

CITY OF ARMADALE

AGENDA

OF CITY AUDIT COMMITTEE TO BE HELD IN THE FUNCTION ROOM,
ADMINISTRATION CENTRE, 7 ORCHARD AVENUE, ARMADALE ON **THURSDAY,
15 JUNE 2023 AT 7.00PM.**

A meal will be served at 6:15 p.m.

PRESENT:

APOLOGIES: Cr G Nixon (Leave of Absence)

OBSERVERS:

IN ATTENDANCE:

PUBLIC QUESTION TIME

Note:

The Audit Committee is a formally appointed committee of council responsible to that body and does not have any power or duty from the Council. As the matters discussed may be of a sensitive and confidential nature which, if disclosed could reasonably be expected to impair the effectiveness of the audit process, the Audit Committee meetings are closed to the public.
– Council resolution CS53/10/2020 refers.

*“For details of Councillor Membership on this Committee, please refer to the City’s website
– www.armadale.wa.gov.au/mayor-councillors-and-wards.”*

DECLARATION OF MEMBERS' INTERESTS

CONFIRMATION OF MINUTES

RECOMMEND

Minutes of the City Audit Committee Meeting held on 16 March 2023 be confirmed.

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CITY AUDIT COMMITTEE

15 JUNE 2023

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1.1 - EXTERNAL AUDIT PLAN 2022/23

WARD : ALL

FILE No. : M/326/23

DATE : 6 June 2023

REF : MH

RESPONSIBLE : Executive Director
MANAGER Corporate Services

In Brief:

- The Office of the Auditor General and KPMG will attend the meeting to present and take questions regarding the External Audit Plan for 2022/23.
- Recommend that Council endorse the External Audit Plan for 2022/23.

Tabled Items

Nil.

Decision Type

- ☐ **Legislative** The decision relates to general local government legislative functions such as adopting/changing local laws, town planning schemes, rates exemptions, City policies and delegations etc.
- ☒ **Executive** The decision relates to the direction setting and oversight role of Council.
- ☐ **Quasi-judicial** The decision directly affects a person's rights or interests and requires Councillors at the time of making the decision to adhere to the principles of natural justice.

Officer Interest Declaration

Nil.

Strategic Implications

4.3 Financial Sustainability (Leadership)

Legal Implications

- *Local Government (Audit) Regulations 1996*
- *Australian Accounting Standards*

Council Policy/Local Law Implications

Nil.

Budget/Financial Implications

Nil - the costs of the External Audit for 2022/23 are allowed for in the Annual Budget

Consultation

- KPMG/OAG

BACKGROUND

The external audit process and sign off on the City's accounts for 2021/22 concluded in March 2023. Annually, the external auditors provide an audit plan and strategy document to the City as the commencement of the audit process. The plan intends to provide the City with the audit focus areas, the procedures to be employed over those areas, deliverables and timelines.

DETAILS OF PROPOSAL

The Audit Plan has identified 8 key focus areas for the audit. A number of them are the same as every year however this year there will be a focus on the Valuation of Infrastructure Assets due to the revaluation that is required to occur during this financial year. The 8 key focus areas are;

- Existence and Valuation of Infrastructure Assets
- Existence and Valuation of Fixed Assets
- Revenue
- Landfill Site Rehabilitation Asset and Liability
- Contracts and Procurement
- Personnel Costs and Related Liabilities
- Cash, Cash Equivalents and Term Deposits
- IT General Controls and Systems

The interim audit will commence in early July with the year end audit procedures commencing early October.

Apart from the City's annual financial statements, the audit program includes the expenditure on Roads to Recovery, Local Roads and Community Infrastructure funding, Deferred Pensioners Statement and the Statements of Income and Expenditure for Anstey Keane and North Forrestdale Development Contribution Plans.

The timeline of the upcoming audit targets an OAG sign off by the end of November 2023. In order to achieve this timeline it requires regular discussions between the KPMG Engagement Team, the OAG and City Officers.

CONCLUSION

The objective of the annual External Audit Plan is to provide the City with the key audit focus areas and the audit risk assessment to be employed during the audit. The procedures performed during the audit will enable KPMG/OAG to assess whether the financial statements for the City present fairly the City's financial position as at 30 June 2023

RECOMMEND

That Council endorses the External Audit Plan 2022/23.

ATTACHMENTS

1. City of Armadale Audit Plan June 2023 - *This matter is considered to be confidential under Section 5.23(2) (c) of the Local Government Act, as the matter relates to a contract entered into or which may be entered into by the City of Armadale*

1.2 - INTEGRITY FRAMEWORK REVIEW 2023/24

WARD : ALL
FILE No. : M/285/23
DATE : 19 May 2023
REF : DB/BG
RESPONSIBLE : Executive Director
MANAGER : Corporate Services

In Brief:

- Council endorsed the City's Integrity Framework in 2022.
- In accordance with the Framework a review of the City's integrity benchmarks is to be completed annually.
- Recommend that Council note the Integrity Framework Review.

Tabled Items

Nil.

Decision Type

- ☐ **Legislative** The decision relates to general local government legislative functions such as adopting/changing local laws, town planning schemes, rates exemptions, City policies and delegations etc.
- ☒ **Executive** The decision relates to the direction setting and oversight role of Council.
- ☐ **Quasi-judicial** The decision directly affects a person's rights or interests and requires Councillors at the time of making the decision to adhere to the principles of natural justice.

Officer Interest Declaration

Nil.

Strategic Implications

4.1.3 Develop organisational frameworks to achieve consistency, transparency and clarity of decision making processes.

4.1.5 Establish comprehensive governance policies and processes.

CBP 4.1.5.5 Implement the Public Sector Commission's Integrity Framework.

Legal Implications

Nil.

Council Policy/Local Law Implications

Policy ADM 23 – Misconduct, Fraud and Corruption is relevant to the Integrity Framework and its continued development.

Budget/Financial Implications

Nil. It is anticipated ongoing development of the Integrity Framework will not require additional resources.

Consultation

- Public Sector Commission
- ELT.

BACKGROUND

On 27 June 2022, Council adopted the City's Integrity Framework. The development of the Integrity Framework was following the Public Sector Commission (PSC) releasing an Integrity Strategy for WA Public Authorities. In 2021 the PSC released a range of resources for public authorities to assist in the development of individual agency Integrity Frameworks.

DETAILS OF PROPOSAL

When endorsing the Integrity Framework, Council resolved to undertake a review in 12 months to measure the City's implementation. A desktop assessment of how the City compares using the Public Sector Commission's self-assessment tool. The desktop assessment demonstrates that, whilst the City is making progress in the development of suitable internal controls to manage potential integrity issues, there is still work to be done to fully realise the maturity model developed by the PSC.

COMMENT

Since the adoption of the Integrity Framework in 2022, a number of improvements have been identified in respect of the City's management of integrity issues generally, as well as core focus areas that are noted in the self-assessment.

Council will recall at its meeting on 24 April 2023, it was identified that there was an opportunity to improve the City's Code of Conduct for Elected Members and Candidates, and the Complaints Handling Policy and directed a review of the Code of Conduct to occur. This is a core focus area of the Integrity Strategy, and the review of the Code of Conduct will dovetail with its overall objectives.

