding bodies, come before the Audit, Risk and Compliance Committee (ARC) for review.

Submission

N/A

Report

The City was eligible for funding under both Phases 3 and 4 of the Local Roads and Community Infrastructure Program (LRCIP). The funding received under phase 3 was fully expended in FY23, with \$1.077 million of funding applicable to FY24 being accrued back to that year.

There was no additional funding or expenditure in FY24 under phase 3, although the funding body required an independent audit report to close out this program phase.

The City received \$679,363 of funding in FY24 under phase 4 of the LRCI Program. This is part of a nominal funding allocation of \$1,698,406 under phase 4.

There was no expenditure incurred in FY24 against the nominated projects (Omeo amenities and Rockingham/Phoenix Road roundabout). The funding already received is held by the City for delivery of these projects in FY25 and future years.

The acquittal of this funding is required to be independently audited and signed off by one of the City’s executives (CFO has signed for Cockburn).

The unmodified (clean) audit opinion states the reports prepared were in accordance with reporting requirements under the program, and the expended amounts reported are based on proper accounts and records and used solely for the approved purposes.

Strategic Plans/Policy ImplicationsListening & Leading

A community focused, sustainable, accountable and progressive organisation.

- Best practice Governance, partnerships and value for money.

Budget/Financial Implications

Audit confirmed the grant monies were appropriately expended on the approved project and there are no budget or financial implications resulting from the audit.

Legal Implications

N/A

Community Consultation

N/A

Risk Management Implications

Bringing this report to the ARC ensures all audit reports received by the City, including those addressing the City's compliance with grant funding requirements, are appropriately reviewed by the ARC.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil



PARTNERS
Anthony Macri CA FCPA
Domenic Macri CA CPA
Connie De Felice CA CPA

INDEPENDENT AUDITOR'S REPORT
2024
City of Cockburn

To the Chief Executive Officer of the City of Cockburn

Financial Statements for the Local Roads and Community Infrastructure Program

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) prepared for the Australian Government Department of Infrastructure, Transport, Regional Development and Communications and the Arts Local Roads and Community Infrastructure Program (the Program), which comprises the Chief Executive Officer's Financial Statements for Phase 4 for the year ended 30 June 2024.

The financial statements have been prepared by the City of Cockburn in accordance with the requirements of the Australian Government Department of Infrastructure, Transport, Regional Development and Communications and the Arts Local Roads and Community Infrastructure Program Guidelines (the Guidelines) for Phase 4 of the Program to meet the reporting requirements of the Australian Government Department of Infrastructure, Transport, Regional Development and Communications and the Arts.

In my opinion, in all material respects:

- the financial statements are based on, and in agreement with, proper accounts and records

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

I am independent of the City of Cockburn in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – Basis of accounting and restriction on distribution and use

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the financial statements. The financial statements have been prepared for the purpose of fulfilling the City of Cockburn's reporting obligations to the Australian Government Department of Infrastructure, Transport, Regional Development and Communications and the Arts under the Guidelines. As a result, the financial statements may not be suitable for another purpose. My report is intended solely for the City of Cockburn and the Australian Government Department of Infrastructure, Transport, Regional Development and Communications and the Arts and should not be distributed to or used by parties other than the City of Cockburn or the Australian Government Department of Infrastructure, Transport, Regional Development and Communications and the Arts.

Responsibility of the Chief Executive Officer for the financial statements

The Chief Executive Officer is responsible for the preparation of the financial statements in accordance with the requirements of the Guidelines, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Other information

Those charged with governance are responsible for the other information. The other information is the information in the Program's annual report for the year ended 30 June 2024, but not the financial statements and my auditor's report.

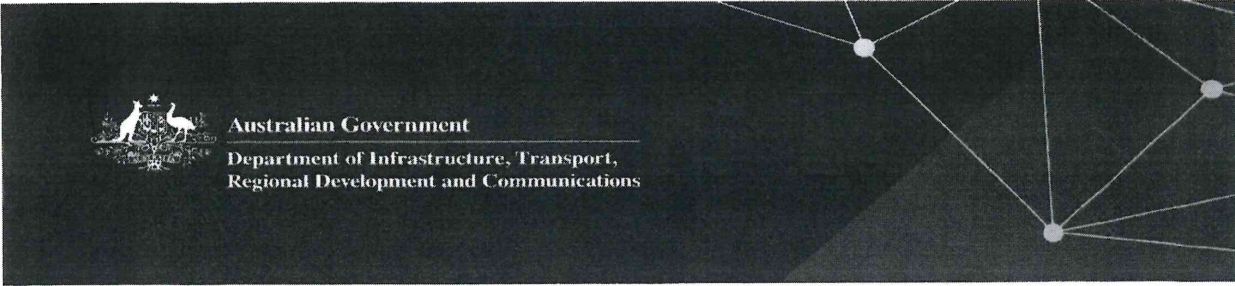
My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.



Anthony Macri
Partner – Macri Partners

th
28 October 2024





LOCAL ROADS AND COMMUNITY INFRASTRUCTURE (LRCI) PROGRAM

Chief Executive Officer’s Financial Statement

Eligible Funding Recipient Name: City of Cockburn

Financial Year: 2023 - 2024

Phase: Four (4)

2020-2021 Financial Year:

LRCI Funding Received 2020-2021	LRCI Funding Expended 2020-2021
\$Click or tap here to enter text.	\$Click or tap here to enter text.

2021-2022 Financial Year:

LRCI Funding Received 2021-2022	LRCI Funding Expended 2021-2022
\$Click or tap here to enter text.	\$Click or tap here to enter text.

2022-2023 Financial Year:

LRCI Funding Received 2022-2023	LRCI Funding Expended 2022-2023
\$Click or tap here to enter text.	\$Click or tap here to enter text.

2023-2024 Financial Year:

LRCI Funding Received 2023-2024	LRCI Funding Expended 2023-2024
\$679,363	\$0.00

Nominal Funding Allocation:	Total LRCI Funding Expended across all F/Ys
\$1,698,406	\$0.00

1. Does council intend to claim further LRCI Expenditure in the 2024/25 Financial Year?
 YES NO

2. Acknowledgement of underspend (if applicable):

Council acknowledges an underspend of \$Click or tap here to enter text. and confirms this amount is not being claimed; and

Council acknowledges that the final payment will be reduced accordingly.



I confirm this is a true statement of the receipts and expenditure of the Local Roads and Community Infrastructure Program funding.

I acknowledge that should this information be incorrect, the Annual Report documents will need to be updated and a re-audit will be required.

Name: Nelson Mauricio

Position: Chief Financial Officer

Signature:

Date: 28/10/2024

Note: This form must be signed by the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or an equivalent Executive Officer.

Glossary:

Financial Year LRCI Funding Received	These amounts should reflect the LRCI monetary/funding amounts paid to council in each financial year
Financial Year LRCI Funding Expended	These amounts should reflect the LRCI funds spent on eligible projects. This should match the amounts recorded in the Annual Report Table
LRCI Nominal Funding Allocation	This is the nominal grant funding allocated to the Eligible Funding Recipient for each Phase. The Nominal Funding Allocation can be found under Section D of the approved Grant Agreement or in the eligible funding recipient’s approved Work Schedule.
LRCI Funding Received	Eligible Funding Recipients should enter the total Grant Funding they have <u>received</u> from the Department for that Phase during the Financial Year.
LRCI Funding Expended	This is the actual program funds expended by the Eligible Funding Recipient on all approved projects in the Phase Approved Work Schedule during the relevant Financial Year. This number should only include LRCI funding.

Local Roads and Community Infrastructure (LRCI) Program – ANNUAL REPORT

City of Cockburn

Annual Report: 2023/24

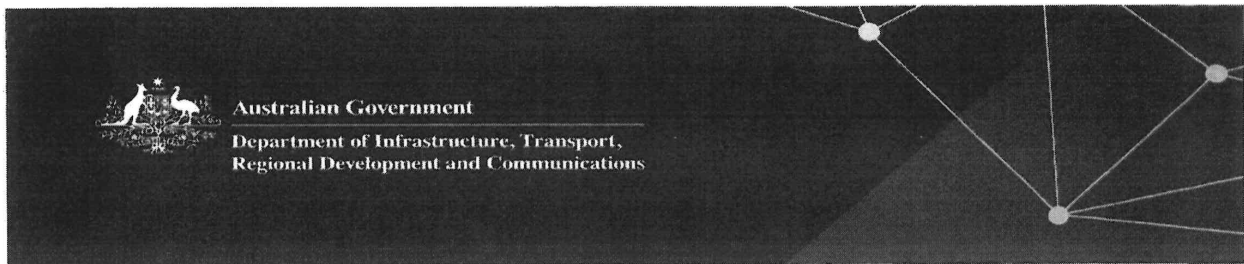
LRCI Program Phase: FOUR

Note: this table must be lodged with: ANNUAL REPORT DECLARATION, CEO FINANCIAL STATEMENT, PHOTOGRAPHIC EVIDENCE TEMPLATE & AUDITOR'S REPORT for processing to begin.

Note: this table format must not be altered in any way, except to add rows. Changes to format will render the report invalid

Eligible Funding Recipient (Council Name)	Annual Report	2023/24	Total Project Cost (\$)	Total Approved LRCI Funding Contribution (\$)	Actual Construction Start Date (MM/YY)	Construction Completion Date (MM/YY)	Projects Status (not started, underway, complete or withdrawn only)	Jobs Supported – Council (FTE)	Jobs Supported – Contractors (FTE)	Actual project location data (Coordinates)	Primary Work Category	Secondary Work Category	Project Comments
	Approved Projects (Project Name & Number in Order as appears in the Approved Work Schedule)												
	1	Omego Amenities Building & Shelters	\$1,600,000	\$1,077,107	06/24	06/25	Underway	1	10	32.104762428550371 157.6627816393194	Toilet Blocks	Toilet Blocks	Market engagement complete Construction contract awarded Site possession and mobilisation in progress
	2	Rockingham Road and Phoenix Road Roundabout	\$2,492,000	\$621,299	01/25	06/25	Not started	1	15	32.093600242817311 15.78267169934301	Traffic Improvement	Traffic Improvement	85% of the Design for civil components has been completed. Utilities reinstatement, relocation, and various approvals such as APRA, Telstra and Western Power are in progress. Independent Road and Safety Audit (RSA) consultants are on board. Market engagement for the construction stage planned for Qtr. 3 FY25.
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	16												
	17												
	18												
	19												
	20												
		TOTALS	\$4,092,000	\$1,698,406				2.00	25.00				





LOCAL ROADS AND COMMUNITY INFRASTRUCTURE (LRCI) PROGRAM

Annual Report Declaration

Financial Year: 2023 - 2024

Phase: Four (4)

Eligible Funding Recipient Name: City of Cockburn

I declare that:

- I have read, understood and agree to abide by the Program Guidelines on the Department's website at [LRCI Resources](#) as in force at the time of submission;
- The information I have submitted in this form is, to the best of my knowledge, true, accurate and complete. I also understand that giving false or misleading information is a serious offence under the Criminal Code 1995 (Cth);
- The financial statement is a true statement of the receipts and expenditure of the Local Roads and Community Infrastructure Program payments received;
- the Approved Projects will be physically complete by 30 June 2024 unless otherwise agreed by the Department;
- I understand that the Local Roads and Community Infrastructure Program is an Australian Government program and that the Department will use the information provided in accordance with:
 - Australian Government Public Data Policy Statement;
 - Commonwealth Grants Rules and Guidelines;
 - Applicable Australian laws; and
 - May make information publically available within the course of the LRCI Program (for example in media releases or promotional materials).

All boxes must be checked:

- I am authorised to complete this form and to sign and submit this declaration
- I am submitting an Annual Report Table that is in the correct **excel** format;
- I am submitting a Chief Financial Officer's Financial Statement, that is in the correct **PDF** format and signed by an authorised officer within the organisation.
- I have included photographic evidence of projects under construction and completed on the correct template in **PDF** format.
- I have engaged an Appropriate Auditor as defined by the National Land Transport Act 2014 and their audit opinion is attached.

Full name: Nelson Mauricio

Position: Chief Financial Officer

Signature: 

Date: 28/10/2024

Note: This form must be signed by the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or an equivalent Executive Officer.

LRCI Annual Report Declaration - June 2024

11.2 Office of the CEO

11.2.1 'Acting Through' Principles of the Local Government Act 1995, and their application within the City of Cockburn Administration - Audit Report

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	1. Audit - Acting Through in Procurement ↓

RECOMMENDATION

The Committee recommends Council:

- (1) RECEIVES the audit report 'Acting Through' Principles of the Local Government Act 1995, and their application within the City of Cockburn Administration, presented as Attachment 1 to this report; and
- (2) ADOPTS the findings and recommendations of the audit report 'Acting Through' Principles of the Local Government Act 1995, and their application within the City of Cockburn Administration.

Background

Following the City of Cockburn (City) Governance Review in 2021, at the 21 March 2022 Governance Steering Committee Meeting, the application of the principle of 'acting through' was identified.

Council resolved at the 14 April 2022 Ordinary Council Meeting to list the item in the City's Strategic Internal Audit Plan 2022-2023 to be completed in the 2022-2023 financial year.

A 'systems' audit to examine the administrative processes at the City for persons statutory empowered with the authority to exercise a power to act through another person would involve significant resource. Such an audit would come at a cost that is disproportionate to the integrity assurance gained.

Instead, a 'product' audit examined the City's Procurement Service Unit which reviewed all transactions that the service conducted over a 30-day period.

This review was not undertaken during the 2022-2023 financial year period as it has taken the City significant time to procure the services of a suitable auditor to undertake this work. The reasons for this delay are summarised below:

- WALGA, when consulted by the City for advice on possible suitable auditors for this audit, responded that the acting through principle is a matter of nuance and may provide challenges from an internal audit perspective. WALGA suggested using a consultant from their informal list. When contacted by the City the consultant was no available

- In June 2023, McLeods Lawyers was appointed to conduct this audit, and commenced a document discovery. Documents requested by McLeods did not contain sufficient evidence of decisions made on an 'acting through' role, and additional documents were supplied to the auditor
- The City conducted a 'step through' of its procurement processes and systems for contract management, contract variations and exercising delegated financial authority with the auditor. This was required so the auditor could ascertain when 'acting through' did occur
- The audit was included in the Internal Audit Plan 2024-2025 which was adopted at the 9 April 2024 Ordinary Council Meeting.

Submission

N/A

Report

Section 5.45(2) of the Local Government Act 1995 (the Act) states:

- (2) Nothing in this Division is to be read as preventing –
- (a) a local government from preventing any of its functions by acting through a person other than the CEO; or
 - (b) a CEO from performing his or her functions by acting through another person.

In local governments the CEO, or any officer who may have been delegated a power, may direct another officer to do something under statutory authority.

This is known as 'acting through'. This means that the officer with the delegated power is acting through another officer. The officer whom one is acting through has no discretion on how to exercise the power – all discretion remains with the delegate.

What constitutes an 'acting through' arrangement is not defined in legislation. However, the 'acting through' principle is well established at law as a proper exercise of power by a government authority.

It is sometimes referred to as a "Carltona" authorisation. This is a reference to the English decision in *Carltona Ltd v Commissioners of Works* [1943] 2 All ER 560 which has been adopted into Australian law.

The Department of Local Government, Sport and Cultural Industries guidance states that acting through arrangements can be employed where an officer performs tasks at the direction of the authority holder.

The concepts of delegating authority, authorisations, and acting through are briefly explained below, together with some examples to illustrate how these concepts apply in local government.

Delegations

Delegations occur when an officer with statutory authority delegates to another officer to exercise a power or discharge the original officer's duty.

The officer who has been delegated the authority has full discretion when exercising that power. At the same time, the delegated power may be exercised by the original officer.

Example - the Act gives authority to local governments. Sections 5.42 and 5.16 of the Act also empowers the local government to delegate the Act's power to the Chief Executive Officer (the CEO) and Committees of Council. Thus, the CEO and a Committee of Council exercise authority for and on behalf of the local government.

Authorisations

Like delegations, authorisation come from statutes and relate to statutory power. Legislation may direct an individual person to discharge a duty, including for the purpose of enforcement or to enter a contract.

Example – section 9(3) of the Public Health Act 2016 states the Chief Health Officer may authorise a City public health officer to enter property or give directions during an emergency.

Acting Through

Not all powers can be delegated. Additionally, an officer with too many statutory powers to exercise individually may find it difficult to exercise authority within the organisational context. If that power cannot be delegated, or has not been delegated, the officer with the power can 'act though' another officer. However, the officer 'acting through' has no discretion as to how that authority is exercised.

Example - a rates officer may calculate the rates to be charged to ratepayers, instead of the CEO having to do this.

The following is a summary of the audit report 'Acting through' principles of the Local Government Act 1995, and their application within the City of Cockburn Administration, presented as Attachment 1 to this report:

Audit Key Findings

The report listed 15 general comments, stating that clarification of these would assist in ensuring consistent compliance with the City's procurement framework. These recommendations are listed in the table below:

Item No.	Auditor's comments	Management response
1	Based on the information obtained from the City's financial record system and additional information provided by the City, the procurement decisions reviewed complied with applicable legislative and policy requirements.	No action identified.
2	The 'acting through' aspect of the procurement decisions reviewed is seen in the implementation of procurement decisions once made either by Council or by an officer under delegated authority. Procurement decisions are required to be implemented in accordance with payment authorisation requirements adopted under the Local Government (Financial Management) Regulations 1996 (FM Regulations), in accordance with the 'Delegated Financial Authority' Forms for Purchase Orders and Requisitions. The City thereby 'acts through' authorised employees to effect a procurement decision, which previously has been made by Council or an officer acting under delegated authority.	No action identified.
3	In some instances, the City's financial record system appeared to insufficiently distinguish between:	<p>Legal and Compliance Service Unit has drafted a document titled 'Procure to Pay Process' which presents a proposed map to capture the bulk of delegations. The document can capture the bulk of delegations and acknowledges that there will be a need for authorisations that do not fit the framework (e.g., higher level payment authorities to director and CEO). This will both streamline the process and provide appropriate distinction between each authority.</p> <p>This will be reported to Council with the next major review of delegations.</p> <p>The City will amend the terminology with the next major review of delegations.</p> <p>By Quarter 2 – 2025/26</p>

Item No.	Auditor's comments	Management response
3(a)	Delegated authority in relation to procurement decisions delegated to the CEO by Council as per Item 2.2.9 of the Delegation Register and sub-delegated by the CEO under section 5.44(1) of the Local Government Act 1995 to other employees of the City, the exercise of which is required to be recorded in accordance with section 5.46(3) and reg. 19 of the Local Government (Administration) Regulations 1996;	<p>All Delegated authority is recorded as required in the Delegations Register.</p> <p>The exercise of delegations is recorded in the City's procurement and record keeping systems.</p>
3(b)	Delegated authority in relation to expenditure from the municipal fund or trust fund as per Item 2.2.8 of the Delegation Register;	All Delegated authorities are recorded as required. The Procurement Service Unit will work with the Legal and Compliance Service Unit to review this requirement.
3(c)	Procedures and requirements for authorisation of payments by City employees adopted under reg. 5(1)(e) and 11 of the FM Regulations to ensure proper authorisation for the incurring of liabilities and making of payments.	All Payments are made in accordance with the approval requirements within the City's financial system. The Procurement Service Unit will work with the Legal and Compliance Service Unit to review this requirement.
4	<p>Given that there is considerable variance in the scope of delegated authority and authorisation granted in relation to payments to various officers of the City, there is some risk that a "Delegated Financial Authority" could be mistaken to constitute delegated authority (under the LG Act) for that amount, which it is not. For instance, under Item 2.2.9 authority to determine tenders less than \$1 million is delegated to the CEO, although it is a condition of that delegation that any tender accepted for a value of \$500,000 or greater requires the authorisation of two delegates¹. However, the Delegated Financial Authority noted in the "Delegated Financial Authority Application Form (Purchase Requisitions)" is \$20 million for the CEO. Clearer distinction should therefore be made as to what "Delegated Financial Authority" means and how it is different from Delegated Authority under the Delegation Register.</p> <p>¹The auditor notes that this condition on its face is not capable of being met given that the primary delegation is only to the CEO. Whilst there are more than one sub-delegate, there is only one delegate (the CEO).</p>	<p>Legal and Compliance Service Unit has drafted a document titled 'Procure to Pay Process' which presents a proposed map to capture the bulk of delegations. The document can capture the bulk of delegations and acknowledges that there will be a need for authorisations that do not fit the framework (e.g., higher level payment authorities to director and CEO).</p> <p>This will be reported to Council with the next major review of delegations.</p> <p>The City will amend the terminology with the next major review of delegations.</p> <p>By Quarter 2 – 2025/26</p>

