

Minutes of Audit and Risk Committee Meeting

Held on

Monday 8 November 2021 at 5.30pm

Held at Council Chamber, 83 Mandurah Terrace

PRESENT:

COUNCILLOR	P ROGERS [CHAIRPERSON]	TOWN WARD
COUNCILLOR	R BURNS	TOWN WARD
COUNCILLOR	J GREEN	COASTAL WARD
COUNCILLOR	C KNIGHT	NORTH WARD
COUNCILLOR	A ZILANI	NORTH WARD
MAYOR	R WILLIAMS	
MR	W TICEHURST	INDEPENDENT MEMBER

ELECTED MEMBERS OBSERVING:

COUNCILLOR	A KEARNS	EAST WARD
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GUEST:

MR	B GALVIN	LGIS, MANAGER RISK AND GOVERNANCE SERVICES
MS	C MIHOVILOVICH	DIRECTOR BUSINESS SERVICES
MRS	J THOMAS	DIRECTOR PLACE AND COMMUNITY
MR	J CAMPBELL-SLOAN	DIRECTOR STRATEGY AND ECONOMIC DEVELOPMENT
MR	M HALL	ACTING DIRECTOR BUILT AND NATURAL ENVIRONMENT
MRS	T JONES	MANAGER GOVERNANCE, PROCUREMENT AND LAND
MRS	L SLAYFORD	MINUTE OFFICER

1. OPENING OF MEETING

The Director Business Services declared the meeting open at 5.35pm.

2. ELECTION OF CHAIRPERSON

The Director Business Services called for nominations for Chairperson of the Audit and Risk Committee. One nomination was received from Councillor Peter Rogers who assumed the position unopposed.

Councillor P Rogers took the Chair.

3. APOLOGIES

Leave of Absence

Councillor D Pember (non-Committee Member)

Apology

Councillor D Wilkins (non-Committee Member)

Mr M Newman, Chief Executive Officer

4. 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.

5. RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil.

6. PUBLIC QUESTION TIME

Nil.

7. AMENDMENT TO STANDING ORDERS

No amendment to the *City of Mandurah Standing Orders Local Law 2016* is required as all Committee Members were present in the Chamber.

8. PRESENTATIONS

8.1 LGIS – THREE STEPS SAFETY PROGRAM

Ben Galvin, Manager Risk and Governance Services, of LGIS delivered a visual presentation outlining the May 2021 audit process and findings.

Mayor R Williams left the Chamber at 6.05pm returning at 6.07pm

9. DEPUTATIONS

Nil.

10. CONFIRMATION OF MINUTES

AR.1/11/21 CONFIRMATION OF MINUTES MONDAY 13 SEPTEMBER 2021

MOTION

Moved: Councillor C Knight
Seconded: Councilor J Green

That the Minutes of the Audit and Risk Committee meeting of Monday 13 September 2021 be confirmed.

CARRIED: 7/0

11. DECLARATIONS OF INTERESTS

Nil.

12. QUESTIONS FROM COMMITTEE MEMBERS

Questions of Which Due Notice Has Been Given

Nil.

Questions of Which Notice Has Not Been Given

12.1 CR P ROGERS: STRATEGIC RISK REPORTING TO COUNCIL

Councillor P Rogers asked if officers thought it would be of benefit to Elected Members for a Strategic Risk Report to be presented directly to Council each month. This report would be in addition to the Audit and Risk Committee report recommendation on Strategic Risk Monitoring and ensure that Elected Members were kept abreast of risk within the organisation.

City of Mandurah response

The Director Business Services advised of the confidentiality aspect of the Strategic Risk Report and that the update could be presented at a regular Council workshop.

Mayor R Williams suggested exploring options for this information to be disseminated to Elected Members which would assist in raising awareness and understanding of the risks, risk ratings and achievements.

13. BUSINESS LEFT OVER FROM PREVIOUS MEETING

Nil.

14. REPORTS FROM OFFICERS**AR.2/11/21 OPERATIONAL INTERNAL AUDIT PLAN 2020/2021: OCCUPATIONAL SAFETY AND HEALTH AUDIT JUNE 2021 (REPORT 1)**Summary

In accordance with the Operational Internal Audit Plan 2020/2021, the City of Mandurah completed an Occupational Safety and Health internal audit in June 2021.

The Audit and Risk Committee is requested to receive the Auditor's Report and note the Audit Monitoring Report and make a recommendation to Council accordingly.

Officer Recommendation

That the Audit and Risk Committee recommend that Council:

1. Receive the Auditor's Report as detailed in Confidential Attachment 1.1.
2. Notes the improvement actions to be undertaken as detailed in Confidential Attachment 1.2.

Committee Recommendation**MOTION**

Moved: Mayor R Williams
Seconded: Councillor J Green

That the Audit and Risk Committee recommend that Council:

1. **Receive the Auditor's Report as detailed in Confidential Attachment 1.1.**
2. **Notes the improvement actions to be undertaken as detailed in Confidential Attachment 1.2.**

CARRIED: 7/0

AR.3/11/21 OFFICE OF THE AUDITOR GENERAL PERFORMANCE AUDIT: GRANTS ADMINISTRATION (REPORT 2)Summary

In January 2021, the Office of the Auditor General of Western Australia (OAG) released a performance audit on Grants Administration Report 12:2020-21. The Grants Administration Audit examined whether key financial and probity controls were implemented in eight State Government entities responsible for administering grants.

As part of the City of Mandurah's (City) commitment to ongoing improvement, a self-assessment of the City's performance against the OAGs findings and Better Practice Principles, has now been completed.

The results of the City's Grants Administration self-assessment and recommendation for improvement is now provided to the Audit and Risk Committee for noting.

Officer Recommendation

That the Audit and Risk Committee notes:

1. The self-assessment and recommendations for improvement as set out in Confidential Attachment 2.1.
2. That a Grants and Funding internal audit will be carried out as part of the Operational Internal Audit Program 2021/22.

Committee Recommendation**MOTION**

Moved: Councillor J Green
Seconded: Councillor C Knight

That the Audit and Risk Committee notes:

1. **The self-assessment and recommendations for improvement as set out in Confidential Attachment 2.1.**
2. **That a Grants and Funding internal audit will be carried out as part of the Operational Internal Audit Program 2021/22.**

CARRIED: 7/0

Councillor C Knight left the Chamber at 6.47pm returning at 6.49pm

AR.4/11/21 CRISIS GOVERNANCE REVIEW: COVID-19 (REPORT 3)Summary

In accordance with the Operational Internal Audit Plan 2020/2021, the City of Mandurah has completed an external desktop review of its governance, systems, controls and response to the COVID-19 pandemic.

The purpose of the review was to verify the extent which the City's Local Emergency Management Arrangements (LEMA) and response to the COVID-19 pandemic are in alignment with contemporary better practice, the terms of relevant statutory requirements, government guidelines and the City's policies and procedures. The review indicated that the "LEMA plans are largely consistent with the State Emergency Management Committee LEMA Guidelines and Model".

Officer Recommendation

That the Audit and Risk Committee recommend that Council:

- 1 Endorse the Crisis Governance Review – COVID-19 as detailed in Confidential Attachment 3.1.
- 2 Notes the improvement actions to be undertaken as detailed in Confidential Attachment 3.2.