Similarly, the City's Code of Conduct for Employees and Volunteers is due for review, as this has not been done since its adoption in early 2022, noting that some deficiencies have been identified and planned to be rectified.

The Public Sector Commission has contacted local government, including the City, to provide assistance to local government in the further development of integrity measures. Officers intend to take up the offer from the Public Sector Commission at the appropriate time as it will be beneficial to obtain better practice advice to ensure the development of better systems as well as provide an opportunity to inform the Public Sector Commission on some of the issues impacting the sector and how this translates to the day-to-day business of local governments.

The adopted Integrity Framework notes that, for it to be successful, the following corporate objectives should be embedded within our normal business processes:

1. Integrity matters are incorporated into all aspects of the business as a standing item.
2. Integrity risks are incorporated into the City's Risk Register and are constantly monitored and reviewed.
3. Integrity risks are presented to the Audit and Risk Committee.
4. Integrity checks are conducted as a normal recruitment process.
5. Regular networking opportunities with other local governments and public organisations on integrity matters.
6. The City continues the use of formal notification processes such as newsletters, emails and meetings.
7. Integrity reporting processes are advertised and encouraged.
8. The roles and responsibilities of the leadership team is to include a focus on integrity management.
9. The City is committed to learn from internal and external reports on integrity management.

The review has found that the City is in a developing stage of achieving its integrity strategy and further progress is required in order for the above stated goals to become embedded in the City's organisational culture.

During the last 12 months the City has made significant progress with the review of delegations related to powers contained under the *Local Government Act*, *Cat Act* and *Dog Act* to ensure compliance with the relevant updated legislation and to vary delegations where necessary to aid comprehension and ensure that the relevant officers are able to more easily understand the basis and scope of the authority delegated to them.

During the 22/23 financial year the City has tested the processes and systems in place during the application of the complaints handling policy. These processes have highlighted the resilience of the processes in place but have also identified areas where the City could further refine practices.

The review together with other audits identify that the City has opportunity to be more proactive with regards to issues of statutory compliance. In addition, being more proactive in making integrity a key focus for all stakeholders in the City including employees and external partners is also an opportunity. Leadership from Council and senior executives at the City is crucial in ensuring that educating staff and other stakeholders of the City's expected standards and that benchmarking is undertaken to show progress made in this space.

The review corroborated the findings of the Regulation 17 report by Moore Australia which showed that despite progress made, the City needed to develop a fraud and corruption risk assessment and control plan, an online compliance calendar and better train staff in relation to Public Interest Disclosure procedures and the City's approach to managing misconduct, fraud and corruption generally.

It is worth noting that the Integrity Framework Maturity Self Assessment Tool is developed by the Public Service Commission for the Western Australian public service as a whole and some recommendations are unsuitable or inappropriate for local government generally and the City specifically.

OPTIONS

Council can choose not to accept the findings made with respect to the Integrity Framework Maturity Self Assessment Tool, however the results of the self assessment tool are intended for use as guidance in the Council's endeavours to improve governance within the City.

CONCLUSION

The first review of the City's integrity framework represents the beginning of the City's ongoing review of the maturity of its integrity procedures and progress made since the establishment of the integrity framework. The review demonstrates that the City has made progress in areas in which attention and resources have been focused, most notably the comprehensive review of delegations undertaken this year. Whilst the City has demonstrated compliance with statutory requirements, the review demonstrates that to excel at demonstrating integrity throughout the City staff need to be further engaged and empowered to be aware of the importance of integrity and ethical considerations within the City.

RECOMMEND

That Council note the completed Integrity Framework Maturity Self Assessment Tool.

ATTACHMENTS

1. [Integrity Framework Maturity Self Assessment Tool - Armadale 2023](#)

COUNCILLORS' ITEMS

Nil.

MEETING DECLARED CLOSED AT _____

CITY AUDIT COMMITTEE		
SUMMARY OF ATTACHMENTS		
15 JUNE 2023		
ATT NO.	SUBJECT	PAGE
1.2 INTEGRITY FRAMEWORK REVIEW 2023/24		
1.2.1	Integrity Framework Maturity Self Assessment Tool - Armadale 2023	11



Integrity Framework Maturity Self Assessment Tool

Helping WA public authorities assess and improve their approach to integrity

Element 1: Clear expectations

The authority head clearly describes and communicates their integrity expectations

Maturity levels and their indicators: Each maturity level has 4 indicators that provide an overarching description of what the approach to integrity looks like at each level. Each level of maturity builds on the previous.

Emerging	Developing	Embedded	Excelling
<ul style="list-style-type: none">• Authorities at this maturity level have an unclear approach to integrity, meaning it is partially or not documented and not fully compliant.• Integrity is not defined or well understood by staff.• Integrity actions and initiatives tend to be unplanned, inconsistent and reactive.• Accounting for integrity only relates to meeting compliance obligations.	<ul style="list-style-type: none">• Authorities at this maturity level are documenting their approach to integrity and it is mostly compliant.• What integrity means is becoming clearer to staff as the tone from the top is being communicated.• Integrity actions and initiatives are being planned for and coordinated but not yet integrated.• Accounting for integrity is moving beyond compliance obligations and more towards improvement initiatives.	<ul style="list-style-type: none">• Authorities at this maturity level have a clear approach to integrity, meaning it is fully documented and compliant.• Integrity is well communicated by leaders, understood by staff and integrated into business practices.• Integrity actions and initiatives are planned, fit-for-purpose, implemented and continuously refined.• Accounting for integrity is based on improvements being made from periodic assessments and supported by leadership commitment.	<ul style="list-style-type: none">• Authorities at this maturity level have an approach to integrity that is fully integrated into all decision making and planning.• Integrity is modelled and reinforced by leaders and practiced by staff who understand their obligations.• Integrity actions and initiatives are flexible enough to meet integrity challenges and respond to new and emerging risks.• Accounting for integrity is based on improvements being made from ongoing assessment. Improvements are prioritised and implementation is monitored as part of a continuous improvement approach.
Characteristics			
<ul style="list-style-type: none"><input type="checkbox"/> Expectations, if documented, are only in the code of conduct.<input type="checkbox"/> The authority head rarely communicates their expectations.<input type="checkbox"/> Line managers check staff understanding of expectations only after an integrity breach.<input checked="" type="checkbox"/> There are limited specific expectations communicated to external stakeholders (e.g. those who do business with the authority or use its services).	<ul style="list-style-type: none"><input checked="" type="checkbox"/> Expectations are in the code of conduct, being documented in integrity policies and procedures, and included in job descriptions for some positions of trust when they are updated.<input type="checkbox"/> The authority head occasionally reinforces their expectations (e.g. face to face, staff communications).<input checked="" type="checkbox"/> Line managers explain expectations at induction. Some reinforce them during employment (e.g. through staff performance processes).<input type="checkbox"/> Specific expectations for external stakeholders are being developed.	<ul style="list-style-type: none"><input type="checkbox"/> The integrity framework, code of conduct, integrity policies and procedures, and most business processes reflect the authority head's expectations.<input checked="" type="checkbox"/> The authority head frequently reinforces their expectations and there is clear "tone from the top".<input type="checkbox"/> Line managers consistently model and reinforce the "tone from the top". This is demonstrated in part by staff understanding expectations and being able to explain what these are when asked.<input type="checkbox"/> Expectations are communicated to external stakeholders (e.g. through a statement of business ethics).	<ul style="list-style-type: none"><input type="checkbox"/> New policies and procedures are written consistently to reflect the authority head's expectations.<input type="checkbox"/> The leadership group demonstrates the "tone from the top". It is visible and well known inside and outside the authority.<input type="checkbox"/> Staff model and support the "tone from the top" which is assessed through staff performance processes.<input type="checkbox"/> External stakeholders who do not meet communicated expectations are held to account (e.g. through appropriate legislative or contractual mechanisms).

