



**City of Belmont**  
**STANDING COMMITTEE (AUDIT AND RISK)**  
**MINUTES**  
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22 July 2019

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**ATTACHMENTS INDEX**

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**CONFIDENTIAL ATTACHMENTS INDEX**

**Confidential Attachment 1 – Item 10.2 refers**

**Confidential Attachment 2 – Item 10.2 refers**

**Confidential Attachment 3 – Item 11.1 refers**

**TABLED ATTACHMENTS INDEX**

**Tabled Attachment 1 – Item 10.1 refers**

**MINUTES OF THE STANDING COMMITTEE (AUDIT AND RISK) MEETING HELD IN THE RIVERVALE ROOM, CITY OF BELMONT CIVIC CENTRE, 215 WRIGHT STREET, CLOVERDALE ON MONDAY, 22 JULY 2019 COMMENCING AT 6.35PM.**

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**MINUTES**

**COMMITTEE MEMBERSHIP**

|  |                    |
|--|--------------------|
| Cr G Sekulla, <i>JP</i> (Presiding Member) | West Ward          |
| Cr M Bass (Deputy Presiding Member)        | East Ward          |
| Cr P Marks, Mayor (Ex-Officio)             | East Ward          |
| Cr J Davis                                 | South Ward         |
| Mr R Back                                  | Independent Member |

**IN ATTENDANCE**

|                        |   |
|------------------------|---|
| Mr J Christie          | Chief Executive Officer                     |
| Mr R Garrett           | Director Corporate and Governance           |
| Mr J Olynyk, <i>JP</i> | Manager Governance                          |
| Mr S Monks             | Manager Finance                             |
| Ms M Lymon             | Principal Governance and Compliance Advisor |
| Mr G Dally             | Coordinator Business Continuity and Risk    |
| Ms E Whiteley          | Compliance Administrator                    |
| Ms J Barnes            | Senior Governance Officer                   |

**OBSERVERS**

|  |           |
|--|-----------|
| Cr R Rossi, <i>JP</i> , Deputy Mayor ( <i>dep 7.35pm</i> ) | West Ward |
|--|-----------|

**GUESTS**

|                  |  |
|------------------|--|
| Ms R Venkatraman | Engagement Leader, Office of the Auditor General |
|------------------|--|

## **1. OFFICIAL OPENING**

**6.35pm** The Presiding Member welcomed all those in attendance and declared the meeting open.

The Presiding Member asked Cr Rossi to read the Acknowledgement of Country.

*Before I begin I would like to acknowledge the traditional owners of the land on which we are meeting today, the Noongar Whadjuk people, and pay respect to Elders past, present and future leaders.*

## **2. APOLOGIES AND LEAVE OF ABSENCE**

Nil.

## **3. DECLARATIONS OF INTEREST THAT MIGHT CAUSE A CONFLICT**

### **3.1 FINANCIAL INTERESTS**

Nil.

### **3.2 DISCLOSURE OF INTEREST THAT MAY AFFECT IMPARTIALITY**

Nil.

## **4. ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)**

### **4.1 ANNOUNCEMENTS**

Nil.

### **4.2 DECLARATIONS BY MEMBERS WHO HAVE NOT GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPERS PRESENTLY BEFORE THE MEETING**

Nil.

**5. CONFIRMATION OF MINUTES**

**5.1 STANDING COMMITTEE (AUDIT AND RISK) MEETING HELD 25 FEBRUARY 2019  
(Circulated under separate cover)**

**OFFICER RECOMMENDATION**

**DAVIS MOVED, MARKS SECONDED,**

*That the Minutes of the Standing Committee (Audit and Risk) Meeting held 25 February 2019 be confirmed as a true and accurate record.*

**CARRIED 5 VOTES TO 0**

**6. QUESTIONS BY MEMBERS ON WHICH DUE NOTICE HAS BEEN GIVEN  
(WITHOUT DISCUSSION)**

Nil.

**7. NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE PERSON  
PRESIDING OR BY DISCUSSION**

Nil.

**8. QUESTION BY MEMBERS WITHOUT NOTICE**

Nil.

**9. BUSINESS ADJOURNED FROM A PREVIOUS MEETING**

Nil.

