



Minutes of Audit and Risk Committee Meeting

Held on

Monday 5 September 2022 at 5.30pm

Held at Council Chamber, 83 Mandurah Terrace, Mandurah

PRESENT:

COUNCILLOR	R BURNS	TOWN WARD
COUNCILLOR	J GREEN	COASTAL WARD
COUNCILLOR	C KNIGHT [Deputy Mayor]	NORTH WARD
COUNCILLOR	P ROGERS [Chairperson]	TOWN WARD
COUNCILLOR	A ZILANI	NORTH WARD
MAYOR	R WILLIAMS	
COUNCILLOR	D WILKINS	EAST WARD (Deputising for W Ticehurst - Independent Member)

ELECTED MEMBERS OBSERVING:

COUNCILLOR	A KEARNS	EAST WARD
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GUESTS:

MR	M NEWMAN	CHIEF EXECUTIVE OFFICER
MS	C MIHOVILOVICH	DIRECTOR BUSINESS SERVICES
MS	J THOMAS	DIRECTOR PLACE AND COMMUNITY
MR	J CAMPBELL-SLOAN	DIRECTOR STRATEGY AND ECONOMIC DEVELOPMENT
MRS	T JONES	EXECUTIVE MANAGER GOVERNANCE SERVICES
MRS	A DENBOER	ACTING MINUTE OFFICER

1. OPENING OF MEETING

The Chairperson declared the meeting open at 5.30pm.

2. APOLOGIES

Apologies

Mr W Ticehurst, Independent Member
Councillor D Pember (Deputy Member)

3. IMPORTANT NOTE

The purpose of this Committee Meeting is to discuss and make recommendations to Council about items appearing on the agenda and other matters for which the Committee is responsible. The Committee has no power to make any decisions which are binding on the Council or the City of Mandurah unless specific delegation of authority has been granted by Council.

No person should rely on or act on the basis of any advice or information provided by a Member or officer, or on the content of any discussion occurring, during the course of the meeting. The City of Mandurah expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any advice or information provided by a Member or officer, or the content of any discussion occurring, during the course of the Committee meeting.

4. RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil.

5. AMENDMENT TO STANDING ORDERS

Nil.

6. PUBLIC QUESTION TIME

Nil.

7. PRESENTATIONS

Nil.

8. DEPUTATIONS

Nil.

9. CONFIRMATION OF MINUTES

AR.1/9/22 CONFIRMATION OF MINUTES MONDAY 4 JULY 2022

MOTION

Moved: Councillor A Zilani

Seconded: Councillor J Green

That the Minutes of the Audit and Risk Committee meeting of Monday 4 July 2022 be confirmed.

CARRIED: 7/0

10. DECLARATIONS OF INTERESTS

Nil.

11. QUESTIONS FROM COMMITTEE MEMBERS

Questions of Which Due Notice Has Been Given

Nil.

Questions of Which Notice Has Not Been Given

Nil.

12. BUSINESS LEFT OVER FROM PREVIOUS MEETING

Nil.

13. REPORTS FROM OFFICERS

AR.2/9/22 CULTURE JOURNEY UPDATE 2022

Summary

In May 2022 a review of the City of Mandurah's (the City) organisational culture was conducted by the People and Culture Team. The purpose of this paper is to:

- Inform the Audit and Risk Committee of the 2022 results of the City's Organisational Culture survey and the priority areas identified from the outcomes.
- Update the Audit and Risk Committee on the actions taken to address the City's Culture priorities.
- Provide information on preparation for the 2023 Engagement survey.
- Meet our commitment to provide a six-monthly culture update to the Audit and Risk Committee.

Officer Recommendation

That the Audit and Risk Committee recommend that Council note the results of the 2022 Culture Survey.

Committee Recommendation

MOTION

Moved: Councillor J Green
Seconded: Councillor C Knight

That the Audit and Risk Committee recommend that Council note the results of the 2022 Culture Survey.

CARRIED: 7/0

14. REPORTS FROM AUDITORS

Nil.

15. LATE AND URGENT BUSINESS ITEMS

Nil.