Comments

The City has a significant framework in setting out what the City's integrity expectations are for its Councillors and employees and these documents and processes reflect the expectations of the CEO, Executive and Councillors. The SHARP branding that is prominent throughout City buildings reinforces the principles that the City employees are expected to act under. Further development of the City's expectations would be possible through the preparation of a statement of business ethics and appropriate contractual mechanisms to hold suppliers and contractors to account.

Element 2: Roles and responsibilities

Roles and responsibilities are assigned to ensure a coordinated approach to managing integrity.

Maturity levels and their indicators: Each maturity level has 4 indicators that provide an overarching description of what the approach to integrity looks like at each level. Each level of maturity builds on the previous.

Emerging	Developing	Embedded	Excelling
<ul style="list-style-type: none">• Authorities at this maturity level have an unclear approach to integrity, meaning it is partially or not documented and not fully compliant.• Integrity is not defined or well understood by staff.• Integrity actions and initiatives tend to be unplanned, inconsistent and reactive.• Accounting for integrity only relates to meeting compliance obligations.	<ul style="list-style-type: none">• Authorities at this maturity level are documenting their approach to integrity and it is mostly compliant.• What integrity means is becoming clearer to staff as the tone from the top is being communicated.• Integrity actions and initiatives are being planned for and coordinated but not yet integrated.• Accounting for integrity is moving beyond compliance obligations and more towards improvement initiatives.	<ul style="list-style-type: none">• Authorities at this maturity level have a clear approach to integrity, meaning it is fully documented and compliant.• Integrity is well communicated by leaders, understood by staff and integrated into business practices.• Integrity actions and initiatives are planned, fit-for-purpose, implemented and continuously refined.• Accounting for integrity is based on improvements being made from periodic assessments and supported by leadership commitment.	<ul style="list-style-type: none">• Authorities at this maturity level have an approach to integrity that is fully integrated into all decision making and planning.• Integrity is modelled and reinforced by leaders and practiced by staff who understand their obligations.• Integrity actions and initiatives are flexible enough to meet integrity challenges and respond to new and emerging risks.• Accounting for integrity is based on improvements being made from ongoing assessment. Improvements are prioritised and implementation is monitored as part of a continuous improvement approach.
Characteristics			
<ul style="list-style-type: none"><input type="checkbox"/> Some roles and responsibilities are assigned. These are documented to meet compliance obligations (e.g. role of the audit committee).<input type="checkbox"/> Some delegations are documented; these mainly relate to finance and human resources.<input type="checkbox"/> Information and data requests from external integrity bodies are responded to in an ad hoc way.<input type="checkbox"/> Staff think integrity is someone else's responsibility. Individual and shared responsibility is not well understood.	<ul style="list-style-type: none"><input checked="" type="checkbox"/> Roles and responsibilities are being assigned as the integrity framework is developed (e.g. to positions, teams, groups and committees) and in job descriptions when they are updated.<input type="checkbox"/> Delegations are being considered across functions and activities and being documented in an accessible schedule.<input checked="" type="checkbox"/> Responsibility has been assigned to a position or team to coordinate information and data requests and interactions with external integrity bodies.<input checked="" type="checkbox"/> Staff are becoming aware that integrity is everyone's responsibility. This is being communicated in the integrity framework, code of conduct, integrity policies and procedures.	<ul style="list-style-type: none"><input type="checkbox"/> Roles and responsibilities – including the authority head's accountability for integrity – are documented in the integrity framework.<input type="checkbox"/> Relevant roles and responsibilities (e.g. between the governing board chair or mayor/shire president, chancellor and authority head and staff) are clear and documented in the integrity framework.<input checked="" type="checkbox"/> Delegations for all legislative and high risk functions are covered (e.g. regulation, approvals, human resources, finance).<input type="checkbox"/> Requests from external integrity bodies are planned for and scheduled so they can be responded to in a timely and fulsome way.<input type="checkbox"/> Staff are aware that integrity is everyone's responsibility and can explain what this means when asked.	<ul style="list-style-type: none"><input type="checkbox"/> Leaders and staff with key assigned roles and responsibilities in the integrity framework regularly discuss challenges and identify opportunities to improve the framework. These improvements feed into self-analysis and review of the framework.<input type="checkbox"/> The delegations schedule is monitored and updated in real time.<input type="checkbox"/> A dedicated position, team or committee is tasked with engaging with external bodies, promoting integrity, and helping to prevent misconduct and corruption, and providing specialist advice to the leadership group on trends and improvement actions.<input type="checkbox"/> Staff are provided with a formal avenue to suggest changes to the integrity framework.

Comments

To achieve best practice, the City would need to update delegations in real time and establish a team dedicated to integrity and misconduct prevention. The Public Sector Commission framework covers both local and state government organisations, it may be that some recommendations are more amenable to large state government organisations then local government with more limited resources. Furthermore the large number of delegations held within the City make a “real time” register impractical as compared to a state government body with a smaller number of delegations for key processes.

Element 3: Legislation and regulations

Legislation, regulations and external policy obligations are identified and accounted for.

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Characteristics			
<ul style="list-style-type: none"><input checked="" type="checkbox"/> Legislative, regulatory and external policy obligations (e.g. those required by enabling legislation and those set by central bodies) are not fully identified.<input checked="" type="checkbox"/> Compliance gaps, if any, are mostly unknown.<input type="checkbox"/> Staff understanding of their powers, functions and obligations – and how they apply these in practice – relies on their knowledge and capability.	<ul style="list-style-type: none"><input type="checkbox"/> Legislative, regulatory and external policy obligations are being identified. An accountability map or similar is being completed.<input type="checkbox"/> Any compliance gaps identified are being addressed.<input checked="" type="checkbox"/> Staff are becoming aware of the power, functions and obligations relevant to their role (e.g. acting in line with operating procedures). Line managers are taking a more active role in this.	<ul style="list-style-type: none"><input type="checkbox"/> All obligations are documented and accounted for (e.g. reflected in internal controls, roles and responsibilities, compliance calendars).<input type="checkbox"/> Compliance gaps are addressed as identified.<input type="checkbox"/> Staff understand the power, functions and obligations relevant to their role (e.g. delegations) and can explain how these apply in practice.<input type="checkbox"/> Line managers support their staff to comply with obligations and oversight compliance. They demonstrate they have taken action on non-compliance (e.g. through staff performance and discipline processes).	<ul style="list-style-type: none"><input type="checkbox"/> All obligations are monitored to track changes to legislation, regulations and external policy. Changes are communicated and updates made (e.g. to internal controls).<input type="checkbox"/> Proactive monitoring identifies compliance gaps.<input type="checkbox"/> Passive and active monitoring is undertaken to check if staff are carrying out powers, functions and obligations as expected (e.g. discretionary powers are appropriately exercised and staff act in line with delegations).

