



CITY OF VINCENT

MINUTES

Audit Committee

16 March 2022

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**MINUTES OF CITY OF VINCENT
AUDIT COMMITTEE
HELD AS E-MEETING AND AT THE
ADMINISTRATION AND CIVIC CENTRE
244 VINCENT STREET, LEEDERVILLE
ON WEDNESDAY, 16 MARCH 2022 AT 4.00PM**

PRESENT:	Mr Conley Manifis	Independent External Member (Chair) (electronically)
	Cr Susan Gontaszewski	South Ward (electronically)
	Cr Ron Alexander	North Ward (electronically)
	Cr Ross Ioppolo	South Ward (electronically)
	Mr Olaf Goy	Independent External Member (electronically)
	Mr George Araj	Independent External Member (electronically)
IN ATTENDANCE:	David MacLennan	Chief Executive Officer (electronically)
	Virginia Miltrup	Executive Director Community & Business Services (electronically)
	Andrew Murphy	Executive Director Infrastructure & Environment (electronically)
	Peter Varris	A/Executive Director Strategy and Development
	Peter Ferguson	Executive Manager Information and Communication Technology (electronically)
	Jeremy Chalmers	Coordinator Procurement & Contracts (left the meeting at 4.39 after Item 5.1)
	Rhys Taylor	Manager Financial Services (electronically)(left at 5.20pm. during discussion of item 5.4)
	Wendy Barnard	Council Liaison Officer (electronically)

1 INTRODUCTION AND WELCOME

The Presiding Member, Conley Manifis, declared the meeting open at 4.02pm and read the following Acknowledgement of Country statement:

“The City of Vincent would like to acknowledge the Traditional Owners of the land, the Whadjuk people of the Noongar nation and pay our respects to Elders past, present and emerging”.

2 APOLOGIES / MEMBERS ON APPROVED LEAVE OF ABSENCE

Cr Ashley Wallace was an apology for this meeting.

3 DECLARATIONS OF INTEREST

Conley Manifis declared an impartiality interest. The extent of his interest is that his company is contracted by the Office of the Auditor General to complete external audits.

4 CONFIRMATION OF MINUTES**COMMITTEE DECISION**

Moved: Cr Ioppolo, **Seconded:** Cr Gontaszewski

That the minutes of the Audit Committee held on 15 February 2022 be confirmed.

CARRIED (6-0)

For: Mr Manifis, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj

Against: Nil

(Cr Wallace was an apology for the Meeting.)

5 BUSINESS ARISING**5.1 SMALL MAINTENANCE WORKS CONTRACT**

Attachments: 1. Procurement Plan - Confidential
 2. Request for Tender IE146-2021 - Confidential

RECOMMENDATION:

That the Audit Committee recommends to Council that it NOTES the tender information provided in relation to the small maintenance works contract.

COMMITTEE DECISION ITEM 5.1

Moved: Cr Gontaszewski, **Seconded:** Cr Ioppolo

That the recommendation be adopted.





CARRIED (6-0)

For: Mr Manifis, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj

Against: Nil

(Cr Wallace was an apology for the Meeting.)

5.2 FURTHER RISK ASSESSMENT (NON-STRUCTURAL RISKS) ON AGEING INFRASTRUCTURE

- Attachments:
1. Risk Assessment - Litis Stadium Grandstand [↓](#) 
 2. Risk Assessment - Leederville Oval Grandstand [↓](#) 
 3. Risk Assessment - Beatty Park Grandstand [↓](#) 
 4. Evaluation Matrix - Risk Management Policy [↓](#) 

RECOMMENDATION:

That the Audit Committee recommends to Council that it NOTES the report on non-structural risks associated with sporting infrastructure assets.

Moved: Cr Gontaszewski, Seconded: Cr Ioppolo

That the recommendation be adopted.

AMENDMENT

Moved: Cr Ioppolo, Seconded: Mr Araj

That a recommendation be added as follows:

REQUESTS Administration provides further information in the table where the managed risk rating is rated “high” or “medium”, that additional information is provided as to whether action is currently being taken to address that risk, if it is Administration’s view that the risk should be absorbed or if the risk is currently adequately covered by insurance.

AMENDMENT CARRIED (6-0)

For: Mr Manifis, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj

Against: Nil

(Cr Wallace was an apology for the Meeting.)

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COMMITTEE DECISION ITEM 5.2

That the Audit Committee recommends to Council that it:

1. NOTES the report on non-structural risks associated with sporting infrastructure assets.
2. REQUESTS Administration provides further information in the table where the managed risk rating is rated “high” or “medium”, that additional information is provided as to whether action is currently being taken to address that risk, if it is Administration’s view that the risk should be absorbed or if the risk is currently adequately covered by insurance.

CARRIED (6-0)

For: Mr Manifis, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj

Against: Nil

(Cr Wallace was an apology for the Meeting.)