16. CONFIDENTIAL ITEMS

AR.3/9/22 CLOSE DOORS

MOTION

Moved: Councillor C Knight
Seconded: Councillor A Zilani

That the meeting proceeds with closed doors at 5.57pm in accordance with Section 5.23(2)(a&e) of the *Local Government Act 1995*, to allow for the confidential discussion of an item.

CARRIED: 7/0

Members of the media, non-senior employees and persons in the gallery left the meeting at this point. The Minute Officer and Executive Manager of Governance Services remained with Senior Officers.

THE MEETING PROCEEDED WITH CLOSED DOORS AT 5.57PM

**AR.4/9/22 CONFIDENTIAL ITEM: OFFICE OF THE AUDITOR GENERAL –
INFORMATION SYSTEMS AUDIT (CONFIDENTIAL REPORT 1)**

Confidential discussion ensued regarding this issue.

Officer Recommendation

That the Audit and Risk Committee recommend that Council note the comparison of the status of the City's systems with the findings of the Auditor General's report on Information Systems Audit Report 2022 – Local Government Entities, as detailed in Confidential Attachment 1.1.

Committee Recommendation

MOTION

Moved: Councillor A Zilani
Seconded: Mayor R Williams

That the Audit and Risk Committee recommend that Council note the comparison of the status of the City's systems with the findings of the Auditor General's report on Information Systems Audit Report 2022 – Local Government Entities, as detailed in Confidential Attachment 1.1.

CARRIED: 7/0

**AR.5/9/22 CONFIDENTIAL ITEM: WORK HEALTH AND SAFETY (WHS) 2021-2022
ANNUAL REVIEW AUDIT (CONFIDENTIAL REPORT 2)**

Confidential discussion ensued regarding this issue.

Officer Recommendation

That the Audit & Risk Committee recommend that Council:

1. Notes the City's WHS performance for the 2021/22 financial year.
2. Notes the progress of implementation of the 3-Year Strategic WHS Plan as detailed in Confidential Attachment 2.1.
3. Notes the 3 Year WHS Corporate Strategic Plan on a Page July 2022 – June 2025 as detailed in Confidential Attachment 2.2

Committee Recommendation

MOTION

Moved: Mayor R Williams
Seconded: Councillor A Zilani

That the Audit & Risk Committee recommend that Council:

- 1. Notes the City's WHS performance for the 2021/22 financial year.**
- 2. Notes the progress of implementation of the 3-Year Strategic WHS Plan as detailed in Confidential Attachment 2.1.**
- 3. Notes the 3 Year WHS Corporate Strategic Plan on a Page July 2022 – June 2025 as detailed in Confidential Attachment 2.2.**

CARRIED: 7/0

AR.6/9/22 OPEN DOORS

MOTION

Moved: Councillor A Zilani

Seconded: Councillor J Green

That the meeting proceeds with open doors.

CARRIED: 7/0

THE MEETING PROCEEDED WITH OPEN DOORS AT 6.29PM

AR.7/9/22 ENDORSE RESOLUTIONS

MOTION

Moved: Councillor R Burns

Seconded: Councillor D Wilkins

That Council endorses the resolutions taken with closed doors.

CARRIED: 7/0

17. CLOSE OF MEETING

There being no further business, the Chairperson declared the meeting closed at 6.30pm.

CONFIRMED:[CHAIRMAN]

Attachments to Committee Minutes: Audit and Risk Agenda 5 September 2022

NOTICE OF MEETING

AUDIT AND RISK COMMITTEE

Members of the Audit and Risk Committee are advised that a meeting of the Committee will be held in the Council Chambers, 83 Mandurah Terrace Mandurah on

**Monday 5 September 2022
at 5.30pm**

CASEY MIHOVILOVICH

Acting Chief Executive Officer
1 September 2022

Committee Members:

Councillor P Rogers [Chairperson]	Mayor Williams
Councillor R Burns	Councillor J Green
Councillor A Zilani	Councillor C Knight [Deputy Mayor]
Mr W Ticehurst	

Deputies:

Councillor D Pember	Councillor A Kearns
Councillor D Wilkins	

AGENDA

1 OPENING OF MEETING

2 APOLOGIES

3 IMPORTANT NOTE

Members of the public are advised that the decisions of this Committee are referred to Council Meetings for consideration and cannot be implemented until approval by Council. Therefore, members of the public should not rely on any decisions of this Committee until Council has formally considered the resolutions agreed at this meeting.

