

Our Ref: CPM/109-4 D24/189183

Your Ref:

Enquiries to: CEO's Office



30 August 2024

Hon Hannah Beazley MLA
Minister for Local Government; Youth
Level 7, Dumas House
2 Havelock Street
WEST PERTH WA 6005

Dear Minister

**WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT - PERFORMANCE
REVIEW: STAFF EXIT CONTROLS AT LARGE LOCAL GOVERNMENT
ENTITIES: 28 JUNE 2024**

In accordance with the *Local Government Act 1995* s7.12A (4)(a) the City has prepared a report addressing a significant matter raised in the Western Australian Auditor General's Report - Performance Review: Staff Exit Controls At Large Local Government Entities. This report was presented and approved at the City's Audit Committee on 12 August 2024 and endorsed by Council on 27 August 2024.

Please find attached the adopted report in accordance with the *Local Government Act 1995* s7.12A (4)(b). The report will be published on the City's official website in accordance with s7.12A (5) of the Act.

Further, as you will note in the report the required actions by the City have already been actioned.

Should you require any further information, please contact me.

Yours faithfully

Michael Parker
Chief Executive Officer

Att.



Deputy Mayor Buchan declared an impartiality interest in item AC-003/24 Office of the Auditor General (OAG) Performance Audit - Staff Exit Controls at Large Local Government Entities: Report on significant matter and will deal with the matter on its merits and vote accordingly (refer to Item 9 for specific details)

General Management Services Internal Audit Audit Committee		
Report number / title:	AC-003/24	Office of the Auditor General (OAG) Performance Audit - Staff Exit Controls at Large Local Government Entities: Report on significant matter
File number:	CPM/109	
Proponent/s:		
Author:	Mr Martin Schaafsma, Manager Internal Audit	
Other Contributors:		
Date of Committee meeting:	12 August 2024	
Previously before Council:		
Disclosure of Interest:	Deputy Mayor Buchan declared an Impartiality Interest in Item AC-003/24 Office of the Auditor General (OAG) Performance Audit - Staff Exit Controls at Large Local Government Entities: Report on significant matter, as detailed in Regulation 22 of the <i>Local Government (Model Code of Conduct) Regulations 2021</i> and as per section 5.65 of the Local Government Act 1995, as Cr Buchan's employer is the OAG. Cr Buchan's business unit is Forensic Audit and is a separate division of the OAG from the Performance Audit business unit. Cr Buchan will consider the matter on its merits and will vote accordingly.	
Nature of Council's role:	Executive	
Attachments:	<ol style="list-style-type: none">OAG Published Performance Audit Staff Exit Controls at Large Local Government EntitiesMinutes of the Audit Committee meeting held on 12 August 2024 (Refer to Attachment 2 of AC-002/24)	
Maps / Diagrams:		
Site:		
Lot Area:		

Purpose of Report

This report seeks to address a significant matter identified by the Office of the Auditor General (OAG), during the Performance Audit - Staff Exit Controls at Large Local Government Entities (Audit Report) as contained in Attachment 1.

In accordance with section 7.12A of the *Local Government Act 1995*, the City of Rockingham (City) is to prepare a report addressing any significant matters raised by the OAG.

Background

This City was among the eight large local government entities (**entities**) included in the performance audit undertaken by the OAG on staff exit controls and, as such, is required to prepare a report on the actions intended to address any significant findings resulting from an audit.

This Audit Report assessed whether the entities effectively and efficiently manage the exit of staff to minimise security, asset and financial risks. The OAG considered whether these entities have appropriate policies and procedures in place and if these are complied with to effectively manage staff exits. The OAG identified one significant matter across six of the eight entities.

Details

Audit Report

The OAG's published report, Performance Audit - Staff Exit Controls At Large Local Government Entities, was presented to Parliament on 28 June 2024 and made the following recommendation to the one significant finding identified for the City in accordance with pages 11 and 17 of its report:

"Summary of recommendations applicable to audited entity (Extract page 17)

1b. Regularly review staff exit information allowing effective oversight and monitoring of end-to-end processes and ensure compliance with policies and procedures "

The OAG's Published Audit Report mentions on page 11 that:

"There are gaps in entities' monitoring of whether exit processes have been completed:

Exit controls work across multiple business units that don't always interact on a regular basis. Because of this, entities need to have processes in place to make sure these controls are performed. The OAG found limited monitoring had been performed by the entities to confirm all exit activities had been completed contributing to the findings within this report.