Committee Recommendation

MOTION

Moved: Mayor R Williams
Seconded: Councillor A Zilani

That the Audit and Risk Committee recommend that Council:

- 1 Endorse the Crisis Governance Review – COVID-19 as detailed in Confidential Attachment 3.1.**
- 2 Notes the improvement actions to be undertaken as detailed in Confidential Attachment 3.2.**

CARRIED: 7/0

AR.5/11/21 SERVICE REVIEW FRAMEWORK (REPORT 4)

Summary

The City of Mandurah (City) delivers a range of services to meet the needs of the community. These services include external services such as Libraries, Recreation Centres, Rangers etc. and internal services such as Building Services, Planning Services, Finance and Governance etc.

The operating environment of a local government can change as a result of a variety of situations including increasing financial pressures, State and Federal Government policy changes, new legislation, environmental factors such as climate change, new developments in technology, customer preferences in service delivery, changing community needs and changing demographics etc.

The City has continually undertaken service reviews to ensure that the services delivered meet the needs of the community and the City operates efficiently and effectively. However, the City has not had a formal framework to undertake these reviews in the past.

In an effort to ensure all service reviews undertaken by the City follow a systematic and evidence-based approach to create consistency, transparency and benefit realisation, officers have now prepared a draft framework for Council's consideration.

Officer Recommendation

That the Audit and Risk Committee recommend that Council:

- 1 Endorse the new City of Mandurah Service Review Framework as detailed in Attachment 4.1;
- 2 Notes the next steps following the endorsement of the framework are;
 - 2.1 Prepare Service Plans for the organisation in the 2021/22 financial year.
 - 2.2. Identify priority review areas for 2021/22 and 2022/23 in line with the proposed framework.

Amended Officer Recommendation

That the Audit and Risk Committee recommend that Council:

- 1 Endorse the new City of Mandurah Service Review Framework as detailed in Amended Attachment 4.1 with the following amendments:
 - 1.1 Insert in page 1 of the framework (page 16 of the report) “and realise the community’s strategic vision” in the overview section after “The City of Mandurah delivers a range of services to meet the needs of the community”.
 - 1.2 Insert in page 1 of the framework (page 16 of the report) “aligned – aligns to the Strategic Community Plan; within the capacity to deliver” as the first bullet point in the purpose and benefits section.
 - 1.3 Insert in page 9 of the framework (page 23 of the report) : “Have we identified and assessed the dependencies/inter-relationships which can exist between various services?” in the checklist table for Step 4.
- 2 Notes the next steps following the endorsement of the framework are;
 - 2.1 Prepare Service Plans for the organisation in the 2021/22 financial year.
 - 2.2 Identify priority review areas for 2021/22 and 2022/23 in line with the proposed framework.

Committee Recommendation**MOTION**

Moved: Councillor C Knight

Seconded: Mayor R Williams

That the Audit and Risk Committee recommend that Council:

- 1 **Endorse the new City of Mandurah Service Review Framework as detailed in Amended Attachment 4.1 with the following amendments:**
 - 1.1 **Insert in page 1 of the framework (page 16 of the report) “and realise the community’s strategic vision” in the overview section after “The City of Mandurah delivers a range of services to meet the needs of the community”.**

1.2 Insert in page 1 of the framework (page 16 of the report) “aligned – aligns to the Strategic Community Plan; within the capacity to deliver” as the first bullet point in the purpose and benefits section.

1.3 Insert in page 9 of the framework (page 23 of the report) : “Have we identified and assessed the dependencies/inter-relationships which can exist between various services?” in the checklist table for Step 4.

2 Notes the next steps following the endorsement of the framework are;

2.1 Prepare Service Plans for the organisation in the 2021/22 financial year.

2.2 Identify priority review areas for 2021/22 and 2022/23 in line with the proposed framework.

CARRIED: 7/0

Comment: The officer recommendation was modified to clearly state that services are delivered as a result of the Strategic Community Plan, the vision and to identify any interdependencies and relationships when analysing the service.

15. LATE AND URGENT BUSINESS ITEMS

Nil.

16. CONFIDENTIAL ITEMS

Nil.

17. CLOSE OF MEETING

There being no further business, the Chairperson declared the meeting closed at 7.12pm.

CONFIRMED:[CHAIRMAN]

Attachments to Committee Minutes: Audit and Risk Reports of 8 November 2021

AUDIT AND RISK COMMITTEE 8 NOVEMBER 2021

REPORT 4 SERVICE REVIEW FRAMEWORK

AMENDED OFFICER RECOMMENDATION

That the Audit and Risk Committee recommend that Council:

- 1 Endorse the new City of Mandurah Service Review Framework as detailed in Attachment 4.1 with the following amendments:**
 - 1.1 Insert in page 1 of the framework (page 16 of the report) “ and realise the communities strategic vision” in the overview section after “The City of Mandurah delivers a range of services to meet the needs of the community”.**
 - 1.2 Insert in page 1 of the framework (page 16 of the report) “aligned – aligns to the Strategic Community Plan; within the capacity to deliver” as the first bullet point in the purpose and benefits section.**
 - 1.3 Insert in page 9 of the framework (page 23 of the report) : “Have we identified and assessed the dependencies/inter-relationships which can exist between various services?” in the checklist table for Step 4.**
- 2 Notes the next steps following the endorsement of the framework are;**
 - 2.1 Prepare Service Plans for the organisation in the 2021/22 financial year.**
 - 2.2 Identify priority review areas for 2021/22 and 2022/23 in line with the proposed framework.**

Reason: The Officer recommendation was modified to clearly state that services are delivered as a result of the Strategic Community Plan, the vision and to identify any interdependencies and relationships when analysing the service.

AMENDED ATTACHMENT 4.1

City of Mandurah Service Review Framework (Draft September 2021)

Overview

A service review is an analysis of an organisation's services to review current delivery and identify any potential improvements. A Service Review can be used to improve the organisation's efficiency and effectiveness, assist in addressing financial sustainability.

The City of Mandurah delivers a range of services to meet the needs of the community [and realise the community's strategic vision](#). These services include both external services such as Libraries, Recreation Centres, Rangers etc and internal services such as Human Resource Management, Finance, Governance etc.

The objective of the City's Service Review Framework is to ensure all service reviews undertaken by the City follow a systematic and evidence-based approach to ensure consistency, transparency and benefit realisation.

Purpose and benefits

The operating environment of a local government can change as a result of increasing financial pressure, State and Federal Government policy, new legislation, environmental factors such as climate change, developments in technology, customer preferences in service delivery, changing community needs, demographics etc.

Service reviews help ensure the services delivered by the City are:

- [aligned – aligns to the Strategic Community Plan; within the capacity to deliver](#)
- **appropriate** – services meet current community needs and wants, and can be adapted to meet future needs and wants
- **effective** – the City delivers targeted, better quality services in new ways
- **efficient** – the City improves resource use (people, materials, plant and equipment, infrastructure, buildings) and redirect savings to finance new or improved services.

The key benefits of service reviews include:

- Understanding of performance and customer satisfaction
- More streamlined services
- Greater organisational alignment and a reduction in the duplication of services
- Efficiency gains from cost and time savings
- Changes in resource requirements efficient/effective organisational structure
- Greater alignment with strategic, operational and/or community needs
- More innovative service provision
- A stronger culture of continuous improvement

Success factors

Service reviews can only be successful if:

- There is a culture of respect, honesty, openness, fairness, and integrity;
- The review is conducted in a collaborative manner with transparent stakeholder engagement, and the contribution of people is valued;

Options presented should be clear and concise to ensure it is easy to read and understand for all stakeholders.

Elected Members, ELT and the relevant manager should be given the opportunity to review the draft recommendations plan and give feedback, suggestions and ideas. The feedback should be assessed and communicated back to the relevant stakeholders, if any adjustments to the recommendations are made. It is important to let stakeholders know whether and how their comments and suggestions were incorporated in the final plan.