4 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

5 AMENDMENT TO STANDING ORDERS

Modification to *Standing Orders Local Law 2016* - electronic attendance at meeting.

6 PUBLIC QUESTION TIME

Public Question Time provides an opportunity for members of the public to ask a question of Council. For more information regarding Public Question Time please visit the City's website mandurah.wa.gov.au or telephone 9550 3787.

7 PRESENTATIONS

8 DEPUTATIONS

Any person or group wishing to make a Deputation to the Committee meeting regarding a matter listed on this agenda for consideration must complete an application form. For more information regarding making a deputation please visit the City's website mandurah.wa.gov.au or telephone 9550 3787.

9 CONFIRMATION OF MINUTES 4 JULY 2022

Minutes available on the City's website via mandurah.wa.gov.au/council/council-meetings/agendas-and-minutes

10 DECLARATIONS OF INTERESTS**11 QUESTIONS FROM COMMITTEE MEMBERS**

- 11.1 Questions of Which Due Notice Has Been Given
- 11.2 Questions of Which Notice Has Not Been Given

12 BUSINESS LEFT OVER FROM PREVIOUS MEETING**13 REPORTS**

<i>No.</i>	<i>Item</i>	<i>Page No</i>	<i>Note</i>
1	Culture Journey Update 2022	3-8	Confidential Attachment Pages 1-2

14 REPORTS FROM AUDITORS**15 LATE AND URGENT BUSINESS ITEMS****16 CONFIDENTIAL ITEMS**

<i>No.</i>	<i>Item</i>	<i>Page No</i>	<i>Note</i>
1	OAG General – Information Systems Audit	3-12	
2	WHS 2021-2022 Annual Review	13-27	

17 CLOSE OF MEETING

1	SUBJECT:	Culture Journey Update 2022
	DIRECTOR:	Strategy and Economic Development
	MEETING:	Audit and Risk Committee
	MEETING DATE:	5 September 2022

Summary

In May 2022 a review of the City of Mandurah's (the City) organisational culture was conducted by the People and Culture Team. The purpose of this paper is to:

- Inform the Audit and Risk Committee of the 2022 results of the City's Organisational Culture survey and the priority areas identified from the outcomes.
- Update the Audit and Risk Committee on the actions taken to address the City's Culture priorities.
- Provide information on preparation for the 2023 Engagement survey.
- Meet our commitment to provide a six-monthly culture update to the Audit and Risk Committee.