Item No.	Auditor's comments	Management response
5	To assist in distinguishing payment authorisation of City employees from the exercise of delegated authority, we recommend that the relevant forms utilised by the City refer to "Payment Authorisation Limit" rather than "Delegated Financial Authority", which term suggests a formal delegation of statutory authority.	The City will amend the terminology with the next major review of delegations. By Quarter 2 – 2025/26
6	The auditor notes there is also considerable variance in the level of payment authorisation granted to various senior officers (e.g. Chief (Financial & Operations Officers) \$15 million; Chief of Community Services and Chief of Built and Natural Environment \$1 million), which the City may wish to review in the interests of consistency and to ensure a consistent authorisation amount is applied to each respective management level.	Higher limits are required to process payments in an efficient and effective manner in accordance to project and operational needs. The payment authorisation limit (previously referred to DFA as above) are set by the CEO and are reviewed annually as required by the financial audit. The need for high payment limits is due to large payment amounts for investment, payroll, grant administration, purchasing, property transactions and contractual purposes. All payments are reported to Council as required through the monthly payments listing report. No further action required.
7	In general terms, the auditor further recommends that the City review inconsistencies between the Delegation Register, Procurement Policy and Delegation of Financial Authority. For example, in relation to approval of sole supplier arrangements there is inconsistency between the delegation made in the Delegation Register (Item 2.2.2) and the arrangement contemplated under the Procurement Policy.	Legal and Compliance Service Unit has drafted a document titled 'Procure to Pay Process' which presents a proposed map to capture the bulk of delegations. The document can capture the bulk of delegations and acknowledges that there will be a need for authorisations that do not fit the framework (e.g., higher level payment authorities to director and CEO). This will both streamline the process and provide appropriate distinction between each authority. This will be reported to Council with the next major review of delegations. The City will amend the terminology with the next major review of delegations. By Quarter 2 – 2025/26
8	In general terms, there would thus appear to be some need to streamline the City's procurement processes and improve internal consistency, which could potentially be achieved by the City conducting a 'Procure to Pay Risk Assessment', which the auditor	Legal and Compliance Service Unit has drafted a document titled 'Procure to Pay Process' which presents a proposed map to capture the bulk of delegations. The document can capture the bulk of delegations and acknowledges that there will

Item No.	Auditor's comments	Management response
	<p>understands the City is presently considering. Such an approach would assist in assessing risk across the procurement process and better integrating the application of different statutory and policy instruments relevant to procurement decision-making.</p>	<p>be a need for authorisations that do not fit the framework (e.g., higher level payment authorities to director and CEO). This will both streamline the process and provide appropriate distinction between each authority.</p> <p>This will be reported to Council with the next major review of delegations.</p> <p>The City will amend the terminology with the next major review of delegations.</p> <p>By Quarter 2 – 2025/26</p>
9	<p>In relation to the City's Procurement Policy, the auditor additionally notes the following for consideration by the City;</p>	<p>See below.</p>
9(a)	<p>The Policy requires in several cases that one "local/regional supplier quote must be provided, when available unless prior approval was received".</p> <p>There were several procurement decisions where a local/regional supplier quote was not provided. It is not entirely clear from the Policy provisions exactly when this requirement would apply given the requirement is qualified by the words "when available", which is not further defined. It may be preferable to amend "must be provided" to "must be sought", which would be consistent with other Policy requirements to "seek" a specified number of quotations, rather than for a specified number of quotes to "be provided". The auditor additionally recommends that the City's financial records systems more clearly record where prior approval is granted for exemption from this requirement;</p>	<p>For all purchases above \$20,000 Officers are required to provide an opportunity from local sources. If a quote is not provided, approval can be granted by a Purchasing Officer, via a pre-release purchase order review or a post-release review. In both situations, quotations are vetted, and local sources discussed with officers. Both reviews consider supplier selection, including the availability of local sources.</p> <p>The City reports to Council local/regional expenditure monthly within the OCM financial report.</p> <p>The Policy will be amended to include "must be sought" when the document is next reviewed and due.</p> <p>By Quarter 2 – 2025/26</p>

9(b)	<p>Application of the Policy to WALGA preferred supplier panels should also be clarified. On the one hand sourcing from “pre-qualified suppliers” requires 2-3 quotations, depending on procurement contract value, unless otherwise determined by an ‘approved sourcing strategy’ or ‘exempt supply’. The auditor considers that under reg. 11(2)(b) suppliers on a WALGA preferred supplier panel are exempt, from the requirement to tender, although in legal terms this only applies where tenders are required to be publicly invited. It is not apparent if this is considered an “exempt supply” under the Policy where consideration is below \$250,000. It is also not apparent what an ‘approved sourcing strategy’ is;</p>	<p>For purchases under \$250,000, multiple options are available under the Procurement Policy. These are stated in brief in the document.</p> <p>The use of WALGA still requires a VFM assessment, with a quotation requirement. No exemption applies to WALGA purchases under \$250,000.</p> <p>The reference to exempt supply refers to an alternative purchase option, where an exemption is justified and duly documented in accordance with the Policy.</p> <p>An approved sourcing strategy will be clarified in the Procurement Framework document.</p> <p>By Quarter 2 – 2025/26</p>
9(c)	<p>The Policy provides (on p9) that “Exemptions to all (or part) of this Policy can be approved (in writing) by the CEO and/or the relevant ExCo member in accordance with the City’s Procurement Framework document...”. The auditor considers that this provision should refer to “Approvals under this Policy” rather than “exemptions”. It should not be open to the CEO or an ELT member to individually determine that all or part of the Policy (as adopted by Council) does not apply, as this tends to undermine the legal requirement for a purchasing policy to be implemented under reg. 11A. The discretion of the CEO and/or relevant ELT member in this respect should thus be stated in more limited terms.</p>	<p>Accepted, the Policy will be amended in line with the auditor opinion.</p> <p>The Policy document will be next reviewed and due.</p> <p>By Quarter 2 – 2025/26</p>

Strategic Plans/Policy Implications

Local Economy

A sustainable and diverse local economy that attracts increased investment and provides local employment.

- A City that is 'easy to do business with'.

Listening and Leading

A community focused, sustainable, accountable, and progressive organisation.

- Best practice Governance, partnerships and value for money.

Budget/Financial Implications

N/A

Legal Implications

Section 5.45(2) of the Local Government Act 1995

Community Consultation

N/A

Risk Management Implications

Failure to receive and accept this report to the ARC will result in the City not complying with the requirements of Internal Audit Plan 2024-2023 which was adopted by the ARC at its 19 March 2024 meeting.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil



Our Ref
Your Ref

DFN:COCKB:51038



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24 February 2025

Risk & Governance Advisor
City of Cockburn
PO Box 1215
BIBRA LAKE WA 6965

By email:

Dear Sir

Audit – Acting Through in Procurement

I refer to previous correspondence in respect of this matter.

1. Background

At its meeting in April 2022 Council of the City resolved that Council:

- 2) INCLUDES in its next Internal Audit Plan, a review of the City's internal practices associated with the "acting through" provisions of the Local Government Act 1995;...

Accordingly an Interim Internal Audit Plan was adopted to audit acting through principles of the *Local Government Act 1995 (LG Act)* and their application within the City of Cockburn Administration.

The City subsequently prepared a scope proposing to limit the application of the audit to a specified service area (being procurement). The City has recently provided data of procurement decisions made over a period of 30 days during April 2024.

Prior to consideration of the decision-making data provided, the City has requested that we provide preliminary advice summarising the legal requirements applicable under the LG Act to its procurement decision-making.

The summary of legal requirements in this initial advice will then be applied to our detailed consideration of the decision-making data provided by the City for detailed audit.

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2. Advice

2.1 Legal basis for procurement decisions

Under section 2.7(1) of the LG Act, the council is responsible for governance of the local government's affairs and performance of the local government's functions. The governing role of council in this regard extends to overseeing the allocation of the local government's finances and resources (s. 2.7(2)(a)). Under section 6.7(2) money held in the local government's municipal fund may be applied towards the performance of the functions and the exercise of the powers conferred on the local government by the LG Act or any other written law.

Consequently, a decision to expend local government finances in the procurement of goods or services must be authorised by Council in the exercise of its governing function. However, in a practical sense this does not mean each procurement decision must be specifically authorised by a Council resolution. Such an approach would be impracticable and is not required by the provisions of the LG Act. A procurement decision may be generally authorised by a Council resolution, such as a resolution to adopt the annual budget under section 6.2(1), which includes an estimate of expenditure for the goods or services in question. Procurement may also be authorised by a decision made under delegated authority of Council (ss. 5.42-5.45).

The functions of a local government may also be undertaken by authorisation (for instance where the statutory framework provides for functions to be undertaken by an 'authorised person') or by implied authorisation, where a law does not provide a manner to delegate or authorise a person to carry out a function, but where authorisation is by necessity implied by the statutory framework. However, the exercise of functions by express or implied authorisation is likely to be of limited relevance in a procurement context.

Additionally, a procurement action may be lawfully undertaken by the local government 'acting through' an officer, rendering any formal delegation of the function unnecessary. In this respect, section 5.45 of the LG Act provides that nothing prevents a 'local government from performing any of its functions by acting through a person other than the CEO' or 'a CEO from performing any of his or her functions by acting through another person'. Whilst the LG Act does not specifically define the meaning of the term 'acting through', it is generally possible for a local government to 'act through' where there is no discretion to be exercised in carrying out a function. Where discretion is required to be exercised then delegation of decision-making authority would be required.

2.2 Legislative procedural requirements applicable to procurement decisions

Under the LG Act, various procedural requirements additionally apply to decisions to expend funds of the local government generally and specifically in the procurement of goods or services. I have provided a summary of relevant procedural requirements in this section.

2.2.1 Preparation of annual budget

A general requirement that applies is the requirement for a local government to prepare an annual budget for each financial year (s. 6.2(1)). The annual budget is to include a detailed estimate for the current year of expenditure by the local government (s. 6.2(2)(a)) and is to include particulars of the estimated expenditure proposed to be incurred by the local government (s. 6.2(4)(a)).

Under section 6.8, a local government is to not incur expenditure from its municipal fund for an additional purpose (being a purpose for which no expenditure estimate is included in the annual budget) except where the expenditure -

- (a) is incurred in a financial year before the adoption of the annual budget by the local government; or
- (b) is authorised in advance by resolution by absolute majority; or
- (c) is authorised in advance by the mayor or president in an emergency.

2.2.2 Tendering requirements

Under section 3.57 a local government is required to invite tenders before it enters into a contract of a prescribed kind under which another person is to supply goods or services.

Under reg. 11(1) of the *Local Government (Functions and General) Regulations 1996 (FG Regulations)* tenders are to be publicly invited before a local government enters into a contract for another person to supply goods or services if the consideration under the contract is, or is expected to be, more, or worth more, than \$250 000 unless an exemption under reg. 11(2) applies.

Under reg. 11A(1) of the FG Regulations, a local government is to prepare or adopt, and is to implement, a purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250 000 or less or worth \$250 000 or less. A purchasing policy must make provision in respect of —

- (a) the form of quotations acceptable;
- (b) the minimum number of oral quotations and written quotations that must be obtained; and
- (c) the recording and retention of written information, or documents, in respect of all quotations received and all purchases made.

You have provided a copy of the City's purchasing policy adopted under reg. 11A(1) of the FG Regulations (**Purchasing Policy**).

2.2.3 Authorisation of payments

Section 6.10(d) of the LG Act states that regulations may provide for the general management of, and the authorisation of payments out of, the municipal fund and the trust fund of a local government.

Reg. 5(1)(e) of the *Local Government (Financial Management) Regulations 1996 (FM Regulations)* requires the CEO to establish efficient systems and procedures to ensure proper authorisation for the incurring of liabilities and the making of payments.

Under reg. 11 of the FM Regulations a local government is to:

- (a) develop procedures for the authorisation of, and the payment of, accounts to ensure that there is properly authorised use of various payments systems used by a local government, including but not limited to the use of credit cards (reg. 11(1));
- (b) develop procedures for the approval of accounts to ensure that before payment of an account a determination is made that the relevant debt was incurred by a person who was properly authorised to do so (reg. 11(2)); and
- (c) ensure payments made by a local government are to be made in a manner which allows identification of the authority for the payment and identity of the person who authorised the payment (reg. 11(3)(b)(ii),(iii)).

Under reg. 12 a payment may only be made from the municipal fund or the trust fund —

- (a) if the local government has delegated to the CEO the exercise of its power to make payments from those funds — by the CEO; or
- (b) otherwise, if the payment is authorised in advance by a resolution of the council, however council must not authorise payment from those funds until a list prepared under reg. 13(2) containing details of the accounts to be paid has been presented to council.

2.2.4 Accounts and records

Under section 6.5 the CEO has a duty:

- (a) to ensure that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government; and
- (b) to keep the accounts and records up to date and ready for inspection at any time by persons authorised to do so under the LG Act or another written law.

Additional record keeping obligations applicable to procurement decisions apply under the FM Regulations including:

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- (a) details of payments made by the CEO under delegated authority from the municipal fund or trust fund (reg. 13(1));
 - (b) details of account submitted for approval of Council to be paid each month (reg. 13(2));
 - (c) details of payment made by an authorised employee using a credit, debit or other purchasing card (reg. 13A)

2.3 Internal procurement delegations and policy requirements

You have additionally provided the following documents internally adopted by the City, which are applicable to procurement decision-making within the City:

- (a) Procurement Policy, adopted by Council in accordance with reg. 11A of the FG Regulations and applicable to contracts for the supply of goods or services where the consideration is \$250,000 or less;
- (b) Extract from the City's Delegation Register including the following delegation items relevant to procurement:
 - (i) Delegation from Council to CEO of authority to determine expressions of interest for goods and services with sub-delegation to Directors (1.1.15);
 - (ii) Delegation from Council to CEO of authority to call tenders with partial sub-delegation to Directors (1.1.16);
 - (iii) Delegation from Council to CEO of authority to exercise a contract extension option that was included in the original tender specification and contract with sub-delegation to Directors (1.1.17);
 - (iv) Delegation from Council to CEO of authority to accept and reject tenders where consideration \$1 million or less and expense included in Annual Budget with sub-delegation to Directors (1.1.18);
 - (v) Delegation from Council to CEO of authority to determine minor variations to contract with sub-delegation to Directors (1.1.19);
 - (vi) Delegation from Council to CEO of authority to select next most advantageous tender with sub-delegation to Directors (1.1.20);
 - (vii) Delegation from Council to CEO of authority to determine variations to tendered contracts with sub-delegation to Directors (1.1.21);
 - (viii) Delegation from Council to CEO of authority to undertake tender exempt procurement with sub-delegation to Directors (1.1.22);

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- (ix) Delegation from Council to CEO of authority to establish panels of pre-qualified suppliers with sub-delegation to Directors (1.1.23);
 - (c) Accounts Payable Coordinator – Quick Guide 6 – Generating a EOM and Mid-month EFT Payment Run (Procedural guide to making payments within Finance One);
 - (d) ECM Quick Guide 63 - Exercising Delegations in ECM (Procedural guide to exercising within the City’s ECM operating software);
 - (e) Delegated Financial Authority Application Form applicable to purchase requisitions, which sets out Delegated Authority limits and Delegated Financial Authority limits for specified positions;
 - (f) Delegated Financial Authority Application Form applicable to purchase orders, which sets out Delegated Financial Authority limits for specified positions to process approved & policy compliant purchasing requisitions;
 - (g) Periodic Purchase Order Information Sheet;
 - (h) Purchase Order Guidelines Information Sheet;
 - (i) Procurement Plan template;
 - (j) Qualitative Criteria template;
 - (k) Procurement Exemption Report template;
 - (l) Tender Process Steps checklist;
 - (m) Statement of Business Ethics Information Sheet;
 - (n) Supplier Justification Form;
 - (o) Procurement and Copyright Guidelines;
 - (p) Social Procurement Guideline Information Sheet;
 - (q) Disability Access – Procurement Information Sheet;
 - (r) Draft Procurement Framework Policy.

2.4 Detailed report on procurement decisions

I have enclosed a summary table of our audit of procurement decisions, which assesses compliance of individual procurement decisions undertaken in April 2024 with legislative and policy procurement requirements as summarised in this advice.

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A number of general comments may be made arising from the review of procurement decisions undertaken:

1. Based on the information obtained from the City’s financial record system and additional information provided by the City, the procurement decisions reviewed generally complied with applicable legislative and policy requirements.
2. The ‘acting through’ aspect of the procurement decisions reviewed is seen in the implementation of procurement decisions once made either by Council or by an officer under delegated authority. Procurement decisions are required to be implemented in accordance with payment authorisation requirements adopted under the FM Regulations, in accordance with the ‘Delegated Financial Authority’ Forms for Purchase Orders and Requisitions. The City thereby ‘acts through’ authorised employees to effect a procurement decision, which previously has been made by Council or an officer acting under delegated authority.
3. In some instances, the City’s financial record system appeared to insufficiently distinguish between:
 - (a) delegated authority in relation to procurement decisions delegated to the CEO by Council as per Item 2.2.9 of the Delegation Register and sub-delegated by the CEO under section 5.44(1) of the *Local Government Act 1995* to other employees of the City, the exercise of which is required to be recorded in accordance with section 5.46(3) and reg. 19 of the *Local Government (Administration) Regulations 1996*; and
 - (b) delegated authority in relation to expenditure from the municipal fund or trust fund as per Item 2.2.8 of the Delegation Register; and
 - (c) procedures and requirements for authorisation of payments by City employees adopted under reg. 5(1)(e) and 11 of the FM Regulations to ensure proper authorisation for the incurring of liabilities and making of payments.
4. Given that there is considerable variance in the scope of delegated authority and authorisation granted in relation to payments to various officers of the City, there is some risk that a “Delegated Financial Authority” could be mistaken to constitute delegated authority (under the LG Act) for that amount, which it is not. For instance, under Item 2.2.9 authority to determine tenders less than \$1 million is delegated to the CEO, although it is a condition of that delegation that any tender accepted for a value of \$500,000 or greater requires the authorisation of two delegates.¹ However, the Delegated Financial Authority noted in the “Delegated Financial Authority Application Form (Purchase Requisitions)” is \$20 million for the CEO. Clearer distinction should therefore be made as to what “Delegated Financial Authority” means and how it is different from Delegated Authority under the Delegation Register.

¹ I note in passing that this condition on its face is not capable of being met given that the primary delegation is only to the CEO. Whilst there are more than one sub-delegate, there is only one delegate (the CEO).