## 10. INFORMATION ITEMS

### 10.1 BUSINESS CONTINUITY AND RISK

#### ATTACHMENT DETAILS

| <u>Attachment No</u>                   | <u>Details</u>  |
|--|---|
| Tabled Attachment 1 – Item 10.1 refers | <a href="#"><u>Insurance Portfolio 2019-2020, Business Continuity and Risk Presentation</u></a> |

The Office of the Auditor General (OAG) undertook an Interim Audit for the year ending 30 June 2019 which resulted in a number of findings. These findings were communicated by the OAG to the City on 13 June 2019. One of the findings was relevant to the Standing Committee (Audit and Risk) and its oversight of the Risk Register.

The OAG recommended that the City should consider providing a regular report to the Committee on the status of the Risk Register and associated actions. As such the presentation to the Committee was modified to address this matter.

Officers provided the Committee with a presentation on Insurance and Risk and Business Continuity functions, including:

- 2019-2020 insurance renewals
- Risk management documentation
- The City's risk registers and risk mitigation activity
- Business Continuity functions and exercise/testing of plans.

The Insurance Portfolio 2019-2020, Business Continuity and Risk Presentation included the following:

- Summary of Insurance Renewal Costs 2019-2020
- Comparison of Insurance Renewal Costs 2018-2019 to 2019-2020
- Motor Vehicle Insurance 2012-2013 to 2019-2020
- Property Insurance 2012-2013 to 2019-2020
- Public Liability Insurance 2012-2013 to 2019-2020
- Workers Compensation Insurance 2012-2013 to 2019-2020
- Total Insurance 2012-2013 to 2019-2020
- Risk Management
  - Heat Map
  - Control Efficacy
  - Top 10 Risks
  - Emerging Risks
  - Risk Distribution by Division
  - LGIS Integrated Service Plan – BCP Testing

(Refer [Tabled Attachment 1](#) for further information).

A series of questions were asked and responded to as follows:

- The value of the financial impact is a component used to determine the risk rating.
- Perth Airport is on Commonwealth land and the City does not have the constitutional authority to tax Crown land.

*Item 10.1 continued*

- The Lease of Commonwealth land to Perth Airport has a total term of 99 years and requires a rate equivalent payment to the Local Government for certain land.
- When planting trees, the City takes everything into consideration, e.g. width of pathway, type of tree suitable for the space, etc. and have looked at plant cell technology. Zoning for trees is now also completed at the design stage of a road/area.
- The City is investigating ways to address issues with the trees in the centre of Wright Street without having to remove all the trees.

## 10.2 PROCESS REVIEW – PROCUREMENT FUNCTION

### BUSINESS EXCELLENCE BELMONT

#### ATTACHMENT DETAILS

| <u>Attachment No</u>                         | <u>Details</u>   |
|--|--|
| Confidential Attachment 1 – Item 10.2 refers | <a href="#">Moore Stephens Report – Process Review – Procurement Function November 2018</a>          |
| Confidential Attachment 2 – Item 10.2 refers | <a href="#">Executive Leadership Team Approval - 2019 Procurement Review – Moore Stephens Report</a> |

#### PURPOSE OF REPORT

To provide the Standing Committee (Audit and Risk) with the Moore Stephens Report on the process review carried out on the procurement function at the City and acknowledge the recommended actions from the review.

#### SUMMARY AND KEY ISSUES

Following some errors in the organisation’s tender process on two tenders in late 2017 and early 2018, the Chief Executive Officer required an external review of the City’s overall procurement process to be undertaken by an independent reviewer. This report provides the Standing Committee (Audit and Risk) with a copy of the Process Review Report ([Confidential Attachment 1](#)) and the actions as agreed by the Executive Leadership Team (ELT) to make improvements to the Procurement Function.

#### LOCATION

Not applicable.

#### CONSULTATION

There has been no specific consultation undertaken in respect to this matter.

#### STRATEGIC COMMUNITY PLAN IMPLICATIONS

In accordance with the Strategic Community Plan Key Result Area: Business Excellence Belmont

**Objective:** Maximise organisational effectiveness and reputation as an organisation, employer and a community.

**Strategy:** Ensure that the organisation’s capacity and capability meets strategic, customer and operational needs.



*Item 10.2 Continued*

### **POLICY IMPLICATIONS**

There are no policy implications associated with this report.