INFRASTRUCTURE RISK ASSESMENT			
Facility:	Litis Stadium Grandstand		
Completed by:	Andrew Murphy, Ben Davis, Kon Bilyk		
RISKS TO PEOPLE			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Electrocution from old electrical infrastructure	Likelihood – 1 Consequence – 5 Risk Rating – Medium	<ul style="list-style-type: none"> All power to grandstand decommissioned 	Likelihood – 1 Consequence – 4 Risk Rating – Low
Exposure to asbestos	Likelihood – 2 Consequence – 4 Risk Rating – Medium	<ul style="list-style-type: none"> Asbestos register updated 21/22. Building access restricted. 	Likelihood – 1 Consequence – 4 Risk Rating – Low
Fall from height / low barrier	Likelihood – 2 Consequence – 4 Risk Rating – Medium	<ul style="list-style-type: none"> Access restricted to elevated sections. 	Likelihood – 1 Consequence – 4 Risk Rating – Low
Falling objects / storm and building deterioration	Likelihood – 2 Consequence – 4 Risk Rating – Medium	<ul style="list-style-type: none"> Regular visual inspections. Building access restricted. 	Likelihood – 2 Consequence – 4 Risk Rating – Medium
Sub-standard Emergency Escapes	Likelihood – 1 Consequence – 5 Risk Rating – High	<ul style="list-style-type: none"> Building access restricted. 	Likelihood – 1 Consequence – 1 Risk Rating – Low
Fire risk	Likelihood – 3 Consequence – 5 Risk Rating – High	<ul style="list-style-type: none"> Building access restricted. 	Likelihood – 1 Consequence – 1 Risk Rating – Low
Building Security / Unauthorised Access	Likelihood – 1 Consequence – 3 Risk Rating – Low	<ul style="list-style-type: none"> Building access restricted. 	Likelihood – 1 Consequence – 2 Risk Rating – Low
INTERUPTION TO SERVICE			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Not applicable. Building decommissioned and restricted	N/A	<ul style="list-style-type: none"> Building decommissioned and restricted. 	Likelihood – 1 Consequence – 1 Risk Rating – Low

REPUTATION			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Grandstand is left derelict.	Likelihood – 2 Consequence – 3 Risk Rating – Medium	<ul style="list-style-type: none"> Federal funding in pipeline for demolition and redevelopment. 	Likelihood – 1 Consequence – 2 Risk Rating – Low
COMPLIANCE (LEGAL & TECHNICAL)			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
OHSE Non-compliance due to deterioration of building.	Likelihood – 2 Consequence – 1 Risk Rating – Low	<ul style="list-style-type: none"> Building scheduled for demolition in 6 months. 	Likelihood – 2 Consequence – 2 Risk Rating – Low
PROPERTY			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Not applicable. Building decommissioned, restricted, and scheduled for demolition.	N/A	<ul style="list-style-type: none"> Building decommissioned, restricted, and scheduled for demolition. 	Likelihood – 1 Consequence – 1 Risk Rating – Low
NATURAL ENVIRONMENT			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Not applicable. Building decommissioned, restricted, and scheduled for demolition.	N/A	<ul style="list-style-type: none"> Building decommissioned, restricted, and scheduled for demolition. 	Likelihood – 1 Consequence – 1 Risk Rating – Low
FINANCIAL IMPACT			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Not applicable. Building decommissioned, restricted, and scheduled for demolition.	N/A	<ul style="list-style-type: none"> Building decommissioned, restricted, and scheduled for demolition. 	Likelihood – 1 Consequence – 1 Risk Rating – Low
CONTRACT / PROJECT			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Not applicable. Building decommissioned, restricted, and scheduled for demolition.	N/A	<ul style="list-style-type: none"> Building decommissioned, restricted, and scheduled for demolition. 	Likelihood – 1 Consequence – 1 Risk Rating – Low

INFRASTRUCTURE RISK ASSESMENT			
Facility:	Leederville Oval Grandstand		
Completed by:	Andrew Murphy, Ben Davis, Kon Bilyk		
RISKS TO PEOPLE			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Electrocution from old electrical infrastructure	Likelihood – 3 Consequence – 5 Risk Rating – High	<ul style="list-style-type: none"> Currently upgrading switchboards and RCD's. Annual test & tag. 	Likelihood – 2 Consequence – 5 Risk Rating – High
Exposure to asbestos	Likelihood – 2 Consequence – 4 Risk Rating – Medium	<ul style="list-style-type: none"> Asbestos register updated 21/22. Asbestos Management Plan in place. Asbestos condition has been rated and all potentially dangerous sections sealed. 	Likelihood – 1 Consequence – 4 Risk Rating – Low
Fall from height / low barrier	Likelihood – 2 Consequence – 4 Risk Rating – Medium	<ul style="list-style-type: none"> Workers inducted. Annual inspection of fall restraints. Roof access is controlled. 	Likelihood – 2 Consequence – 4 Risk Rating – Medium
Falling objects / storm and building deterioration	Likelihood – 2 Consequence – 4 Risk Rating – Medium	<ul style="list-style-type: none"> Regular visual inspections. Annual maintenance of facia, roof structure and other potential fall hazards 	Likelihood – 2 Consequence – 4 Risk Rating – Medium
Sub-standard Emergency Escapes	Likelihood – 2 Consequence – 5 Risk Rating – High	<ul style="list-style-type: none"> Upgraded emergency signage. Annual Emergency Evacuation Training for staff. Evacuation Plan in place. 	Likelihood – 1 Consequence – 5 Risk Rating – Medium
Fire risk	Likelihood – 1 Consequence – 5 Risk Rating – Medium	<ul style="list-style-type: none"> Upgraded emergency signage. Annual Emergency Evacuation Training for staff. Annual safety checks on Fire Equipment Evacuation Plan in place. 	Likelihood – 1 Consequence – 5 Risk Rating – Medium
Building Security / Unauthorised Access	Likelihood – 3 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> Continual upgrading of fencing and gates. CCTV Installed. Rangers patrolling area. Lighting upgrades (24/7) 	Likelihood – 2 Consequence – 4 Risk Rating – Medium