Disclosure of Interest

Nil

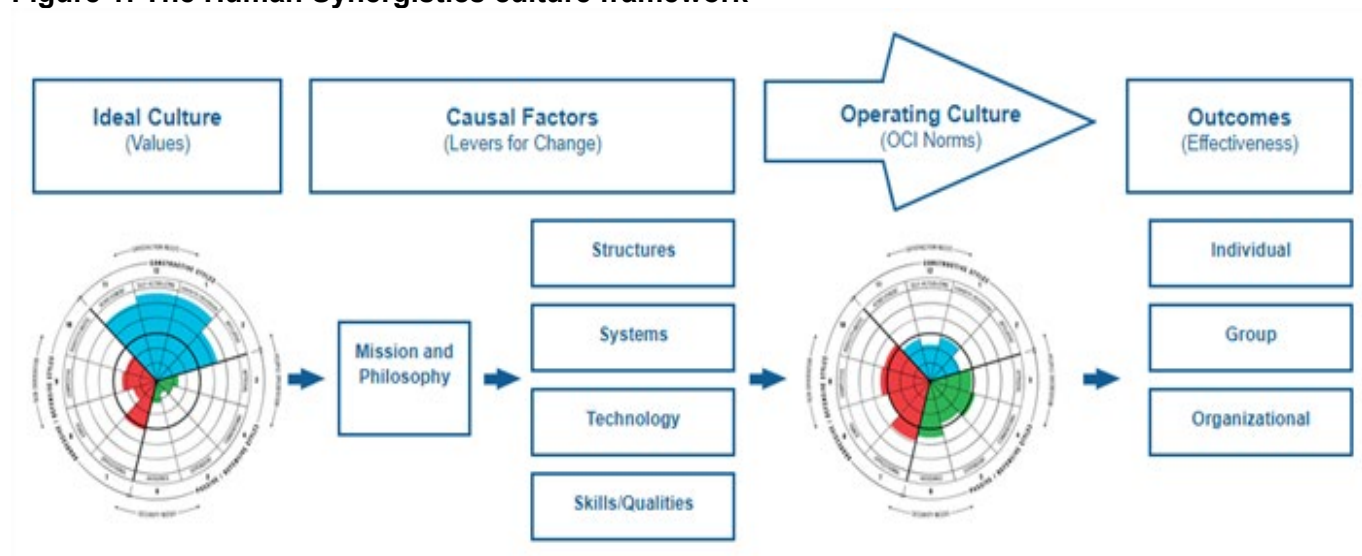
Previous Relevant Documentation

- AR.4/6/21 June 2021 Culture Review 2021
- AR.3/12/21 December 2021 Culture Review 2021 Update

Background

The City's culture journey commenced in 2005 when the CEO made a commitment to improve the workplace culture and ensure the City was a great place to work. The City uses the Human Synergistics framework for Organisational Culture Inventory and Organisational Culture Effectiveness, as well as for leadership coaching and development. An overview of this framework is set out in figure 1:

Figure 1: The Human Synergistics culture framework

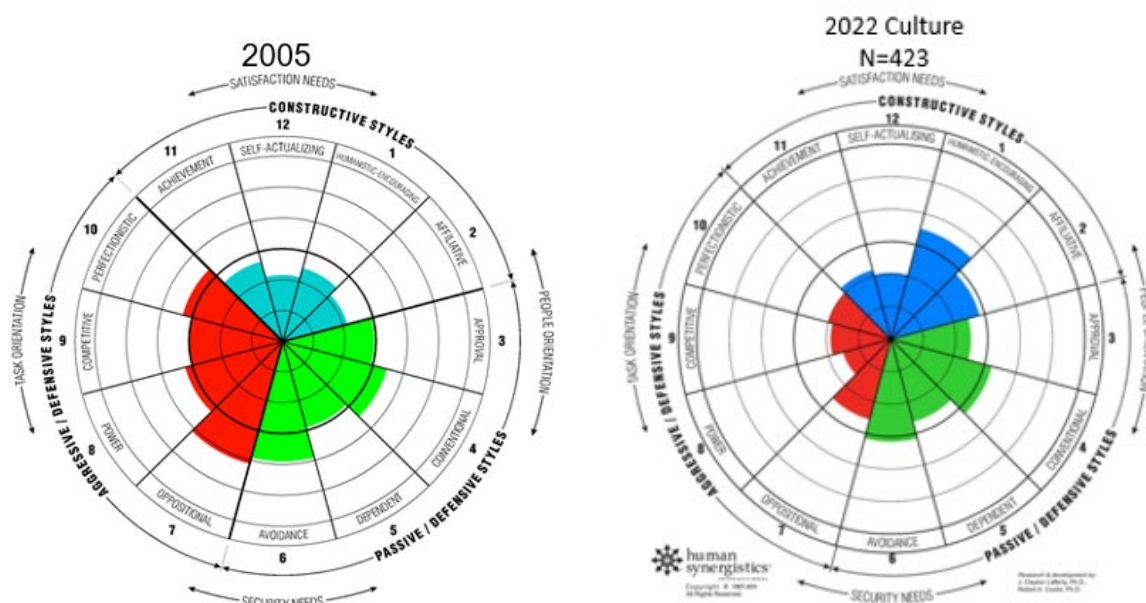


As previously reported, results to date have been:

- Significant improvement with respect to two of the four constructive styles, namely Affiliative and Humanistic Encouraging. This was externally recognised when the City received the Human Synergistics Culture Transformation Award in 2007 and the Human Synergistics Sustainability Award in both 2009 and 2012.
- The City has seen inconsistent results for the remaining two constructive styles: Achievement and Self-Actualising. The goal remains to continue to improve these styles for the next Culture Survey currently scheduled for mid-2024.