### **STATUTORY ENVIRONMENT**

There are no specific statutory requirements in respect to this matter.

### **BACKGROUND**

At the end of August 2018 the City called for quotations for an external review of the City's procurement function. Three responses were received and an evaluation process considered both proposed methodology and price with Moore Stephens selected to undertake the review.

In order to ensure separation of responsibilities, the Chief Executive Officer undertook the role of project manager for the review, with all communication and preliminaries other than the actual audit process directed through that office.

The review commenced in early November 2018, and the first draft report was received for consideration in February 2019, the final report was received in April 2019 and is attached at [Confidential Attachment 1](#).

A prior review was conducted on behalf of the City in 2016-2017 by Blue Zoo which considered the City's procurement and contract management practices.

### **OFFICER COMMENT**

There are similarities in some areas of the audit carried out by Blue Zoo and the review by Moore Stephens. The Moore Stephens report tends to focus in more detail on operational aspects of the City's procurement function as required by the scope of the audit.

As part of the process review, a representative from Moore Stephens attended the City to conduct interviews with City Officers across various business units and analysed City documentation and data to gain an understanding of the current processes and practices.

The report contains observations and recommendations provided by Moore Stephens and management actions that have been considered and endorsed by ELT. A copy of the ELT approval is attached ([Confidential Attachment 2](#)).

The progress and implementation of the agreed actions will be carried out through the Business Improvement Team.

### **FINANCIAL IMPLICATIONS**

There are no financial implications evident at this time.

*Item 10.2 Continued*

### **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications associated with this report.

### **SOCIAL IMPLICATIONS**

There are no social implications associated with this report.

### **COMMITTEE NOTES**

A series of questions were asked and responded to as follows:

- The City instigated the review of its procurement processes, including contracts and tenders. The review has given the City a number of opportunities for improvement, some of which have already been implemented.
- The CEO will update Councillors on the organisational structure changes that have been made at his interim performance review in August.
- The City determined that additional staff were not required at this time. However, should a need be identified in the future, it will be considered at that time.
- The recommendations are mainly with regard to controls and checks to ensure errors are not made.

### **OFFICER RECOMMENDATION**

#### **MARKS MOVED, BASS SECONDED**

***That the Standing Committee (Audit and Risk) receive the Process Review – Procurement Function report by Moore Stephens ([Confidential Attachment 1](#)) and acknowledge the agreed management actions as set out within the report.***

**CARRIED 5 VOTES TO 0**

## 11. ITEMS REQUIRING RECOMMENDATION TO COUNCIL

### 11.1 INTERIM FINANCIAL AUDIT REPORT

#### BUSINESS EXCELLENCE BELMONT

##### ATTACHMENT DETAILS

| <u>Attachment No</u>                          | <u>Details</u>  |
|---|---|
| Confidential Attachments 3 – Item 11.1 refers | <a href="#">Office of the Auditor General - Interim Audit Results Report for Year Ending 30 June 2019</a> |

|                            |   |                          |
|----------------------------|---|--------------------------|
| Voting Requirement         | : | Simple Majority          |
| Subject Index              | : | 19/001                   |
| Location/Property Index    | : | N/A                      |
| Application Index          | : | N/A                      |
| Disclosure of any Interest | : | Nil                      |
| Previous Items             | : | N/A                      |
| Applicant                  | : | N/A                      |
| Owner                      | : | N/A                      |
| Responsible Division       | : | Corporate and Governance |

##### COUNCIL ROLE

- Advocacy** *When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
- Executive** *The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
- Legislative** *Includes adopting local laws, local planning schemes and policies.*
- Review** *When Council reviews decisions made by Officers.*
- Quasi-Judicial** *When Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include local planning applications, building licences, applications for other permits / licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

##### PURPOSE OF REPORT

This report provides Council feedback from the City's auditors as a result of their interim audit conducted in March 2019.

##### SUMMARY AND KEY ISSUES

The interim audit is a key factor in the audit of the Annual Financial Report as explained in the Audit Planning Summary Report that was presented during the February meeting.

Results of the interim audit can be found in [Confidential Attachment 3](#).

*Item 11.1 Continued*

### **LOCATION**

Not applicable.

### **CONSULTATION**

There has been no specific consultation undertaken in respect to this matter.