INTERUPTION TO SERVICE			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
An event that would result in the Grandstand being closed for use e.g. - Fire - Electrical hazard - Asbestos incident - Vandalism	Likelihood – 2 Consequence – 4 Risk Rating – Medium	<ul style="list-style-type: none"> Management practices put in place around identified risks. Refer to Risk Assessment Register. 	Likelihood – 1 Consequence – 3 Risk Rating – Low
REPUTATION			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
An event e.g., Grandstand closure, injury to customer/staff, death of customer/staff that would result in reputational damage.	Likelihood – 3 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> Management practices put in place around identified risks. Refer to Risk Assessment Register. 	Likelihood – 1 Consequence – 4 Risk Rating – Low
COMPLIANCE (LEGAL & TECHNICAL)			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Negative WorkSafe Reviews	Likelihood – 3 Consequence – 3 Risk Rating – Medium	<ul style="list-style-type: none"> Regular OHSE inspections by qualified staff. Qualified contractors. JSA & SWMS in place prior to works being carried out. 	Likelihood – 2 Consequence – 2 Risk Rating – Low
Dangerous Environmental Health practices	Likelihood – 3 Consequence – 1 Risk Rating – Low	<ul style="list-style-type: none"> Regular inspections and maintenance. Routine cleaning. 	Likelihood – 2 Consequence – 1 Risk Rating – Low
PROPERTY			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Lack of appropriate maintenance causing degradation.	Likelihood – 3 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> Electrical services renewal. Mechanical services renewal underway. Flooring renewal. Regular inspections / property inspection reports. Lease conditions obligate tenant to maintain the building. 	Likelihood – 2 Consequence – 3 Risk Rating – Medium

NATURAL ENVIRONMENT			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Asbestos in various locations throughout building.	Likelihood – 2 Consequence – 5 Risk Rating – High	<ul style="list-style-type: none"> Replacing electrical switchboards. Asbestos register updated 21/22. Asbestos Management Plan in place. Asbestos condition has been rated and all potentially dangerous sections sealed. 	Likelihood – 1 Consequence – 5 Risk Rating – Medium
FINANCIAL IMPACT			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Building is not fit for purpose for Tenants.	Likelihood – 1 Consequence – 2 Risk Rating – Low	<ul style="list-style-type: none"> Lease conditions require tenant to maintain building. CoV works with tenants regarding major Capital Works. 	Likelihood – 1 Consequence – 2 Risk Rating – Low
Ongoing costs to maintain building are higher than income generation potential.	Likelihood – 4 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> Lease conditions require tenant to maintain building. CoV works with tenants regarding major Capital Works. 	Likelihood – 4 Consequence – 3 Risk Rating – High
CONTRACT / PROJECT			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Latent conditions affecting project cost and delay.	Likelihood – 3 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> Qualified investigations undertaken to understand building. Using experienced, qualified contractor/tradesman. 	Likelihood – 2 Consequence – 4 Risk Rating – Medium

INFRASTRUCTURE RISK ASSESMENT			
Facility:	Beatty Park Grandstand		
Completed by:	Andrew Murphy, Ben Davis, Kon Bilyk		
RISKS TO PEOPLE			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Electrocution from old electrical infrastructure	Likelihood – 3 Consequence – 5 Risk Rating – High	<ul style="list-style-type: none"> Partially upgraded switchboard internals and RCD's. Annual thermal imaging of switchboards. Isolated certain areas from public access. * Additional works planned in 21/22	Likelihood – 2 Consequence – 5 Risk Rating – High
Exposure to asbestos	Likelihood – 3 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> Asbestos register updated 21/22. Asbestos Management Plan in place. Asbestos has been sealed. 	Likelihood – 1 Consequence – 4 Risk Rating – Low
Fall from height / low barrier	Likelihood – 3 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> Closed Grandstand seating area to the public. Workers inducted. Annual inspection of fall restraints. Roof access is controlled. 	Likelihood – 1 Consequence – 4 Risk Rating – Low
Falling objects / storm and building deterioration	Likelihood – 4 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> Security fence around perimeter. Remove loose render from public areas and thoroughfares. Removed all render from above poolside seating area. Regular visual inspections. 	Likelihood – 2 Consequence – 4 Risk Rating – Medium
Sub-standard Emergency Escapes	Likelihood – 2 Consequence – 5 Risk Rating – High	<ul style="list-style-type: none"> Closed Grandstand seating area to the public. Only ground floor occupied. Upgraded emergency signage. Annual Emergency Evacuation Training for staff. Evacuation Plan in place. 	Likelihood – 1 Consequence – 5 Risk Rating – Medium
Fire risk	Likelihood – 3 Consequence – 5 Risk Rating – High	<ul style="list-style-type: none"> Closed Grandstand seating area to the public. Only ground floor occupied. Upgraded emergency signage. Annual Emergency Evacuation Training for staff. Annual safety checks on Fire Equipment Annual thermal imaging of switchboards. Evacuation Plan in place. 	Likelihood – 1 Consequence – 5 Risk Rating – Medium

INTERUPTION TO SERVICE			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
An event that would result in the Grandstand being closed for use e.g. - Fire - Electrical hazard - Asbestos incident	Likelihood – 3 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> Management practices put in place around identified risks. Refer to Risk Assessment Register. 	Likelihood – 1 Consequence – 3 Risk Rating – Low
REPUTATION			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
An event e.g., Grandstand closure, injury to customer/staff, death of customer/staff that would result in reputational damage.	Likelihood – 3 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> Management practices put in place around identified risks. Refer to Risk Assessment Register. 	Likelihood – 1 Consequence – 4 Risk Rating – Low
COMPLIANCE (LEGAL & TECHNICAL)			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Negative WorkSafe Reviews	Likelihood – 3 Consequence – 3 Risk Rating – Medium	<ul style="list-style-type: none"> Regular OHSE inspections by qualified staff. Qualified contractors. JSA & SWMS in place prior to works being carried out. 	Likelihood – 2 Consequence – 2 Risk Rating – Low
Dangerous Environmental Health practices	Likelihood – 3 Consequence – 1 Risk Rating – Low	<ul style="list-style-type: none"> Regular inspections and maintenance. Routine cleaning. 	Likelihood – 2 Consequence – 1 Risk Rating – Low
PROPERTY			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Lack of appropriate maintenance causing degradation.	Likelihood – 4 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> \$450,000 for 21/22 FY allocated for water ingress management. Electrical services renewal 	Likelihood – 3 Consequence – 4 Risk Rating – High
NATURAL ENVIRONMENT			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Asbestos in window grouting	Likelihood – 2 Consequence – 5 Risk Rating – High	<ul style="list-style-type: none"> Closed off large sections of the Grandstand to the Public. Occupied sections have had the grouting sealed. 	Likelihood – 1 Consequence – 5 Risk Rating – Medium