At six entities processes were in place to initiate the required exit activities and notify the relevant business unit of the exit of an employee, but there was no reporting of completed actions by the relevant business unit:

- At the cities of Swan and Canning there were no exit checklists to confirm the completion of exit activities by the line manager.*
- At four other entities checklists were used and completed by the line manager of the exiting member of staff but testing identified that they were not always fully completed. At the City of Armadale use of the checklist was noted as being optional. The City of Rockingham was the only entity able to demonstrate completion of exit checklists for all exiting staff tested.*
- Only two entities, the cities of Joondalup and Gosnells, had the capability to monitor the completion of all exit activities. However, this is limited to statements of completion that could not always be evidenced."*

"Recommendation (Particular to this finding can be found on page 15 of the Published Report)

- All entities should regularly review staff exit information allowing effective oversight and monitoring of end-to-end processes and ensure compliance with policies and procedures."*

In respect to the City of Rockingham specifically, the OAG has noted the City has an Exit Checklist which was completed for all samples tested however it did not contain a signature for manager's sign-off and was not returned to Human Resource Development (**HRD**) for the samples tested.

The OAG has also noted that the City has reviewed its processes in February 2024 to include a manager's signature within the Exit Checklist and a requirement for it to be returned to HRD to be verified. The City's new monitoring process however was not in place for the period reviewed by the OAG (1 January 2023 to 31 December 2023). Therefore a significant finding has been made. The OAG has recommended that the City ensure that the newly implemented process is operating effectively.

Implications to Consider

a. **Consultation with the Community**

Nil

b. **Consultation with Government Agencies**

Nil

c. **Strategic**

Community Plan

This item addresses the Community's Vision for the future and specifically the following Aspiration and Strategic Objective(s) contained in the Strategic Community Plan 2023-2033:

Aspiration: 5. **Leadership Aspiration - Transparent and accountable leadership and governance**

Outcome/Objective: *Quality Leadership - Ensure accountable and transparent governance*

d. **Policy**

Not Applicable

e. **Financial**

Nil

f. **Legal and Statutory**

In accordance with Section 7.12A (4) and (5), subject to endorsement by Council, this report is to be sent to the Minister for Local Government. This is to be completed within three months of the OAG report being tabled in Parliament, and within 14 days of submission should be published on the City's website.

g. **Risk**

All Council decisions are subject to risk assessment according to the City's Risk Framework.

Implications and comment will only be provided for the following assessed risks.

*Customer Service / Project management / Environment: High and Extreme Risks
Finance / Personal Health and Safety: Medium, High and Extreme Risks*

Nil

Comments

The City recognises the improvement opportunity that the OAG Performance Audits provide as is evidenced by previous self-assessments undertaken by the City against similar audits.

As part of its own Internal Audit processes and in response to a previous OAG Performance Audit – Staff Exit Controls for Government Trading Enterprises issued by the OAG on 13 September 2023, the City undertook a self-evaluation assessment against the outcomes of this performance audit.

This self-evaluation assessment identified improvements introducing sign-off and return of the checklist to HRD and this improvement was included on the City's Audit Log. Whilst these matters were addressed prior to the OAG undertaking its latest audit, the new controls were not in place during the OAG review period (2023 calendar year) and therefore were not tested by the OAG.

Notwithstanding this, the Audit Report highlights the City of Rockingham was the only entity able to demonstrate completion of Exit Checklists for all exiting staff tested. Furthermore the self-assessment undertaken by the City prior to the OAG's performance audit identified the same improvements to City processes that the OAG's audit identified which have been put in place.

The controls therefore required to address the OAG findings have already been implemented by the City and include the specific signing-off by the relevant Manager that the exit checklist has been completed and oversight of the process by the HRD team.

As part of the City's response it will continue to assess the new processes to ensure that they are operating effectively through the Internal Audit's annual key controls reviews.

Audit Committee

This item was presented to the Audit Committee on 12 August 2024 where it was supported without change.

Voting Requirements

Simple Majority

Officer Recommendation

That Council:

1. **ENDORSES** the report prepared in response to the significant matter raised by the OAG in its Performance Audit - Staff Exit Controls at Large Local Government Entities in accordance with section 7.12A of the *Local Government Act 1995*.
2. **REFERS** the report to the Minister of Local Government and publishes it on the City's website in accordance with section 7.12A of the *Local Government Act 1995*.

Audit Committee Recommendation

That Council:

1. **ENDORSES** the report on the significant matter raised by the OAG in its Performance Audit - Staff Exit Controls at Large Local Government Entities in accordance with section 7.12A of the *Local Government Act 1995*.
2. **REFERS** the report to the Minister of Local Government and publishes it on the City's website in accordance with section 7.12A of the *Local Government Act 1995*.

Committee Voting (Carried) – 4/0

The Audit Committee's Reason for Varying the Officer's Recommendation

Not Applicable

Council Resolution

That Council:

1. **ENDORSES** the report on the significant matter raised by the OAG in its Performance Audit - Staff Exit Controls at Large Local Government Entities in accordance with section 7.12A of the *Local Government Act 1995*.
2. **REFERS** the report to the Minister of Local Government and publishes it on the City's website in accordance with section 7.12A of the *Local Government Act 1995*.

Carried en bloc

The Council's Reason for Varying the Committee's Recommendation

Not Applicable