### **STRATEGIC COMMUNITY PLAN IMPLICATIONS**

In accordance with the Strategic Plan Key Result Area: Business Excellence Belmont.

**Objective:** Achieve excellence in the management and operation of the local government.

**Strategy:** Ensure Council is engaged at a strategic level to enable effective decision making

### **POLICY IMPLICATIONS**

There are no policy implications associated with this report.

### **STATUTORY ENVIRONMENT**

Section 7.2 of the *Local Government Act 1995* requires that “the accounts and Annual Financial Report of a local government for each financial year are audited by an auditor appointed by the local government.”

Section 7.3 of the *Local Government Act 1995* only allows for the appointment of an auditor by the local government if the appointment occurs by the commencement date being the day on which the *Local Government Amendment (Auditing) Act 2018* section 10 came into operation.

As the City had not appointed an auditor by the commencement date the Office of the Auditor General (OAG) is the City’s auditor.

### **BACKGROUND**

During March 2019, OAG undertook an interim audit for the purposes of assessing the internal controls and compliance aspects of the City’s operations. This provides the auditors with an indication of the extent to which they can rely on the City’s systems and controls in determining the accuracy of the City’s Annual Financial Report as at 30 June of the year in question.

Item 11.1 Continued

### **OFFICER COMMENT**

The Interim Audit Management Letter from the OAG ([Confidential Attachment 3](#) refers) details items found during the audit including a Management response to each item. The table below summarises the items found.

| INDEX OF FINDINGS   | RATING      |          |       |
|---|-------------|----------|-------|
|   | Significant | Moderate | Minor |
| <b>Current year findings</b>                                    |             |          |       |
| 1. Changes to employee master file                              | ✓           |          |       |
| 2. Stocktake of non-current assets not undertaken               | ✓           |          |       |
| 3. Standing Committee (Audit & Risk) oversight of risk register |             | ✓        |       |
| 4. Internal audit function                                      |             | ✓        |       |
| 5. Delegation limits for purchase order approval                |             | ✓        |       |
| 6. Verification of manual signatures                            |             | ✓        |       |
| 7. Review of monthly reconciliations                            |             | ✓        |       |
| 8. Credit card self-approval                                    |             | ✓        |       |
| 9. Credit note approval   |             | ✓        |       |
| 10. Journals not independently approved                         |             | ✓        |       |

### **FINANCIAL IMPLICATIONS**

There are no financial implications evident at this time.

### **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications associated with this report.

### **SOCIAL IMPLICATIONS**

There are no social implications associated with this report.

### **COMMITTEE NOTES**

Ms R Venkatraman from the Office of the Auditor General thanked the Manager Finance and his team for their help during the interim audit undertaken in March. Ms Venkatraman stated the Audit went smoothly and that a further audit on the City's IT controls has also recently taken place and a letter has been sent to Management outlining the outcomes.

A series of questions were asked and responded to as follows:

- With regard to the Risk Register, more information will be forthcoming on what information will be brought to the Standing Committee (Audit & Risk) and how often.
- The Independent Member made the following suggestions with regard to the Risk Register:-
  - Strategic and Emerging Risks should be included.
  - Council should identify some of its organisational risk.
  - A one page document, perhaps quarterly or half yearly, unless there is a substantial change.

The Coordinator Business Continuity and Risk advised these suggestions would be taken into consideration when preparing the Risk Register Report.

*Item 11.1 Continued*

**OFFICER RECOMMENDATION**

**DAVIS MOVED, MARKS SECONDED,**

***That Council note the results of the 2018-2019 Interim Audit Report as detailed in [Confidential Attachment 3](#).***

**CARRIED 5 VOTES TO 0**

**11.2 OPERATIONAL COMPARISON – WESTERN AUSTRALIAN AUDITOR GENERAL’S REPORT –  
RECORDS MANAGEMENT IN LOCAL GOVERNMENT**

**BUSINESS EXCELLENCE BELMONT**

**ATTACHMENT DETAILS**

| <b><u>Attachment No</u></b>     | <b><u>Details</u></b>  |
|---------------------------------|--|
| Attachment 1 – Item 11.2 refers | <a href="#"><u>Western Australian Auditor General’s Report -<br/>Records Management in Local Government<br/>Report 17 - April 2019</u></a> |

|                            |   |                                       |
|----------------------------|---|---------------------------------------|
| Voting Requirement         | : | Simple Majority                       |
| Subject Index              | : | 32/001 Operational/Strategic Planning |
| Location/Property Index    | : | N/A                                   |
| Application Index          | : | N/A                                   |
| Disclosure of any Interest | : | N/A                                   |
| Previous Items             | : | N/A                                   |
| Applicant                  | : | N/A                                   |
| Owner                      | : | N/A                                   |
| Responsible Division       | : | Corporate and Governance              |