Comments

A recent Audit conducted in accordance with Regulation 17 of the *Local Government (Audit) Regulations 2006* (the Regulation 17 Report) concluded that the City’s compliance management systems are weak, with no Framework in place. This was reported to the Audot Committee in April 2023. A program of Works for improvement is being developed and is subject to budget deliberations by the Council. Notwithstanding, the City has made some progress in compliance management with legislation and regulations. A full review of all Local Government Act, Cat Act and Dog Act delegations and obligations under the *Emergency Management Act 2005* has ensured that all the City’s authorising environment (delegations and authorisation) are accounted for and any compliance gaps have been identified. The delegation review process included input from the department and team leaders.

Element 4: Risk analysis and planning for integrity

Integrity risks are identified and analysed, and plans are made to manage them.

Maturity levels and their indicators: Each maturity level has 4 indicators that provide an overarching description of what the approach to integrity looks like at each level. Each level of maturity builds on the previous.

Emerging	Developing	Embedded	Excelling
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Characteristics			
<ul style="list-style-type: none"><input type="checkbox"/> Integrity risks are narrowly defined. Little consideration is given to functions and activities that give rise to integrity risks. The priority is material financial risk.<input type="checkbox"/> There is limited agreement about the value of, and approach to, managing integrity risks among the leadership group.<input type="checkbox"/> Managing integrity risks associated with functions and activities relies on the judgement of line managers. There are limited methodologies, tools and guidance to assist them, other than processes to manage financial risks.<input type="checkbox"/> Some but not all staff are able to explain the integrity risks associated with their work or the importance of managing them.	<ul style="list-style-type: none"><input checked="" type="checkbox"/> Integrity risks, including those relating to high risk functions, activities and any outsourced programs and activities, are being identified, adequately defined, analysed and documented in risk registers.<input checked="" type="checkbox"/> The authority head communicates the value of managing integrity risks to the leadership group. A shared understanding of risk management is being developed.<input checked="" type="checkbox"/> Risk owners are being identified and assigned for high risk functions and activities. They are provided with methodologies, tools and guidance (e.g. risk management policies and procedures) to help analyse and manage risks.<input type="checkbox"/> Staff are becoming familiar with the integrity risks associated with their work and what they need to do to manage them (e.g. comply with policies and procedures).	<ul style="list-style-type: none"><input type="checkbox"/> Integrity risks from internal and external sources have been identified. Risk owners are assigned for all identified risks in risk registers. Integrity risks are reflected in broader planning processes (e.g. strategic, operational, project and business continuity).<input type="checkbox"/> Integrity risks are regularly monitored, reviewed, updated and reported on, and take account of changes impacting the risk profile.<input type="checkbox"/> The authority head regularly reinforces the value of managing integrity risks (e.g. face to face, in staff communications).<input checked="" type="checkbox"/> Risks owners are provided with methodologies, tools and guidance that take into account better practice outlined in Australian Standards 31000-2018: Risk Management Guidelines and 8001-2021: Fraud and Corruption Control.<input checked="" type="checkbox"/> Staff understand the integrity risks associated with their work and identified shared risks, and can explain how they manage these in practice.	<ul style="list-style-type: none"><input type="checkbox"/> Assessment of integrity risk considers behavioural factors (e.g. what makes individuals more vulnerable to engaging in misconduct and corruption from internal and external sources).<input type="checkbox"/> Advanced tools are used to monitor and report on integrity risks (e.g. automated dashboards and data analytics). They help inform decisions to improve risk management.<input type="checkbox"/> The leadership group takes a positive and proactive approach to managing all risks including shared risk (e.g. inter-authority or multi-jurisdictional projects).<input type="checkbox"/> Risk owners champion risk management.<input type="checkbox"/> Staff consistently identify, analyse and manage integrity risks associated with their work. Where new and emerging risks are identified, they are raised via established pathways.

Comments

The City's internal and external auditing systems identifies high risk activities which are documented in risk registers with the risk rating identified and the control effectiveness analysed. The methodologies are in line with Australian Standards 31000. The Regulation 17 Report identified improvement opportunities for monitoring, reviewing, updated and reporting on risks and providing further training and development opportunities.

Element 5: Internal controls, audit and governance

Integrity risks are managed through sound internal controls, and audit is used to evaluate the adequacy and effectiveness of controls.

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<ul style="list-style-type: none">• Authorities at this maturity level have an unclear approach to integrity, meaning it is partially or not documented and not fully compliant.• Integrity is not defined or well understood by staff.• Integrity actions and initiatives tend to be unplanned, inconsistent and reactive.• Accounting for integrity only relates to meeting compliance obligations.	<ul style="list-style-type: none">• Authorities at this maturity level are documenting their approach to integrity and it is mostly compliant.• What integrity means is becoming clearer to staff as the tone from the top is being communicated.• Integrity actions and initiatives are being planned for and coordinated but not yet integrated.• Accounting for integrity is moving beyond compliance obligations and more towards improvement initiatives.	<ul style="list-style-type: none">• Authorities at this maturity level have a clear approach to integrity, meaning it is fully documented and compliant.• Integrity is well communicated by leaders, understood by staff and integrated into business practices.• Integrity actions and initiatives are planned, fit-for-purpose, implemented and continuously refined.• Accounting for integrity is based on improvements being made from periodic assessments and supported by leadership commitment.	<ul style="list-style-type: none">• Authorities at this maturity level have an approach to integrity that is fully integrated into all decision making and planning.• Integrity is modelled and reinforced by leaders and practiced by staff who understand their obligations.• Integrity actions and initiatives are flexible enough to meet integrity challenges and respond to new and emerging risks.• Accounting for integrity is based on improvements being made from ongoing assessment. Improvements are prioritised and implementation is monitored as part of a continuous improvement approach.
Characteristics			
<ul style="list-style-type: none"><input type="checkbox"/> Limited or basic internal controls (e.g. policies and procedures) are directed towards managing financial risks.<input type="checkbox"/> Accuracy and currency of policies and procedures relies on individuals updating them. There is no assigned responsibility.<input type="checkbox"/> Audit scopes and programs focus on the adequacy of financial controls rather than broader integrity issues (e.g. use of confidential information).<input type="checkbox"/> The relationships between those with responsibility for audit are undefined.<input type="checkbox"/> Applying internal controls associated with functions and activities relies on the line managers explaining to staff why internal controls exist and their importance. There is no standard approach; staff knowledge varies.<input type="checkbox"/> Staff are unaware of the need to report unmanaged risks and internal control weaknesses.	<ul style="list-style-type: none"><input checked="" type="checkbox"/> Internal controls (e.g. core and complementary integrity policies and procedures) are being developed and implemented to manage identified integrity risks.<input checked="" type="checkbox"/> A position or team has been assigned to develop a policy register to record what policies and procedures exist, who owns them and their currency.<input checked="" type="checkbox"/> Integrity risks and the adequacy of internal controls are being included in the audit scopes and programs.<input checked="" type="checkbox"/> The relationship between the internal audit function, audit committee and accountable authority and any external audit body is being defined and good practices are being developed (e.g. communication of reports and recommendations from external integrity bodies).<input checked="" type="checkbox"/> Line managers are starting to understand and communicate the importance of applying internal controls consistently to manage integrity risks.<input checked="" type="checkbox"/> Staff rely on managers informing them of how to report internal control weaknesses.	<ul style="list-style-type: none"><input type="checkbox"/> Internal controls (e.g. preventative, detective and corrective) are proportionate to specific integrity risks.<input type="checkbox"/> A position or team manages the policy register to ensure policy owners are undertaking scheduled reviews.<input type="checkbox"/> Different types of audits are used to explore integrity risks (e.g. random audits, focus area, forensic, compliance and quality audits).<input checked="" type="checkbox"/> The importance of audit is well understood across the authority. Line managers readily accept and participate in audits. Recommendations for improvement from internal and external audits are assigned to ensure they are implemented.<input type="checkbox"/> Line managers understand their supervision and monitoring role is an internal control. Staff understand the risks associated with their work and apply internal controls to manage these.<input type="checkbox"/> Staff know how to report internal control weaknesses via established pathways.	<ul style="list-style-type: none"><input type="checkbox"/> Internal controls are monitored, reviewed (including pressure tested) and improved continuously. Internal controls keep pace with lessons learnt from integrity breaches, changing business processes, risks and other operating conditions and reduce vulnerabilities and unintended consequences.<input type="checkbox"/> Risk owners raise, and internal audit records, changes to internal controls and treatment plans in risk registers. Advanced tools automatically update those who need to know of changes.<input type="checkbox"/> Evaluation of the adequacy and effectiveness of internal controls to manage integrity risks is conducted in targeted integrity audits and integrity is included as part of most audit scopes.<input type="checkbox"/> A combined assurance model (e.g. with activities that are coordinated and planned) is in place to ensure integrity is practiced, managed and accounted for.