The Culture Survey results are represented by a circumplex which measures constructive blue results, aggressive defensive red results and passive defensive green results. A highly constructive culture is represented as predominantly blue with aggressive and passive results ideally below the median. Figure 2 shows the journey from 2005 to 2022.

Figure 2: The City of Mandurah circumplex



As noted in the December 2021 report the City's actions in relation to culture and engagement were:

- A review of the culture framework;
- Reward and recognition;
- Career progression;
- Training; and
- Leadership.

The December report also referred to the Employee Engagement survey results from July 2021. It was noted in December 2021 that the overall engagement and employee experience results had dropped to 76% compared to 84% overall engagement score of 2019.

Comment

The City launched the 2022 Culture Survey on 16 May 2022 and the survey remained open for 3 weeks. A total of 423 responses were received, representing 64% of the City's employees. Of the 64%, 22% selected "prefer not to respond" in relation to the demographic questions. Response rates by Directorate were as follows in Figure 3.

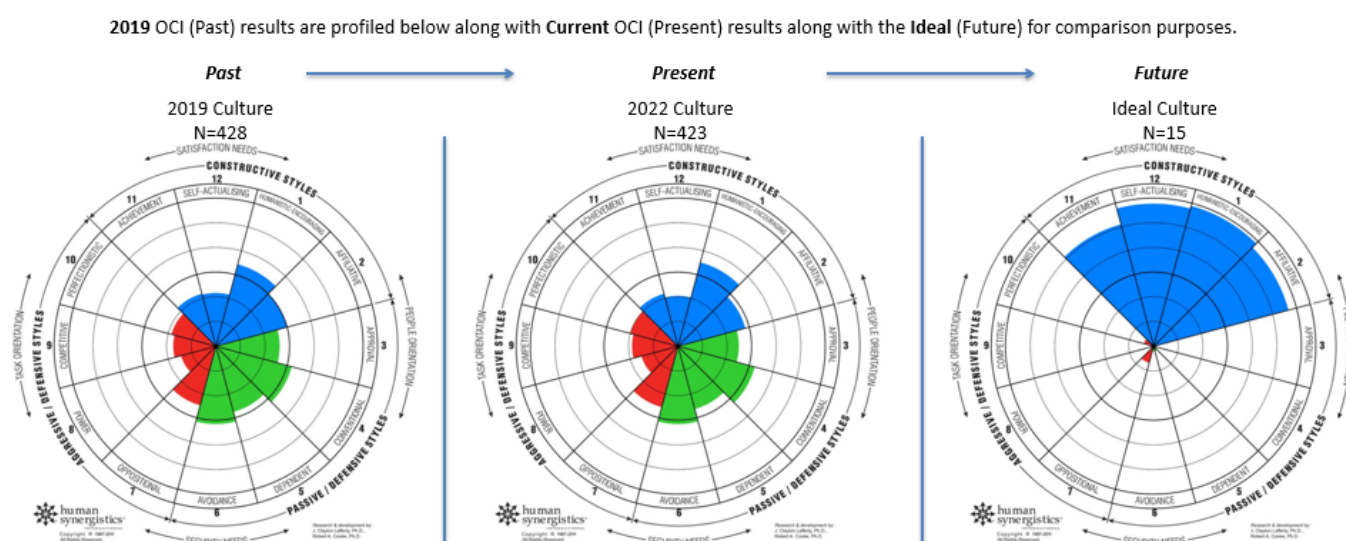
Figure 3: Culture survey response rates by directorate

Built & Natural Environment	45%
Business Services	66%
Place & Community	42%
Strategy & Economic Development	72%

The variation in response rates reflects a number of factors. These include the higher proportion of casuals and part-time workers in the Place and Community directorate, and limited opportunities to complete the online survey for the outdoor workforce. These factors notwithstanding, reasons for low response rates are being actively explored across the organisation during the debrief sessions to identify areas and causes of potential disengagement.