**COUNCIL ROLE**

- Advocacy** *When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
- Executive** *The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
- Legislative** *Includes adopting local laws, local planning schemes and policies.*
- Review** *When Council reviews decisions made by Officers.*
- Quasi-Judicial** *When Council determines an application/matter that directly affect a person’s right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include local planning applications, building licences, applications for other permits/licences (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

**PURPOSE OF REPORT**

This report presents an assessment of the City’s operations in comparison with findings from the recent Auditor General’s *Report 17: Records Management in Local Government* (refer [Attachment 1](#)).

The report seeks the Committee’s recommendation to Council to receive the Auditor General’s *Report 17: Records Management in Local Government*.

The outcomes of this comparison are used to provide for further strategic planning and operational improvements.

*Item 11.2 Continued*

## **SUMMARY AND KEY ISSUES**

The operational comparison has highlighted some opportunities for improvement within the recordkeeping practices at the City. The City has detailed policies and procedures relating to record keeping however in some instances the application of these policies requires some improvement. Human factors appear to be the main issue, with officers not always adhering to organisational expectations for management of records.

The City of Belmont is subject to a separate audit by the Office of the Auditor General relating to the City's Information Systems. The scope of that audit includes system security and digital records protection. The Standing Committee (Audit and Risk) was advised of this focus audit at the 25 February 2019 meeting by representatives from the Auditor General's Office. On receipt of the findings from the Information Systems focus audit, a report will be provided to the Standing Committee.

## **LOCATION**

Not applicable.

## **CONSULTATION**

Consultation has been undertaken with the Executive Manager People and Organisational Development, Coordinator Business Applications, Coordinator Contracts and Tenders, Coordinator Records, Manager Marketing and Communications and Manager Information Technology throughout the audit process to sample and evidence information on the City's current practices.

## **STRATEGIC COMMUNITY PLAN IMPLICATIONS**

In accordance with the Strategic Community Plan Key Result Area: Business Excellence Belmont

**Objective:** Achieve excellence in the management and operation of the local government.

**Strategy:** Ensure decision making is supported by effective information and knowledge management.

## **POLICY IMPLICATIONS**

There are Council Policies in place that define the requirements for record keeping at the City as follows:

|          |  |
|----------|--|
| BEXB29   | Organisational Record Keeping                |
| BEXB29.1 | Roles and Responsibilities - Elected Members |
| BEXB29.2 | Roles and Responsibilities - Employees       |
| BEXB44   | Elected Members Communication                |

There are no policy implications associated with this report.



*Item 11.2 Continued*

## **STATUTORY ENVIRONMENT**

The key elements of this comparison report are governed by the following legislation:

The *Local Government Act 1995* –

### **'s.5.41 Functions of the CEO**

*The CEO's functions are to –*

- i) advise the council in relation to the functions of a local government under this Act and other written laws; and*
- ii) ensure that advice and information is available to the council so that informed decisions can be made; and*
- iii) cause council decisions to be implemented; and*
- iv) manage the day to day operations of the local government; and*
- v) liaise with the mayor or president on the local government's affairs and the performance of the local government's functions; and*
- vi) speak on behalf of the local government if the mayor or president agrees; and*
- vii) be responsible for the employment, management supervision, direction and dismissal of other employees (subject to section 5.37(2) in relation to senior employees); and*
- viii) ensure that records and documents of the local government are properly kept for the purposes of this Act and any other written law; and*
- ix) perform any other function specified or delegated by the local government or imposed under this Act or any other written law as a function to be performed by the CEO.*

### **s.6.5. Accounts and records**

*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 this Act or another written law.'*

### **State Records Act 2000**

#### **'s.19. Government organizations to have plans**

*Every government organization must have a record keeping plan that has been approved by the Commission under section 23.*

#### **s.78. Offences**

- (1) A government organization employee who does not keep a government record in accordance with the record keeping plan of the organization, commits an offence.' Penalty: \$10 000.*

*Item 11.2 Continued*

## **BACKGROUND**

To stay abreast of industry best practices, it has been standard protocol for the City to conduct internal audits and comparison reports in response to inquiries or audits that may be relevant to the organisation. The reports have been issued by the Department of Local Government, Sport and Cultural Industries, the Corruption and Crime Commission, Public Sector Commission and the Western Australian Auditor General.