The final recommendations plan (including an implementation plan) should be reviewed and endorsed by ELT and Elected Members depending on the type and scale of the review. Progress against this plan should be reported to the decision maker (Elected Members/ELT) bi-annually.

The Plan could include;

- process/policy/contractual changes
- financial and resource impacts, especially where the service provider is changing
- forecast savings
- forecast increases or decreases in revenue
- proposed staff changes in terms of full-time equivalent positions
- risks and risk mitigation.

Check List – Step 4	✓
Have we examined the impact of changed service levels where relevant?	
Have we looked at options for using other service delivery models?	
Have we examined possibilities for service consolidation?	
Have we used other analyses where relevant (financial, asset utilisation, procurement processes, labour provisions, governance / processes / technology and benchmarking)?	
Have we identified any opportunities to improve the funding arrangements?	
Have we done an initial assessment of all the potential risks?	
Have the results of the analysis been reviewed and challenged?	
Do we have all the information we need?	
Have we summarised the results of the analysis and formulated options for change/improvement for the ELT and Elected Members to consider?	
Did we ensure all relevant stakeholders could review and comment on the options for change?	
Did the method we used to ask for feedback work?	
Have we effectively analysed all the feedback and modified the draft recommendations accordingly?	
Have we provided feedback as to whether and how stakeholder comments were incorporated into the final plan?	
Have we analysed the risks of change and identified ways to treat them?	
Have we produced a list of recommendations?	
Have we included a final risk assessment in relation to the recommendations?	
Have we detailed the change impacts and long-term costs of each to the Long-Term Financial Plan?	
Have we <u>Identified and assessed the dependencies/inter-relationships which can exist between various services?</u>	

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, Civic Building, 83 Mandurah Terrace, Mandurah on:

**Monday 8 November 2021
at 5.30pm**

MARK R NEWMAN
Chief Executive Officer
4 November 2021

Committee Members:

Councillor R Burns
Councillor C Knight
Councillor A Zilani
Mr W Ticehurst

Councillor J Green
Councillor P Rogers
Mayor Williams

Deputies:

Councillor D Pember

Councillor A Kearns

AGENDA

1 OPENING OF MEETING

2 ELECTION OF CHAIRPERSON

3 APOLOGIES

4 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.

5 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

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 AMENDMENT TO STANDING ORDERS

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

8 PRESENTATIONS

LGIS – Three Steps safety Program

9 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.

10 CONFIRMATION OF MINUTES: 13 SEPTEMBER 2021

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

11 DECLARATIONS OF INTERESTS

12 QUESTIONS FROM COMMITTEE MEMBERS

12.1 Questions of Which Due Notice Has Been Given

12.2 Questions of Which Notice Has Not Been Given

13 BUSINESS LEFT OVER FROM PREVIOUS MEETING

14 REPORTS

<i>No.</i>	<i>Item</i>	<i>Page No</i>	<i>Note</i>
1	Operational Internal Audit Plan 2020/2021: Occupational Safety and Health Audit June 2021	3 – 5	
2	Office of the Auditor General Performance Audit: Grants Administration	6 – 8	
3	Crisis Governance Review: COVID-19	9 – 11	
4	Service Review Framework	12 - 25	

15 LATE AND URGENT BUSINESS ITEMS

16 CONFIDENTIAL ITEMS

17 CLOSE OF MEETING

1	SUBJECT:	Operational Internal Audit Plan 2020/2021: Occupational Safety and Health Audit June 2021
	DIRECTOR:	Business Services
	MEETING:	Audit and Risk
	MEETING DATE:	8 November 2021

Summary

In accordance with the Operational Internal Audit Plan 2020/2021, the City of Mandurah (City) completed an Occupational Safety and Health internal audit in June 2021.

The Audit and Risk Committee is requested to receive the Auditor's Report (Confidential Attachment 1.1) and note the Audit Monitoring Report (Confidential Attachment 1.2) and make a recommendation to Council accordingly.

Disclosure of Interest

Nil

Previous Relevant Documentation

AR.8/5/20	19 May 2021	Adopt Strategic Internal Audit Plan and auditable areas for 2020/21
G.11/3/19	26 March 2019	Endorse three year Strategic OSH Plan 2019-2022 and note OSH Key Performance Indicators
G.30/3/16	22 March 2016	Endorse three year OSH Plan

Background

At the Audit and Risk Committee of 19 May 2020, the Committee considered the auditable areas to be included as part of the three-year Strategic Internal Audit Plan (SIAP). The SIAP provides an outline of the areas the City considers to be a priority for review, using a risk-based approach and is based on a risk assessment of the City's key strategic and operational areas to determine the appropriate timing and frequency of coverage of each of these areas. At the same meeting the Operational Internal Audit Plan 2020/2021 was also supported, which sets out the audits to be conducted over the 12 month period.

Occupational Health and Safety was selected as an auditable area for the 2020/21 Operational Internal Audit Plan. The purpose of this audit was to undertake a review of the City's occupational safety and health system and to provide an update on the progress of the three Year Strategic OSH Plan. This audit was utilised to review the process of managing City volunteers, in particular volunteer Fire Fighters.

Comment

To ensure that the 2021 review was delivered objectively, the City procured the services of Local Government Insurance Services to undertake the audit on behalf of the Chief Executive Officer (CEO).

The review included the five following areas:

- Management and commitment
- Planning
- Consultation and reporting
- Hazard management; and
- Training and supervision

Elements evaluated during the review included:

- Documents
- Workplace inspections
- Safety observations
- Interviews with workers and management

The auditor's recommendations are outlined in Confidential Attachment 1.1.

Action Plan

The detailed City response to the internal auditor's recommendations is outlined in the Audit Monitoring Report. This plan sets out the actions and due dates.

Reporting and Monitoring

Reporting on the progress of the implementation of the improvements will be undertaken as part of the City's established Internal Audit Function. A Strategic Internal Audit Monitoring Report is provided to the Audit and Risk Committee on a quarterly basis to enable the Committee to review and monitor the City's implementation to improve controls and systems.

Statutory Environment

Nil

Policy Implications

Strategic Internal Audit Plan 2020/21 -2022/23
Operational Internal Audit Plan 2020/21
Operational Internal Audit Plan 2021/22
Internal Audit Manual
Relevant CEO Policies and Council Policies

Financial Implications

The cost of the external auditor review was \$12,500.

Risk Analysis

Reviews conducted by external auditors mitigate and reduce the likelihood of a risk event occurring. This is one of the preventative controls that is implemented and forms part of entire suite of audits and controls of the systems and procedures that is carried out at the City to avoid a risk event occurring.

Strategic Implications

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

Organisational Excellence:

- 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, governance, risk and financial management.

Conclusion

The review of the appropriateness and effectiveness of the occupational safety and health system provides an opportunity to identify and implement improvements. Significant progress has been made in the last six years to improve controls. City officers have been reviewing existing procedures and documenting processes as the implementation of the new corporate business system continues. All actions will be included in the Strategic Internal Audit Plan Monitoring Report in future Audit and Risk Committee meetings until they have been completed.

NOTE:

- Refer **Confidential Attachment 1.1** *Auditors report*
Confidential Attachment 1.2 *Audit monitoring report*

RECOMMENDATION

That the Audit and Risk Committee recommend that Council:

1. **Receive the Auditor's Report as detailed in Confidential Attachment 1.1.**
2. **Notes the improvement actions to be undertaken as detailed in Confidential Attachment 1.2.**

2	SUBJECT:	Office of the Auditor General Performance Audit Grants Administration
	DIRECTOR:	Director Business Services
	MEETING:	Audit and Risk Committee
	MEETING DATE:	8 November 2021

Summary

In January 2021, the Office of the Auditor General of Western Australia (OAG) released a performance audit on Grants Administration Report 12:2020-21. The Grants Administration Audit examined whether key financial and probity controls were implemented in eight State Government entities responsible for administering grants.