Comments

Internal controls have been developed to manage identified integrity risks. Council has a permanent Audit Committee and an external specialist Audit Committee Member. The City has engaged an external firm to guide the internal audit process and good practices exist between City officials and the Audit Committee. The City has an updated register for policies and management practices. As a further step to enhance internal controls, the City needs to develop an online compliance calendar.

Element 6: Fraud and corruption detection systems

Systems and activities are in place to detect events different to those considered standard, normal or expected.

Maturity levels and their indicators: Each maturity level has 4 indicators that provide an overarching description of what the approach to integrity looks like at each level. Each level of maturity builds on the previous.

Emerging	Developing	Embedded	Excelling
<ul style="list-style-type: none">• Authorities at this maturity level have an unclear approach to integrity, meaning it is partially or not documented and not fully compliant.• Integrity is not defined or well understood by staff.• Integrity actions and initiatives tend to be unplanned, inconsistent and reactive.• Accounting for integrity only relates to meeting compliance obligations.	<ul style="list-style-type: none">• Authorities at this maturity level are documenting their approach to integrity and it is mostly compliant.• What integrity means is becoming clearer to staff as the tone from the top is being communicated.• Integrity actions and initiatives are being planned for and coordinated but not yet integrated.• Accounting for integrity is moving beyond compliance obligations and more towards improvement initiatives.	<ul style="list-style-type: none">• Authorities at this maturity level have a clear approach to integrity, meaning it is fully documented and compliant.• Integrity is well communicated by leaders, understood by staff and integrated into business practices.• Integrity actions and initiatives are planned, fit-for-purpose, implemented and continuously refined.• Accounting for integrity is based on improvements being made from periodic assessments and supported by leadership commitment.	<ul style="list-style-type: none">• Authorities at this maturity level have an approach to integrity that is fully integrated into all decision making and planning.• Integrity is modelled and reinforced by leaders and practiced by staff who understand their obligations.• Integrity actions and initiatives are flexible enough to meet integrity challenges and respond to new and emerging risks.• Accounting for integrity is based on improvements being made from ongoing assessment. Improvements are prioritised and implementation is monitored as part of a continuous improvement approach.
Characteristics			
<ul style="list-style-type: none"><input type="checkbox"/> Basic detection systems and activities are in place for internal threats (e.g. some financial activities) but relies heavily on the manual effort of individuals (e.g. manual checks, excel spreadsheets).<input type="checkbox"/> Detection systems and activities are directed towards managing internal threats. Some basic controls are in place to prevent external fraud and corruption threats (e.g. firewalls to prevent cyber-attacks).<input type="checkbox"/> Internal data holdings are unstructured and not easily analysed.<input type="checkbox"/> Beyond basic reporting, there is no or limited use of data for detection purposes.	<ul style="list-style-type: none"><input checked="" type="checkbox"/> Planning is underway to develop a detection strategy or plan; this is being supported by the leadership group. The plan considers internal and external threats (e.g. cyber security, third parties seeking to exploit individual officers), information and data holdings, people and capability requirements, tools for validation and reporting, and governance arrangements including data sharing and confidentiality.<input checked="" type="checkbox"/> Changes are being made to how existing data is captured, providing more structure for easier analysis.<input checked="" type="checkbox"/> Data is mainly used for reporting rather than responding to identified errors and irregularities.	<ul style="list-style-type: none"><input checked="" type="checkbox"/> A detection strategy or plan is in place to help control internal and external threats. It takes into account better practice outlined in Australian Standards 31000-2018: Risk Management Guidelines and 8001-2021: Fraud and Corruption Control including speaking up and staff and contactor screening.<input type="checkbox"/> Data holdings to inform detection have been cleansed, are structured and can be analysed easily.<input type="checkbox"/> Fit for purpose data tests are in place and repeatable, usually with consistent results that provide useful insights. These are supported by procedures to respond to and address identified errors and irregularities, and escalate issues for investigation as appropriate.	<ul style="list-style-type: none"><input type="checkbox"/> Detection systems and activities inform the internal audit scopes and program; insights show areas for further examination.<input type="checkbox"/> Detection systems and activities support continuous improvement to strategic and operational planning and misconduct and corruption prevention approaches.<input type="checkbox"/> Internal and external data holdings, where they can be shared and are relevant, are leveraged to inform detection approaches.<input type="checkbox"/> Automated processes are in place to identify and escalate red flags. Processes for prompt escalation, investigation and resolution are in place.

Comments

The City has developed and endorsed a Misconduct, Fraud and Corruption Policy and Management Practice, however no further actions has been undertaken (which is subject to budget funding). The Policy places the onus on all elected officials and members with respect to ethical and honest behaviour and requires the City to investigate any suspected malfeasance. The Management Practice defines corrupt conduct and sets out the process for the reporting and investigation of any suspected fraudulent conduct. The Management Practice sets out the four methods of fraud detection in the City: observation, the risk management system, an internal audit and the external audit. The Management Practice also sets out the roles and responsibilities of City officials with regards to fraud and corruption control and clearly denotes a role for all City employees in ensuring ethical business practices within the City. The City's Regulation 17 audit report identified that the City needs to develop a fraud and corruption risk assessment and control plan.