Four local governments were recently the subject of an audit by the Office of the Auditor General (OAG). The findings from the audit are outlined within the Western Australian Auditor General's Report – Records Management in Local Government which was published in April 2019 ([Attachment 1](#)).

## **OFFICER COMMENT**

This comparison report represents an assessment of the recordkeeping practices at the City of Belmont against the findings from the recent audits conducted by the OAG as outlined in its report.

The methodology used to determine the City's rating against the findings raised was through completion of a questionnaire by relevant officers based on the OAG report. Verification of the information provided was then carried out by Compliance officers in addition to verification of the documented policies and procedures undertaken by the City.

The questions posed were in line with the findings of the report focusing on:

1. Compliance with the required Recordkeeping Plan and adequate supporting policies and procedures
2. Implementation of the Recordkeeping Plan
3. Important records are not properly managed
4. Protection of records.

For ease of comparison the items have been separated as per the OAG report.

The Officers believe that the responses presented are an accurate indication of the City's current practices.

The City of Belmont responses and assessment scores have been compiled as a result of the internal audit, reflecting consideration of the findings of the Auditor General's report.

While it is recommended that priority be given to areas scoring below 4, it is considered equally important to consider all matters contained within the report and also address those scoring a 5 to scope for potential opportunities for improvement and prevent complacency.

| <b>Score</b> | <b>Assessment Criterion</b>  |
|--------------|--|
| <b>5</b>     | Fully complies with OAG expectations                                   |
| <b>4</b>     | Mostly complies with OAG expectations – good process in place          |
| <b>3</b>     | Partially complies with OAG expectations – reasonable process in place |
| <b>2</b>     | Some compliance with OAG expectations – requires review of process     |
| <b>1</b>     | Does not comply with OAG expectations                                  |

Item 11.2 Continued

## 1 Issues arising from the OAG Report






The City of Belmont's current practices were audited against the matters raised by the OAG as outlined below.


### 1.1. Recordkeeping plans are approved but lack supporting policies and procedures.

The OAG found that all local governments had approved Recordkeeping Plans (RKPs) however the four local governments that were subject to the audit did not have adequate policies to support the RKPs. The OAG expected to see policies and procedures that clearly set out the roles and responsibilities for officers, and cover all aspects of an organisation's business operations. The management of social media and digital records are also expected to be appropriately addressed.

The City currently has a Recordkeeping Plan which was approved by the State Records Commission in 2016 and is due for review by August 2021. Although the Plan itself has not been amended the policies, process maps, guidelines and work instructions that support the plan are updated regularly.

The following areas were looked at by the OAG and are the basis of the comparison.

|   |  |
|---|--|
|   | <p><b>The Management of Sensitive Records</b><br/><b>Comment:</b> The City has a procedure for the classification of a sensitive record within the <i>Records Services Instruction Manual</i> for records officers. Other City officers are provided with information during training.</p>   |
|  | <p><b>Management of Vital Records</b><br/><b>Comment:</b> The City's procedures and guidelines for the management of Vital Records are contained in the Work Instruction – Vital Records; Business Continuity and Disaster Management Plans.</p>   |
|  | <p><b>Social Media</b><br/><b>Comment:</b> The City has guidelines <i>Use of the City's Social Media Policy and Procedures</i> together with <i>Manage Social Media – Facebook; Manage Social Media – Twitter</i> and two supporting Work Instructions pertaining to Facebook and Twitter approval processes and record keeping.</p>   |
|  | <p><b>Business Area roles and responsibilities</b><br/><b>Comment:</b> The approved RKP was developed using the template provided by the State Records Office. The associated Record Keeping Guidelines cover the roles and responsibilities for business areas. These are further captured in the relevant process maps and work instructions. It is also covered in tailored training for responsible areas.</p> |
|  | <p><b>Digitisation of Records</b><br/><b>Comment:</b> The City has a number of procedures that relate to the electronic capture of records and the provision of services to enable the electronic lodgement and submission of documents, at this time the City does not have a policy for the digitisation of records. All Vital Records are captured digitally.</p>   |