FINANCIAL IMPACT			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Building is not fit for purpose for Tenants.	Likelihood – 1 Consequence – 2 Risk Rating – Low	<ul style="list-style-type: none"> Regular servicing maintenance. Reducing number of tenants. 	Likelihood – 1 Consequence – 2 Risk Rating – Low
Ongoing costs to maintain (assets not useable and cannot generate income due to current condition and heritage council restrictions)	Likelihood – 4 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> \$450,000 for 21/22 FY allocated for water ingress management. Electrical services renewal 	Likelihood – 4 Consequence – 4 Risk Rating – High
CONTRACT / PROJECT			
RISK/S	RISK RATING	MITIGATING MEASURES	MANAGED RISK RATING
Contractors not abiding by the conditions set by the Heritage Council resulting in breach and reducing the Heritage value of the asset.	Likelihood – 1 Consequence – 4 Risk Rating – Low	<ul style="list-style-type: none"> Qualified investigations undertaken to understand building. Using experienced, qualified contractor/tradesman. 	Likelihood – 1 Consequence – 2 Risk Rating – Low
Latent conditions affecting project cost and delay.	Likelihood – 3 Consequence – 4 Risk Rating – High	<ul style="list-style-type: none"> Qualified investigations undertaken to understand building, Using experienced, qualified contractor/tradesman. 	Likelihood – 2 Consequence – 4 Risk Rating – Medium

RISK MANAGEMENT POLICY



ATTACHMENT 1 – RISK CONSEQUENCE AND LIKELIHOOD CRITERIA

1.1 Consequence criteria

RATING	PEOPLE (SAFETY)	INTERRUPTION TO SERVICE	REPUTATION	COMPLIANCE (LEGAL & TECHNICAL)	PROPERTY	NATURAL ENVIRONMENT	FINANCIAL IMPACT	CONTRACT / PROJECT
Low (1)	Minor injury or ailment to staff, results in loss of time less than 5 days.	Failure of assets / disruption which results in inconvenience but no material service interruption (resolved within one day).	An incident with low impact on community trust which is covered in a community newspaper and/or has a social media profile for maximum of a day.	Minor compliance (technical or legal) breach which is not reportable and can be resolved within 24 hours.	Localised damage to City property which can be rectified by routine internal procedures and is within operating budget \$20,000 (0.035% of operating budget).	Environmental damage or harm which can be contained by an internal response within 1 week, and any damage / harm can be reversed by the City's action.	Short term impact on operating funds, or financial loss less than \$20,000 (0.035% of operating budget).	Insignificant breach of contract or delay in project which has a minor impact on service delivery, consistent with 'low' rating.
Minor (2)	Injury or ailment to staff resulting in loss of time between 5-10 days.	Failure of assets / disruption which results in temporary interruption which can be resolved within one week (backlog cleared within one week).	Public embarrassment, some impact on community trust, covered in community newspaper and/or social media profile which lasts for less than a few days.	More than one minor compliance breach or minor breach with potential for minor damages or monetary penalty.	Localised damage to City property requiring additional resources to rectify (reallocation within operating budget – \$20,001 - \$100,000 (0.035% - 0.17% of operating budget).	Environmental damage or harm which requires management by external agencies or contractors and can be contained within 1 week, and any damage / harm can be reversed by the City's actions.	Medium term impact on operating funds, or financial loss between \$20,001 - \$100,000 (0.035% - 0.17% of operating budget).	Minor breach of contract or delay to project which will have minor financial impact or delay service delivery, consistent with 'minor' rating.
Moderate (3)	Injury or ailment to staff resulting in loss of time greater than 10 days, or causes temporary disability to staff member, or public exposed to a hazard which is attributable to the City, but immediately treatable / resolved.	Failure of assets / disruption which results in one month interruption, may require additional resources to resolve within one month (backlog cleared within one month).	Covered in community newspaper and social media profile which lasts for more than a few days, attention by regulators or state department/ government.	Short to medium term non-compliance which may result in prosecution / fine. Investigation may be required.	Significant damage to City property requiring management attention for a period of up to three months (\$100,001 to \$250,000 (0.17% - 0.43% of operating budget).	Environmental damage or harm which requires management by external agencies or contractors and takes 1 week – 1 month to contain, and any damage / harm can be reversed by the City's actions.	Impact to service delivery due to impact on operating funds, or financial loss between \$100,001 to \$250,000 (0.17% - 0.43% of operating budget).	Breach of contract or delay to project which will impact service delivery or result in damages payable by the City, consistent with 'moderate' rating.