Element 7: Values and standards

Values and standards (code of conduct) are in place and describe what acceptable workplace behaviour looks like in practice.

Maturity levels and their indicators: Each maturity level has 4 indicators that provide an overarching description of what the approach to integrity looks like at each level. Each level of maturity builds on the previous.

Emerging	Developing	Embedded	Excelling
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Characteristics			
<ul style="list-style-type: none"><input type="checkbox"/> Values have been discussed by the leadership team but have not progressed beyond this.<input type="checkbox"/> A code of conduct is in place to meet compliance obligations (e.g. legislative, external policy) but it is not widely promoted by the leadership group.<input type="checkbox"/> Any discussions about the code of conduct relies on individual line managers.<input type="checkbox"/> Monitoring of compliance with the code of conduct occurs ad hoc.<input type="checkbox"/> Staff have limited awareness of the code of conduct. They are unsure where to find it, how it applies to them and their obligations under it.	<ul style="list-style-type: none"><input type="checkbox"/> Values and other direction setting statements (e.g. vision, mission and remit) are being developed and are consistent.<input type="checkbox"/> A code of conduct exists but does not fully take account of relevant legislation, regulation and policy (e.g. internal and external) obligations or integrity risks specific to the operating context.<input checked="" type="checkbox"/> Most leaders and line managers understand their role to promote the code of conduct, support its implementation and their role to monitor and support compliance with it.<input checked="" type="checkbox"/> Strategies to monitor compliance with the code of conduct are being planned for as integrity policies and procedures are being developed.<input checked="" type="checkbox"/> Most staff are aware of the code of conduct, can explain its purpose and know where to find it.	<ul style="list-style-type: none"><input checked="" type="checkbox"/> Values and codes of conduct focus on the behaviours expected to achieve objectives with integrity. Values and standards are reflected in relevant documents and processes (e.g. policies, strategic and operational plans, job advertisements and descriptions, recruitment processes).<input checked="" type="checkbox"/> The code of conduct incorporates the views of key internal stakeholders and accounts for relevant obligations and identified risks. It provides guidance to support ethical decision making.<input type="checkbox"/> Leaders and line managers consistently promote the code of conduct (e.g. during team meetings, ‘integrity moments’, standing item on the leadership group agenda) to support its implementation.<input type="checkbox"/> Compliance with the code of conduct is monitored (e.g. through staff performance processes, analysis of discipline processes and complaints) and reasons for non-compliance addressed.<input type="checkbox"/> Staff know about the code of conduct, understand its importance and can describe how it guides their behaviour.	<ul style="list-style-type: none"><input type="checkbox"/> Values and codes of conduct are regularly promoted to all stakeholders (e.g. published on the internet, in recruitment information) and there is a process for annual acknowledgment.<input type="checkbox"/> The code of conduct has been developed taking into account the views of the authority’s key external stakeholders.<input type="checkbox"/> Values and the code of conduct are discussed at leadership meetings. Data around non-compliance is being used by this group to inform improvements to internal controls. Discussions and information feeds into self analysis and review processes to continuously improve the integrity framework.<input type="checkbox"/> Staff are confident holding each other to account for expectations set in the code of conduct (e.g. respectfully calling out behaviour that does not align, reporting unethical behaviour).

Comments

The City maintains a Code of Conduct for elected members as well as employees and volunteers. The respective Codes of Conduct provides a clear statement of the City’s values for the manner in which elected members and employees are to conduct themselves. Leaders and line managers are well-versed in the implementation of the Code of Conduct and its applicability to City work practices. The Code of Conduct takes into account relevant legislation and integrity risks in the local government context.

Element 8: Leadership and management attitude

Leaders are aware of and understand their role to model behaviours consistent with expectations, values and standards; and to take action addressing behaviour that is inconsistent with these.

Maturity levels and their indicators: Each maturity level has 4 indicators that provide an overarching description of what the approach to integrity looks like at each level. Each level of maturity builds on the previous.

Emerging	Developing	Embedded	Excelling
<ul style="list-style-type: none">• Authorities at this maturity level have an unclear approach to integrity, meaning it is partially or not documented and not fully compliant.• Integrity is not defined or well understood by staff.• Integrity actions and initiatives tend to be unplanned, inconsistent and reactive.• Accounting for integrity only relates to meeting compliance obligations.	<ul style="list-style-type: none">• Authorities at this maturity level are documenting their approach to integrity and it is mostly compliant.• What integrity means is becoming clearer to staff as the tone from the top is being communicated.• Integrity actions and initiatives are being planned for and coordinated but not yet integrated.• Accounting for integrity is moving beyond compliance obligations and more towards improvement initiatives.	<ul style="list-style-type: none">• Authorities at this maturity level have a clear approach to integrity, meaning it is fully documented and compliant.• Integrity is well communicated by leaders, understood by staff and integrated into business practices.• Integrity actions and initiatives are planned, fit-for-purpose, implemented and continuously refined.• Accounting for integrity is based on improvements being made from periodic assessments and supported by leadership commitment.	<ul style="list-style-type: none">• Authorities at this maturity level have an approach to integrity that is fully integrated into all decision making and planning.• Integrity is modelled and reinforced by leaders and practiced by staff who understand their obligations.• Integrity actions and initiatives are flexible enough to meet integrity challenges and respond to new and emerging risks.• Accounting for integrity is based on improvements being made from ongoing assessment. Improvements are prioritised and implementation is monitored as part of a continuous improvement approach.
Characteristics			
<ul style="list-style-type: none"><input type="checkbox"/> The leadership group’s role to support integrity (e.g. to model, reinforce, promote, communicate and enforce) is informal; it relies on individual’s views of what their role is.<input type="checkbox"/> In the absence of any formal approach, it is left to individual leaders and line managers to interpret and model values and standards.<input type="checkbox"/> The role of leaders to support and demonstrate integrity – and if this is reflected in recruitment practices and staff performance processes – relies on those undertaking those processes.<input type="checkbox"/> There is little recognition that leadership roles are positions of trust. Employment screening processes (e.g. police clearances, verification of qualifications) are rarely, if ever, undertaken.<input type="checkbox"/> Development of leaders and line managers occurs as a result of individual development discussions with those who conduct the process.	<ul style="list-style-type: none"><input type="checkbox"/> A statement is being developed (e.g. terms of reference, charter) that explains the leadership group’s role to support integrity.<input checked="" type="checkbox"/> Some leaders and line managers can explain what integrity looks like, its importance, and their role to promote, reinforce it and take action when behaviours are inconsistent with obligations.<input checked="" type="checkbox"/> The role of leaders to support and demonstrate integrity is being reflected in recruitment and performance documents and processes.<input type="checkbox"/> There is a growing recognition that leadership roles are positions of trust. Employment screening is being implemented for these roles.<input checked="" type="checkbox"/> Development of leaders and line managers includes building their skills to deal with integrity matters effectively (e.g. having difficult conversations about conduct).	<ul style="list-style-type: none"><input checked="" type="checkbox"/> The leadership group has a shared understanding of its role to support integrity. The group consistently demonstrates and supports this through its actions.<input type="checkbox"/> Leaders and line managers have a shared understanding and can explain how they shape culture, what integrity looks like, its importance, and their role to promote and reinforce it (e.g. taking action when behaviours are inconsistent with obligations).<input type="checkbox"/> Integrity forms part of the recruitment and performance processes for leadership roles. Leaders demonstrate how they support integrity through their actions and decisions (e.g. in their performance processes).<input checked="" type="checkbox"/> Leadership roles are identified positions of trust. Employment screening occurs for all new leadership roles.<input type="checkbox"/> Development of leaders and line managers includes building their skills to support integrity and prevent misconduct and corruption (e.g. recognise red flags, address issues early and make proportionate decisions when issues occur).	<ul style="list-style-type: none"><input type="checkbox"/> The leadership group’s cohesive approach to integrity is recognised externally. The authority head and leadership group are often sought to provide advice to their peers on integrity matters as a result.<input type="checkbox"/> Leaders and line managers have a good understanding of their role to uphold the reputation of their authority and the broader sector in which they work.<input type="checkbox"/> Performance processes assess both <u>what</u> leaders achieve and <u>how</u> they achieve it (e.g. projects delivered effectively manage internal and external risks).<input type="checkbox"/> Development of leaders and line managers incorporates mentorships and coaching designed to grow their personal capability, insights and skills to lead with integrity.