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5. To assist in distinguishing payment authorisation of City employees from the exercise of delegated authority, we recommend that the relevant forms utilised by the City refer to “Payment Authorisation Limit” rather than “Delegated Financial Authority”, which term suggests a formal delegation of statutory authority.
 6. We note there is also considerable variance in the level of payment authorisation granted to various senior officers (e.g. Chief (Financial & Operations Officers) \$15 million; Chief of Community Services and Chief of Built and Natural Environment \$1 million), which the City may wish to review in the interests of consistency and to ensure a consistent authorisation amount is applied to each respective management level.
 7. In general terms, we further recommend that the City review inconsistencies between the Delegation Register, Procurement Policy and Delegation of Financial Authority. For example, in relation to approval of sole supplier arrangements there is inconsistency between the delegation made in the Delegation Register (Item 2.2.2) and the arrangement contemplated under the Procurement Policy.
 8. In general terms, there would thus appear to be some need to streamline the City’s procurement processes and improve internal consistency, which could potentially be achieved by the City conducting a ‘Procure to Pay Risk Assessment’, which we understand the City is presently considering. Such an approach would assist in assessing risk across the procurement process and better integrating the application of different statutory and policy instruments relevant to procurement decision-making.
 9. In relation to the City’s Procurement Policy, we additionally note the following for consideration by the City:
 - (a) The Policy requires in a number of cases that one “...local/regional supplier quote must be provided, when available unless prior approval was received”. There were several procurement decisions where a local/regional supplier quote was not provided. It is not entirely clear from the Policy provisions exactly when this requirement would apply given the requirement is qualified by the words “when available”, which is not further defined. It may be preferable to amend “must be provided” to “must be sought”, which would be consistent with other Policy requirements to “seek” a specified number of quotations, rather than for a specified number of quotes to “be provided”. We additionally recommend that the City’s financial records systems more clearly record where prior approval is granted for exemption from this requirement.
 - (b) Application of the Policy to WALGA preferred supplier panels should also be clarified. On the one hand sourcing from “pre-qualified suppliers” requires 2-3 quotations, depending on procurement contract value, unless otherwise determined by an ‘approved sourcing strategy’ or ‘exempt supply’. We consider that under reg. 11(2)(b) suppliers on a WALGA preferred supplier panel are exempt, from the requirement to tender, although in legal terms this only applies where tenders are required to be publicly invited. It is not apparent if this is

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considered an “exempt supply” under the Policy where consideration is below \$250,000. It is also not apparent what an ‘approved sourcing strategy’ is.

- (c) The Policy provides (on p9) that “Exemptions to all (or part) of this Policy can be approved (in writing) by the CEO and/or the relevant ExCo member in accordance with the City’s Procurement Framework document...”. I consider that this provision should refer to “Approvals under this Policy” rather than “exemptions”. It should not be open to the CEO or an ExCo member to individually determine that all or part of the Policy (as adopted by Council) does not apply, as this tends to undermine the legal requirement for a purchasing policy to be implemented under reg. 11A. The discretion of the CEO and/or relevant ExCo member in this respect should thus be stated in more limited terms.

Clarification of the above provisions would assist in ensuring consistent compliance with the City’s procurement framework.

Please contact myself or Austen Mell if you have any queries in respect of this matter.

Yours sincerely



David Nicholson
Managing Partner

Contact: David Nicholson
Direct line: 08 9424 6221
Email: dnicholson@mcleods.com.au

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CITY OF COCKBURN – AUDIT OF PROCUREMENT DECISIONS (APRIL 2024)							
Order No.	Description	Amount	Legal authority	Tendering/procurement requirements	Payment authorisation requirements		Comment
					Purchase Requisition	Purchase Order	
129626	Payment to Shelford Construction Pty Ltd for Cockburn ARC work	\$17,409,208 (exc. GST)	Tender accepted and contract authorised by Council decision at OCM 9.11.2023 REF: 2023/Minute No 0296	RFT issued on 21.06.2023 under Delegated Authority of Chief of Operations (Del. 2.2.2., May 2023 Register) REF: Extract of The West Australian, 21 June 2023	CREATED: 19 March 2024 by Project Manager APPROVED: 28 March 2024 by CEO via DFATechOne limit set at \$20,000,000 on 02/10/2023	RELEASED: 2 April 2024 by Strategic Procurement Manager Procurement Manager's DFA was approved by Director for the release of this specific PO, to \$30,000,000 limit, on 23/01/2024, for this specific PO. The limit is valid for the duration of this contract.	COMPLIANT
129891, 129892, 129893 *Contract C101014 split into three	3 x Izuzu side load refuse compactor trucks – Major Motors	\$1,229,882.73 (exc. GST)	Quote accepted by Council decision REF: 2024/Minute No 0019 – RFQ 10/2023	WALGA RFQ process initiated by Fleet Management Coordinator	CREATED: [REQ 137509; 137508; 137506] 18 April 2024 by Fleets Contract Officer	RELEASED: 19 April 2024 by Contracts Administration and Systems Officer under DFA	COMPLIANT

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purchase orders				<p>WALGA preferred supplier panel: Panel – Fleet PSOP 6006</p> <ul style="list-style-type: none"> Four suppliers contacted, two quotes received 	<p>APPROVED: 18 April 2024 by Acting Chief Operations</p> <p>REF: Acting Chief Operations DFA Form dated 24 April 2024 and 16 January 2024 by CEO – Limit: \$5,000,000</p>	<p>REF: DFA Form dated 23 January 2024 approved by CFO</p> <p>TechOne limit set at \$16,000,000 on 17 December 2021.</p>	
129875	Truck Mounted Road Sweeper – Rosmech Sales & Service Pty Ltd	\$450,005 (exc. GST)	<p>Recommendation and contract approved by Head of Operations and Maintenance under delegated authority (up to \$500,000) Acting Chief Operations Officer on 27.03.2024.</p>	<p>WALGA RFQ 14-2023 process initiated 9 January 2024,</p> <p>WALGA preferred supplier panel: Panel – Fleet PSOP 6006</p> <ul style="list-style-type: none"> Two suppliers contacted Only one submission received from Rosmech Sales & Service Pty Ltd 	<p>CREATED: REQ137472</p> <p>17 April 2024 by Fleets Contract Officer</p> <p>APPROVED: 18 April 2024 by Acting Chief Operations Officer 18 April 2024</p>	<p>RELEASED: 18 April 2024 by Procurement Support Officer</p> <p>REF: Procurement Support Officer DFA Form dated 13 March 2024 with \$500,000 Limit– Form approved by Chief Financial Officer</p>	<p>COMPLIANT</p> <p>Procurement from ‘exempt supply’, namely WALGA Preferred Supplier Panel (reg. 11(2)(b)).</p>

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				<p>Chief Operations Officer recommended to accept the quote by Rosmech Sales & Service Pty Ltd</p>	<p>REF: Chief Operations Officer DFA Form dated 16 January 2024 with \$5,000,000 limit – Form approved by CEO</p>		
129894	Hooklift truck	\$320,116 (exc.)	<p>Recommendation approved by Acting Chief Operations Officer on 13.03.2024 under delegated authority (up to \$500,000); contract signed 26.03.2024 by CFO 12 February 2024 -</p>	<p>WALGA RFQ Process with deadline 12 December 2023</p> <p>WALGA preferred supplier panel: Panel – Fleet PSOP 6006</p> <ul style="list-style-type: none"> • Three suppliers contacted • Only one submission received from Major Motors <p>Chief Operations Officer recommended to accept quote on 13 March 2024</p>	<p>CREATED: REQ137481</p> <p>17 April 2024 by Fleets Contract Officer</p> <p>APPROVED: 18 April 2024 by Chief Operations Officer</p> <p>REF: Chief Operations Officer DFA Form dated 16 Jan 2024 with \$5,000,000 limit – Form approved by CEO</p>	<p>RELEASED: 19 April 2024 by Contracts Administration and Systems Officer under DFA</p> <p>REF: DFA Form dated 23 January 2024 approved by CFO</p>	<p>COMPLIANT</p> <p>Procurement from 'exempt supply', namely WALGA Preferred Supplier Panel (reg. 11(2)(b)).</p>

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129625	Service and Maintenance – Success Library – Auto Returns Sorter (book)	\$112,480 (exc.)	Chief of Community Services approved single sole supplier (Adilam) under Delegated Authority (Del 2.2.2., May 2023 Register)	Sole supplier exemption approved by Chief of Community Services and member of Exco - written confirmation recorded pursuant to Procurement Policy, cl 5 on 29 January 2024 REF: 078/010 REF: Chief of Community Services DFA Form dated 1 February 2023 with \$500,000 Limit – Form approved by Acting CEO	CREATED: RFQ 136940 18 March 2024 by Library Technology Coordinator APPROVED: 18 March 2024 by Senior Library Manager REF: Senior Library Manager DFA Form dated 29 August 2022 with \$50,000 limit (See Note 1)	RELEASED: Procurement Clerk REF: Procurement Support Assistant DFA Form dated 13 March 2024 with \$500,000 Limit– Form approved by Chief Financial Officer	COMPLIANT Procurement from approved single sole supplier (reg. 11(2)(f))
129690	Consultancy service for quantity surveying	\$111,635 (exc.)	Head of Projects accepted submission by Rider Levett Bucknall WA Pty Ltd on 7	RFQ Process Three quotes received from three tenderers: <ul style="list-style-type: none"> • Muzcar Unit Trust – (responded 5 October 2023) • Ralph & Beattie Bosworth Pty Ltd 	CREATED: REQ 137221 2 April 2024 by Senior Project Manager APPROVED: 2 April 2024 by	RELEASED: 4 April 2024 by Procurement Clerk	COMPLIANT

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			<p>November 2023 under delegated authority.</p> <p>REF: DFA form dated 12 August 2021 with \$250,000 limit – Form approved by Chief Operations Officer</p>	<p>(responded 5 October 2023)</p> <ul style="list-style-type: none"> Rider Levett Bucknall WA Pty Ltd 	<p>Manager Building & Security Project)</p> <p>REF: Manager Building & Security Projects DFA Form dated 9 September 2022 with \$50,000 limit Form approved by Head of Projects (See Note 1)</p>	<p>REF: Procurement Support</p> <p>Assistant DFA Form dated 13 March 2024 with \$500,000 Limit– Form approved by Chief Financial Officer</p>	
129931	Hire of 30 ton dump truck from April to December 2024 – Allwest Plant Hire Australia Pty Ltd	\$87,100 (exc.)	<p>Decision made under delegated authority by Cockburn Resource Recovery Park Manager.</p>	<p>RFQ process</p> <p>Four quotes sought and received from:</p> <ul style="list-style-type: none"> Brooks Hire Pty Ltd (location unknown) KEE Hire Pty Ltd (Welshpool) Brooks Hire Services Pty Ltd / Brooks Transport (Canning Vale) 	<p>CREATED: REQ137513</p> <p>19 April 2024 by Cockburn Resource Recovery Park Manager</p> <p>APPROVED:</p>	<p>RELEASED:</p> <p>22 April 2024 by Procurement Clerk</p> <p>REF: Procurement Support</p> <p>Assistant DFA Form dated 13 March 2024 with \$500,000 Limit–</p>	<p>COMPLIANT</p> <p>Note: One local/regional supplier quote was not provided as per Purchasing Policy Requirement, however this was approved by Procurement due</p>

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				<ul style="list-style-type: none"> Allwest Plant Hire Australia Pty Ltd (Forrestdale) 	22 April 2024 by Cockburn Resource Recovery Park Manager REF: Cockburn Resource Recovery Park Manager DFA Form dated 16 June 2023 with \$150,000 limit – Form approved by Head of Operations and Maintenance	Form approved by Chief Financial Officer	to lack of local supplier
129630	CCTV Audit	\$64,100 (exc).	Strategic Procurement Manager under delegated authority and validated the process for accepting a single quote where 3 were	RFQ Process (RFQME 01-24) initiated by Head of Community Safety with deadline 20 February 2024 Request from Head of Community Safety on 20 March 2024 for sole/single supplier exemption in Procurement Policy,	CREATED: REQ137198 28 March 2024 by Head of Community Safety APPROVED:	RELEASED: 2 April 2024 by Procurement Clerk REF: Procurement Clerk DFA Form dated 13 March 2024 with	COMPLIANT Note: Sufficient quotations were sought in accordance with Purchasing Policy, notwithstanding only one was supplied.

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			requested, on 2 April 2024.	company had submitted quote which was beyond budget.	2 April 2024 by Head of Community Safety REF: Head of Community Safety DFA Form dated 16 October 2017 with \$250,000 limit - Form approved by Manager Recreation and Community Safety)	\$500,000 Limit-Form approved by Chief Financial Officer	
129677	Library Shelving – Intraspace Pty Ltd	\$59,085 (exc).	City has confirmed decision made under delegated authority.	RFQ process initiated (RFQ KK01-2024) Quotes sourced from four suppliers: <ul style="list-style-type: none"> • DVAWA Pty Ltd (Joondalup) • Intraspace Pty Ltd (Vic) • RAECO (Victoria) • WA Library Supplies (Forrestdale) 	CREATED: REQ 137322 3 April 2024 by Project Manager APPROVED: 3 April 2024 by Manager Building and Security Projects	RELEASED: 4 April 2024 by Procurement Clerk REF: Procurement Clerk DFA Form dated 13 March 2024 with \$500,000 Limit-	COMPLIANT Note: Quote not provided by local/regional supplier as per Purchasing Policy, however approval from Procurements appears to have been given to

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				Only one quote received from Intraspace Pty Ltd	REF: Manager Building and Security Projects DFA Form dated 9 September 2022 with \$50,000 limit – Form approved by Head of Projects (See Note 1)	Form approved by Chief Financial Officer	proceed with quote received.
129888	Plant Mowing Trailer – Specialist Trailer Builders Pty Ltd	\$39,835 (exc.)	City has confirmed decision made under delegated authority.	RFQ process initiated (QR 15/2024) Two quotes received: <ul style="list-style-type: none"> • P&G Body Builders Pty Ltd (Bibra Lake) • OMB WA (Bassendean) Fleets Contract Officer recommends on 16 April 2024 to accept OMB WA	CREATED: REQ137439 18 April 2024 by Fleets Contract Officer APPROVED: 19 April 2024 by Fleet Manager	RELEASED: 19 April 2024 by Contracts Administration and Systems Officer under DFA REF: DFA Form dated 23 January 2024 approved by CFO Fleet Manager DFA is \$150,000.	COMPLIANT

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				Approved by Fleet Manager 16 April 2024	REF: Fleet Manager DFA Form dated 12 December 2022 with \$150,000 limit – Form approved by Head of Operations and Maintenance	This limit has not changed during the life time of this PO.	
129950	New HVAC – CMS	\$31,300 (exc.)	City has confirmed decision made under delegated authority.	RFQ process initiated Two quotes received <ul style="list-style-type: none"> • CMS Engineering (Perth) • Australian HVAC Services (Kewdale) CMS Engineering successful	CREATED: REQ137566 23 April 2024 by City Facilities Technical Officer APPROVED: 23 April 2024 by City Facilities Coordinator REF: City Facilities Coordinator DFA Form dated 21 Feb 2023 with \$90K limit – Form approved by Head of Property and Assets	RELEASED: Auto-released (See Note 2)	COMPLIANT

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129742	Temporary Labour Hire for IT service desk	\$28,118 (exc.)	Procurement authorised by Budget item (GL 128-6000 which is under Business Systems Services Budget)	RFQ process initiated Two quotes received <ul style="list-style-type: none"> • Robert Walters (Perth City) • Michael Page International Pty Ltd (Perth City) Robert Walters successful	CREATED: REQ137334 Created, approved, auto-released Systems Support Team Leader REF: Systems Support Team Leader DFA Form dated 16 January 2020 – with \$100,000 limit – Form approved by Manager Information Services (Senior Management Team/Directors))	RELEASED: Auto-released (See Note 2)	COMPLIANT
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129692	Concrete Works	\$17,050 (exc.)	Decision confirmed by City to be made under delegated authority by Manager Building and Security Projects.	One quote received from Dowsing Group Pty Ltd (Maddington) – WALGA PSP supplier	<p>CREATED: REQ 137283</p> <p>4 April 2024 by Manager Building and Security Projects</p> <p>APPROVED: 4 April 2024 by Manager Building and Security Projects</p> <p>REF: Manager Building and Security Projects DFA Form dated 9 September 2022 with \$50,000 limit – Form approved by Head of Projects</p>	<p>RELEASED: Auto-released (See Note 2)</p>	COMPLIANT
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129646	Heavy duty trailer	\$13,091 (exc.)	Decision made under delegated authority as confirmed by City.	One quote received from POLMAC Trailers (O'Connor) – Local supplier	<p>CREATED: REQ137059</p> <p>21 March 2024 by Fleets Contract Officer</p> <p>APPROVED:</p> <p>3 April 2024 by Head of Operations and Maintenance</p> <p>REF: Head of Operations and Maintenance DFA Form dated 15 September 2021 with \$250,000 Limit – Form approved by Chief Operating Officer</p>	<p>RELEASED:</p> <p>3 April 2024 by Procurement Clerk</p> <p>REF: Procurement Clerk DFA Form dated 13 March 2024 with \$500,000 Limit – Form approved by Chief Financial Officer</p>	COMPLIANT
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129927	Events Marketing Plan 2024/2025	\$9,465 (exc.)	Decision made under delegated authority as confirmed by City.	One quote received from Creative.adm (Floreat) – Non-Local	<p>CREATED: REQ137552</p> <p>22 April 2024 by Events Coordinator</p> <p>APPROVED:</p> <p>22 April 2024 by Events Coordinator</p> <p>REF: Events Coordinator DFA Form dated 21 March 2023 with \$90,000 limit – approved by Head Library and Cultural Services</p>	<p>RELEASED:</p> <p>Auto-released (See Note 2)</p>	COMPLIANT
129955	A5 Notebook, Sticky Tape, Blue Pens, A4 Notebook, Manilla Folders	\$75 (exc.)	Decision made under delegated authority as confirmed by City.	Purchased from website (classified as verbal quote)	<p>CREATED: REQ137587</p> <p>23 April 2024 by Corporate Affairs Officer</p>	<p>RELEASED:</p> <p>Auto-released (See Note 2)</p>	COMPLIANT

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	(Kulbardi Pty Ltd)				<p>APPROVED: 23 April 2024 by Corporate Affairs Officer</p> <p>REF: Corporate Affairs Officer DFA Form dated 11 January 2024 with \$5,000 limit – Form approved by Executive Corporate Affairs</p>		
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Note 1: Item 3.5 from 20 September 2022 ExCo Meeting approved new DFA limits for roles set out on DFA Application Form as per CFO recommendation, City has instructed that authorisation table is upper limits only and the specific limit for each role is determined by ExCo/Individual Manager through a personalised DFA form. City further instructs that employees only get a new form if their employee level on the DFA Application Form changes and that otherwise their limits change when ExCo approves new limits for roles. **Chief Financial Officer**) through email dated 6 October 2022 approved increase for 'Managers' to \$150K.

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Note 2: City instructs that new practice starting approximately 22 January 2024 for purchase orders to be automatically released for requisitions under \$50,000, pursuant to revised Procurement Policy approved by Council on OCM 09 November 2023

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11.2.2 Chief Executive Officer's Triennial Review of Risk Management, Internal Control and Legislative Compliance - Audit Report

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	1. Paxon - City of Cockburn Regulation 17 Internal Audit Review ↓

RECOMMENDATION

That Council:

- (1) RECEIVES the Chief Executive Officer's Triennial Review of Risk Management, Internal Control and Legislative Compliance; and
- (2) ENDORSES the Chief Executive Officer's Triennial Review of Risk Management, Internal Control and Legislative Compliance.

Background

Pursuant to Regulation 17 of the Local Government (Audit) Regulations 1996 (Regulations), the Chief Executive Officer (CEO) of the City of Cockburn (City) is to review risk, control and compliance.

The City must report, every three financial years, to the Audit, Risk and Compliance Committee (the ARC), on the appropriateness and effectiveness of the City's systems and procedures in relation to:

- Risk Management
- Internal Control
- Legislative Compliance.

The Regulations amendment of 2018 requires this review and its reporting to be made available to the ARC on a triennial basis.

The last review undertaken by the CEO was carried out in November 2020 and reported to the then Audit and Strategic Finance Committee at its 19 November 2020.

This review was not undertaken within the three-year period because:

- During the period December 2022 to March 2023, the City engaged Moore Australian (Moore) (December 2020) to undertake a risk maturity review. The purpose of the Moore review was to determine the appropriateness and effectiveness of the City's risk management practices, against the Australian Standard AS ISO 31000:2018 Risk management-Guidelines. The Moore report was submitted to the 25 May 2023 ARC meeting
- During the period May to August 2024, the City engaged Riskwest to undertake workshops with the Executive Leadership Team and Elected Members.