As part of the City of Mandurah's (City) commitment to ongoing improvement, a self-assessment of the City's performance against the OAG's findings and Better Practice Principles, has now been completed.

The results of the City's Grants Administration self-assessment and recommendation for improvement is now provided to the Audit and Risk Committee for noting.

Disclosure of Interest

N/A

Previous Relevant Documentation

AR.8/5/20 19 May 2021 Adopt Strategic Internal Audit Plan and auditable areas for 2020/21

Background

At the Audit and Risk Committee on 19 May 2021, the Committee considered the auditable areas to be included as part of the three-year Strategic Internal Audit Plan (SIAP). To support the City's internal audit and risk management functions the City also utilises the better practice principles delivered by the OAG as part of their Performance Audit Program.

Comment

The Office of the Auditor General (OAG) has carried out a performance audit of a select number of State Government entities that administer grants. It is important that all government entities have sound administration practices for the giving of grants to ensure public money is being spent in a fair, consistent and equitable way and being used for its intended purpose.

The OAG audit examined whether key financial and probity controls were implemented in eight State government entities responsible for administering grants. The audit tested some \$30 million of grants across more than a dozen grant programs worth almost \$300 million over two financial years to 30 June 2019.

The OAG Grants Administration recommendations are set out below:

Recommendation One

To support open and equitable funding decisions, entities must implement robust grant administration practices, supported by staff who are properly trained and aware of their accountability and probity obligations. In particular, entities should:

- a. ensure policies and procedures are in place, reviewed regularly, and updated to reflect current practice
- b. maintain comprehensive assessment guidelines to assist in the selection of grants
- c. fully document the reasons for funding decisions at all stages of the decision making process
- d. document any conflicts of interest as part of the grant assessment process
- e. implement independent reviews of assessor decisions
- f. assess and monitor grants in accordance with approved policies and procedures
- g. document formal and informal monitoring of project performance
- h. undertake more rigorous and timely follow-up of outstanding acquittal information and apply sanctions that correspond with the seriousness of breaches in grant conditions
- i. periodically assess the relevance and effectiveness of grant programs.

City comment

Governance Services coordinated a self-assessment across the relevant business areas that administer grants. Utilising the OAG Better Practice Principles in the Report (refer Appendix 2, OAG Report), City officers who are responsible for the specific grant program assessed the performance utilising a self-assessment tool and providing evidence of up to three samples of grants administered over a 15-month period. Refer to Confidential Attachment 2.1 for the self-assessment and recommendations for improvement.

The provision of grants helps advance the City's strategic objectives by supporting external parties with discretionary financial contributions within an equitable, transparent and accountable framework. City officers have drawn upon the OAG findings and best practice to reimagine the Financial Contributions Policy (grants) with an aim to provide clarity and completeness for every grant program in the one combined policy. It is anticipated the draft Policy articulate for each grant program the funding pool available, objectives, eligibility criteria, funding parameters, application submission times and assessment, approval and acquittals processes. It is intended the new Financial Contributions Policy be presented to Council in early 2022.

Audit and Risk Committee should note that a Grants and Funding Administration Internal Audit is scheduled in quarter four as per the Operational Internal Audit Plan 2021/2022. This audit will be undertaken by an objective and independent internal audit professional.

Recommendation Two

To support entities in achieving value for money outcomes and consistent processes around the administration of election commitments, the Department of Primary Industries and Regional Development, in conjunction with central State Government entities, such as the Department of the Premier and Cabinet and the Department of Finance, should establish a grant administration framework comparable to the *Commonwealth Grant Rules and Guidelines 2017*.

City comment

Whilst the *Commonwealth Grant Rules and Guidelines 2017* are applicable to State Government entities, the guidelines do contain valuable information that would support the City to achieve improved grant outcomes including but not limited to:

- Collaboration and engagement with non-government stakeholders when developing grant programs.
- Importance of proportionality in grants administration which involves striking an appropriate balance between the complexity, risks, outcomes, and transparency.
- Ensuring grant objectives of particular grant opportunities are clear and specific and linked to deliver an outcome.
- Incorporating appropriate safeguards against fraud, unlawful activities and other inappropriate conduct.
- Well-designed grant programs that maximise the objectives of the City of Mandurah strategic objectives.

Consultation

Governance Services engaged the relevant business areas in conducting the self-assessment.

Statutory Environment

N/A

Policy Implications

Grants and Donations POL- RCS 04
Donations to Charitable and not for profit Organisation POL - CMR 09
Operational Internal Audit Plan 2021/22
Strategic Internal Audit Plan 2020/21 – 2022/23

Financial Implications

In the 2021/22 Budget, Council has endorsed funds to be allocated to a range of grant programs including but not limited to: community, youth, events, waste and business.

Risk Analysis

Inadequate or inconsistent grants governance practices controls can create financial, governance and reputational risks for the City.

Strategic Implications

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

Organisational Excellence:

- 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, governance, risk and financial management.
- Ensure that our actions maintain a sustainable balance between economic growth, the environment and social values.

Conclusion

To support ongoing improvement and to inform the development of the City's grants governance framework, City officers have now undertaken a self-assessment of the grant administration performance against the OAG Better Practice Principles.

NOTE:

Office of the Auditor General audit reports, access via www.audit.wa.gov.au/reports-and-publications/reports

Refer ***Confidential Attachment 2.1 Self- Assessment of Grants Administration***

RECOMMENDATION

That the Audit and Risk Committee notes:

1. **The self-assessment and recommendations for improvement as set out in Confidential Attachment 2.1.**
2. **That a Grants and Funding internal audit will be carried out as part of the Operational Internal Audit Program 2021/22.**

3	SUBJECT:	Crisis Governance Review: COVID-19
	DIRECTOR:	Business Services
	MEETING:	Audit and Risk
	MEETING DATE:	8 November 2021

Summary

In accordance with the Operational Internal Audit Plan 2020/2021, the City of Mandurah (City) has completed an external desktop review of its governance, systems, controls and response to the COVID-19 pandemic.

The purpose of the review was to verify the extent which the City's Local Emergency Management Arrangements (LEMA) and response to the COVID-19 pandemic are in alignment with contemporary better practice, the terms of relevant statutory requirements, government guidelines and the City's policies and procedures. The review indicated that the "LEMA plans are largely consistent with the State Emergency Management Committee (SEMC) LEMA Guidelines and Model".

The Audit and Risk Committee is requested to:

- 1 Endorse the Crisis Governance Review findings as detailed in *Confidential Attachment 3.1*.
- 2 Notes the improvement actions to be undertaken as detailed in *Confidential Attachment 3.2*.

Disclosure of Interest

Nil

Previous Relevant Documentation

G.16/10/20	27 October 2020	COVID -19 Preliminary Review and Planning
G.3/9/20	22 September 2020	Strategic Internal Audit Update and Progress Update on Regulation 17 Review
G.12/5/20	26 May 2020	Strategic Internal Audit Plan 2020/21 – 2022/23

Background

At the Audit and Risk Committee meeting on 19 May 2020, the Committee considered the auditable areas to be included as part of the three-year Strategic Internal Audit Plan (SIAP). The SIAP provides an outline of the areas the City considers to be a priority for review, using a risk-based approach and is based on a risk assessment of the City's key strategic and operational areas to determine the appropriate timing and frequency of coverage of each of these areas. At the same meeting the Operational Internal Audit Plan 2020/2021 was also supported, which sets out the audits to be conducted over the 12 month period.