**Overall Assessment** 

Item 11.2 Continued

## 1.2 Implementation of Recordkeeping Plans is poor.


The OAG found that the local governments audited did not implement their RKP's effectively in relation to:

- The provision of training for new and existing staff
- The management of staff records management practices
- Disposal of records – physical and digital.

These areas have been used for comparison.

|   |   |
|---|---|
| 5 | <p><b>Training</b><br/><b>Comment:</b> Records management training is provided to all new employees as part of the induction process. Training is also provided to all new users for business systems that are outside of the main system e.g. Pathway, Finance One, and Library Systems. Training is tailored to suit the individual business area with refresher training available to all officers at any time, training for changes to the process or system are also provided as required. All staff are made aware of the training through regular Team Brief Items and emails.</p>   |
| 3 | <p><b>Monitoring of Staff Records Management Practices</b><br/><b>Comment:</b><br/>Structured monitoring of City Officers records management practices are currently being developed with the intention to improve the quality of record registration. Reviews of task management are undertaken monthly and reported through to the Operational Leadership Team (OLT). Task management is also reported on Bi-Monthly and reported through to Divisional Managers. Management of City Officers record registration is also carried out Bi-Monthly and reported through to Divisional Managers to follow-up with their teams. Physical records registered in the City's Electronic Document and Records Management System (ECM) and given a physical location are monitored and reported on by records officers through box auditing reports, formal process to be developed.</p> <p>In the course of the audit it was found that there are deficiencies in the record keeping practices of some officers. Human factors will always influence practices and although the City has detailed guidelines and procedures for the management of records, the review found that the implementation of these procedures is not being consistently carried out by all officers.</p> <p>A particular weakness was identified through the audit that the registration of records associated with social media postings and approvals is inconsistent.</p> <p>Some confidential records are not available for review as part of this comparison report and therefore cannot be assessed for compliance with the Recordkeeping Plan. The information systems audit currently being carried out at the City by the OAG may outline any deficiencies in these areas.</p> |

Item 11.2 Continued

|   |  |
|---|--|
|  | <p><b>Disposal of Records</b><br/> <b>Comment:</b> The City’s disposal of physical records is managed through a well-documented Annual Disposal Program which is supported by processes and procedures.</p> <p>At present digital and physical records within ECM are given the appropriate disposal action in accordance with the General Disposal Authority for Local Government Records at the time point of registration. The City is not currently destroying digital records from ECM as the retention and destruction module is not fully functional. The provider of ECM is rewriting the retention and destruction module which is due to be deployed in the 2019B release at the end of 2019. When this is available the City will upgrade to 2019B and implement the retention and destruction module.</p> <p>Other core business systems used by the City such as Finance One, Pathway, Open Windows and My Aurion do not have disposal parameters set as they are not records management systems.</p> |
|---|--|

**Overall Assessment** 3

**1.3 Important records are not properly managed.**

The Auditor General identified in its report that the local governments audited store records outside systems that were listed in their approved Recordkeeping Plan. It was also found that business systems were being used as records management systems without having proper records management functionality or the ability to link to the records management system. A number of records were being stored on network drives outside the system.

The City of Belmont has a number of business systems in which records are being stored. Not all business systems are listed in the current Recordkeeping Plan, with newer systems such as Open Windows installed after the approval of the Recordkeeping Plan. These systems will be included in the next review of the Recordkeeping Plan.

Of the City’s core business systems Pathway has its core functionality integrated with ECM. The City’s intranet (BelNet) provides a view of ECM documents and has some ECM functionality. All other business systems have no integration with ECM and officers must extract and save information into ECM.

There is full integration with Microsoft Office which enables emails, word documents and excel documents to be registered directly into ECM. Emails and other records are also stored on network drives or email servers. Records may not be recorded in ECM in a timely or proper manner eg: attachments missing from emails or in some cases not recorded at all.

Emails are archived in Archive Manager for a period of two years then destroyed in accordance with the implemented process.