RISK MANAGEMENT POLICY



<p>Major (4)</p>	<p>Permanent disability or life threatening injury to staff member, or public exposed to a hazard which is attributable to the City and results in temporary adverse health impacts.</p>	<p>Failure of assets / disruption which results in more than one month interruption (backlog of over one month) or is an interruption to core or essential services for more than one day</p>	<p>Public embarrassment, high impact on community trust, covered in community and state newspapers and social media profile which lasts for about a week (includes TV and press), third party action</p>	<p>Non-compliance results in termination of services or imposed penalties to City / Staff.</p>	<p>Significant damage to City property requiring additional resources to rectify (Council approval of funds required, \$250,000 - \$1 million (0.43% to 1.7% of operating budget) Period of restitution up to six months.</p>	<p>Environmental damage or harm which remains uncontained for over a month and requires a coordinated response from multiple external agencies, but is reversible by coordinated response.</p>	<p>Significant impact to service delivery due to impact on operating funds, or financial loss between \$250,001 to \$1 million (0.43% to 1.7% of operating budget)</p>	<p>Significant changes to a project or breach of contract which may result in termination of contract and significantly impacts service delivery. Impact consistent with 'major' rating.</p>
<p>Extreme (5)</p>	<p>Fatality to staff member, or public exposed to a hazard which is attributable to the City and results in widespread adverse health impacts.</p>	<p>Failure of assets / disruption which results in a prolonged interruption of core or essential services</p>	<p>Public embarrassment with significant reputational damage, widespread loss of community trust, widespread and sustained community, state and national newspaper and TV coverage and social media profile, third party action</p>	<p>Non-compliance results in criminal charges or significant damages or penalties to City / staff.</p>	<p>Extensive damage requiring prolonged period of restitution or complete loss of plant, equipment and building, or over \$1,000,000 (1.7% of operating budget)</p>	<p>Environmental damage or harm which can not be contained and is not reversible by a coordinated response.</p>	<p>Insufficient operating funds over sustained period, or loss of more than \$1 million (over \$1.7% of operating budget).</p>	<p>Major project can not be completed or critical breach of contract resulting in significant damages payable by the City or non delivery of service for extended time. Impacts consistent with 'extreme' rating.</p>

1.2 Likelihood criteria (refer to the description or the frequency)

Level	Rating	Likelihood description	Likelihood frequency
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year
4	Likely	The event will probably occur in most circumstances	At least once per year
3	Possible	The event should occur at some time	At least once in three years
2	Unlikely	The event could occur at some time	At least once in ten years
1	Rare	The event will only occur in exceptional circumstances	Less than once in 15 years

RISK MANAGEMENT POLICY



ATTACHMENT 2 - RISK CLASSIFICATION MATRIX

Consequence		Low	Minor	Moderate	Major	Extreme
Likelihood		1	2	3	4	5
Almost Certain	5	Medium	High	High	Extreme	Extreme
Likely	4	Low	Medium	High	High	Extreme
Possible	3	Low	Medium	Medium	High	High
Unlikely	2	Low	Low	Medium	Medium	High
Rare	1	Low	Low	Low	Low	Medium

ATTACHMENT 3 - RISK RATING AND MANAGEMENT

Risk Classification	Action	Risk management process	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to ongoing monitoring	Manager
MEDIUM	Monitor	Risk acceptable with adequate and effective controls, managed by specific procedures and subject to ongoing monitoring	Executive Director
HIGH	Urgent Attention Required	Risk treatment subject to Council approval	CEO + Council
EXTREME	Unacceptable	Risk treatment subject to Council approval	CEO + Council

***Extreme risks require a risk treatment plan which is reported to the CEO (via the Executive Management Committee) and the Audit Committee until the risk rating is at an acceptable level.*


5.3 AUDIT COMMITTEE MEETING DATES 2022**Attachments: Nil****RECOMMENDATION:**

That the Audit Committee recommends to Council that it **ADOPTS** the meeting schedule for 2022 as follows:

Date	Time
Tuesday 3 May	4.00pm
Wednesday 29 June	4.00pm
Tuesday 9 August	4.00pm
Tuesday 1 November	4.00pm
Tuesday 29 November	4.00pm

COMMITTEE DECISION ITEM 5.3**Moved: Cr Gontaszewski, Seconded: Mr Goy****That the recommendation be adopted.****CARRIED (6-0)****For:** Mr Manifis, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj**Against:** Nil**(Cr Wallace was an apology for the Meeting.)**

5.4 REVIEW OF THE CITY'S AUDIT LOG

- Attachments:
1. Audit Log as at 8 March 2022 [↓](#) 
 2. Audit Log as at 8 March 2022 - Confidential

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1. NOTES the status of the City's Audit Log at Attachments 1 and 2, and
2. APPROVES proposed completion dates as specified at Attachments 1 and 2;

COMMITTEE DECISION ITEM 5.4

Moved: Cr Gontaszewski, **Seconded:** Mr Goy

That the recommendation be adopted.

CARRIED (6-0)

For: Mr Manifis, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj

Against: Nil

(Cr Wallace was an apology for the Meeting.)



AUDIT LOG

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Summary of open Confidential items (D21/61059)

Office of the Auditor General Information Systems Audit:

- 1. EA:2020/10 (1) (a) and (b) High
- 2. EA:2020/10 (3) Moderate
- 3. EA:2020/10 (9) Moderate
- 4. EA:2020/10 (10) Moderate
- 5. EA:2020/10 (11) Moderate
- 6. EA:2020/10 (12) Moderate
- 7. EA:2020/10 (14) Moderate
- 8. EA:2020/10 (22) Moderate