Comment

To ensure that the 2021 Review was delivered objectively, the City engaged a risk, assurance and business continuity specialist to undertake the audit on behalf of the Chief Executive Officer (CEO). The Crisis Governance Review forms part of the Operational Internal Audit Plan 2020/2021 that was endorsed by the Audit and Risk Committee in May 2020.

The review included the following areas:

1. The contents of the Local Emergency Management Plan (LEMP), including the General Plan, Local Recovery Plan and Vulnerable Communities Plan.
2. The contents of the City of Mandurah Pandemic Plan, including testing whether there was sufficient evidence of the documentation relating to the management structure, decisions and oversight during the pandemic reflects the contents of this plan.
3. Whether the decision-making processes, the Delegations Register and financial authorisations supported the response to the extent that can be evidenced through the documentation provided.
4. The effectiveness of emergency communications for internal / external stakeholders to the extent that can be evidenced through the documentation provided.

The Reviewers' recommendations are outlined in *Confidential Attachment 3.1*.

Action Plan

The detailed City response to the reviewers' recommendations is outlined in the Audit Monitoring Report (*Confidential Attachment 3.2*). This plan sets out the action and due date. All actions have commenced by City officers.

Reporting and Monitoring

Reporting on the progress of the implementation of the improvements will be undertaken as part of the City's established Internal Audit Function. A Strategic Internal Audit Monitoring Report is provided to the Audit and Risk Committee on a quarterly basis to enable the Committee to review and monitor the City's implementation of the improved controls and systems identified.

Statutory Environment

The Local Government Act 1995 and Emergency Management Act 2005 sets out the framework of responsibilities and governance practices within a crisis/emergency situation.

There is a range of legislation, policy and best practice guidelines that underpin the various elements of emergency management. These are detailed in Annex 1 of *Confidential Attachment 3.1*.

Policy Implications

- Strategic Internal Audit Plan 2020/21 - 2022/23
- Operational Internal Audit Plan 2020/21
- Internal Audit Manual
- Relevant CEO Policies and Council Policies

Financial Implications

The cost of the external auditor review was \$6,916 (ex GST). Labour costs in the facilitation of the audit was managed within existing budgets.

Risk Analysis

Reviews conducted by external reviewers mitigate and reduce the likelihood of a risk event occurring that may impact the City's ability to respond effectively in a crisis/emergency. This is one of the preventative controls that is implemented and forms part of entire suite of audits and controls that is carried out at the City to avoid a risk event occurring.

Strategic Implications

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

Organisational Excellence:

- 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, governance, risk and financial management.

Conclusion

The review of the appropriateness and effectiveness of the City's governance, systems, controls and response to the COVID-19 pandemic, provides an opportunity to identify and implement improvements.

Significant progress has been made in the last 12 months to improve controls. City officers have been reviewing existing procedures and documenting processes as the implementation of the new corporate business system continues. All actions will be included in the Strategic Internal Audit Plan Monitoring Report in future Audit and Risk Committee meetings until they have been completed.

NOTE:

- Refer *Confidential Attachment 3.1* Auditors Report
 Confidential Attachment 3.2 Audit Monitoring Report

RECOMMENDATION

That the Audit and Risk Committee recommend that Council:

- 1 Endorse the Crisis Governance Review – COVID-19 as detailed in Confidential Attachment 3.1.**
- 2 Notes the improvement actions to be undertaken as detailed in Confidential Attachment 3.2.**

4	SUBJECT:	Service Review Framework
	DIRECTOR:	Strategy and Economic Development
	MEETING:	Audit and Risk Committee
	MEETING DATE:	8 November 2021

Summary

The City of Mandurah (City) delivers a range of services to meet the needs of the community. These services include external services such as Libraries, Recreation Centres, Rangers etc and internal services such as Building Services, Planning Services, Finance and Governance etc.

The operating environment of a local government can change as a result of a variety of situations including increasing financial pressures, State and Federal Government policy changes, new legislation, environmental factors such as climate change, new developments in technology, customer preferences in service delivery, changing community needs and changing demographics etc.

The City has continually undertaken service reviews to ensure that the services delivered meet the needs of the community and the City operates efficiently and effectively. However, the City has not had a formal framework to undertake these reviews in the past.

In an effort to ensure all service reviews undertaken by the City follow a systematic and evidence-based approach to create consistency, transparency and benefit realisation, officers have now prepared a draft framework for Council's consideration.

Disclosure of Interest

N/A

Previous Relevant Documentation

N/A

Background

The City has undertaken a range of service reviews since 2011. The number increased during the 2013-14 period when the City faced significant financial challenges particularly from the loss of revenue. The initial assessment of areas to review was undertaken using the publicly available principles of the Australian Business Excellence Framework (ABEF) as a desktop exercise to identify the relevant service areas. Risk and Community Perception results were added as elements in considering what areas to review with the assessment completed at an activity level rather than business unit level.

Outlined below is a summary of the service areas that have been reviewed since 2011;

Prior to 2015

- Organisational Development / Human Resources
- Systems & Technology
- Administration functions
- Youth Development
- Visitors Centre operations – The review in particular focused on the need for the Visitor Centre operations at the train station.

2015/16

- Cemetery operations

- **Operation Services**
In 2015, a review of City Parks, City Works and City Build were undertaken by an external consultant. This formed the basis of the major operational changes that have been made to the City's Operation Services. A subsequent internal review was also undertaken of City Fleet.

2018/19

- **Recreation Centres**
A review of Recreation Centres was conducted internally with the development of a business improvement plan being endorsed by Council. A subsequent review recommended the closure of Halls Head Recreation Centre as a fully staffed Recreation Centre.
- **Festivals & Events, Arts & Culture and Community Development**
A review of Festivals & Events, Arts & Culture and Community Development Business units were undertaken by an independent officer (employed directly by the City) with recommendations subsequently approved by Council.
- **Elected Member Support**
A review of Elected Member Support was undertaken with the subsequent recommendations endorsed by Council in early 2019 and a new structure put in place.

2019/20

- **Governance Services**
- **Organisational Development / Human Resources**
In both instances, an internal review was completed with a revised team structure put in place.

2020/21

- **Information Management**
- **Building Services**
- **City Centre functions**
- **MARC**

The reviews of Building Services, the City Centre functions and the MARC were undertaken during the 2020/2021 financial year, as set out in Chief Executive Officer's (CEO) KPIs. The first two of these reviews were successfully completed and reported to Council, with the MARC review still to be finalised.

In the annual setting of the CEO's KPIs, two elements regarding service reviews were highlighted;

1. Complete three service level reviews per year and present recommendations
2. Develop a business unit review plan for the next three years

After much consideration and through discussions with Elected Members on how to treat individual service reviews, it was decided that a Business Unit / Service Review Framework was required before a Review Plan could be developed.

2021/22

This financial year, the City has undertaken functional/delivery reviews of the Built and Natural Environment and Economic Development (now renamed - Transform Mandurah) teams.