Regulation 16(c)(i) and (ii) of the Regulations requires the ARC to review a report given to it by the CEO under regulation 17 [the subject of this report to the ARC] and is to report to the Council the results of that review and to give a copy of the CEO's report to the Council.

Submission

N/A

Report

Through RFQJF01/2024, the City engaged Paxon Group (Paxon) on 23 August 2024 to conduct an audit of the City's systems to review the appropriateness and effectiveness of the City's systems and procedures in relation to:

- Risk Management;
- Internal Control; and
- Legislative Compliance.

On 27 February 2025 Paxon submitted its final report to the City (refer Attachment 1).

Based on Paxon's fieldwork, review of documents requested, and interviews with officers, Paxon has concluded that the City generally has good controls and processes in place to address key risk, control and legislative compliance requirements. The CEO supports the auditor's summary.

Following the audit, Paxon identified opportunities for improvement, and these are summarised below.

1. Risk Management

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
5.1	RMSS	Medium risk	Failure to identify and manage risks resulting in strategic or operational impacts or failure to achieve desired objectives and outcomes.	Implement a longer-term solution for risk management and reporting of hazards.	The City of Cockburn. Project Manager - Workplace Health and Safety led a tender request to source an online cloud-based safety management system for the City. A recommendation has been made to the Executive Leadership Team (ELT). Following ELT's endorsement, a contract will be signed.

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
					<p>The preferred system also contains a risk management module, which the Legal and Compliance Service Unit will have access to in early 2025.</p> <p>The sourcing of a single, integrated system for all safety and risk management at the City went out as a Request for Proposal.</p> <p>By June 2025</p>
5.2.1	Risk Management Framework Documents	Low risk	<p>Failure to identify and manage risks resulting in strategic or operational impacts or failure to achieve desired objectives and outcomes.</p> <p>Documents may become outdated and lose relevance if not regularly reviewed.</p>	<p>Update the City's Risk Management Framework, Risk Management Policy, and any associated risk procedures.</p> <p>Consideration should be given to whether these documents could be combined.</p>	<p>An Audit, Risk and Improvement Strategy is to be developed which will contain plans to update the Risk Management Policy, Risk Management Framework, Risk assessment Guidelines, and Risk Maturity Improvement Plan. This will be presented to the Audit, Risk and Compliance Committee for adoption.</p> <p>By December 2025</p>
5.2.2		Low risk		<p>The current Business Continuity Plan should be tested as planned to ensure operational effectiveness.</p>	<p>Testing of the Business Continuity Plan is scheduled for early 2025.</p> <p>By June 2025</p>

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
5.2.3		Low risk		Complete all remaining action items within the City's Risk Maturity Improvement Plan and report to the Audit Risk and Compliance Committee for endorsement.	Recommendations arising from the risk maturity assessment are being implemented by the City and are monitored through a Risk Maturity Improvement Plan, which is regularly updated and reported through to the ARC. Ongoing

2. Internal Controls

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
6.1.1	Update of documents	Low risk	Documents may become outdated and lose relevance if not regularly reviewed.	The City should develop a timeline to ensure periodic review of its key Framework, policy, and planning documents. A review of the Fraud framework and fraud and resilience policy should be performed, leveraging guidance from the OAG and Public Sector Commission.	To raise awareness of fraud, the City conducted the following training for staff, including the SLT: <ul style="list-style-type: none"> • Workshop titled "Preventing Misconduct – Spotting and Responding to Red Flags", conducted by the Public Sector Commission in November 2023. The City will develop Audit, Risk and Integrity Strategy based on the WA Government's 2024-26 Integrity Strategy approach. By December 2025

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
6.1.2		Low risk		<p>The City should develop a timeline to ensure periodic review of its key Framework, policy, and planning documents.</p> <p>A review and update of the Governance framework should also be considered.</p>	<p>The City will draft an Audit Risk and Integrity Strategy aligned with the WA Public Sector Commission's mandate to promote and maintain integrity, conduct and ethics in the WA government sector.</p> <p>As part of the Audit, Risk and Integrity Strategy, the frameworks dealing with fraud and governance will also be reviewed.</p> <p>By December 2025</p>
6.1.3		Low risk		<p>The City should develop a timeline to ensure periodic review of its key Framework, policy, and planning documents.</p> <p>Regular review of the Strategic Community Plan, with times aligned to requirements in the IPRF.</p>	<p>Council adopted the "City of Cockburn Strategic Community Plan 2020-2030" at its June 2021 SCM.</p> <p>The Strategic Community Plan 2020-2030 is currently under review and will be presented for adoption at the proposed Special Council Meeting 24 June 2025.</p> <p>By June 2025</p>
6.2	Annual review of financial delegations	Low risk	Inappropriate or incorrect delegations provided to employees	<p>Include a review of the financial delegations within CiAnywhere when performing the annual review of the register of delegations.</p>	<p>The City has undergone a separate internal audit titled "Acting through' principles of the Local Government Act 1995 and their application within the City of</p>

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
					<p>Cockburn Administration". The independent auditor has found opportunities for improvement within the Delegated Financial Authorisation. Management's response includes reviewing and aligning the Delegated Financial Authorisations with the City's new delegations register and new organisational structures roles and responsibilities</p> <p>By March 2025</p>
6.3	Monitoring over changes to employee and supplier data	Low risk	Potential conflicts of interests with employees and/ or suppliers impacting financial payments made.	Perform annual checks on both supplier and employee data changes and verify any exceptions.	<p>Inclusion of a draft 2025/26 budget allocation has been made to engage a credit reporting agency to complete this check. It is recommended that a supplier integrity review is performed every two years rather than annually, given the resources required to complete the review.</p> <p>By December 2025</p>

3. Legislative Compliance

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
7.1	Public Interests Disclosure processes	Low risk	Lack of information and reporting processes results in non-reporting of fraud or a failure to adequately address reports of fraud or misconduct.	Consideration should be given to implementing a whistleblowing hotline or update the requirements in the online forms to enable anonymity.	Pursuant to section 6A of the Public Interest Disclosure Act 2003, the City's PID processes caters for anonymity when reporting a PID. It is impracticable for the City to maintain a whistle blower hotline due to the requirements of confidentiality, and available resources.
7.2.1	Work, Health and Safety policy documents	Low risk	Documents may become outdated and lose relevance if not regularly reviewed.	The WHS policy should be reviewed, updated, and formally endorsed. A document control table or similar process should be included to indicate next review date.	Review of the WHS policy commenced on 01/10/2024. It is proposed to include in the review a control table in accordance with the City's policy template. By December 2025
7.2.2	Work, Health and Safety policy documents	Low risk	Documents may become outdated and lose relevance if not regularly reviewed.	A review of all other WHS documents should be performed to reflect the City's current processes and requirements, Consideration could be given to combining some documents to better reflect processes. A document control table or similar process	All other WHS documents will undergo review, prioritised in accordance with needs of the organisation. It is proposed to include in the review a control table in accordance with the City's policy template. By June 2026.

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
				should be included to indicate next review date for each of the documents.	

Strategic Plans/Policy Implications

Listening and Leading

A community focused, sustainable, accountable, and progressive organisation.

- Best practice Governance, partnerships and value for money.

Budget/Financial Implications

N/A

Legal Implications

Regulation 17 of the Local Government (Audit) Regulations 1996 refers.

Community Consultation

N/A

Risk Management Implications

Failure to complete and present this review to the ARC will result in the City not complying with the requirements of reg. 17 of the Regulations, which specify:

'17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures, in relation to:
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once every 3 financial years.
- (3) The CEO is to report to the Audit Committee the results of that review.'

Additionally, completion of this review provides assurance to the CEO and Council that the City has in place appropriate and effective systems and procedures to manage risk, and sound control measures to mitigate identified risk, to achieve legislative compliance

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil

PAXON

CITY OF COCKBURN

Regulation 17 Internal Audit Review

Final | 27 February 2025

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1. INTRODUCTION

1.1 Background & Objective

The objective of our Regulation 17 Review is to provide a report, based on our understanding of the City of Cockburn, to assist the CEO in reporting to the Audit, Risk and Compliance Committee on the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal control and legislative compliance.

Regulation 17 of the *Local Government (Audit) Regulations 1996* states:

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

(a) risk management; and

(b) internal control; and

(c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

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

1.2 Risks & Scope

The Regulation 17 Review focussed on the risk that the City's systems and procedures relating to risk management, internal control and legislative compliance are not appropriate and effective. The following key controls and processes were included, informed by the *Local Government Operational Guidelines Number 9 – Revised September 2013, Audit in Local Government – The appointment, function and responsibilities of Audit Committees – Appendix 3*. Sample testing and data analytics were used to verify operating effectiveness where possible using a risk-based approach. Appendix 2 lists the documents audited which informed the findings of this review based on the following key controls and processes:

Risk Management

- Reviewed the effectiveness of the City's risk management system, including alignment with AS ISO 31000: 2018 *Risk management - Guidelines*
- Evaluated the design and effectiveness of risk management policies and procedures, including the Risk Maturity Improvement Plan
- Assessed internal processes for managing operating risk in comparison to tolerance
- Evaluated adequacy of insurance coverage and related processes
- Reviewed the effectiveness of the City's internal control system
- Reviewed the City's risk register including the identification of fraud and misconduct risks and that an appropriate treatment plan has been developed
- Reviewed the City's Business Continuity Planning
- Reviewed the City's Disaster Recovery Management
- Reviewed the development of risk reports and reporting processes, including risk reports to the Audit, Risk and Compliance Committee and Council
- Reviewed risk registers (strategic and operational)
- Assessed controls that are in place for unusual transactions including processes to identify and manage unusual transactions

Internal Control

- Reviewed processes and policies in place in relation to integrity and ethics
- Assessed the City's levels of responsibilities and delegated authority
- Procurement delegations, including contract variations and extensions



- Procurement guidance and delegations including awareness and training requirements
- Delegation levels, including compliance to legislation, operationalisation of delegations such as exercising authorisations properly, acting through, staff awareness and adherence to their scope of authority
- A comparison of Delegated Authority to those contained within CiAnywhere
- Asset management and disclosures
- Unauthorised changes and user access
- Performed a high level review over Information system access and security
- Reviewed controls over significant financial and operational processes, including procurement, asset management and data security
- Reviewed policy and management practice
- Reviewed audit practices, including follow-up of the findings raised in previous reviews, the compliance audit return and the annual audit reports
- Assessed the City's fraud and misconduct framework and related processes

Legislative Compliance

- Assessed the City's legislative compliance framework or individual measures in place, including reporting to Committees
- Reviewed complaints, whistleblowing and Public Interest Disclosure (PID) processes
- Assessed the adequacy of conflicts of interest guidance and processes
- Reviewed the Code of Conduct
- Reviewed at a high level the Compliance Audit Return process
- Reviewed the City's Freedom of Information processes
- Assessed the City's compliance with the Integrated Planning and Reporting Framework
- Legislative compliance over swimming pools
- Legislative compliance over Workplace Health and Safety.

The fieldwork was performed in October and November 2024 and focussed on the processes and controls in place at that time, or their last point of operation.

2. EXECUTIVE SUMMARY

Based on the work performed, the City generally had good controls and processes in place to address key risk, control and legislative compliance requirements within the scope of our work. Our work has highlighted several areas for improvement within the City's processes and controls frameworks which are set out below, but all are of relatively low risk. The City appears to be aware of its improvement requirements and has developed or commenced steps to address the points.

Risk Management

Two findings have been identified. The City has been working on identifying an alternate solution to the Risk Management and Safety System (RMSS), a licensed online cloud-based risk register from Risk Management and Safety Systems Pty Ltd, used by the City as its online risk and WHS incident register. RMSS abruptly stopped functioning in August 2024, to record and manage its risks, incidents and hazards. The City is using Microsoft SharePoint as an interim process for maintaining its risk register and WHS incident management system. These interim processes are manual and require a longer-term solution.

It was also noted that the City's risk management framework and policy require review and update of current processes. This has also been identified as part of the risk maturity assessment that was completed for the City in 2023. Recommendations arising from the audit are monitored through a Risk Maturity Improvement Plan maintained by the City. Progress against items in the Improvement Plan is reported to the Audit Risk and Compliance Committee. The review of the City's strategic risks and updated risk appetite statement were endorsed in December 2024. The remaining actions are expected to be completed in 2025.

The City's revised Business Continuity Plan has been implemented in October 2024 but is yet to be tested. This is expected to be performed in early 2025.

Good Practice

The City's insurance coverage details and supporting registers for buildings and motor vehicles are up to date. Regular reporting is in place for risks through the Audit, Risk and Compliance Committee and Council.

Internal Control

Three findings have been identified. The first relating to the City's fraud framework, governance framework and strategic community plan which have all not been recently reviewed. Secondly, an annual review of delegations is performed however review of financial delegations within CiAnywhere could be included. Thirdly, more regular monitoring over changes to employee and supplier data should be performed.

Good Practice

The City has an up to date register for delegations in place. Delegation levels including for procurement, contract variations and extensions are reasonable. Asset management processes are in place. Information system access and security has sound processes in place including appropriate monitoring over unauthorised changes and user access. Processes relating to fraud identification and management are in place. The City has sound audit practices including appropriate follow-up of actions arising from previous reviews completed.

Legislative Compliance

Two findings have been identified. Firstly, the City has processes in place to address Public Interest Disclosure requirements, however there is no means for complaints to be raised anonymously.

Secondly, the City's work, health and safety policy and supporting procedural documents and guidelines also require update.



Good Practice

The City has good processes to manage its compliance requirements through a dedicated compliance calendar, including its Compliance Audit Return requirement. Sound processes are in place to assess conflicts of interest, and any conflicts identified are documented. The City has an up-to-date Code of Conduct for both employees and elected members. Processes are in place to manage Freedom of Information requests and requirements against the Integrated Planning and Reporting Framework have been met. The City performs regular inspections of swimming pools. Sample testing performed of the City's registered pools and swimming pool barriers did not identify any exceptions. All Paxon's findings are summarised on the following page and documented in detail within sections 5-7 of this report.

We would like to thank all officers that have facilitated the performance of this review.

Risk Area	Finding	Paxon Risk Rating
Risk Management	5.1 Risk Management and Safety System (RMSS)	Low Risk
	5.2 Risk Management Framework Documents	Low Risk
Internal Control	6.1 Update of Documents	Low Risk
	6.2 Annual Review of Financial Delegations	Low Risk
	6.3 Monitoring Changes to Employee and Supplier Data	Low Risk
Legislative Compliance	7.1 Public Interest Disclosure Processes	Low Risk
	7.2 Work, Health and Safety Policy Documents	Low Risk



3. METHODOLOGY

Our methodology for this review comprised the following steps:

- Conducted an initial meeting with management to obtain an understanding of processes and potential issues;
- Developed overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluated the effectiveness of the design of controls to cover the identified risk and tested the operation of the key controls;
- Followed up and confirmed action taken on any previous business issues identified and recommendations made;
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes and identified key controls;
- Developed appropriate recommendations for improvement for discussion with management;
- Drafted a report of findings and recommendations and obtained formal responses from management; and
- Finalised the report and issued it to Management for distribution to the Audit, Risk and Compliance Committee.

Each finding detailed in section 5-7 is rated based on the following scale:

Rating	Definition
High	Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.
Medium	Moderate contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.
Low	Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.



4. INHERENT LIMITATIONS

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted our review was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The review conclusion and any opinion expressed in this report have been formed on the above basis.



5. RISK MANAGEMENT

5.1 Audit Finding – Risk Management and Safety System (RMSS)

The City had a licensed online cloud-based risk management system, Risk Management and Safety System (RMSS), in place to manage and monitor risks as well as work, health and safety incidents and hazards. RMSS was a cloud-based online system licensed to the City until 30 June 2025. Since August 2024 the RMSS has not been functional and is unable to be accessed. The City identified this and has implemented interim processes to allow reporting of hazards, incidents and risks through the use of Microsoft SharePoint, the City's intranet and manual spreadsheets. Regular reporting is in place through the Executive Team and Audit, Risk and Compliance Committee for oversight of the City's key risks and WHS matters.

The City is currently working through alternative options for a new system/ supplier solution noting that the risk of a cloud-based supplier becoming insolvent whilst trading was not previously identified and managed. However possible options for a longer term solution are still being explored by the City with a solution expected to be implemented in 2025.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Possible Implication

Failure to identify and manage risks resulting in strategic or operational impacts or failure to achieve desired objectives and outcomes.

Recommendation

Implement a longer-term solution for risk management and reporting of hazards and incidents.

Management Comments:

The City of Cockburn Project Manager - Workplace Health and Safety led a tender request to source an online cloud-based safety management system for the City. A recommendation has been made to the Executive Leadership Team (ELT). Following ELT's endorsement, a contract will be signed. The preferred system also contains a risk management module, which the Legal and Compliance Service Unit will have access to in early 2025.

The sourcing of a single, integrated system for all safety and risk management at the City went out as a Request for Proposal.

Action Owner:

Risk and Governance Advisor

Target Completion Date:

June 2025



5.2 Audit Finding – Risk Management Framework Documents

The City has a Risk Management Framework which is supported by a risk appetite statement, risk management policy and risk assessment guidelines. The risk appetite statement was recently reviewed in April 2024 and endorsed by the Audit Risk and Compliance Committee in December 2024. However the risk management framework and risk management policy have not been reviewed since initial approval in July 2021. There are overlaps in the content of these two documents and they could be combined for ease of use and efficiency. A risk maturity assessment was performed by an external consultant in 2023 which identified 35 observations across the City's framework, culture and processes for improvement.

The City has developed a detailed Risk Maturity Improvement Plan to strengthen its risk environment across the following key areas based on the outcomes from the risk maturity assessment completed. The completion of action items within the Improvement Plan are in progress. The City engaged another external consultant to complete some of the actions within the Improvement Plan including review of its strategic risks and updating its risk appetite statement which were endorsed by the Audit Risk and Compliance Committee in December 2024. The remaining actions are expected to be completed in early 2025:

- Revision of risk management framework
- Elected member engagement
- Risk management strategy preparation
- Improve risk culture
- Improve risk management process

Some actions have been completed with others still in progress. All outstanding actions are tracked with clear due dates. Actions implemented will be presented to the Audit, Risk and Compliance Committee for endorsement.

The City's Business Continuity Plans were recently reviewed, consolidated and endorsed as a single Business Continuity Plan in October 2024. However this has not yet been tested to ensure operational effectiveness. The City expects testing to be performed in March/ April 2025.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Possible Implications

- Failure to identify and manage risks resulting in strategic or operational impacts or failure to achieve desired objectives and outcomes.
- Documents may become outdated and lose relevance if not regularly reviewed.

Recommendations

- 5.2.1 Update the City's Risk Management Framework, Risk Management Policy and any associated risk procedures. Consideration should be given to whether these documents could be combined.
- 5.2.2 The current Business Continuity Plan should be tested as planned to ensure operational effectiveness.
- 5.2.3 Complete all remaining action items within the City's Risk Maturity Improvement Plan and report to the Audit Risk and Compliance Committee for endorsement.

Management Comments:

- 5.2.1 An Audit, Risk and Improvement Strategy has been developed which will contain plans to update the Risk Management Policy, Risk Management Framework, Risk assessment Guidelines, and Risk Maturity Improvement Plan. This strategy will be presented to the Audit, Risk and Compliance Committee for adoption.
- 5.2.2 Testing of the Business Continuity Plan is scheduled for early 2025.
- 5.2.3 Recommendations arising from the risk maturity assessment are being implemented by the City and are monitored through a Risk Maturity Improvement Plan, which is regularly updated and reported through to the ARC.

PAXON**Action Owner:**

Risk And Governance Advisor (5.2.1, 5.2.2 and 5.2.3)

Target Completion Date:

5.2.1 December 2025

5.2.2 June 2025

5.2.3 Ongoing



6. INTERNAL CONTROL

6.1 Audit Finding – Update of Documents

The City has a Fraud and misconduct control and resilience policy and a fraud and misconduct control and resilience framework document. The framework was last updated in March 2019 and the policy was last updated in June 2021, both of which are now overdue for review.