Stanton Reg 5 & 17 Review P

- 9. EA 2020/12 (9) Moderate

Office of the Auditor General – Financial Audit

- 10. EA 2020/12 (14) Significant

Office of the Auditor General – Interim Audit for 2020/21

- 11. EA: 2021/08 (3) Significant

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Office of the Auditor General Information Systems Audit			Completed	
<p>EA:2020/10 (1) (a) and (b) Database Security (from CONFIDENTIAL)</p>				
<p>Office of the Auditor General Information Systems Audit</p>				
<p>Finding:</p>				
<p>We performed a high level security test on key business application (Authority) database and found the following:</p>				
<ul style="list-style-type: none"> • The database server is missing software updates since 2012, which have been released by the vendor. • Data encryption is not used to protect highly sensitive information. • Database logging and auditing is not in place to monitor and record system changes. As a result, any changes made directly in the database are not captured. • The "PUBLIC" role has default grant privilege on database objects within the Authority database. • The database has not been securely hardened. 				
<p>Implication</p>				
<p>Without appropriate database security controls, the confidentiality, integrity and availability of sensitive information may be compromised.</p>				
<p>Recommendation</p>				
<p>The City should review and enhance its database management processes to:</p>				
<ul style="list-style-type: none"> • ensure updates to address known vulnerabilities are applied in a timely manner • assess the risks around storing sensitive information in plain text • review logging and alerting user activities to ensure sensitive data security • review assigned public roles within the database and remove those not needed • based on a risk assessment, hardened database security and improve monitoring controls. 				
<p>Risk Rating (prior to controls)</p>				
<p>High</p>				
<p>Management Response</p>				
<p>Responsible Officer:</p>				
<p>Executive Manager Information and Communication Technology</p>				

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<p>EA:2020/10 (3) Segregation of Duties (from CONFIDENTIAL) Office of the Auditor General Information Systems Audit</p> <p>Finding We found that segregation of duties (SoD) is not enforced within the Authority system. Additionally, the SoD matrix which details specific roles is also not being maintained.</p> <p>Implication Without SoD appropriately enforced within the system, there is an increased risk that individuals can perform a number of conflicting functions. This may result in an increased number of errors or possibly lead to fraud.</p> <p>Recommendation The City should develop an appropriate SoD matrix for the Authority system. This matrix should be used to ensure that no users are assigned multiple roles that would be considered high risk or conflicting. A formal review process should ensure that no user is assigned any conflicting duties. A formal record of completed reviews should be maintained.</p> <p>Risk Rating (prior to controls) Moderate</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>			Completed	
<p>EA:2020/10 (9) Authority User Review Process (from CONFIDENTIAL) Office of the Auditor General Information Systems Audit</p> <p>Finding The City does not have a routine process to review users with access to Authority application.</p> <p>Implication Without appropriate user access management controls, there is an increased risk of unauthorised access. This may impact the confidentiality, integrity and availability of the City's information.</p> <p>Recommendation The City should develop, document and implement appropriate application user account management practices.</p> <p>Risk Rating (prior to controls) Moderate</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>			Completed	

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<p>EA:2020/10 (10) Authority Event Monitoring (from CONFIDENTIAL) Office of the Auditor General Information Systems Audit</p> <p>Finding We found that there are no formalised requirements for pro-active or regular review of event logs generated by key business application (Authority) to identify unauthorised access or malicious activity.</p> <p>Implication Without effective pro-active monitoring of high-risk events, there is an increased risk that any potential problems, trends or ongoing attempts to compromise systems or data will not be detected.</p> <p>Recommendation Based on an assessment of risks, the City should formalise a process to monitor and review key events in business applications.</p> <p>Risk Rating (prior to controls) Moderate</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>			Completed	

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<p>EA:2020/10 (11) Unsupported Operating System (from CONFIDENTIAL) Office of the Auditor General Information Systems Audit</p> <p>Finding The City currently has over 10 servers and workstations running unsupported operating systems. These include Windows Server 2008 R2 Enterprise, Windows Server 2008 and Windows 7 for which Microsoft ceased support on 14 January 2020 and 14 July 2015.</p> <p>Our review identified that those systems were active in March 2020 during the audit conduct.</p> <p>Implication Unsupported operating systems no longer receive security and/or vulnerability updates from the product vendor. As a result, there is an increased risk that these systems are susceptible to exploits, which may compromise the City network and systems.</p> <p>Recommendation We recommend that all devices running unsupported operating systems be upgraded to supported system. If this is not possible due to operational needs, alternate mitigations must be applied.</p> <p>Risk Rating (prior to controls) Moderate</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>			See Confidential log	
<p>EA:2020/10 (12) (CONFIDENTIAL) Office of the Auditor General Information Systems Audit</p> <p>Risk Rating (prior to controls) Moderate</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>			See Confidential log	
<p>EA:2020/10 (14) (CONFIDENTIAL) Office of the Auditor General Information Systems Audit</p> <p>Risk Rating (prior to controls) Moderate</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>			See Confidential log	

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<p>EA:2020/10 (19) Disaster Recovery Plan Office of the Auditor General Information Systems Audit – Disaster Recovery Plan</p> <p>OAG Update 2021: Finding remains open as the City’s disaster recovery plan is in draft.</p> <p>Finding We found that the City does not have an ICT disaster recovery plan (DRP).</p> <p>Implication Without an adequate DRP and appropriate testing, there is an increased risk that key business functions and processes may not be restored in a timely manner after a disruption, affecting the operations of the City.</p> <p>Recommendation The City should develop and test its DRP to confirm that systems can be recovered in accordance with business expectations and key staff should be familiar with the plan and their specific roles and responsibilities in a disaster situation. The results of testing should be recorded, and the relevant actions taken to improve the plan where necessary.</p> <p>Risk Rating (prior to controls) Moderate</p> <p>Risk Rating (with current controls) Moderate</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>	<p>Administration will introduce managed backup and infrastructure services that include disaster recovery capability. Disaster recovery and information security continuity processes will then be formalised per the Information Security Program noted in OAG Finding 5. A formal plan will then be prepared for publication to staff and testing purposes.</p>	<p>August 2021</p>	<p>CoV update to OAG 2021: The City accepts that this finding was not completed during the audit period 2020/2021. Draft documents and procedures will be finalised and implemented into operations. The City has commissioned services to support a Business Impact Assessment review which will be used to guide sensible recovery objectives into the Disaster Recovery Plan.</p> <p>March 2022 Complex infrastructure project still in-progress. Servers now 75% migrated to a new environment providing backup restoration for Disaster Recovery functionality. Accompanying documentation will identify recovery time requirements in line with Business Impact Analysis (currently in draft) being finalised for review with business teams.</p>	<p>February 2022</p> <p>April 2022</p>