Comment

In the development of the draft Service Review Framework, officers conducted research across a number of other local governments (in Western Australia and other parts of Australia). The key findings from this research was as follows;

- The majority of local governments contacted, seem to not have a framework or formal system, or are currently in the process of developing one.
- The reviews to be undertaken are generally determined by CEO or Council and are ad hoc in nature.
- Most are linked to the annual budget or business planning process.
- The trend is to undertake service planning rather than business planning (i.e. preparation of detailed plans for each service delivered as opposed to the preparation of a plan for a Business Unit as a whole).
- A few examples of the approaches taken by local governments include;
 - A “Test for ripeness” is undertaken (ratings based on a predefined matrix), discussed with relevant service managers, presented to the Executive Leadership Team (ELT) and then Council to arrive at the list of services to be reviewed. A Business Transformation Team undertakes reviews. A Service Planning Working Group provides advice and guidance, and ELT and Council endorse the review plan and review results.
 - An annual corporate planning process has been established for all Directorates and Teams to review their services and in doing so, identify and recommend efficiencies / improvements in service delivery to align with the changing needs of its community.
 - A service review is usually initiated by the CEO, Directors or as requested by Elected Members. The City is moving towards Service Planning rather than Business Planning. If and when Elected Members request a review of a particular service, then a deep dive review is undertaken based on the SmartGov process and Australian Centre of Excellence Framework.
- The level of Elected Member involvement varied across the board.
- Reporting of outcomes varied from all details being presented to Elected Members, to only presenting significant changes.
- The following approach had been identified by The City of Greater Bendigo through research undertaken into other local governments.
reviews being categorised into three levels;
 1. Cross functional intensive review (e.g. deciding continuation or discontinuation of a service) – External Consultant involved.
 2. Medium level – review a component of a larger service like early years program where the process, systems, people are reviewed. These are undertaken internally but facilitated like a project.
 3. Process improvement - Lean, 5S, Value Stream Mapping etc. These are undertaken internally.

Research revealed a wide range of different approaches taken by the various local governments. Of these different approaches, aspects seen best suitable for the City have been identified and aligned to the Australian Centre of Excellence Framework to develop a draft framework for the City.

It is proposed that three reviews (one large scale, one medium scale and one small scale as defined within the framework), be undertaken during a financial year in order to manage their resource impact on the City.

Next Steps

Subject to the Service Review Framework being supported;

- Prepare individual Service Plans for the organisation in the 2021/22 financial year
- Identify priority review areas for 2021/22 and 2022/23 in line with the proposed framework.

Consultation

N/A

Statutory Environment

N/A

Policy Implications

N/A

Financial Implications

The actual undertaking of the service reviews will incur and/or save costs and/or improve the financial position of the City depending on the service area and type of review to be undertaken.

Risk Analysis

If implemented incorrectly, the Service Review Framework risks are;

- Employee resistance to periodic reviews due to potential changes in employment conditions
- Being viewed as individual / team capabilities being questioned
- Resource reduction as a result of review turning out to be temporary (ie. review undertaken during a period of low activity levels resulting in resource reduction, but activity levels pick up subsequently, requiring more resources).

Strategic Implications

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

Organisational Excellence:

- Ensure the City has the capacity and capability to deliver quality services and facilities through accountable and transparent business practices, governance, risk and financial management.

Conclusion

The City has been regularly reviewing different areas of its business since 2011. The review areas have come about organically based on different needs and have not followed a formal process or framework. It is now the City's aim to formalise the process and continue to regularly review its priority service areas. In order to achieve this, City officers have developed a draft framework, informed by research undertaken to identify industry best practices.

NOTE:

- Refer ***Attachment 4.1 Service Review Framework***

RECOMMENDATION

That the Audit and Risk Committee recommend that Council:

- 1 **Endorse the new City of Mandurah Service Review Framework as detailed in Attachment 4.1;**
- 2 **Notes the next steps following the endorsement of the framework are;**
 - 2.1 **Prepare Service Plans for the organisation in the 2021/22 financial year.**
 - 2.2 **Identify priority review areas for 2021/22 and 2022/23 in line with the proposed framework.**

ATTACHMENT 4.1

City of Mandurah Service Review Framework (Draft September 2021)

Overview

A service review is an analysis of an organisation's services to review current delivery and identify any potential improvements. A Service Review can be used to improve the organisation's efficiency and effectiveness, and assist in addressing financial sustainability.

The City of Mandurah delivers a range of services to meet the needs of the community. These services include both external services such as Libraries, Recreation Centres, Rangers etc and internal services such as Human Resource Management, Finance, Governance etc.

The objective of the City's Service Review Framework is to ensure all service reviews undertaken by the City follow a systematic and evidence-based approach to ensure consistency, transparency and benefit realisation.

Purpose and benefits

The operating environment of a local government can change as a result of increasing financial pressure, State and Federal Government policy, new legislation, environmental factors such as climate change, developments in technology, customer preferences in service delivery, changing community needs, demographics etc.

Service reviews help ensure the services delivered by the City are:

- **appropriate** – services meet current community needs and wants, and can be adapted to meet future needs and wants
- **effective** – the City delivers targeted, better quality services in new ways
- **efficient** – the City improves resource use (people, materials, plant and equipment, infrastructure, buildings) and redirect savings to finance new or improved services.

The key benefits of service reviews include:

- Understanding of performance and customer satisfaction
- More streamlined services
- Greater organisational alignment and a reduction in the duplication of services
- Efficiency gains from cost and time savings
- Changes in resource requirements efficient/effective organisational structure
- Greater alignment with strategic, operational and/or community needs
- More innovative service provision
- A stronger culture of continuous improvement

Success factors

Service reviews can only be successful if:

- There is a culture of respect, honesty, openness, fairness, and integrity;
- The review is conducted in a collaborative manner with transparent stakeholder engagement, and the contribution of people is valued;

- There are clear and structured processes, in line with best practice continuous improvement approaches and the City’s Project Management Framework;
- There is strong organisational support;
- There is a commitment to continuous improvement and the means available to address resulting recommendations.

Service Review Planning

At least three Service Reviews will be undertaken annually. The identification of which services are to be reviewed will be carried out every two years to enable forward planning and procurement, if applicable.

A Service Review Plan (including identified service areas, expected scale of review, timeline etc) will be agreed between Council and the Chief Executive Officer (CEO) annually and included in the Corporate Business Plan.

Reviews will be categorised and undertaken as follows;

Type of Review	Who undertakes Review
Intensive/Large Scale (*Score 20 – 30)	External Consultant/Internal
Medium Scale (*Score 10 – <20)	Internal – City Project Team
Small Scale (*Score >10)	Internal – Business Unit Project Team

*refers to score generated through Service/Business Unit Review Prioritisation tool

The type of review will be determined in Step 3 where the scope will be defined. The level of internal expertise available will also be a deciding factor when determining who undertakes the review.

Reporting

Reporting of the results will be undertaken as follows

Impact of Review on community and/or the City	Presented to
High Impact <i>i.e. Cross functional intensive review such as deciding continuation or discontinuation of a service, changing service levels, reviewing a significant component of a larger service etc.</i>	ELT > Strategic Finance Working Group > EM/ELT Briefing > LTFP Workshop > Council endorsement as part of the resolution in the LTFP report
Low Impact <i>Process improvement - Lean, 5S, Value Stream Mapping etc.</i>	ELT endorsement

Benefits Management

Business Units are encouraged to report quarterly (when applicable) on all benefits realised (e.g. financial, environmental, social etc) through the implementation of change resulting from a service review. Reporting is to be undertaken for a period of two years post review and subsequently the benefits to become a performance measurement as a part of business as usual.

Overall results to be presented to Elected Members as part of the CEO Report at EM/ELT Briefing for information bi-annually. It will be the responsibility of the relevant Business Unit to update all actions in the Implementation and Monitoring Report.

Roles and Responsibilities

Line manager and team involvement is critical to the process as they know their business.