The Governance framework was approved by Council in December 2022 and is available on the City's website, however the document control table is not complete, and no next review date has been documented. This should also be reviewed to ensure relevance to current processes.

The City's Strategic Community Plan was last reviewed in 2021. Requirements of the Integrated Planning & Reporting Advisory Standard (2016), Framework and Guidelines require a minor review to be performed every 2 years and a full review to be performed every 4 years. Paxon noted that the City commenced a review of the Strategic Community Plan in August 2024, however this is yet to be completed.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Possible Implication

Documents may become outdated and lose relevance if not regularly reviewed.

Recommendations

The City should develop a timeline to ensure periodic review of its key Framework, policy and planning documents:

- 6.1.1 A review of the Fraud framework and fraud and resilience policy should be performed, leveraging guidance from the OAG and Public Sector Commission.
- 6.1.2 A review and update of the Governance framework should also be considered.
- 6.1.3 Regular review of the Strategic Community Plan, with timeframes aligned to requirements in the IPRF.

Management Comments:

- 6.1.1 To raise awareness of fraud, the City conducted the following training for staff, including the SLT: Workshop titled "Preventing Misconduct – Spotting and Responding to Red Flags", conducted by the Public Sector Commission in November 2023.
The City will develop Audit, Risk and Integrity Strategy based on the WA Government's 2024-26 Integrity Strategy approach.
- 6.1.2 The City will draft an Audit Risk and Integrity Strategy aligned with the WA Public Sector Commission's mandate to promote and maintain integrity, conduct and ethics in the WA government sector.
As part of the Audit, Risk and Integrity Strategy, the frameworks dealing with fraud and governance will also be reviewed.
- 6.1.3 Council adopted the "City of Cockburn Strategic Community Plan 2020-2030" at its June 2021 SCM.
The Strategic Community Plan 2020-2030 is currently under review and will be presented for adoption at the proposed Special Council Meeting 24 June 2025.

Action Owner:

Risk and Governance Advisor (6.1.1, 6.1.2 and 6.1.3)

Target Completion Date:

- 6.1.1 December 2025
- 6.1.2 December 2025

PAXON

6.1.3 June 2025



6.2 Audit Finding – Annual Review of Financial Delegations

The City performs periodic reviews at least annually of its delegations in accordance with the requirements under the *Local Government Act 1995 (s5.46)*. The City's Register of delegations was last reviewed and adopted in July 2024 and is available on the City's website.

Paxon performed a high level review of the City's financial delegations within CiAnywhere and compared it to the City's Register of delegations. Delegations were deemed appropriate based on the size and complexity of processes.

An improvement opportunity was noted for the City to include a review of the financial delegations within CiAnywhere when performing its annual review.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Possible Implication

Inappropriate or incorrect delegations provided to employees.

Recommendation

Include a review of the financial delegations within CiAnywhere when performing the annual review of the register of delegations.

Management Comments:

The City has undergone a separate internal audit titled "Acting through' principles of the *Local Government Act 1995* and their application within the City of Cockburn Administration". The independent auditor has found opportunities for improvement within the Delegated Financial Authorisation. Management's response includes reviewing and aligning the Delegated Financial Authorisations with the City's new delegations register and new organisational structures roles and responsibilities.

Action Owner:

Strategic Procurement Manager

Target Completion Date:

March 2025



6.3 Audit Finding – Monitoring over changes to employee and supplier data

The City's procurement team performs some verifications over supplier and employee data changes. The last check was performed in 2021 through a supplier integrity project. One exception was identified where there was a conflict of interest identified based on checks performed. The City was unable to provide the actual evidence of the work performed due to data sensitivities. There are also no periodic checks performed on supplier and employee data changes since 2021, including employee bank changes.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Possible Implication

Potential conflicts of interests with employees and/ or suppliers impacting financial payments made.

Recommendation

Perform annual checks on both supplier and employee data changes and verify any exceptions.

Management Comments:

Procurement has budgeted in FY25/26 to engage a credit reporting agency to provide the necessary data to complete this check. It is recommended that a supplier integrity review is performed every 2 years rather than annually, as a minimum given the resources required to complete the review.

Action Owner:

Strategic Procurement Manager

Target Completion Date:

December 2025



7. LEGISLATIVE COMPLIANCE

7.1 Audit Finding – Public Interest Disclosure processes

The City has published a Public Interest Disclosure (PID) information statement on its website which documents the PID requirements under the *Public Interest Disclosure Act 2003* and reporting breaches to the authorities including the Public Service Commission for major breaches and Crime and Corruption Commission (CCC) for minor breaches. Details of the City's processes are outlined within the City's Code of Conduct and the City of Cockburn Behaviour Complaints.

Customer Service has an online complaints receiving process including a form for general enquiries, feedback, complaints or compliments. There is also a specific Public Health Complaint form. These forms require any potential complainant to include their name and address details, including an email and contact phone number to be able to submit the form. There is no avenue such as a whistleblowing/misconduct hotline that can be called anonymously. This may deter staff or the public from making disclosures as although they can make disclosures under the protection of the PID Act, including confidentiality, they cannot make them anonymously.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Possible Implication

Lack of information and reporting processes results in non-reporting of fraud or a failure to adequately address reports of fraud or misconduct.

Recommendation

Consideration should be given to implementing a whistleblowing hotline or update the requirements in the online forms to enable anonymity.

Management Comments:

Pursuant to section 6A of the *Public Interest Disclosure Act 2003*, the City's PID processes caters for anonymity when reporting a PID.

It is impracticable for the City to maintain a whistle blower hotline due to the requirements of confidentiality, and available resources.

Action Owner:

N/A

Target Completion Date:

N/A



7.2 Audit Finding – Work, Health and Safety policy documents

The City has a number of policies, procedures and guidelines that cover work, health and safety requirements. Paxon reviewed eight WHS documents, which included coverage of WHS requirements, reporting of incidents, injuries and hazards, infectious disease management, fatigue management and first aid. Many of these documents were last reviewed with minor changes made in 2023. The WHS policy does not have a document control table, and there is no indication of when the policy was endorsed by ELT or when the next review date is. However the City is currently undertaking a holistic review exercise of all WHS documents to address gaps identified, including current changes required to documents due to the RMSS not being used by the City.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Possible Implication

Documents may become outdated if not regularly reviewed.

Recommendations

- 7.2.1 The WHS policy should be reviewed, updated and formally endorsed. A document control table or similar process should be included to indicate next review date.
- 7.2.2 A review of all other WHS documents should be performed to reflect the City's current processes and requirements. Consideration could be given to combining some documents to better reflect processes. A document control table or similar process should be included to indicate next review date for each of the documents.

Management Comments:

- 7.2.1 Review of the WHS policy commenced on 01/10/2024. It is proposed to include in the review a control table in accordance with the City's policy template.
- 7.2.2 All other WHS documents will undergo review, prioritised in accordance with needs of the organisation. It is proposed to include in the review a control table in accordance with the City's policy template.

Action Owner:

Project Manager Workplace Health and Safety (7.2.1 and 7.2.2)

Target Completion Dates:

- 7.2.1 December 2025
- 7.2.2 June 2026



APPENDIX 1: STAFF INTERVIEWED

Business Unit	Position	Date of Interview
Governance	Risk Coordinator	24/10/2024
Governance	Governance Officer	24/10/2024
Finance	Systems Officer	24/10/2024
Finance	Financial Accountant	24/10/2024
Finance	Senior Financial Accountant	24/10/2024
Finance	Insurance Officer	25/10/2024
Procurement	Procurement Business Partner - Administration	24/10/2024
Information and Technology	Head of Information and Technology	25/10/2024
Public Health and Buildings	Manager Health and Building Services	25/10/2024
Development and Compliance Services	Coordinator of Development Compliance	25/10/2024
Work, Health and Safety	Project Manager – Workplace Health & Safety	24/10/2024



APPENDIX 2: DOCUMENTS REVIEWED

City of Cockburn Documents Reviewed

Risk

1. Risk management framework
2. Risk management policy
3. Risk assessment guidelines
4. Risk appetite statement (April 2024)
5. Risk tolerance statement
6. Strategic and operational risk register risk
7. Business continuity response plan (October 2024)
8. Risk management reporting to audit committee and management
9. Moore – Risk management maturity review report (June 2023)
10. Risk maturity review improvement plan
11. Current insurance policies and supporting reports for the value of assets
12. Internal Asset Listing Report (September 2024)
13. Plant and Property registers

Internal Control

14. Organisation structure (as of 22 August 2024)
15. Register of delegations (July 2024)
16. User financial delegations system extract (CiAnywhere)
17. Examples of certificate of delegated authority
18. Procurement policy
19. Examples of contract variations, extensions and project management schedules
20. The Cockburn Way - Employee code of conduct
21. Management letters received from the Office of the Auditor General (30 June 2023)
22. Listing of audit action items (as of October 2024)
23. Fraud and misconduct control and resilience framework
24. Fraud and misconduct control and resilience policy
25. Governance framework
26. Asset register summary 2023-2024
27. Plant stocktake
28. Process for resignations and end of employment procedure
29. End of employment checklist
30. HR termination checklist including examples

**City of Cockburn Documents Reviewed**

31. Information and cyber security policy
32. CyberCX External network penetration testing report (August 2023)
33. Change management Standard – Information technology
34. IT and cyber security incident management plan
35. Report of journal adjustments, preparer and reviewer since 1/1/24
36. Internal audit plan 2024-2026
37. Approvals for bank reconciliations 2024 including review and approval for 31/3/24, 31/5/24 and 31/8/24

Legislative Compliance

38. Corporate business plan 2024-2025 to 2027-2028
39. Strategic community plan 2020-2030
40. Workforce plan 2022-2026
41. Compliance calendars for 2023 and 2024
42. Record keeping plan
43. Record keeping plan approval by State Records Office
44. Gift registers
45. Annual and primary return registers
46. Register for freedom of information applications from 1 July 2022 to 30 June 2024
47. Public interest disclosure information statement
48. Listing of all registered pools (as of September 2024)
49. Listing of all non-complaint pool spa barriers (as of September 2024) including supporting documents for sample testing
50. Work health and safety policy
51. WHS Workplace inspections
52. WHS Workplace incident and injury reporting procedure
53. WHS Drug and alcohol testing
54. WHS Working from home
55. WHS vaccinations and infectious diseases procedure
56. WHS fitness for work procedure
57. WHS Fatigue management procedure

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11.2.3 Corporate Credit Card Expenditure, Controls and Reporting - Audit Report

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	1. Paxon - City of Cockburn Purchasing Card Review 12 February 2025 ↓

RECOMMENDATION

The Committee recommends Council RECEIVES the Corporate Credit Card Expenditure, Controls and Reporting Audit.

Background

The minutes for the 9 November 2023 City of Cockburn Ordinary Council meeting record 2023/Minute No. 0299 Council Decision states -

‘That Council:

- (1) ADOPTS the amendments to the Procurement Policy
- (2) 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)
- (3) 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.’

The minutes for the 19 March 2024 City of Cockburn Audit, Risk and Compliance Committee meeting record 2024/Minute No. 0003 Council Decision states -

‘That Council:

- (1) RECEIVES the Terms of Reference for the Internal Audit Scope for Corporate Card Expenditure, Controls and Reporting;
- (2) AUTHORISES the CEO to progress with the Audit as detailed in item 1, with a provision allowing prospective internal auditors to recommend additional audit scope; and
- (3) AUTHORISES the CEO to consider, and if appropriate, approve any additional scope.’

Based on the above Council resolution the City invited service providers on 03 May 2024 to submit quotes for a Corporate Credit Card Expenditure, Controls and Reporting Audit. On 28 May 2024, and Evaluation Panel selected Paxon Group to undertake this audit.

Submission

N/A

Report

The audit opening meeting was conducted on 27 June 2024. During the week of this meeting the Office of the Auditor General (the OAG) released the report Performance Audit – Local Government Management of Purchasing Cards, Report 19: 2023-24, 12 June 2024. Three local government entities: City of Albany, City of Kalgoorlie-Boulder, and Shire of Murchison participated in that audit.

In the light of the release of the report from the OAG, and in accordance with Council resolution (3) from the 19 March 2024 ARC meeting, the CEO increased the scope of the City's Corporate Credit Card Expenditure, Controls and Reporting Audit to include the following items:

- Store cards (24 Bunnings and 20 Woolworths) – additional 24 hours
- Fuel cards (116 BP cards) – additional 40 hours.

On 12 August 2024 Paxon issued a request to the City for access to documents to commence the expanded audit.

On 12 February 2025 Paxon submitted its final report to the City (presented as Attachment1 to this report).

Based on Paxon's fieldwork, review of documents requested, and interviews with officers, Paxon has concluded that the use of all 82 Commonwealth Bank of Australia issued credit cards is efficient and effective for the City, and Paxon did not note any inappropriate credit card purchases.

Following the audit, Paxon identified opportunities for improvement, and these are summarised below.

1. Credit Cards

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
6.1	Update of Internal Guidance	Low risk	Internal guidance related to credit cards is outdated and may not be aligned with the City's current objectives and risk appetite.	Internal guidance documents should be reviewed and updated to align with the current risk appetite of the City, including credit limits, transactional limits and including areas	The guidelines mentioned (in the audit) were obsolete as previously advised to Paxon. The City now has a credit card policy that is accessible for all staff through the City's intranet. The policy includes the position statement and credit card

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
				of guidance not currently covered within the documents, as noted within this report and including consideration of the better practice guidance published by the Office of the Auditor General.	guidelines which should satisfy the recommended action. Action has been completed.
6.2	Performance of Acquittals	High risk	Extended times to acquit and review credit card transactions and a lack of detailed information increases the possibility of a lack of evidence being provided or costs not being allocated timely or accurately. Non-compliance with policy and guidelines.		
6.2.1				Acquittals should be performed on a timely basis, with key requirements recomunicated to officers in the short term including times, purchase order requirements and description requirements. They should be communicated to users once policy and guidelines have been updated.	The times mentioned on the (audit) findings are outdated and contained within the obsolete guidelines. The time has been simplified within the current policy to: "The acquittal of credit card transactions needs to be completed within a reasonable timeframe, being no longer than one month after statement issue." Regular follow up emails are sent to card holders to complete their outstanding credit card acquittals. Failure to complete the acquittal after reminders is

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
					escalated to senior leadership and may result in the credit card being suspended or cancelled. Action completed.
6.2.2				Repercussions for lack of timely acquittal performance should be put in place, potentially including reporting to ELT for follow-up and cards cancelled if not used in accordance with requirements.	
6.2.3				Times for review by Managers should also be documented within the Guidelines.	
6.2.4				A review of signed Statement of Responsibility forms should be performed to ensure they have been completed for all card holders. Consideration should be given to refreshing these when card renewals are performed.	
6.3	Timely Cancellation of Credit Cards	High risk	Credit cards may be used appropriately.	A process be put in place to ensure that all cards are cancelled within one day of the staff members exit.	The City recently implemented administrator functionality within the CommBank card system to allow online ability to suspend and cancel credit cards.

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
					Where cards remain unacquitted post report preparation to Council, these are escalated to senior and/or executive leadership. The City can formalise the repercussions and apply more strictly going forward. Action completed.
6.4	Credit Card Delegations and Approval	Medium risk	Card may not be provided to officers on an appropriate basis.	A formal process and form for requesting and approving credit cards should be put in place, including the delegated credit card limit within a delegated authority form that is tailored to credit cards.	The current process includes approval from an executive for a new card and, Finance vets the approval for compliance against DFA and other business requirements. Improvement initiative includes creating online card approval which should formalised the entire process as per recommendation. Action to be implemented by Q4 FY 2024-25.
6.5	Number of cards	Low risk	Administration of unrequired cards resulting in inefficiency.	We (Paxon) endorse the exercise performed by the Acting Head of Finance being repeated on an on-going basis, with the emphasis on why cards should be retained rather than justifying cancellation and credit limits reviewed	Paxon has endorsed the current exercise performed by the City and therefore will continue to do so. Action completed

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
6.6	Petty cash	Low risk	The administrative burden of petty cash remains despite the widespread use of credit and purchasing cards.	The City should review its approach to credit cards, purchasing cards and the on-going requirement for petty cash to implement efficient use of administrative resource.	The City agrees with on the provided recommendation. Action to be completed by Q4 FY 2024-25.

2. Purchasing Cards

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
7.1	Lack of Purchasing Card Internal Guidance	Medium risk	The administration and usage of purchasing cards within the City may not meet its expectations.	Purchasing card policy and procedure should be established either as part of the Credit Card documents or separately	The City agrees with the provided recommendation. Action to be completed by Q4 FY 2024-25.
7.2	Purchasing Cards Lack of Segregation Duties.	High risk	The administration and usage of purchasing cards within the City may not meet its expectations.	The process should be segregated, or independent oversight enabled. This could be achieved by limiting the ability to raise and approve a purchase requisition or not allowing purchase requisition approvers to be purchasing card holders	The City notes the recommendation and will investigate better controls. Action to be completed by Q4 FY 2024-25.
7.3	Timely Cancellation of Purchasing	High risk	Purchasing cards may be used inappropriately.	A process be put in place to ensure that all cards are cancelled within	The City agrees with the provided recommendation. Action to be

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
	Cards.			one day of the staff members exit.	completed by Q4 FY 2024-25.
7.4	Transaction Descriptions	Low risk	Purchasing cards may be used inappropriately.	The invoices or a means of providing a specific description should be developed to provide more specific information for purchases to be approved by the authoriser of the purchase order.	The City agrees with the provided recommendation and will review descriptions and update the report accordingly. Action to be completed by Q4 FY 2024-25.
7.5	Monthly Reporting to Council	Low risk	Inaccurate reporting to Council.	Reporting processes should include independent review to ensure their accuracy.	The City agrees with the recommendation. Action to be completed by Q4 FY 2024-25.

3. Fuel Cards

Item No.	Audit Finding	Risk Rating	Possible Implication	Recommendation	Management Comment
8.1	Lack of Purchasing Card Internal Guidance	Medium risk	If guidance documents are not current, they may not provide relevant information to guide and inform the usage that the City wishes to implement.	All guidance documents should be reviewed and updated with a process established to ensure they are regularly reviewed in the future. The City's fleet, financial and environmental objectives should be considered in establishing the content of these documents	It is acknowledged that some documents are out of date and need to be reviewed. Some of these documents are not owned by fleet and will need to be completed by the owner. Those we do own will be reviewed and actioned. Action to be completed by Q1 FY 2025-26.

8.2	Monitoring of Fuel Cards	Low risk	Excessive or inappropriate usage may not be identified if regular monitoring is not performed, or parameters are not consistent and relevant for the vehicle and its intended use.	<p>The processes for monitoring of fuel usage and cost should be documented including the frequency, reports to be monitored and the processers for investigating any anomalies.</p> <p>Parameters for alerts within the BP system should be documented and consistently set for different types of vehicles which will highlight or prevent inappropriate usage.</p>	<p>A process chart will be drafted on fuel monitoring.</p> <p>Action to be completed by Q1 FY 2024-25.</p>
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Strategic Plans/Policy Implications

Local Economy

A sustainable and diverse local economy that attracts increased investment and provides local employment.

- A City that is 'easy to do business with'.

Listening and Leading

A community focused, sustainable, accountable, and progressive organisation.

- Best practice Governance, partnerships and value for money.
- Employer of choice focusing on equity, innovation and technology.

Budget/Financial Implications

N/A

Legal Implications

Regulation 11 of the Local Government (Financial Management) Regulations 1996 refers.

Community Consultation

N/A

Risk Management Implications

The findings of this audit will enable the City to confirm its compliance with legislation and assure ratepayers that the City's credit card system manages spending in an efficient and ethical manner.

Overall, there is a Moderate risk to the City of non-compliance with its own credit card/ purchasing card/ fuel card processes and systems if the recommendations from this audit are not implemented.