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<p>EA:2020/10 (20) Business Continuity Plan – Testing Office of the Auditor General Information Systems Audit – Business Continuity Plan – Testing</p> <p>OAG Update 2021: The City is conducting business impact assessments across the business teams and is working towards defining a business continuity testing schedule.</p> <p>Finding We found that appropriate tests of the business continuity plan (BCP) have not been undertaken. Due to the lack of testing, the effectiveness of the plans and the City’s ability to execute them is unknown.</p> <p>Implication Without appropriate testing of the BCP there is an increased risk that key business functions and processes may not operate as expected during a major incident. In addition, the key business functions may not be appropriately recover following a major incident. This is likely to impact business operations and the delivery of key services.</p> <p>Recommendation The City should undertake appropriate tests to verify the effectiveness of the BCP. These tests should also verify that key staff are familiar with the plans and their specific roles and responsibilities in a disaster situation. The results of these tests should be recorded and the relevant actions taken to improve the plan where necessary.</p> <p>Risk Rating (prior to controls) Moderate</p> <p>Risk Rating (with current controls) Moderate</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>	<p>There has been 0% interruption to non-library/recreational facility services throughout COVID-19 disruptions in Perth. COVID-19 has been a major incident and required significant change to how business functions operated.</p> <p>City staff who continue to work remotely are effectively testing part of the City’s business continuity systems on a daily basis. Through improvements to data backup and infrastructure recovery noted in OAG Finding 20, Administration will expand business continuity testing to include system and infrastructure incidents as part of a managed services agreement.</p>	<p>August 2021</p>	<p>CoV update to OAG 2021: The City accepts that this finding was not completed during the audit period 2020/2021. Draft documents and procedures will be finalised and implemented into operations. All server backups are now copied to an offsite data centre service which is also being configured to provide a Disaster Recovery environment for computing systems – this will be tested to mitigate this finding.</p> <p>March 2022 Business Continuity plan is being drafted with Business Impact Analysis (currently in draft) being finalised for review with business teams.</p>	<p>February 2024</p> <p>April 2022</p>

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<p>EA:2020/10 (22) Management of Removable Media (from CONFIDENTIAL) Office of the Auditor General Information Systems Audit</p> <p>Finding We found that the City does not have appropriate controls to log or restrict the use of removable media devices (e.g. USB).</p> <p>Implication Without appropriate controls to detect, log and monitor the use of removable media devices, there is an increased risk to the City's information and IT systems. Information copied to removable media devices may be lost, stolen or inappropriately disclosed.</p> <p>Recommendation The City should assess the risks associated with the use of removable media devices. Where appropriate the following controls should be implemented:</p> <ul style="list-style-type: none"> • Preventing the use of any unauthorised removable media devices. • Only using USB devices that incorporate encryption to help protect the information. • Maintaining a register of all authorised and in use removable media devices. • Monitoring and logging files and information copied to or from removable media devices. <p>Risk Rating (prior to controls) Moderate</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>			Completed	

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<p>Stanton Reg 5 & 17 Review</p> <p>EA:2020/12 (8) Manual Timesheet Stanton Reg 5 & 17 Review – Manual Timesheet</p> <p>Finding The City uses manual timesheets, predominately for those employees who work in the depot and recreational leisure centre.</p> <p>Recommendation The use of manual timesheets should be eliminated, it is worth noting that the City has already noted this as a finding within their own audit log.</p> <p>Recommendation</p> <p>Risk Rating (prior to controls) Moderate</p> <p>Risk Rating (with current controls) Minor</p> <p>Management Response Responsible Officer: Executive Manager Human Resources and Executive Manager Information and Communication Technology</p>	<p>The City requires a robust online time-sheeting system which is fit for purpose of a casual workforce (i.e. Beatty Park) that is flexible, easy to use and aligned to the relevant cost centres and employment.</p> <p>Administration has determined that Civica's online time-sheeting module will be suitable for the City. The module however can only be implemented once work orders are activated as part of the Chart of Accounts project scheduled for completion in July 2021. Online time-sheeting will have a mobile option as well. The scoping of this project will be requested to commence in March next year with implementation in December 2021.</p>	December 2021	<p>Partially completed: Beatty Park are now partially using mobile application for rostering and time-sheeting. Further rollout subject to Beatty Park change management resourcing.</p> <p>In progress: for Depot staff with mobile application AND job costing requirements for time-sheeting, two solutions are being reviewed:</p> <ol style="list-style-type: none"> 1. The City will help Civica test their new mobile time-sheeting (currently in development) in early 2022. 2. A CRM-based approach where jobs are electronically work-flowed to staff who can then update and complete the job using a mobile application. 	<p>March 2022</p> <p>Estimated August 2022</p>
<p>EA:2020/12 (9) Authority Access (from CONFIDENTIAL) Stanton Reg 5 & 17 Review</p> <p>Finding There was no evidence of formal review of users' access privileges to Authority to ensure that users do not have access to unsuited functions/modules</p> <p>Recommendation 1. The City should randomly review user access to ensure it is line with what the actual user requires. The City should regularly review every users' access privileges to Authority to ensure that users do not have access to unsuited functions/modules, this could also include reviewing financial delegations within Authority</p> <p>Risk Rating (prior to controls) Minor</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>			Completed	