External team members trained in reviewing processes and services should be involved to offer an independent and objective view.

For larger more complex reviews where there is a gap in internal skills, or an independent and objective outcome cannot be achieved, an **external provider** should be involved.

The **Executive Leadership team** needs to be supportive and involved, especially to ensure proper planning, management and resourcing has been provided. Value for money and the Procurement Policy should be considered in all circumstances.

Elected Member support needs to be received in planning, setting priorities, and approving budgets. As instigators or endorsers of the review, elected members can provide important input into scoping, community views, and decision-making. They can also review recommendations and implementations of change.

City of Mandurah Service Review Delivery Model

The following model will be used at the City of Mandurah to guide the Service Review process within the organisation (¹*The Australian Centre of Excellence Service Delivery Review Framework has been slightly modified to suit the City of Mandurah*).

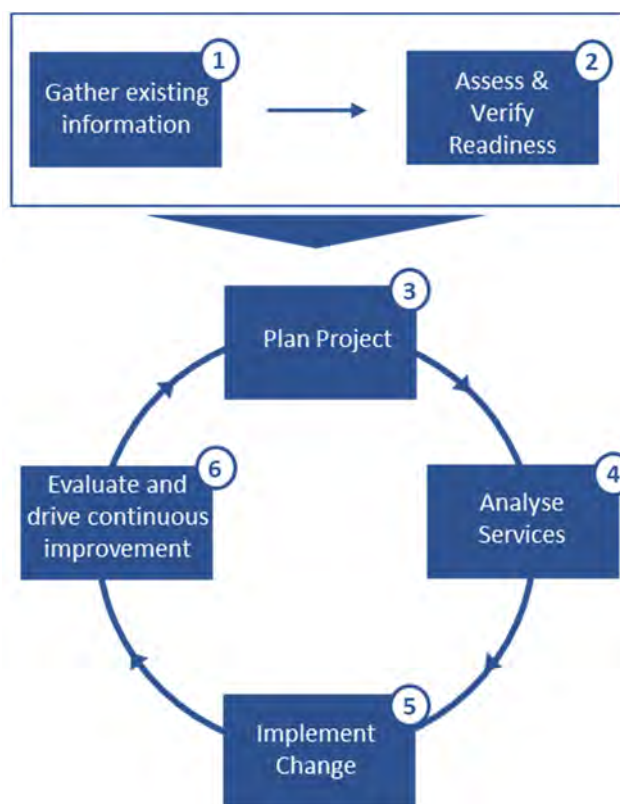


Figure 1: Service review delivery model

¹ www.uts.edu.au/research-and-teaching/our-research/institute-public-policy-and-governance/news/service-delivery-manual-updated

Step 1 – Gather existing information

A Service Statement is to be completed by all Service / Business Units and reviewed annually to record key information such as service categories, sub services, service levels, costs, delivery model etc.

Each service statement should be concise (up to three pages long) and easy to follow, with the key audience being Elected Members and the community.

Note: Sourcing the information will be continuously improved each time it is performed. Time spent completing this step is a good investment for key stakeholders to understand the services provided and to complete the rest of the process. Even though the exact depth and breadth of data required to review a service will vary, some information is likely to be common to most reviews.

Check List – Step 1		✓
Do we have an agreed set of services and sub-services, and resources allocated to them?		
Have we gathered and recorded enough detailed information about them?		
Do we understand the current levels of service?		
Are the service statements complete?		
Have we recently received feedback on the services and sub-services that are delivered?		
Are there any legislated requirements that must be fulfilled within the services or sub-services?		

Step 2 – Assess and Verify Readiness

The City’s Service/Business Unit Review Prioritisation tool will be used to undertake an assessment of readiness and prioritise Service areas to be reviewed. This process should be undertaken annually with responsibility resting with Executive Managers.

The critical factors in determining what to review and when, include;

1. Impact of service on the community
1 = Limited | 2 = Low | 3 = Moderate | 4 = High | 5 = Significant
2. Size of the budget (Total Cost)
1 = <\$500,000 | 2 = \$500,000 - <\$1,000,000 | 3 = \$1,000,000 - <\$2,000,000 |
4 = \$2,000,000 - <\$5,000,000 | 5 = ≥\$5,000,000
3. Identified potential to improve performance/efficiency
1 = Very Low | 2 = Low | 3 = Moderate | 4 = High | 5 = Very High
4. Timing of previous review
1 = ≤ 2 Year since last review | 2 = > 2 – 4 Year since last review | 3 = > 4 – 6 Year since last review | 4 = > 6 – 8 Year since last review | 5 = > 8 Years since last review
5. Risk to the City
1 = Negligible | 2 = Low | 3 = Medium | 4 = High | 5 = Extreme
6. Community Perception
1 = Excellent | 2 = Very Good | 3 = Good | 4 = Satisfactory | 5 = Poor

Once prioritised, the list of services selected for review should be shared with the relevant departments to confirm their readiness for the review. Once feedback is received, any required modifications should be undertaken, and then the final list reviewed by ELT and endorsed by Elected Members as part of the CEO key performance measures for the following year.

Step 3 – Plan Project

Planning for undertaking a service review should be in line with the City's Project Management Framework, with a Project Plan created in line with the Framework. The project plan is a working document which should be reviewed regularly and revised if necessary.

Guiding Principles

At inception a set of guiding principles to underpin the review should be established. These may include one or more of the following;

- engaging and consulting with a wide range of stakeholders throughout the review
- responding to the needs and wants of both the current and future community
- being transparent with all stakeholders about the proposed outcomes
- focusing not just on efficiency but also effective provision of services
- setting targets for quality and costs and benchmarking these against other organisations or standards
- measuring and reporting regularly.

Project objectives

Review objectives should be determined in conjunction with a range of key stakeholders, so everyone is clear about the purpose and potential outcomes.

Potential objectives could be to:

- better understand what the community wants
- reduce or increase the range of services
- improve the quality of some or all services
- make savings
- generate income
- respond to the challenges of climate change
- explore opportunities to provide services in partnership with other organisations

Project Scope

The objectives identified will also determine the scope of the review such as whether the City should;

- focus on specific services over others
- explore different opportunities
- not review some areas
- include services which extend over a range of functions
- pilot a review first before rolling out a more extensive review
- reuse existing information on community needs, processes or policies

Scoping can also help identify potential priority areas for review such as services where quick wins could be made, or where there is a clear need for change.

Risk implications should be documented when developing the scope and the different options that may be selected.

Stakeholder Engagement

Internal and external stakeholders should be involved throughout the review to provide information, analyse data, assist in decision making, determining what a measurement of success looks like, and evaluate success. Key stakeholders may include staff, the community, current service providers, other organisations and Elected Members depending on the type and scale of the review.

All stakeholders should be identified, and a Plan drafted to engage them. This documentation should include the stakeholders, their roles and point at which they will be engaged. Depending on the type of review a more formal Plan may be required.

Project Team

The internal review team will be decided based on a needs analysis for the review to be undertaken. The below can be used as guidance – A review team may consist of the following

- Member of ELT
- Executive Manager Strategy
- Head of Department
- People and Culture team representative

Resource Management

In addition to setting objectives and examining the scope of the review, resource requirements in terms of staff, budget, time or office space should also be determined.

These resources should then be approved by the relevant officer and allocated to the service review.

Check List – Step 3	
Do we have a set of guiding principles for service review?	✓
Are we clear about the objectives, scope and resource needed for the review?	
Have we set up the right team structure with defined roles and responsibilities?	
Have we set a review timetable and key milestones?	
Have we identified our stakeholders and drafted a plan to engage and communicate with them?	
Have we drafted a project plan?	