Management has responded adequately to the recommendations, which when implemented will reduce this risk to low.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil

PAXON

CITY OF COCKBURN

Purchasing Card Review

Final : 12 February 2025

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Paxon acknowledges the Traditional Owners of Country. We pay our respects to Elders past and present.



1. INTRODUCTION

1.1 Background and Objective

This review of purchasing cards was requested to be performed by the Council of the City of Cockburn ('City') Ordinary Council at its meeting of Thursday 9 November 2023 as recorded in Minute No. 0299 Council Decision (3).

Paxon was appointed by the City to perform this review with the initial intention that the review would only include credit cards, but at the request of the Chief Executive Officer this was expanded to include purchasing (Bunnings and Woolworths) and fuel cards.

1.2 Risks & Scope

City documented Risk 182 - Credit Cards – Failure to properly manage and oversee the provision of credit cards to authorised officers

The scope of the audit was:

- To assess processes for compliance with legislative, regulatory and better practice
- To assess the types of purchase made by purchasing cards
- To determine whether purchasing cards are the most efficient and effective means for the types of costs incurred
- To assess the oversight and control of the purchasing card spending, and
- To make recommendations for improvement as required.

The period of review covered 1/7/23 to 31/3/24.

1.3 Summary of Work Performed

- Meeting and discussion with City officers
- Appropriate policy and procedure are in place, current and aligned with delegated authority and procurement guidance.

At the commencement of fieldwork Paxon issued an information request, including policy, procedure and internal guidance to review against. In response the City provided a copy of the Corporate Credit Card Guidelines. It was only upon completion of the fieldwork and provision of a draft report to the City in November 2024 that the City informed Paxon that the Guideline document was no longer active, though s.14 of the Corporate Credit Cards Policy does refer to Guidelines. It was proposed by Paxon that re-work could be performed or the review reported on as is, with the latter being the preferred option for the City.

- Policy and procedure are appropriately designed and aligned with legislation, regulation and better practice from the Department and the Office of the Auditor General
- Operational procedures are aligned with documented procedures and appropriate oversight and segregation of duties are in place
- Review of the City's fuel related exception reporting
- Data analysis of usage of cards expenditure and identification of exceptions for further investigation, including
 - Expenditure by month, service and type
 - Credit card transactions by type, over \$1,000 and use of purchase orders
 - Highest users by value and the reasons for this level of usage
 - Comparison of fuel card listings to fleet and Department of Transport Registrations, and
 - Location of fuelling
- Agreement of expenditure back to Council reports on expenditure

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- Testing of application processes for cards, credit limits, credit limit increases and timely termination of cards upon exit, and
- Testing of a sample of acquittal processes from timely completion and review through to detailed review of invoices.



2. EXECUTIVE SUMMARY

Overall, based upon the work performed as part of this review we would conclude that the use of cards is efficient and effective for the City, however there are some limitations to this conclusion.

From a strategic point of view the City could consider how it wishes to utilise credit cards and to what extent. Current usage is limited by the design of processes to under \$1,000 unless they are for certain areas of expenditure, otherwise they require a purchase order. Changing this could potentially increase efficiency benefits. However, processes should be improved before any changes are made if the extent of usage is to be expanded to ensure processes are adequately controlled.

Credit card processes could be improved in particular in relation to the acquittal process, which requires unnecessary administrative effort to chase their timely performance and the timely cancellation of credit cards. We didn't note any inappropriate credit card purchases through our testing.

Purchasing cards (Bunnings & Woolworths) lack internal guidance on usage and through testing it was noted that there is a lack of segregation of duties or independent oversight. There is also limited information available within the process to determine exactly what the purchases were and their purpose, as there is little to no description maintained.

It would also be expected that the use of credit and purchasing cards would remove or decrease the need for petty cash, however there are 37 petty cash floats available within the City, which require administration for expenditure and replenishment.

Fuel card processes could be improved in relation to internal guidance and formalisation of monitoring processes but overall appear to be used and administered effectively.

Some actions have been indicated as completed by Management, but these have not been reviewed by Paxon.

An overview of processes and efficiency of card usage is included within section 5, with detailed findings for each card area included within section 6-8.

Reference	Finding	Risk Rating
Credit Cards		
6.1	Update of Internal Guidance	Low
6.2	Performance of Acquittals & Card Usage	High
6.3	Timely Cancellation of Credit Cards	High
6.4	Credit Cards Delegation & Approval	Medium
6.5	Number of Cards	Low
6.6	Petty Cash	Low
Purchasing Cards		
7.1	Lack of Internal Guidance	Medium
7.2	Lack of Segregation of Duties	High
7.3	Timely Cancellation of Credit Cards	High
7.4	Transaction Descriptions	Low
7.5	Reporting to Council	Low
Fuel Cards		
8.1	Update of Guidance	Medium
8.2	Monitoring of Fuel Usage	Low

We would like to thank all officers that assisted with the performance of this review.



3. METHODOLOGY

Our methodology for this review comprised of the following steps:

- Conducted an initial meeting with management to obtain an understanding of processes and potential issues.
- Developed overview documentation of the processes including key controls by discussion with staff and review of the processes.
- Evaluated the effectiveness of the design of controls to cover the identified risk and tested the operation of the key controls.
- Followed up and confirmed action taken on any previous business issues identified and recommendations made.
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes and identified key controls.
- Developed appropriate recommendations for improvement for discussion with management.
- Drafted a report of findings and recommendations and obtained formal responses from management; and
- Finalised the report and issued it to Management for distribution to the Audit, Risk and Compliance Committee.

Each finding detailed in sections 6-8 are rated based on the following scale:

Rating	Definition
High	Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.
Medium	Moderate contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.
Low	Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.



4. INHERENT LIMITATIONS

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted our review was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The review conclusion and any opinion expressed in this report have been formed on the above basis.



5. OVERVIEW OF CARD PROCESSES

There are four types of purchasing cards in use within the City and which formed the scope of our review:

- Commonwealth Bank of Australia (CBA) 82 credit cards (annual fee \$32)
- 116 BP fuel cards (no fee)
- 52 purchasing cards – 20 Woolworths and 32 Bunnings (no fee)

Summarised within the table below is the expenditure made through each type of card during the period of review. There are no points or other loyalty schemes in place.

Type	Jul-23 \$	Aug-23 \$	Sep-23 \$	Oct-23 \$	Nov-23 \$	Dec-23 \$	Jan-24 \$	Feb-24 \$	Mar-24 \$	Total \$
Fuel Cards	23,297	28,414	29,108	31,435	34,717	30,872	28,941	31,676	31,966	270,426
Credit Cards	90,330	124,489	90,022	113,365	111,461	88,731	66,598	111,511	110,421	906,928
Purchase Cards	6,250	9,606	6,864	10,193	9,884	5,128	6,343	9,075	10,759	74,102
	119,877	162,509	125,994	154,993	156,062	124,731	101,882	152,262	153,146	1,251,456
% of total expenditure (excluding payroll)	0.9%	0.9%	0.8%	0.8%	0.8%	1.0%	1.0%	0.8%	1.2%	0.9%

Although the amounts spent by card are significant in themselves, as a percentage of total expenditure (excluding payroll) they are relatively small and in total average 0.9% across the period.

Credit Cards

There are the following internal guidance documents for credit cards:

- Corporate Credit Cards Policy (Administration)
- Corporate Credit Card Guidelines
- Acquit Credit Card Transactions CiAnywhere
- Statement of Responsibility forms to acknowledge terms of use for recipients.

Acquittal of expenditure is performed within CiAnywhere by the card holder and transactions are required to be supported by invoices or equivalent evidence. Once completed they are reviewed and approved by the line manager. Payment for all cards to CBA is by direct debit on a monthly basis. No purchase orders are required for credit card purchases unless they are business purchases over \$1,000. Other purchases over \$1,000 can be made without the need for a purchase order if they relate to:

- Conference, seminar or training
- Flights, accommodation for the above
- Subscriptions and memberships, and
- Entertainment (CEO, Directors and Senior Managers)



The key areas of spend by description are set out below, with the above bullet points highlighted:

Description	Total Amount \$	% of Total Spend
Supplies and Materials Purchases	220,607.93	24.3%
Events and Functions	129,854.72	14.3%
Subscriptions and Memberships	94,739.21	10.4%
Training & Professional Development	94,657.81	10.4%
Equipment Purchases	72,101.77	8.0%
Conferences and Seminars	54,887.25	6.1%
Advertising	48,129.08	5.3%
Travel and Accommodation	39,769.35	4.4%
Meeting/Workshop Catering	28,901.90	3.2%
Program Costs	23,026.01	2.5%
Application, Licence, Registration Fees	20,294.30	2.2%
Hire of Equipment and Facilities	20,245.14	2.2%
Office Supplies	18,179.08	2.0%
Professional Services	17,582.81	1.9%
Motor Vehicle Expenses	10,300.10	1.1%
Bank and Other Fees	5,190.43	0.6%
Parking Expenses	5,562.67	0.6%
Disputed Transaction	1,879.00	0.2%
Annual Fee	2,752.00	0.3%
Consumables	1,310.90	0.1%
Total	906,926.72	100.0%

The standard accounts payable process requires a purchase requisition to be raised and approved to raise a purchase order which is then communicated to the supplier, receipt good or services and then to match the invoice to receipt and purchase order. This effort is spread across the organisation.

A credit card purchase only requires the purchase to be placed. However, the credit card does require acquittal by an officer which involves coding purchases and scanning invoices/receipts if not received electronically and subsequently approval by the line manager.

There is one officer within the Finance team to administer the application/cancellation of credit cards and to follow up acquittals not performed timely or completely. Credit card requests are sent to the relevant member of the Executive for approval before the card is requested.

During the period of review there were 4,094 credit card purchases, which would have required three way matching if purchased through the standard process. Whereas credit card transactions require acquitting. However, there would only have been 738 acquittals performed and reviewed during the same 9 month period, hence the use of credit cards is more efficient, but this is not a like for like comparison as it doesn't include finance's card administration activity.

Efficiency is clearly improved if acquittal is performed timely and finance administration time for chasing performance of this activity is reduced, which does not appear to currently be the case, as set out within section 6 of this report. An adequate audit trail was noted through the CiAnywhere system, though some improvements could be noted to descriptions provided as part of the acquittal process.

We didn't note any inappropriate purchases through our testing.



The usage of cards is limited without a purchase order to less than \$1,000 and so credit cards are being predominantly used for low value transactions, as shown below.

Value Range of Purchases	Number of Transactions	Value
\$5,000+	2	\$10,647
\$4,000-4,999	2	\$8,749
\$3,000-3,999	20	\$69,335
\$2,000-2,999	25	\$60,642
\$1,000-1,999	140	\$182,081
\$500-999	308	\$214,904
\$0-499	3597	\$360,570
	4094	\$906,928

The Credit Card Policy and Guidelines contain no procurement information but do refer to the Procurement Policy. The Procurement Policy references to the Credit Card Policy within the category of spend \$0-4,999 but does not contain specific information. Purchases at this value as per the Procurement policy requires one verbal quote to be obtained.

Overall the City’s credit cards systems design is efficient, but poor operational practice is leading to inefficiency, particularly in relation to the FTE within the Finance team to administer and chase to ensure acquittal processes are occurring on a timely basis. The operation of these processes require improvement in order to increase efficiency. As previously noted there is a limit of \$1,000 for the use of credit cards, without raising a purchase order in paying for business costs outside of a few areas e.g. entertainment, travel etc. This limit does reduce efficiency, however given our findings we don’t think this limit should currently be reviewed until operation of controls are improved but could be a consideration for the City in the future and we understand has been previously considered.

Purchasing Cards

There are purchasing cards in place with both Bunnings and Woolworths, with a credit limit of \$15,000 per month.

A purchase order is raised for each team that use purchasing cards which are all indirectly linked to a purchase order through recording in a spreadsheet. The day after a card is used an invoice is received by the City to match to the overarching purchase order by the authoriser e.g. team leader Senior Centre and Youth Centre for Woolworths and Roads, Facilities, Fleet and Parks

The cost centre owner has visibility of the costs incurred. Hence the delegation and responsibility lies with the authoriser of the purchase order for the team that then charge costs to it. However, there is no internal guidance related to purchasing cards and no defined administrative processes in place. Through detailed testing it was noted there are limited segregation of duties and purchase descriptions are limited, with cost centre owners able to approve their own purchase requests and also being card holders. So although the processes may be efficient, they require improvement in their design and operation.

It was noted that levels of petty cash held across the City appear high with almost \$30,000 within 37 petty cash floats. Given the extent of use of credit and in particular purchasing cards this could result in the reduction or elimination of the need for petty cash, but this has not occurred. This would provide a further administrative efficiency.

There were 344 Bunnings invoices and 368 Woolworths that may have been processed through petty cash if purchasing cards weren’t in place.

Fuel Cards

Fuel is procured through the CUA agreement and BP Fuel cards are used by the City, which provides a discount on advertised prices. Cards are allocated to vehicles, which are in turn allocated to a user or group of users where vehicles are shared. Payment is made monthly via a centrally raised purchase order. There is no admin fee for fuel cards.



To use the cards a PIN and signature is required and the odometer should be provided to the service station. Fuel expenditure can be reviewed by the team within the BP system and monitoring reports such as high cost or inefficient driving can be viewed. Fuel cards are managed by the Fleet Team.

Fuel expenditure is reported to Council as part of the expenditure report and as part of our work these reports for the period were agreed to the supporting detail.

A monthly invoice is received for all cards and payment is made against the purchase order raised.

The following guidance document is in place, with a finding noted in relation to the review and update of documents.

- Vehicle Usage Guideline HRMGL502.
- Vehicle Information Booklet – Draft
- Procedure – External Fuel Card F14-2009
- BP order and update a card



6. CREDIT CARD FINDINGS

6.1 Update of Internal Guidance

Audit Finding

The Corporate Credit Cards - Guidelines was last reviewed in December 2016 and the Corporate Credit Cards Policy in November 2023.

The Guidelines document includes guidance such as monthly credit limits, as set out below. During the course of our work it was noted that many of the card holders have requested changes to their limits, with 27 off the 82 now holding higher limits. The City should consider reviewing the limits as set out below and relating them to operational requirements as opposed to seniority, as stated within section 1 of the policy.

Position	Monthly Credit Limit
Chief Executive Officer	\$15,000
Directors	\$10,000
Strategic Procurement Manager	\$8,000
Strategic Business Group Managers	\$4,000
Other Staff (as determined by SBGM and Director)	\$2,000

It was also noted that cards are restricted to business purchases of less than \$1,000, but items over \$1,000 require a purchase order, as per 1.e) of the Guidelines. This restriction may be limiting the benefit and efficiencies that the use of credit cards can provide and consideration could be given to reviewing this limitation once other control improvements noted within his report have been remediated.

In addition there are no sections in relation to what should happen to card during periods of long service leave or other extended absence or the process and requirements for the return of credit cards upon exiting the City.

As noted within Section 1.3 Paxon were provided with a copy of the Corporate Credit Card Guidelines by the City to review and audit against for the performance of fieldwork. It was only upon completion of the fieldwork and provision of a draft report to the City in November 2024 that the City informed Paxon that the Guideline was no longer active.

Risk Rating

Paxon has determined this finding to be of **Low Risk**

Implication

Internal guidance related to credit cards is outdated and may not be aligned with the City’s current objectives and risk appetite.

Recommendation

Internal guidance documents should be reviewed and updated to align with the current risk appetite of the City, including credit limits, transactional limits and including areas of guidance not currently covered within the documents, as noted within this report and including consideration of the better practice guidance published by the Office of the Auditor General.

Management Comment :

The guidelines mentioned above were obsolete as previously advised to Paxon. The City now has a credit card policy that is accessible for all staff through the City’s intranet. The policy includes the position statement and credit card guidelines which should satisfy the recommended action.

Action Owner Financial Controller

Target Completion Date Completed.



6.2 Performance of Acquittals & Card Usage

Audit Finding

A sample of 10 credit cards were selected for testing across 3 periods for acquittal performance, including agreement to supporting evidence and review of the acquittal. Where relevant we also tested for the existence of purchase orders.

The following points were noted:

- Out of the 30 acquittals tested 16 were not performed within the timeframe set out within the credit card guideline of 5 days. Eleven of the 16 took more than 10 days with the longest time period noted being 45 days. Three were noted as being more than one month after statement issue.
There is no timeframe set within the Policy or the Guidelines for the manager review of the acquittal but our testing noted that this was performed on a more-timely basis, with only 4 taking more than 5 days and the longest timeframe being 7 days.
- For 8 out of the 196 transactions tested (4%), no evidence was provided to support the transaction. This was for a value of \$3,333 out of a total of \$66,553 tested (5%).
- For September transactions as at 21 October it was noted that 25 cards had approximately \$35,000 of unacquitted transactions.
- Descriptions for purchases are in some cases limited in that amounts, suppliers and a level of description is provided but not the clear purpose of the purchase or the attendees at an event. We acknowledge that the cost centre code would provide context for the approver.
- Business purchases over \$1,000 require a purchase order. We selected two transactions of this nature, but purchase orders were not provided to evidence that processes had been complied with.

Service Provider	Amount	Description
Bunnings group Ltd	\$5,349.00	Supplies and Materials Purchases
Aquastar pool	\$3,098.75	Equipment Purchases

It was noted that on the credit card register not all acknowledgement of usage were documented as having been completed, so may not all be in place, though for the sample of ten tested all were provided and evidenced as completed.

It was noted that in August 2024 credit card policy and guidelines were sent to card holding officers to reinforce expected practice.

As noted within Section 1.3 Paxon were provided with a copy of the Corporate Credit Card Guidelines by the City to review and audit against for the performance of fieldwork. It was only upon completion of the fieldwork and provision of a draft report to the City in November 2024 that the City informed Paxon that the Guideline was no longer active.

Risk Rating

Paxon has determined this finding to be of **High Risk**

Implication

- Extended timeframes to acquit and review credit card transactions and a lack of detailed information increases the possibility of a lack of evidence being provided or costs not being allocated timely or accurately.
- Non-compliance with policy and guidelines

**Recommendation**

- 6.2.1 Acquittals should be performed on a timely basis, with key requirements recommunicated to officers in the short term including timeframes, purchase order requirements and description requirements. They should be communicated to users once policy and guidelines have been updated.
- 6.2.2 Repercussions for lack of timely acquittal performance should be put in place, potentially including reporting to ELT for follow-up and cards cancelled if not used in accordance with requirements.
- 6.2.3 Timeframes for review by Managers should also be documented.

Management Comment:

The timeframes mentioned on the above findings are outdated and contained within the obsolete guidelines. The timeframe has been simplified within the current policy to "The acquittal of credit card transactions needs to be completed within a reasonable timeframe, being no longer than one month after statement issue."

Regular follow up emails are sent to card holders to complete their outstanding credit card acquittals. Failure to complete the acquittal after reminders is escalated to senior leadership and may result in the credit card being suspended or cancelled.

Action Owner Accounts Payable and Corporate Credit Card Officer.

Target Completion Date Completed.



6.3 Timely Cancellation of Credit Cards

Audit Finding

Out of 4 credit cards tested for employees that were exiting the City it was noted that three were cancelled 3, 21 and 35 days after the employees exit from the City. No transactions on the cards were noted during the intervening period.

Exits are required to be notified to Finance for the cancellation of the credit card, but this does not appear to have occurred and as per finding 6.1 there is no documented process.

Cards should be cancelled within one day to minimise the risk of inappropriate use.

Risk Rating

Paxon has determined this finding to be of **High Risk**

Implication

Credit cards may be used inappropriately.

Recommendation

A process be put in place to ensure that all cards are cancelled within one day of the staff members exit.

Management Comment:

The City recently implemented administrator functionality within the CommBank card system to allow online ability to suspend and cancel credit cards. Where cards remain unacquitted post report preparation to Council, these are escalated to senior and/or executive leadership. The City can formalise the repercussions and apply more strictly going forward.