AUDIT LOG



<i>Audit Details</i>	<i>Action</i>	<i>Approved Completion Date</i>	<i>Status</i>	<i>Proposed Completion Date</i>
<p>EA:2020/12 (11) Record Keeping Stanton Reg 5 & 17 Review – Record Keeping</p> <p>Finding Poor retrievability of information ‘term container used’ Record keeping of contract documentation is inefficient and leads to poor retrievability. The record keeping system does not facilitate the use of sub folders which results in all documented related to a subject/topic being saved in a ‘container’. With regards to contracts, there are a large number of supporting documentations within these ‘containers’ thus it can take some time to retrieve the sought-after document</p> <p>Recommendations The City should review useability of their record keeping system ensuring that it is operating effectively. For process efficiency allow user to amend and delete own purchase requisition.</p> <p>Risk Rating (prior to controls) Minor</p> <p>Risk Rating (with current controls) Minor</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>	<p>The City will review its record keeping system to ensure it is operating effectively.</p>	<p>August 2021</p>	<p>Requirements analysis for improved record-keeping system in progress. This will determine the viability of implementing a new solution using the City’s existing Microsoft Sharepoint environment. The analysis will consider design elements including:</p> <ul style="list-style-type: none"> • A user-friendly record-keeping environment. • Compliance with the Western Australian State Records Act and the General Disposal Authority for Local Government Records (2015001/1). • Configuration to reflect the Council’s organisational structure and business processes for greater automation and integration with the City’s internal and external services. <p>March 2022 Completed. Documented requirements gathering and analysis review is complete. This has included:</p> <ul style="list-style-type: none"> • Record-keeping retrievability, the use of sub-folders and usability • Information security classification • Duplication and version control <p>An initiative to move to an alternative record-keeping system is now in progress. System integration requirements with Authority, CRM and InfoCouncil have also been assessed; small proof-of-concepts are currently being developed to de-risk the broader change.</p>	<p>December 2021</p>

Office of the Auditor General – Financial Audit

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<p>EA:2020/12 (14) Access Levels within Authority (from CONFIDENTIAL) Office of the Auditor General – Financial Audit</p> <p>Finding Similar to our information systems audit findings titled Segregation of Duties and Authority User Review Process, we noted numerous users with access to modules within Authority which appear to not be required to undertake their role within the City.</p> <p>Specific modules which we reviewed were:</p> <ul style="list-style-type: none"> - Accounts payable (supplier masterfile, invoice entry and credit note entry) - Accounts receivable (debtor masterfile, invoice entry and credit note entry) - Assets (asset masterfile) - Payroll (employee maintenance masterfile) <p>In some instances the City does have mitigating controls in place, however these controls are generally of a manual and detective nature.</p> <p>Implication Excessive user access to the accounting package may allow minor staff to use the system inappropriately. For example, this access could be used to undermine the effectiveness of system controls (such as segregation of duties) and diminish accountability.</p> <p>Additionally, this weakness in financial controls is considered a material non-compliance and impacts on the audit opinion for the current year.</p> <p>Recommendation Management should conduct a thorough user access review in consultation with its IT support with a view to restricting user access to the required and appropriate level of authority or delegation.</p> <p>Risk Rating (prior to controls) Significant</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>			Completed	

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Office of the Auditor General Interim Audit for 2020/21			Complete	
<p>EA: 2021/08 (3) Access Levels within Authority (from CONFIDENTIAL) Office of the Auditor General Interim Audit for 2020/21</p> <p>Finding We noted numerous users with access to modules within Authority which appear to not be required to undertake their role within the City, identified as: - Accounts payable (supplier masterfile, invoice entry and credit note entry) - Accounts receivable (debtor masterfile, invoice entry and credit note entry) - Rates module (debtor masterfile, invoice entry and credit note entry)</p> <p>In some instances, the City does have mitigating controls in place, however these controls are generally of a manual and detective nature.</p> <p>We understand the project the City has commissioned with their IT vendor to resolve this issue is expected to be completed in August 2021.</p> <p>A similar finding was raised in the 2019-20 financial year and the following management comment was received:</p> <p>Risk Rating (prior to controls) Significant</p> <p>Management Response Responsible Officer: Executive Manager Information and Communication Technology</p>				

6 GENERAL BUSINESS

6.1 COVID Impact

Mr Mainifis queried if the COVID restrictions were having any impact on the budget?

Executive Director Community and Business Services advised that the two most volatile streams of income for the City are the parking fees and Beatty Park. Both areas are currently over the budgeted income.

6.2 Outcomes of the Audit Report

Cr Ioppolo queried if Administration would prepare a report to address issues raised in the last OAG audit report?

Administration advised that these items would be listed on the audit log.

7 NEXT MEETING

Tuesday 3 May 2022

1. Lease obligations for Leederville Oval
2. Review of the City's Audit Log
3. Review of the Corporate Risk Register
4. Fraud Update and Emerging Issues – Governance, Risk and Compliance (if applicable)
5. OAG Performance Audit and Other Audit / Best Practice Recommendations (if applicable)

Mr Conley Manifis advised that he may be an apology for this meeting.

8 CLOSURE

There being no further business, the meeting closed at 5.25pm

These Minutes were confirmed at the 3 May 2022 meeting of the Audit Committee as a true and accurate record of the Audit Committee meeting held on 16 March 2022.

Signed: Mr Conley Manifis

Dated