Comments

The City will be developing a new Leadership Program for roll out in FY24. This is informed and driven by the Organisational Culture program projects, currently in progress. Previously, the City’s independent internal auditors noted the progress made by the City in progressing its maturity model. It was noted that development of the maturity model was slowed by the COVID-19 Pandemic. The City has a path forward to develop its maturity model and with respect to processes surrounding the Compliance Audit Return and Public Interest Disclosure procedures, and the Regulation 17 Report Program.

Element 9: Organisation culture

Integrity is part of organisation culture. It is actively managed to ensure integrity is sustained.

Maturity levels and their indicators: Each maturity level has 4 indicators that provide an overarching description of what the approach to integrity looks like at each level. Each level of maturity builds on the previous.

Emerging	Developing	Embedded	Excelling
<ul style="list-style-type: none">• Authorities at this maturity level have an unclear approach to integrity, meaning it is partially or not documented and not fully compliant.• Integrity is not defined or well understood by staff.• Integrity actions and initiatives tend to be unplanned, inconsistent and reactive.• Accounting for integrity only relates to meeting compliance obligations.	<ul style="list-style-type: none">• Authorities at this maturity level are documenting their approach to integrity and it is mostly compliant.• What integrity means is becoming clearer to staff as the tone from the top is being communicated.• Integrity actions and initiatives are being planned for and coordinated but not yet integrated.• Accounting for integrity is moving beyond compliance obligations and more towards improvement initiatives.	<ul style="list-style-type: none">• Authorities at this maturity level have a clear approach to integrity, meaning it is fully documented and compliant.• Integrity is well communicated by leaders, understood by staff and integrated into business practices.• Integrity actions and initiatives are planned, fit-for-purpose, implemented and continuously refined.• Accounting for integrity is based on improvements being made from periodic assessments and supported by leadership commitment.	<ul style="list-style-type: none">• Authorities at this maturity level have an approach to integrity that is fully integrated into all decision making and planning.• Integrity is modelled and reinforced by leaders and practiced by staff who understand their obligations.• Integrity actions and initiatives are flexible enough to meet integrity challenges and respond to new and emerging risks.• Accounting for integrity is based on improvements being made from ongoing assessment. Improvements are prioritised and implementation is monitored as part of a continuous improvement approach.
Characteristics			
<ul style="list-style-type: none"><input type="checkbox"/> There are few actions and initiatives (e.g. clear expectations, values, communication about integrity, integrity education) to build and sustain integrity.<input type="checkbox"/> There is little understanding about recruiting for integrity (e.g. values based recruitment). Staff employment screening (e.g. police clearances, previous disciplinary matters, verification of qualifications) is rarely, if ever, undertaken.<input type="checkbox"/> Reporting pathways exist to meet compliance obligations (e.g. public interest disclosure) but are not widely promoted and confidence in them is low.<input type="checkbox"/> Integrity communications only occur in response to a significant integrity breach.<input type="checkbox"/> Some staff can describe 'how we do things around here', but they are unable to link this to expectations or the code of conduct.	<ul style="list-style-type: none"><input checked="" type="checkbox"/> Actions and initiatives to build and sustain integrity are being developed. This includes evaluation activities (e.g. staff surveys to test reporting confidence).<input type="checkbox"/> Recruiting for integrity and the requirement for staff employment screening is being documented and promoted to recruiting managers.<input checked="" type="checkbox"/> Reporting pathways are being developed for staff and external stakeholders. These are clear and concise, include external avenues and strong statements about protection for those who speak up.<input checked="" type="checkbox"/> An integrity communications plan is being developed. Key integrity messages are communicated periodically (e.g. for International Anti-Corruption Day).<input checked="" type="checkbox"/> Most staff can describe 'how we do things around here' as it relates to their immediate work environment referencing the code of conduct, and policies and procedures relevant to their role.	<ul style="list-style-type: none"><input type="checkbox"/> Actions and initiatives to build and sustain integrity are in place. Evaluation activities are conducted regularly and improvements implemented.<input checked="" type="checkbox"/> Recruiting for integrity and staff employment screening occurs for all new staff. The type of screening is proportionate to the position and integrity risks.<input type="checkbox"/> Reporting pathways are in place and well known by staff. These provide for external stakeholders to also report integrity matters and for anonymous reporting.<input type="checkbox"/> An integrity communications plan is in place and messages are sent to staff regularly (e.g. dedicated web/intranet site, campaigns on integrity topics run throughout the year).<input type="checkbox"/> Staff can describe 'how we do things around here' from an authority wide perspective and can link this to expectations, values, standards and the need to follow policies and procedures.	<ul style="list-style-type: none"><input type="checkbox"/> Data and information that might indicate issues with integrity are identified, monitored and action taken (e.g. business units with high reports of integrity breaches are supported to make better decisions).<input type="checkbox"/> There is a process in place to ensure identified positions are rescreened periodically.<input type="checkbox"/> Data and information on the use of reporting pathways are analysed to inform continuous improvement (e.g. absence of reporting from certain teams or employment groups).<input type="checkbox"/> De-identified data from reporting is used to inform integrity communication messages.<input type="checkbox"/> Staff can consistently describe 'how we do things around here', referencing authority and sector wide expectations, values, standards, policies and procedures.

Comments

The PSC recommends as best practice the extensive use of anonymised data to identify issues with integrity and inform communication messaging. The City to achieve best practice needs to develop its communication around integrity and other ethical issues. Induction will form part of this approach, along with the Leadership Program previously mentioned.

Element 10: Integrity education and capacity

Integrity education helps build staff capacity to act with integrity.

Maturity levels and their indicators: Each maturity level has 4 indicators that provide an overarching description of what the approach to integrity looks like at each level. Each level of maturity builds on the previous.