The outcome of the Culture survey remained very similar to the outcome in 2019. Human Synergistics advised the City that this is a positive outcome; many organisations re-testing in a post-COVID environment are seeing an overall regression of the constructive styles. The progress from 2019 to 2022 is shown in Figure 4.

Figure 4. City of Mandurah Culture Circumplex



As identified above, the pattern of the circumplex for 2022 is extremely similar to that in 2019, but with quite significant differences to the idealised culture of the organisation (computed from a random sample of 15 respondents to the survey). The overall focus is on our people and it is positive to see the passive / aggressive styles either below or almost below the 50th percentile indicator. The circumplexes for different tiers of the organisation are set out in appendix A.

Survey responses also provide insight to the causal factors behind the City of Mandurah's culture scores. An overview of these is set out in Figure 5, which shows the percentage difference between the City of Mandurah's scores and the average for other organisations completing the Human Synergistics Survey.

Figure 5: Cultural causal factors

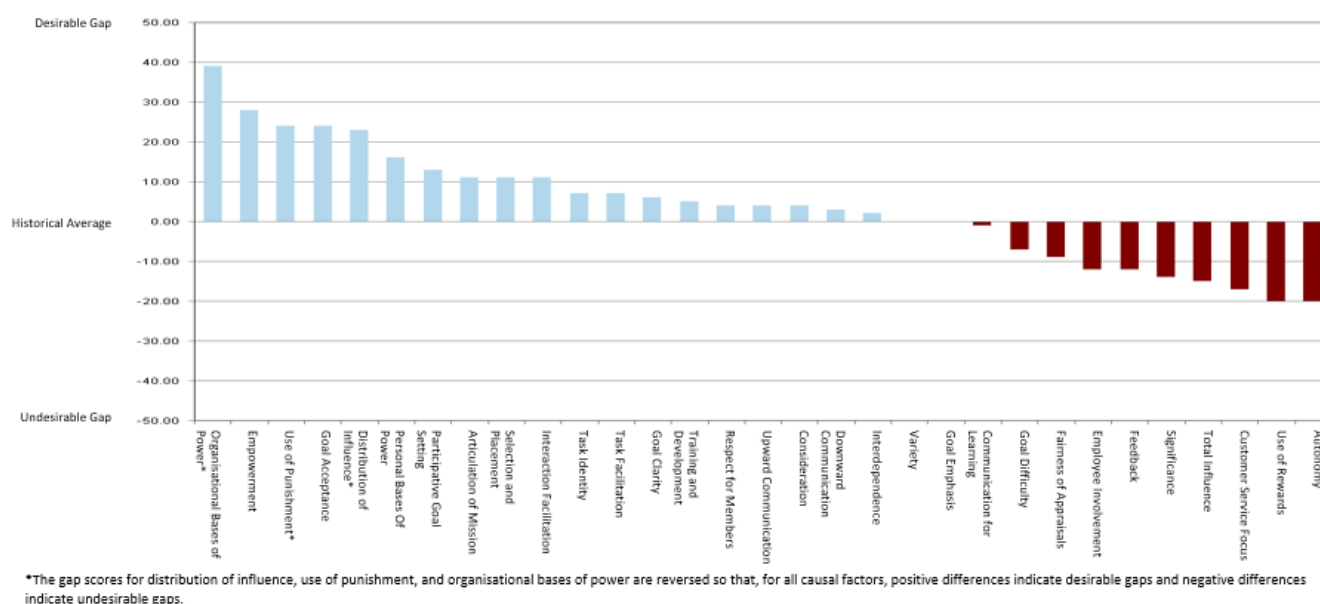


Figure five indicates the staff assessments of levels of *Autonomy* (to what degree is it my responsibility to decide how my job gets done) and the *Use of Rewards* (how likely it is that your supervisor will notice and reward good work) are the two most prominent negative causal factors. Overall, there has been a slight improvement in the causal factors and the negative gap scores since 2019.

The percentage gap in *Autonomy* has gone down from 25 to 20 while *Use of Rewards* has gone up from 18 to 20. *Significance* has improved from 23 to 13. Comparative results also indicate that there have been net improvements in the 2022 result.