Action Owner Accounts Payable and Corporate Credit Card Officer

Target Completion Date Completed.



6.4 Credit Card Delegations and Approval

Audit Finding

There does not appear to be any specific delegation guidance or standard forms for card applications and their approval.

We understand that as part of the application process the Delegated Financial Authority (DFA) Form is completed, but this is aligned to the purchase order purchasing process and makes no mention of credit cards. No completed delegated financial authority forms were provided as part of this review and the only approvals were in the form of emails stating approval of a card and a credit limit, but there does not appear to be evidence of wider consideration, such as team members that have cards.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**

Implication

Cards may not be provided to officers on an appropriate basis.

Recommendation

A formal process and form for requesting and approving credit cards should be put in place, including the delegated credit card limit within a delegated authority form that is tailored to credit cards.

Management Comment :

The current process includes approval from an executive for a new card and Finance vets the approval for compliance against DFA and other business requirements. Improvement initiative includes creating online card approval which should formalise the whole process as per recommendation.

Action Owner Accounts Payable and Corporate Credit Card Officer

Target Completion Date 30/06/2025



6.5 Number of Cards

Audit Finding

The total spend per card user was analysed for the period and the users were classified by their level of usage. As can be seen below there are 36 users with expenditure of less than \$5,000 who are averaging approximately 15 transactions in the 9 month period. Consideration should be given to assessing if these officers should continue to hold credit cards.

Spend category in the period \$	Number of card holders	Number of transactions
0 to 1,000	8	22
1,001 to 5,000	28	522
5,001 to 20,000	49	2628
20,001 +	9	889
Total	94	4061

An exercise was performed by the Acting Head of Finance in February 2024 which identified that the number of credit cards used by other local government authorities is generally lower and the City’s cards that were not used frequently, though it doesn’t appear that any activity arose from this review.

Risk Rating

Paxon has determined this finding to be of **Low Risk**

Implication

Administration of unrequired cards resulting in inefficiency.

Recommendation

We endorse the exercise performed by the Acting Head of Finance being repeated on an on-going basis, with the emphasis on why cards should be retained rather than justifying cancellation and credit limits reviewed.

Management Comment

Paxon has endorsed the current exercise performed by the City and therefore will continue to do so.

Action Owner Head of Finance

Target Completion Date Completed.



6.6 Petty Cash

Audit Finding

Despite the number of credit and purchasing cards in use there is still a high level of petty cash floats in place at the City, with \$29,640.21 held within 37 different petty cash floats as at 30 June 2024. These all require reconciling and replenishing, so there is an administrative burden associated with these.

Risk Rating

Paxon has determined this finding to be of **Low Risk**

Implication

The administrative burden of petty cash remains despite the widespread use of credit and purchasing cards.

Recommendation

The City should review its approach to credit cards, purchasing cards and the on-going requirement for petty cash to implement efficient use of administrative resource.

Management Comment

The City agrees with the provided recommendation.

Action Owner Head of Finance

Target Completion Date 30/06/2025



7. PURCHASING CARDS

7.1 Lack of Purchasing Card Internal Guidance

Audit Finding

There are no policy or procedural documents in place to guide and inform users as to the expectations of the City around the administration and usage of purchase cards within the City. Although there are policies and procedure in place for credit cards and the principles are largely similar, they do not include coverage of purchasing cards.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**

Implication

The administration and usage of purchasing cards within the City may not meet its expectations.

Recommendation

Purchasing card policy and procedure should be established either as part of the Credit Card documents or separately.

Management Comment

The City agrees with the provided recommendation

Action Owner Accounts Payable and Corporate Credit Card Officer, and Procurement Business Partner

Target Completion Date 30/06/2025



7.2 Purchasing Cards Lack of Segregation of Duties

Audit Finding

Paxon selected a sample of ten purchasing card holders and tested a sample of transactions. It was noted that for four of the ten tested the card holder had performed the following tasks:

- Requested the purchase requisition
- Authorised the purchase order
- Paid for the goods using their own card, and
- Receipted the goods into the system.

There is no acquittal process so no line manager review of these costs.

This highlights a lack of segregation within the design of processes which should be limited or mitigating oversight controls implemented.

Given our finding in relation to purchasing card transaction descriptions it is not possible to determine if purchases were appropriately made or not.

Risk Rating

Paxon has determined this finding to be of **High Risk**

Implication

The administration and usage of purchasing cards within the City may not meet its expectations.

Recommendation

The process should be segregated or independent oversight enabled. This could be achieved by limiting the ability to raise and approve a purchase requisition or not allowing purchase requisition approvers to be purchasing card holders.

Management Comment

The City notes the recommendation and will investigate better controls.

Action Owner Procurement Business Partner

Target Completion Date 30/06/2025



7.3 Timely Cancellation of Purchasing Cards

Audit Finding

Out of 8 purchasing cards tested for employees that were exiting the City it was noted that two were not cancelled until 12 and 61 days after the employees exit from the City. It was also noted that the card that was active for 61 days was passed to colleagues and \$627.50 was expended before the card was cancelled. It is understood that it was not known that the card should be cancelled and not transferred to colleagues.

Cards should be cancelled within one day to minimise the risk of inappropriate use.

Risk Rating

Paxon has determined this finding to be of **High Risk**

Implication

Purchasing cards may be used inappropriately.

Recommendation

A process be put in place to ensure that all cards are cancelled within one day of the staff members exit.

Management Comment

The City agrees with the provided recommendation

Action Owner Accounts Payable and Corporate Credit Card Officer, and Procurement Business Partner

Target Completion Date 30/06/2025



7.4 Transaction Descriptions

Audit Finding

It was noted that the descriptions provided as part of the receipting process for transactions contain limited information as to the purchase, often just detailed as consumables or groceries. The goods receipt note also only provides a high level description, such as Hardware Supplies or Groceries.

The copy of the invoice from the retailer provides more detailed information, but this does not appear to be routinely recorded as only a small number were provided to Paxon as evidence of purchase.

Risk Rating

Paxon has determined this finding to be of **Low Risk**

Implication

Purchasing cards may be used inappropriately.

Recommendation

The invoices or a means of providing a specific description should be developed in order to provide more specific information for purchases to be approved by the authoriser of the purchase order.

Management Comment The City agrees with the provided recommendation and will review the descriptions and update the report accordingly.

Action Owner Accounts Payable and Corporate Credit Card Officer.

Target Completion Date 30/06/2025



7.5 Monthly Reporting to Council

Audit Finding

Paxon compared the purchasing card transaction reports reported to Council to the Woolworths and Bunnings reports (Sept 2023 onwards only) and noted there is a small difference of \$2,328.63 (3%), with reporting to Council being lower in September (\$18.92), October (\$1,143.05) and November (\$1,166.66).

For credit cards the amounts reported to Council totalled \$906,926 but the amounts as per the detailed credit card transaction report received totalled \$862,413, with a difference of \$44,513 (5%). Differences were noted within each period included within review.

Risk Rating

Paxon has determined this finding to be of **Low Risk**

Implication

Inaccurate reporting to Council.

Recommendation

Reporting processes should include independent review to ensure their accuracy.

Management Comment The City agrees with the provided recommendation.

Action Owner Accounts Payable Officer and Corporate Credit Card Officer

Target Completion Date 30/06/2025



8. FUEL CARDS

8.1 Update of Guidance

Audit Finding

Vehicle Usage Guidelines with GPS was last updated in July 2020 and the next review date being July 2021. Contains a reference to Council Owned Usage Policy AES8, which no longer appears to be in existence. This document provides an overview of different types of usage and the related requirements.

The External Fuel Card Procedure was last review on 30th May 2022 and the next review date is 30th May 2023. Finding noted.

No review date noted on the Vehicle Information Booklet, which appears to be in draft and appears to be document that will pull other documents together.

There does not appear to be any process in place to acknowledge the usage requirements and receipt of a fuel card.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**

Implication

If guidance documents are not current they may not provide relevant information to guide and inform the usage that the City wishes to implement.

Recommendation

All guidance documents should be reviewed and updated with a process established to ensure they are regularly reviewed in the future.

The City's fleet, financial and environmental objectives should be considered in establishing the content of these documents.

Management Comment

It is acknowledged that some documents are out of date and need to be reviewed. Some of these documents are not owned by fleet and will need to be completed by the owner. Those we do own will be reviewed and actioned.

Action Owner Fleet Management Coordinator

Target Completion Date 01 July 25



8.2 Monitoring of Fuel Usage

Audit Finding

The system contains blocks on transactions if exceeded or notification on usage to the Fleet team for each card such as non-fuel purchases and excessive use by volume or price, which are set up when the card is applied for. There are also reports of usage that identify usage and inefficient driving based upon consumption and odometer readings.

There is no documented process for the review of fuel usage by the Fleet Team as to what reports will be reviewed, the frequency of review and the system parameters for cards are not established, though we understand them to be largely consistent. Monitoring is referenced within the External Fuel Card Procedure but does not contain any specific detail.

Analytical review of usage was performed by Paxon and where outliers were identified and queried with management, for which explanations were provided.

- Restricted private use within 200km of the City – no remote usage noted
- Higher fuel usage vehicles were noted to be those used most operationally
- Comparison of regos linked to fuel cards with the fleet register and the list of registered vehicles with the Department of Transport did not highlight any unlinked cards.

Risk Rating

Paxon has determined this finding to be of **Low Risk**

Implication

Excessive or inappropriate usage may not be identified if regular monitoring is not performed or parameters are not consistent and relevant for the vehicle and its intended use.

Recommendation

The processes for monitoring of fuel usage and cost should be documented including the frequency, reports to be monitored and the processes for investigating any anomalies.

Parameters for alerts within the BP system should be documented and consistently set for different types of vehicles which will highlight or prevent inappropriate usage.

Management Comment : Will look to create a process chart on fuel monitoring

Action Owner Fleet Management Coordinator

Target Completion Date 01 July 25

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11.2.4 Local Government Compliance Audit Return 2024

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	1. Compliance Audit Return 2024 ↓

RECOMMENDATION

The Committee recommends Council:

- (1) ADOPTS the Local Government Compliance Audit Return 2024 for the 2024 calendar year presented as the attachment to this report, for adoption by Council; and
- (2) ACKNOWLEDGES that the Compliance Audit Return 2024 presented as the attachment to this report will be subsequently jointly certified by the Mayor and Chief Executive Officer for submission to the Department of Local Government, Sport and Cultural Industries.

Background

As part of its governance requirements, the City of Cockburn regularly audits compliance obligations under the Local Government Act.

Under Regulations 14 and 15 of the Local Government (Audit) Regulations 1996 (the Regulations) completion of the Local Government Compliance Audit Return (CAR) has been mandatory for all local governments in Western Australia since 2000.

The Audit Risk and Compliance (ARC) Committee reviews the CAR and reports to Council the results of that review.

Submission

N/A

Report

The Compliance Audit is for the period 1 January to 31 December 2024. The format of the CAR is produced by the Department of Local Government, Sports and Cultural Industries (DLGSC).

Attachment 1 represents the CAR 2024 completed by City Officers, to be reviewed by the ARC Committee. The CAR 2024 was facilitated by the City's Legal and Compliance Service Unit.

The CAR 2024 indicates a conformity rating of 93% for the year.

The CAR sets out each area of non-conformance that has been identified and provides officer comment in relation to that item.

The City intends to conduct an Integrity Maturity Self-Assessment as part of the WA Government's Integrity Strategy for Public Agencies.

Completion of the Self-Assessment will result in development of an Integrity Strategy for the City of Cockburn as recommended by the Public Sector Commission.

The outcome of the Integrity Maturity Self-Assessment and the draft Integrity Strategy will be reported to the Audit Committee and will assist the City to improve its approach to compliance management.

Following its adoption by Council, the City will submit the following documents to DLGSC by 31 March 2025:

- City of Cockburn CAR 2024 Certified Copy of Return for the period 1 January 2024 to 31 December 2024, signed by the Mayor and Chief Executive Officer.
- Copy of the relevant section of the Council Minutes, confirming Council's adoption of the CAR 2024

Strategic Plans/Policy Implications

Listening & Leading

A community focused, sustainable, accountable and progressive organisation.

- Best practice Governance, partnerships and value for money.

Budget/Financial Implications

N/A

Legal Implications

Regulations 14 15 of the Local Government (Audit) Regulations 1996 refer.

Community Consultation

N/A

Risk Management Implications

Failure to adopt the recommendation will result in non-compliance with meeting the 31 March 2025 deadline for the CAR statutory reporting requirements to the regulator, the DLGSC.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil



COMPLIANCE AUDIT RETURN 2024

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2024?	N/A	Respondent: Manager Property Services Not Applicable.
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2024?	N/A	Respondent: Manager Property Services Not Applicable.
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2024?	N/A	Respondent: Manager Property Services Not Applicable.
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2024?	N/A	Respondent: Manager Property Services Not Applicable.
5	s3.59(5)	During 2024, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	Respondent: Manager Property Services Not Applicable.

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	Respondent: Senior Governance Officer Report titled 'Annual Review – Register of Delegated Authority' Item 15.1 (2024/Minute No. 0148), at the 09 July 2024 Ordinary Council Meeting [ECM Doc Set ID: 11987035].
2	s5.16 (2)	Were all delegations to committees in writing?	Yes	Respondent: Senior Governance Officer



				Report titled 'Annual Review – Register of Delegated Authority' Item 15.1 (2024/Minute No. 0148), at the 09 July 2024 Ordinary Council Meeting [ECM Doc Set ID: 11987035].
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ?	Yes	Respondent: Senior Governance Officer Report titled 'Annual Review – Register of Delegated Authority' Item 15.1 (2024/Minute No. 0148), at the 09 July 2024 Ordinary Council Meeting [ECM Doc Set ID: 11987035].
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	Respondent: Senior Governance Officer All delegations to committees are recorded in the City of Cockburn Register of Delegations – adopted in July 2024, and published in the City of Cockburn website.
5	s5.18	Has council reviewed delegations to its committees in the 2023/2024 financial year?	No	Respondent: Senior Governance Officer The review occurred 9 days after the end of the 2023/24 financial year in a report titled 'Annual Review – Register of Delegated Authority' Item 15.1 (2024/Minute No. 0148), at the 09 July 2024 Ordinary Council Meeting [ECM Doc Set ID: 11987035].
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the <i>Local Government Act 1995</i> ?	Yes	Respondent: Senior Governance Officer Report titled 'Annual Review – Register of Delegated Authority' Item 15.1 (2024/Minute No. 0148), at the 09 July 2024 Ordinary Council Meeting [ECM Doc Set ID: 11987035].
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Respondent: Senior Governance Officer



				Report titled 'Annual Review – Register of Delegated Authority' Item 15.1 (2024/Minute No. 0148), at the 09 July 2024 Ordinary Council Meeting [ECM Doc Set ID: 11987035].
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	Respondent: Senior Governance Officer Report titled 'Annual Review – Register of Delegated Authority' Item 15.1 (2024/Minute No. 0148), at the 09 July 2024 Ordinary Council Meeting [ECM Doc Set ID: 11987035].
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	Respondent: Senior Governance Officer Refer to City of Cockburn Delegations Register [ECM Doc Set ID 11542145].
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	N/A	Respondent: Senior Governance Officer No LGA delegations amended. Amendment of Planning delegation, revocation of "Policy delegation" in report titled 'Review of Delegations: 10.1. Structure Plans and 10.1.3 Town Planning Scheme – Development Contributions' Item 15.1.1 (2024/Minute No. 0248), at the 12 November 2024 Ordinary Council Meeting [ECM Doc Set ID: 12136509].
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	Respondent: Senior Governance Officer Refer to City of Cockburn Delegations Register [ECM Doc Set ID 11542145].
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2023/2024 financial year?	No	Respondent: Senior Governance Officer Report titled 'Annual Review – Register of Delegated Authority' Item 15.1 (2024/Minute No. 0148), at the 09 July 2024 Ordinary Council Meeting [ECM Doc Set ID: 11987035].



				Council reviewed their delegations at the 09 July 2024 Ordinary Council Meeting [ECM Doc Set ID: 11987035]. CEO reviewed his delegation in August 2024, approved 9 August.
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with <i>Local Government (Administration) Regulations 1996</i> , regulation 19?	Yes	Respondent: Senior Governance Officer Not consolidated into one register. Individual documents exist in Enterprise Content Management (ECM) System.

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	Respondent: Senior Governance Officer Minutes of meetings in the City of Cockburn Agenda and Minutes webpage record that when a member declared a financial or proximity interest that member left the chamber, did not participate, and only returned after the item had been dealt with.
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the <i>Local Government (Administration) Regulations 1996</i> regulation 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	Respondent: Senior Governance Officer No decisions to allow participation occurred.
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made?	Yes	Respondent: Senior Governance Officer Minutes of meetings in the City of Cockburn Agenda and Minutes webpage record that disclosures made.



4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	No	<p>Respondent: Senior Governance Officer</p> <p>Annual returns lodged by all relevant persons are recorded in the City of Cockburn Register of Primary Returns & Annual Returns.</p> <p>Five officers lodged late primary returns. In accordance with requirements of section 28 of the <i>Corruption, Crime and Misconduct Act 2003</i> the lodgement of late returns was reported to the Corruption and Crime Commission.</p> <p>The City is reviewing the approach to collecting primary returns to ensure improved compliance in future years.</p>
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2024?	No	<p>Respondent: Senior Governance Officer</p> <p>Annual returns lodged by all relevant persons are recorded in the City of Cockburn Register of Primary Returns & Annual Returns.</p> <p>One officer lodged a late primary return. In accordance with requirements of section 28 of the <i>Corruption, Crime and Misconduct Act 2003</i> the lodgement of the late return was reported to the Corruption and Crime Commission.</p>
6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return?	Yes	<p>Respondent: Senior Governance Officer</p> <p>On receipt of a primary or annual return, the CEO, and the Mayor, as appropriate, gives written acknowledgement of having received the return.</p>



7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> ?	Yes	Respondent: Senior Governance Officer The registers are: ‘Annual Returns and Primary Returns – Chief Executive Officer and Employees – July 2020 Onwards’ [ECM Doc Set ID: 11307375]; and ‘Register of Lodged Primary and Annual Returns – Elected Members – July 2020 Onwards’ [ECM Docs Set ID 11307172].
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	Respondent: Senior Governance Officer Financial interests, which contains the disclosure made, are recorded in the City of Cockburn Register of Declaration of Interest webpage.
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person?	Yes	Respondent: Senior Governance Officer
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the <i>Local Government Act 1995</i> been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	Respondent: Senior Governance Officer
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the <i>Local Government Act 1995</i> , in the form prescribed in the <i>Local Government (Administration) Regulations 1996</i> , regulation 28A?	Yes	Respondent: Senior Governance Officer Gifts disclosed by City of Cockburn officers and Elected Members are recorded in the City of Cockburn Register of Gifts webpage.
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government’s website?	Yes	Respondent: Senior Governance Officer A register of gifts which contains a record of disclosures made by City of Cockburn staff and Elected Members is published in the City of Cockburn Register of Gifts webpage.



13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the <i>Local Government Act 1995</i> , did the CEO remove from the register all records relating to those people?	Yes	Respondent: Senior Governance Officer A register of gifts is published in the City of Cockburn Register of Gifts webpage.
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) <i>Local Government Act 1995</i> been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	Respondent: Senior Governance Officer
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	Respondent: Senior Governance Officer
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the <i>Local Government Act 1995</i> relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	Respondent: Senior Governance Officer Not Applicable.
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the <i>Local Government Act 1995</i> , recorded in the minutes of the council meeting at which the decision was considered?	N/A	Respondent: Senior Governance Officer Not Applicable.
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct?	Yes	Respondent: Senior Governance Officer The City of Cockburn Council adopted, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct, in the report titled ' <i>Model Code of Conduct for Elected Members</i> ', Item 13.1 (2021/Minute No. 0021), at the 11 March 2021 Ordinary Council Meeting [ECM Doc Set ID: 10333788].
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the <i>Local Government Act 1995</i> ?	No	Respondent: Senior Governance Officer The City's Code of Conduct does not adopt additional requirements.