The OAG is currently undertaking an audit involving the business systems of the City and their report may contain further recommendations.

All vital records are currently managed well and in accordance with the relevant process. An assessment of the factors identified has resulted in a score of three being applied.

**Overall Assessment** 3

*Item 11.2 Continued*

#### **1.4 Protection of records is mixed.**

Physical records are well protected with restricted access to officers both onsite and at the external archive site. Digital records are also well protected within ECM security and access functionality and IT backup procedures. The City has a Records Disaster Recovery Plan, an IT Disaster Recovery Plan and IT Security Policy 2017.

The OAG is currently conducting an in-depth audit of the City's information systems and processes. The OAG's audit scope includes the protection of digital records and will be covered in a separate report when available.

|                           |          |
|---------------------------|----------|
| <b>Overall Assessment</b> | <b>4</b> |
|---------------------------|----------|

## **2 Conclusion**

The comparison report findings have found that the City has a number of policies, guidelines and procedures relating to management of records as per the approved Recordkeeping Plan (1.1). The City's processes for the protection of both physical and digital records (1.4) are also well established. These areas mostly comply with the expectations outlined within the OAG report.

| <b>Score</b> | <b>Number Assessed at</b> |
|--------------|---------------------------|
| <b>5</b>     |                           |
| <b>4</b>     | <b>2</b>                  |
| <b>3</b>     | <b>2</b>                  |
| <b>2</b>     |                           |
| <b>1</b>     |                           |
| <b>Total</b> | <b>4</b>                  |

The registration of records is dependent on individual officers understanding the City's expectations and complying with the requirements of the Recordkeeping Plan. The City has well established training regimes for both new starters and existing officers however the comparison report has identified that there are opportunities for improvement which can be achieved through further training. The City already undertakes random auditing of record registration practices using ECM. Monitoring should be expanded to include physical records within all office locations and inclusion of standard record compliance based questions should be part of any internal audit process.

The storing of documents on business systems outside the approved records management system is also an area requiring improvement. A number of the City's systems do not have parameters set for the retention, disposal and archiving of records contained within those systems. There is also minimal interface with the approved records system in relation to the digital records. Further investigation is required to ensure that key City business systems are appropriately linked, including cloud based programs, and to ensure that records stored on key business systems are captured within ECM.

*Item 11.2 Continued*

It is proposed that the following actions be undertaken as opportunities for improvement:

1. Upgrade of the ECM system to the Ci-Anywhere 2019B version as soon as practicable
2. Develop and implement an online My Learning module for officers to reinforce the City's record keeping requirements and employee obligations
3. Include specific record management orientated questions as part of all internal audits
4. Box auditing process to be documented in a work instruction to capture the follow-up process for missing records
5. Structured monitoring of City Officers records management practices to be developed with the intention to improve the quality of record registration
6. Undertake a review of the Record Keeping Plan commencing January 2020, and following endorsement by the City, to be submitted to the State Records Commission by July 2021.

The above actions requiring further remediation will be undertaken by way of a System Improvement Request to be monitored by the Business Improvement Team.

**FINANCIAL IMPLICATIONS**

There are no financial implications evident at this time.

**ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications associated with this report.

**SOCIAL IMPLICATIONS**

There are no social implications associated with this report.

7.35pm Cr Rossi departed the meeting and did not return.

**OFFICER RECOMMENDATION**

**DAVIS MOVED, BASS SECONDED,**

***That the Standing Committee (Audit and Risk) recommend that Council receive the Western Australian Auditor General's Report – Records Management in Local Government ([Attachment 1](#)).***

**CARRIED 5 VOTES TO 0**

**12. NEXT MEETING**

The next meeting of the Standing Committee (Audit and Risk) will be 28 October 2019.

**13. CLOSURE**

**There being no further business the Presiding Member thanked everyone for their attendance and closed the meeting at 7.36 pm.**

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**MINUTES CONFIRMATION CERTIFICATION**

The undersigned certifies that these minutes of the Standing Committee (Audit and Risk) Meeting held 22 July 2019 were confirmed as a true and accurate record at the Standing Committee Meeting held 21 October 2019:

Signed by the Person Presiding: \_\_\_\_\_

PRINT name of the Person Presiding: **JENNY DAVIS**