There has been some inconsistency in relation to Directorate results with some areas maintaining or improving culture outcomes, whilst others have seen some regression. Feedback indicates that organisational changes and challenges of the last two years have contributed. Changes in the structure of the organisation has also made it difficult to draw robust conclusions from year on year comparison data. Additional feedback will be obtained in order to develop structured action plans.

The City needs to continue the journey of improving the overall organisational culture to ensure our employee's experience a positive working environment. Some initiatives that have previously been identified remain a key focus in order to ensure they become embedded and positively impact the culture and engagement moving forward. Those initiatives include:

1. Culture Action Plans - The people and culture team are collecting feedback during the de-briefing sessions to support managers and ELT develop the appropriate cultural actions plans, and monitoring framework to address concerns that are raised.
2. A City of Mandurah Reward and Recognition Program – The Reward and Recognition Program was approved by the Executive Leadership Team (ELT) in November 2021 and as such was in the early stages of being implemented across the City at the time of the Culture survey. Nominations are now presented to ELT on a quarterly basis, with 1 winner for each of the City's values. Winners are then announced at the subsequent CEO brief.
3. Career Progression and Talent – The second roll-out of the City's talent moderation process is nearing completion, with the City of Mandurah Management Team (CoMMT) identifying a number of highly talented employees. Those employees will be considered for professional development and potential acting opportunities to enhance their skills and knowledge across the City.

4. Training Framework and Learning Management – The City is continuing to centralise aspects of the Training Budget and the Performance and Culture Team are developing a Learning Framework and Learning Management System that will provide more targeted training and development aligned to our Business Excellence approach.
5. Leadership Development – A planned approach to Leadership Development was commenced at the beginning of 2021, with a number of workshops conducted for Executive, Managers, Coordinators and Supervisors. This commenced in February 2021 with offsite executive development sessions held for the ELT and Executive Managers. The City has also completed a number of internal leadership development workshops (ELEVATE) for Supervisors and Coordinators. The next phase of this program is currently in development.
6. Workforce Plan – The City is currently updating the Workforce Plan, which will align all of the above initiatives and provide a structured approach to implementation over the operating period. The workforce plan will be presented to the Audit and Risk Committee in early 2023. The key focus areas include:
 - Culture
 - Systems
 - Organisation
 - Leadership
 - People
 - Strategy
 - Plan
7. Monitor Culture and Reporting – Annual surveys, reporting to Audit and Risk Committee, Culture improvement suggestions, KPI's for culture action plan to all Directors, Managers and Coordinators.

Consultation

N/A

Statutory Environment

N/A

Policy Implications

N/A

Financial Implications

N/A

Risk Analysis

- Organisational culture is noted as a key strategic risk with the City's Strategic risk framework. Analysis shows a strong correlation between an organisation's culture, motivation engagement, teamwork, quality and compliance, flexibility and success of its people. Failure to maintain a good culture undermines the City's ability to deliver its objectives.
- The City's risk appetite threshold for culture risk is "moderate"
- Key risk from the culture survey is the risk of inaction or perceived inaction among staff.

Strategic Implications

The following strategies from the City of Mandurah Strategic Community Plan 2020 – 2040 are relevant to this report:

Organisational Excellence:

- Demonstrate regional leadership and advocate for the needs of our community.
- Provide professional customer service, and engage our community in the decision making process.
- Build and retain a skilled, agile, motivated and healthy workforce.
- Ensure the City has the capacity and capability to deliver quality services and facilities through accountable and transparent business practices.
- Ensure that our actions maintain a sustainable balance between economic growth, the environment and social values.

Conclusion

The City's culture scores have remained relatively stable between 2019 and 2022 which, according to feedback from Human Synergistics, should be considered a positive performance given the events of the last two years.

However, the results indicate variations in culture across the organisation and have identified areas for improvement. City staff are working with the People and Culture team to develop Cultural action plans to improve results where needed.

City officers will continue to report the findings of the respective Culture and Engagement surveys conducted across the City to the Audit and Risk committee.

Confidential Attachment 1.1: City of Mandurah Cultural Circumplexes

RECOMMENDATION

That the Audit and Risk Committee recommend that Council note the results of the 2022 Culture Survey.