20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	Respondent: Senior Governance Officer The City of Cockburn Code of Conduct for Council Members, Committee Members and Candidates , adopted March 2021, is published in the City of Cockburn website.
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employee of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	Respondent: Head of People, Culture and Safety The roll out to all staff of the 'City of Cockburn Code of Conduct – The Cockburn Way' [ECM Doc Set ID: 11145350] was announced by the Executive People Experience and Transformation on an email to all staff on 25 August 2022 [ECM Doc Set ID: 11232252]. As of 19 December 2024, out of a head count of 1153 City of Cockburn staff, 976 had completed a <i>CiAnywhere</i> online code of conduct induction. The City of Cockburn Code of Conduct – The Cockburn Way is published in the City of Cockburn website.

Disposal of Property				
No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the <i>Local Government Act 1995</i> (unless section 3.58(5) applies)?	Yes	Respondent: Manager Property Services Claude Outdoor Pty Ltd – Licence various sites - commenced 1 January 2025



				Naval Base Shack Owners – 1136 Cockburn Road, Naval Base – 170 Leases – Leases commenced 1 September 2024
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the <i>Local Government Act 1995</i> , did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	Yes	Respondent: Manager Property Services Claude Outdoor Pty Ltd – advertised State Newspaper 11/12/2024 & Local Newspaper Paper 12/12/2024. Naval Base Shacks – advertised State Newspaper 14/08/2024 & Local Newspaper 15/08/2024 and State Newspaper 25/09/2024 and Local Newspaper 26/09/2024.

Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the <i>Local Government (Elections) Regulations 1997</i> ?	Yes	Respondent: Senior Governance Officer The City maintained the City of Cockburn Register of Electoral Gifts webpage for disclosures by candidates and donors. No disclosures were received in relation to the 2023 Ordinary election.
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the <i>Local Government (Elections) Regulations 1997</i> ?	N/A	Respondent: Senior Governance Officer No disclosures were received.



3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the <i>Local Government (Elections) Regulations 1997</i> ?	Yes	Respondent: Senior Governance Officer A register of gifts is published in the City of Cockburn Register of Electoral Gifts webpage.
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Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the <i>Local Government Act 1995</i> ?	N/A	Respondent: Senior Governance Officer This did not occur in 2024. Council adopted the report titled ' <i>Audit Risk and Compliance Committee Membership</i> ', Item 10.1.2 (2023/Minute No. 0254), at the 30 October 2023 Special Council Meeting - [ECM Doc Set ID: 11701930].
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority?	Yes	Respondent: Senior Governance Officer Council adopted, by absolute majority, the report titled ' <i>Annual Review Register of Delegations</i> ', Item 15.1.1, Attachment 1, (2024/Minute No. 0148), at the 09 July 2024 Ordinary Council Meeting - [ECM Doc Set ID: 11987035].
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2024 received by the local government by 31 December 2024?	Yes	Respondent: Head of Finance Report titled ' <i>Financial Report and Audit Results for City of Cockburn Year Ending 30 June 2024</i> ' Item 11.1.1 (2024/Minute No. 0032), at the 03 December 2024 Audit, Risk and Compliance Committee Meeting [ECM Doc Set ID: 12148205].



4	s7.12A(3)	Where the local government determined that matters raised in the auditor’s report prepared under section 7.9(1) of the <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	Respondent: Head of Finance Not Applicable.
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor’s report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	Respondent: Head of Finance Not Applicable.
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government’s official website?	N/A	Respondent: Head of Finance Not Applicable.
7	Audit Reg 10(1)	Was the auditor’s report for the financial year ending 30 June 2024 received by the local government within 30 days of completion of the audit?	Yes	Respondent: Head of Finance Draft auditor’s report tabled at audit committee meeting held on 3 December (considered audit completion date). Signed auditor’s report received on 5 December.

Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Respondent: Manager Strategy and Integrated Planning Council adopted, by absolute majority, the report titled ‘ <i>Adoption of Strategic Community Plan 2020-2030</i> ’, Item 13.1 (2020/Minute No. 0144), at the 09 July 2020 Ordinary Council Meeting - [ECM Doc Set ID: 9559384].



				<p>Council adopted, by absolute majority, the report titled '<i>Minor Review – Strategic Community Plan 2020-2030</i>', Item 11.1 (2021/Minute No. 0094), at the 24 June 2021 Special Council Meeting - [ECM Doc Set ID: 10603566].</p> <p>The Strategic Community Plan 2020-2030 is currently under review and will be presented for adoption at the proposed Special Council Meeting 24 June 2025.</p>
2	Admin Reg 19DA(1) & (4)	<p>Has the local government adopted by absolute majority a corporate business plan? If yes, please provide the adoption date or the date of the most recent review in the Comments section?</p>	Yes	<p>Respondent: Manager Strategy and Integrated Planning</p> <p>Council adopted, by absolute majority, the report titled '<i>Corporate Business Plan 2024-25 to 2027-28 Adoption FY25 Corporate Business Plan KPI Setting FY 25 Service Plans, FY 25 Project Plans Workforce Plan 2022-2026 Annual review</i>', Item 10.1.2 (2024/Minute No. 0130), at the 25 June 2024 Special Council Meeting - [ECM Doc Set ID: 11967527].</p>
3	Admin Reg 19DA(2) & (3)	<p>Does the corporate business plan comply with the requirements of <i>Local Government (Administration) Regulations 1996</i> 19DA(2) & (3)?</p>	Yes	<p>Respondent: Manager Strategy and Integrated Planning</p> <p>June 2024 City of Cockburn Corporate Business Plan 2024-2028 [ECM Doc Set ID 11962560].</p>



Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with <i>Local Government (Administration) Regulations 1996</i> , regulation 18A?	Yes	Respondent: Head of People, Culture and Safety Role of Director Community and Place and Director Corporate and System Services were advertised in a compliant manner from 18 April 2024. No CEO recruitment took place for the reporting period.
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	Respondent: Head of People, Culture and Safety No CEO recruitment took place during the reporting period.
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the <i>Local Government Act 1995</i> ?	N/A	Respondent: Head of People, Culture and Safety No new CEO appointment took place in the reporting period. Remuneration paid in line with SAT Determination.
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	Respondent: Head of People, Culture and Safety Council was informed of the proposed appointment of the Director Community and Place and Director Corporate and System



				Services at the 09 July 2020 Ordinary Council Meeting - [ECM Doc Set ID: 9559384].
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	Respondent: Head of People, Culture and Safety Council accepted the proposal made by the CEO.

Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	Respondent: Head of Finance The City of Cockburn Director of Corporate & System Services was appointed as the City of Cockburn Complaints Officer by the CEO on 26 June 2024 [ECM Doc Set ID 12197496]. Council adopted the report titled ' <i>Behaviour Complaints Officer</i> ', Item 14.5.1 (2024/Minute No. 0147), at the 09 July 2024 Ordinary Council Meeting - [ECM Doc Set ID: 11987035].
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the <i>Local Government Act 1995</i> ?	Yes	Respondent: Senior Governance Officer A City of Cockburn Register of Complaints is published in the City of Cockburn website.
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ?	Yes	Respondent: Senior Governance Officer A City of Cockburn Register of Complaints is published in the City of Cockburn website.



4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	Respondent: Senior Governance Officer A City of Cockburn Register of Complaints is published in the City of Cockburn website.
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Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the <i>Local Government (Financial Management) Regulations 1996</i> regulations 5(2)(c) within the three financial years prior to 31 December 2024? If yes, please provide the date of council's resolution to accept the report.	Yes	Respondent: Head of Finance Report titled ' <i>Financial Management Review (FMR)</i> ' Item 12.3 (2022/Minute No. 0018, at the 21 September 2022 Audit, Risk and Compliance Committee Meeting [ECM Doc Set ID: 11244644]. Council accepted above report, in report titled ' <i>Minutes – Audit, Risk and Compliance Committee Meeting 21 September 2022</i> ' Item 18.3 (2022/Minute No. 0211, at the 13 October 2022 Ordinary Council Meeting [ECM Doc Set ID: 11270437].
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with <i>Local Government (Audit) Regulations 1996</i> regulation 17 within the three financial years prior to 31 December 2024? If yes, please provide date of council's resolution to accept the report.	No	Respondent: Senior Governance Officer The City of Cockburn's former Audit and Strategic Finance Committee (ASFC) received the report titled ' <i>Chief Executive Officer's Triennial Review for Risk Management, Internal Control and Legislative Compliance</i> ', Item 15.1 (2020/Minute No. 0021), at its 19 November 2020 ASFC meeting - [ECM Doc Set ID: 9994746].



				<p>In December 2022 the City of Cockburn engaged an external service provider to review the appropriateness and effectiveness of the City’s risk management practices, against the Australian Standard AS ISO 31000:2018 <i>Risk management-Guidelines</i>. The review was to support CEO’s Triennial Review for Risk Management, Internal Control and Legislative Compliance, which was due in November 2023. The external review took longer than anticipated. This coincided with organisational changes within the City. The external review was submitted to the City of Cockburn Audit Risk and Compliance Committee (ARC) as a report titled ‘<i>Risk Maturity Assessment - Report</i>’, Item 11.4.1 (2023/Minute No. 0009), at its 25 May 2023 ARC meeting - [ECM Doc Set ID: 11510391].</p> <p>The CEO’s Triennial Review for Risk Management, Internal Control and Legislative Compliance, will be submitted to the ARC at its 18 March 2025 meeting.</p>
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	No	<p>Respondent: Senior Governance Officer</p> <p>A disclosure, 60 days after a gift was received, was made by an Elected Member. The late disclosure included the information required by section 5.57C of the Act. [ECM Doc Set ID: 12169303].</p>
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government’s website, a policy dealing with the attendance of council members and the CEO at events?	Yes	<p>Respondent: Senior Governance Officer</p> <p>Council adopted, by absolute majority, the report titled ‘<i>Policy Review – Attendance at</i></p>



				<p>Events', Item 15.2.28 (2024/Minute No. 0277), at the 12 November 2024 Ordinary Council Meeting - [ECM Doc Set ID: 12136509].</p> <p>The City of Cockburn Council Policy – Attendance at Events, adopted November 2024, is published in the City of Cockburn website.</p>
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government’s website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ?	Yes	<p>Respondent: Senior Governance Officer</p> <p>All the information stipulated in sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> is published in the City of Cockburn website.</p> <p>The City of Cockburn does not record the exact decisions of Council in minutes of matters considered behind closed doors.</p>
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	<p>Respondent: Senior Governance Officer</p> <p>Council adopted, by absolute majority, the report titled ‘<i>Proposed Amendment to Policy “Elected member Professional Development”</i>’, Item 15.1.9 (2023/Minute No. 0126), at the 11 May 2023 Ordinary Council Meeting - [ECM Doc Set ID: 11503667].</p> <p>The City of Cockburn Council Policy – Elected Member Professional Development, adopted 14 September 2023, is published in the City of Cockburn website.</p>



7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2024?	Yes	Respondent: Senior Governance Officer A register of on the training completed by Elected Members in the 2022/2023 financial year is published in the City of Cockburn Elected Members Training Register website.
8	s6.4(3)	By 30 September 2024, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2024?	Yes	Respondent: Head of Finance Date the financial statements submitted and considered to be of audit ready quality by auditor was 20 September 2024.
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	Respondent: Chief Financial Officer

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the <i>Local Government (Functions and General) Regulations 1996</i> , regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	No	Respondent: Strategic Procurement Manager The City has adopted a purchasing policy City of Cockburn Procurement Policy - [ECM Doc Set ID 4134032]. The City has processes and systems for implementing its purchasing policy for the supply of goods and services under \$250,000. These processes and systems include a robust process for identifying and reporting any instances of non-compliance with the purchasing policy. Instances of non-



				<p>compliance are reported, and a leadership response is required in relation to any non-compliance.</p> <p>For all purchases between \$50,000 and \$250,000 there were no instances of non-compliance.</p> <p>The City undertakes post procurement compliance audits for purchases below \$50,000.</p> <p>Of 7681 purchases under \$50,000, 15 were identified as non-compliant (0.2%).</p>
2	s3.57 F&G Reg 11	Subject to <i>Local Government (Functions and General) Regulations 1996</i> , regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	<p>Respondent: Strategic Procurement Manager</p> <p>All applicable expenditure was tendered.</p>
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the <i>Local Government Functions and General) Regulations 1996</i> , required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	<p>Respondent: Strategic Procurement Manager</p> <p>Tender registers are available through the Procurement and Tendering systems. The register is also available on the City of Cockburn Public Tenders website.</p>
4	F&G Reg 12	Did the local government comply with <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	Yes	<p>Respondent: Strategic Procurement Manager</p> <p>Documentation including Tender recommendations and Procurement Plans available within the Procurement systems.</p>



5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	Yes	Respondent: Strategic Procurement Manager Tender varying notice transmissions and distributions are available through the Procurement and Tendering systems.
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 15 and 16?	Yes	Respondent: Strategic Procurement Manager Tender opening notices are available through the Procurement and Tendering systems.
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	Respondent: Strategic Procurement Manager Tender registers are available for public viewing and published on the City of Cockburn Tender Register website.
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	Yes	Respondent: Strategic Procurement Manager All late Tenders that were received were rejected.
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	Respondent: Strategic Procurement Manager Documentation including Tender recommendations and evaluation summaries are available within the Procurement systems.
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	Respondent: Strategic Procurement Manager Notices provided to tenderers and available within the Procurement systems.



11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulations 21 and 22?	Yes	Respondent: Strategic Procurement Manager Information available on City of Cockburn Register for Procurement Opportunities website.
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	Respondent: Strategic Procurement Manager No expression of interest was conducted during the period.
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	Respondent: Strategic Procurement Manager No expression of interest was conducted during the period.
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24?	N/A	Respondent: Strategic Procurement Manager No expression of interest was conducted during the period.
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with <i>Local Government (Functions & General) Regulations 1996</i> regulations 24AD(4) and 24AE?	N/A	Respondent: Strategic Procurement Manager No panel of pre-qualified suppliers public notice process was conducted during the period.
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	Respondent: Strategic Procurement Manager No panel of pre-qualified suppliers public notice process was conducted during the period.
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of	N/A	Respondent: Strategic Procurement Manager



		<i>Local Government (Functions and General) Regulations 1996</i> , Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?		No panel of pre-qualified suppliers public notice process was conducted during the period.
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24AG?	N/A	Respondent: Strategic Procurement Manager No panel of pre-qualified suppliers public notice process was conducted during the period.
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	Respondent: Strategic Procurement Manager No panel of pre-qualified suppliers public notice process was conducted during the period.
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	Respondent: Strategic Procurement Manager No panel of pre-qualified suppliers public notice process was conducted during the period.
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	Respondent: Strategic Procurement Manager No panel of pre-qualified suppliers public notice process was conducted during the period.
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24E and 24F?	N/A	Respondent: Strategic Procurement Manager No regional price preference available or applicable within the City of Cockburn Procurement Policy - [ECM Doc Set ID 4134032].

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return 2024



Department of
**Local Government, Sport
and Cultural Industries**

Daniel Simms Chief Executive Officer City of Cockburn

Date

His Worship Mayor Logan K. Howlett, JP, City of Cockburn

Date

11.2.5 Internal Review of Procurement Services - Malabar BMX Contract C100950, RFT03/2023 - Update to Council

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	N/A

RECOMMENDATION

The Committee recommends Council RECEIVES the update to the Internal Review of Procurement Services – Malabar BMX Contract C100950, RFT03/2023.

Background

This report is an update to the Audit, Risk and Compliance (ARC) Committee on the progress of implementation of recommended opportunities for improvement emanating from the Internal Review of Procurement Services - Malabar BMX Contract C100950, RFT03/2023.

The ARC was last updated on the progress made in implementing recommended opportunities from this review at its 03 December 2024 meeting. There were three actions reported as outstanding. This report provides an update on the progress of these three items.

Submission

N/A

Report

The three outstanding actions are tabled below, together with the progress made to date towards their implementation.

Item No.	Opportunity for improvement	Summary of required action	Management response and target date (as of May 2024)	Update to the 2 December 24 ARC meeting	Update to the 18 March 2025 ARC meeting
6.	Procurement Framework	Procurement Services to publish on the intranet the document Procurement Framework.	Agreed. The Procurement Framework is being updated to reflect the revised Procurement Policy. The SLT will be consulted on the changes before publication. 13 May 2024.	The updates to the Procurement Framework have been completed for internal review. The finalisation of the review process was delayed until the commencement of the Director Corporate &	The Procurement Framework has been drafted. SLT consultation has been delayed due to the Organisation Review. Pending SLT consultation, it will be rolled out to all staff on review and

Item No.	Opportunity for improvement	Summary of required action	Management response and target date (as of May 2024)	Update to the 2 December 24 ARC meeting	Update to the 18 March 2025 ARC meeting
				<p>System Services.</p> <p>Once reviewed and approved it will be rolled out to all staff.</p> <p>Revised target date 31 March 2025.</p>	<p>approval.</p> <p>On target for completion on 30 April 2025.</p>
7.	Procurement Services Intranet Webpage	Procurement Services to advertise its system on its own intranet webpage and include the published Procurement Framework.	<p>While Procurement has dedicated web pages under the Finance & Procurement intranet tab link, a review with Comms will be undertaken to better structure the content. The Procurement Framework will be published on the eProcurement web page once it is endorsed.</p> <p>25 November 2024.</p>	<p>Recruitment process currently underway to employ a procurement resource to manage the change in the webpages and the associated documentation and distribution methods for all information required by procurement users.</p> <p>Revised target date 31 March 2025.</p>	<p>The recruitment process was not successful An external resource will be engaged to action this change once the procurement mapping has been completed.</p> <p>New target date 30 May 2025.</p>
11.	Process Mapping	Map the current corporate procurement practices, to define the stakeholders, identify the sequential stages and processes of the City's procurement system, detail the expected timelines and arrive at a procurement process flow map.	<p>Supported. Process mapping will be undertaken across all procurement processes and will inform the migration of the contract's module to CiAnywhere.</p> <p>End November 2024.</p>	<p>Recruitment process currently underway to employ a procurement resource to document the process with the associated documentation required by procurement users.</p> <p>Revised target date 31 March 2025.</p>	<p>The recruitment process was unsuccessful and because of this progress has been gradual. The City started process mapping of all procurement processes in February.</p> <p>New target date 30 April 2025.</p>

Item 6 is on track for completion by the revised date. Items 7 and 11 remain incomplete due to challenges in securing necessary procurement resources, with updated completion dates now set for 30 May 2025 and 30 April 2025 respectively.

Strategic Plans/Policy Implications

Local Economy

A sustainable and diverse local economy that attracts increased investment and provides local employment.

- A City that is 'easy to do business with'.

Listening and Leading

A community focused, sustainable, accountable, and progressive organisation.

- Best practice Governance, partnerships and value for money.

Budget/Financial Implications

Budget provisions exist for the duration of this project.

Legal Implications

Local Government Act 1995, s3.57 Tender for providing good and services;

Local Government (Functions and General) Regulations 1996, Part 4 – Provision of goods and services, Division 2 – Tenders for providing goods or services (s.3.57)

Community Consultation

N/A

Risk Management Implications

There is a Moderate risk to the City of non-compliance with its own procurement function and the tender evaluation and award process if the recommendations in this review are not implemented.

Management has responded adequately to the recommendations, which when implemented will reduce this risk to Low.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil

12. Motions of Which Previous Notice Has Been Given

Nil

13. Notices Of Motion Given At The Meeting For Consideration At Next Meeting

14. New Business of an Urgent Nature Introduced by Members or Officers

15. Matters to be Noted for Investigation Without Debate

Nil

16. Confidential Business

16.1 Confidential Audit Matter

This report and its attachments are **Confidential** in accordance with Section 5.23(2) (a) of the Local Government Act 1995, which permits the meeting to be closed to the public for business relating to the following:

- (a) a matter affecting an employee or employees.

17. Closure of Meeting