Step 4 – Analyse Services

This step uses the information gathered in Step 1 to analyse each service in order to suggest changes and improvements consistent with the overall objectives. The options for change should then be tested in consultation with stakeholders before a final review.

During this step it is important to identify not only the possible benefits of changes and improvements but also the risks. As such, part of the analysis phase involves an initial risk assessment of proposed changes.

There are a variety of different types of analysis. The type of analysis used will depend on the nature and scale of service being reviewed, and each service will require a different approach.

Types of analysis

There are various approaches to analysis, and may include assessment of

- levels of service
- service delivery models
- service consolidation
- financial analysis
- asset utilisation
- procurement processes
- labour provisions
- scenario analysis
- governance, process and technology
- benchmarking
- funding arrangements
- climate change risk

Risk Assessment

When considering which services or levels of service could be changed, associated political, financial, reputation, legal, assets, environmental or social risks, and longer-term consequences for strategic planning should also be considered. This initial risk assessment may influence the decision-making process and should be finalised after stakeholder engagement.

The results of the analysis should be documented. The evidence, assumptions and conclusions should be challenged, and ensure the options for change are relevant and appropriate and will meet the review objectives.

Summarising analysis

The information on each service should be collated and summarised in a format which helps identify the key opportunities for change, such as process efficiencies, cost savings and income generation.

The summary could include;

- the service/sub-service name
- changes/improvements suggested
- financial (new costs/savings, new revenue/loss etc) /community/environmental benefits
- staff impacts
- comparison to benchmarks
- risks
- barriers to change
- ease of implementation.

ELT and Elected Members, depending on the type and scale of review, are required to endorse the summary of change/improvement options before stakeholder engagement begins.

Stakeholder Engagement

Once analysis has been completed, engagement should be undertaken with internal and/or external stakeholders depending on the service being reviewed.

Options presented should be clear and concise to ensure it is easy to read and understand for all stakeholders.

Elected Members, ELT and the relevant manager should be given the opportunity to review the draft recommendations plan and give feedback, suggestions and ideas. The feedback should be assessed and communicated back to the relevant stakeholders, if any adjustments to the recommendations are made. It is important to let stakeholders know whether and how their comments and suggestions were incorporated in the final plan.

The final recommendations plan (including an implementation plan) should be reviewed and endorsed by ELT and Elected Members depending on the type and scale of the review. Progress against this plan should be reported to the decision maker (Elected Members/ELT) bi-annually.

The Plan could include;

- process/policy/contractual changes
- financial and resource impacts, especially where the service provider is changing
- forecast savings
- forecast increases or decreases in revenue
- proposed staff changes in terms of full-time equivalent positions
- risks and risk mitigation.

Check List – Step 4	✓
Have we examined the impact of changed service levels where relevant?	
Have we looked at options for using other service delivery models?	
Have we examined possibilities for service consolidation?	
Have we used other analyses where relevant (financial, asset utilisation, procurement processes, labour provisions, governance / processes / technology and benchmarking)?	
Have we identified any opportunities to improve the funding arrangements?	
Have we done an initial assessment of all the potential risks?	
Have the results of the analysis been reviewed and challenged?	
Do we have all the information we need?	
Have we summarised the results of the analysis and formulated options for change/improvement for the ELT and Elected Members to consider?	
Did we ensure all relevant stakeholders could review and comment on the options for change?	
Did the method we used to ask for feedback work?	
Have we effectively analysed all the feedback and modified the draft recommendations accordingly?	
Have we provided feedback as to whether and how stakeholder comments were incorporated into the final plan?	
Have we analysed the risks of change and identified ways to treat them?	
Have we produced a list of recommendations?	
Have we included a final risk assessment in relation to the recommendations?	
Have we detailed the change impacts and long-term costs of each to the Long-Term Financial Plan?	

Step 5 – Implement Change

All the recommendations should be converted into realistic actions and detailed in an implementation plan. This plan records and tracks the changes to each service. As the actions are planned and implemented progress should be reported to ELT/Elected Members.

Implementation activities should be prioritised based on the needs of the City and the resources available. Sometimes it is important to deliver some quick wins in the early stages of implementation to drive support for the change process and demonstrate progress. As the implementation/action plan will have resource and financial implications (even if it is to maintain the status quo), all recommendations will be considered as part of the Long-Term Financial Plan deliberations.

Any changes to services need to be documented to build organisational knowledge and ensure all staff understand the changes made.

Benefits to the City and the various stakeholders will be realised over time. Quick wins may result in immediate benefits while more involved changes such as using a new delivery model may take a longer period. Keeping track of the benefits realised over time is vital to ensure there is a clear link between the change and the short, medium and longer-term outcomes being achieved.

At the end of the change process there needs to be a clear strategy to exit the review and return to a new business-as-usual phase. Formally exiting the service review sends a strong message to both internal and external stakeholders that the review has been completed and the relevant changes made. This is especially important for staff to reduce any further uncertainty and to allow them to return to their 'normal' or changed roles. It is also important for the community when there has been significant change to service delivery.

Check List – Step 5		✓
Did we develop a detailed implementation plan and reporting process?		
Have we allocated staff and other resources to make change?		
Have we documented the new and changed processes?		
Are we keeping stakeholders informed of progress?		
Are we keeping track of the benefits as they are realised over time?		
Have we developed an exit strategy for the review?		

Step 6 – Evaluate and drive continuous improvement

Evaluation is an integral part of service review. Evaluation is the systematic, planned collection of information about the activities and outcomes of a service review to:

- track progress
- make judgements and decisions
- improve effectiveness.

The purpose of evaluation

Evaluation is important to:

- inform planning, implementation and future directions for service delivery reviews as part of continuous improvement
- engage stakeholders

- judge the benefit or value of change (especially whose benefit or value)
- improve the way current reviews or future reviews are conducted
- generate knowledge/understanding internally, within the community and among other stakeholders
- report to key internal or external stakeholders, such as elected members, to gain support.

What should be evaluated

Each individual service review (or at least a sample) and the review process as a whole should be evaluated.

Since reviews can be resource intensive and the recommendations far-reaching, it is important to ensure the review process is effective and efficient. Depending on the focus of the whole or individual service reviews, evaluations should cover:

- *appropriateness* (Does the review make sense?)
 - Does the review address the right issues, and is there a need for the review?
 - Do the objectives/outcomes of the review directly address the need?
- *effectiveness* (Did it work?)
 - Did the review achieve the desired objectives/outcomes?
- *efficiency* (was it cost effective?)
 - Could the review have made better use of resources?
- *process* (Was it well managed?)
 - Did the decision-making and project management process deliver the objectives/outcomes?

Evaluating individual service reviews (*in particular, those which focus on areas of large expenditure, high capital costs or are important to stakeholders*) will help inform future reviews and allow the service review framework to improve the methodology.

Outcomes should be reported on, and key learnings shared. This engages stakeholders, sustains the outcomes of the change and gets people involved in the debate about what constitutes an effective service review.

The purpose of reporting is to communicate with stakeholders about the outcomes and benefits (immediate and longer term) achieved as a result of the service review. A service review evaluation report which can be a stand-alone document, should be prepared at the end of the review process.

Service reviews will form part of the City’s Integrated Planning and Reporting Framework and therefore be incorporated into ongoing annual review of operations, delivery programs, financial and asset management plans, with a commitment to continuous improvement.

Check List – Step 6	✓
Have we evaluated the review process?	
Have we produced a service review evaluation report?	
Have we shared our results with others?	
Are service reviews incorporated as part of continuous improvement?	