Emerging	Developing	Embedded	Excelling
<ul style="list-style-type: none">• Authorities at this maturity level have an unclear approach to integrity, meaning it is partially or not documented and not fully compliant.• Integrity is not defined or well understood by staff.• Integrity actions and initiatives tend to be unplanned, inconsistent and reactive.• Accounting for integrity only relates to meeting compliance obligations.	<ul style="list-style-type: none">• Authorities at this maturity level are documenting their approach to integrity and it is mostly compliant.• What integrity means is becoming clearer to staff as the tone from the top is being communicated.• Integrity actions and initiatives are being planned for and coordinated but not yet integrated.• Accounting for integrity is moving beyond compliance obligations and more towards improvement initiatives.	<ul style="list-style-type: none">• Authorities at this maturity level have a clear approach to integrity, meaning it is fully documented and compliant.• Integrity is well communicated by leaders, understood by staff and integrated into business practices.• Integrity actions and initiatives are planned, fit-for-purpose, implemented and continuously refined.• Accounting for integrity is based on improvements being made from periodic assessments and supported by leadership commitment.	<ul style="list-style-type: none">• Authorities at this maturity level have an approach to integrity that is fully integrated into all decision making and planning.• Integrity is modelled and reinforced by leaders and practiced by staff who understand their obligations.• Integrity actions and initiatives are flexible enough to meet integrity challenges and respond to new and emerging risks.• Accounting for integrity is based on improvements being made from ongoing assessment. Improvements are prioritised and implementation is monitored as part of a continuous improvement approach.
Characteristics			
<ul style="list-style-type: none"><input type="checkbox"/> Induction, if conducted, relies on the knowledge of individual line managers.<input type="checkbox"/> Some integrity education occurs beyond induction to meet compliance obligations.<input type="checkbox"/> Leaders and line managers rarely follow up if their staff have attended integrity education provided.<input type="checkbox"/> Whether other actions and initiatives (e.g. staff performance processes) to educate and reinforce integrity are undertaken relies on individual line managers.<input type="checkbox"/> Staff are unsure about who provides advice about integrity matters as it is not documented. If provided by individual line managers, the quality of advice relies on their knowledge.	<ul style="list-style-type: none"><input type="checkbox"/> An induction program is being developed to incorporate expectations, standards, policies and procedures and guide ethical decision making.<input checked="" type="checkbox"/> Integrity education is being developed to help manage key integrity risks (e.g. conflicts of interest, information management). The integrity education and training plan includes what is provided, to whom and when, which high risk positions need additional training, and how activities are evaluated (e.g. how participation is tracked).<input checked="" type="checkbox"/> Most leaders and line managers are active in attending any integrity education provided, encourage their staff to do the same and follow up with staff on mandatory education requirements.<input checked="" type="checkbox"/> Additional actions and initiatives to educate and reinforce integrity (e.g. staff performance processes and raising integrity consciousness) are being developed or reviewed.<input checked="" type="checkbox"/> Staff know that line managers and certain functional area leaders (e.g. finance, human resources) provide advice about integrity matters. Quality still relies on an individual's knowledge.	<ul style="list-style-type: none"><input checked="" type="checkbox"/> Induction is regularly updated to ensure it is contemporary, accounts for lessons learned from integrity breaches and reflects any changes to operating conditions (e.g. new policies, changed risks).<input type="checkbox"/> An integrity education and training plan is in place and includes specific education on individual and organisational factors (red flags) for those in high risk roles. Participation in and feedback from sessions are collected and analysed to inform improvements.<input type="checkbox"/> Leaders and line managers support and champion integrity education. They reinforce the importance of attending integrity education sessions.<input type="checkbox"/> Staff performance processes and actions and initiatives to raise integrity consciousness reinforce key integrity messages and support good decision making.<input type="checkbox"/> It is well documented in the code of conduct, policies and procedures who provides expert advice on integrity matters. Leaders and line managers understand their role to provide general advice and how to escalate matters as required.	<ul style="list-style-type: none"><input type="checkbox"/> Integrity education is, where relevant, also in place for external stakeholders (e.g. labour hire staff, contractors and suppliers).<input type="checkbox"/> Individuals are followed up (e.g. randomly and periodically) to determine if and how knowledge gained during integrity education is being applied in practice in the workplace.<input type="checkbox"/> Leaders and line managers support practitioners attending external learning opportunities. A process is in place to ensure this learning is shared with others with roles and responsibilities under the integrity framework.<input type="checkbox"/> Those who provide advice about integrity matters meet periodically to discuss advice being sought and provided, helping ensure a consistent approach with policies and procedures and advice from external integrity bodies.

Comments

Under the Management Practice the City is to provide employees and stakeholders with training with regards to identification, prevention and detection of fraud and corrupt behaviour and the means to report it. To achieve best practice, the City needs to develop an integrity education and training plan including education not only for employees but also external stakeholders including contractors and suppliers. The City will provide refresher training for staff in PID procedures and the City's approach to managing Misconduct, Fraud and Corruption.

Element 11: Response to integrity breaches

Integrity breaches are responded to in a timely and proportionate way to ensure integrity is sustained.

Maturity levels and their indicators: Each maturity level has 4 indicators that provide an overarching description of what the approach to integrity looks like at each level. Each level of maturity builds on the previous.

Emerging	Developing	Embedded	Excelling
<ul style="list-style-type: none">• Authorities at this maturity level have an unclear approach to integrity, meaning it is partially or not documented and not fully compliant.• Integrity is not defined or well understood by staff.• Integrity actions and initiatives tend to be unplanned, inconsistent and reactive.• Accounting for integrity only relates to meeting compliance obligations.	<ul style="list-style-type: none">• Authorities at this maturity level are documenting their approach to integrity and it is mostly compliant.• What integrity means is becoming clearer to staff as the tone from the top is being communicated.• Integrity actions and initiatives are being planned for and coordinated but not yet integrated.• Accounting for integrity is moving beyond compliance obligations and more towards improvement initiatives.	<ul style="list-style-type: none">• Authorities at this maturity level have a clear approach to integrity, meaning it is fully documented and compliant.• Integrity is well communicated by leaders, understood by staff and integrated into business practices.• Integrity actions and initiatives are planned, fit-for-purpose, implemented and continuously refined.• Accounting for integrity is based on improvements being made from periodic assessments and supported by leadership commitment.	<ul style="list-style-type: none">• Authorities at this maturity level have an approach to integrity that is fully integrated into all decision making and planning.• Integrity is modelled and reinforced by leaders and practiced by staff who understand their obligations.• Integrity actions and initiatives are flexible enough to meet integrity challenges and respond to new and emerging risks.• Accounting for integrity is based on improvements being made from ongoing assessment. Improvements are prioritised and implementation is monitored as part of a continuous improvement approach.
Characteristics <ul style="list-style-type: none"><input type="checkbox"/> If procedures exist, they are in place to meet compliance obligations; they provide insufficient guidance.<input type="checkbox"/> The quality of processes and decisions varies. Basic case information (e.g. number of processes started and completed) is used for reporting.<input type="checkbox"/> The use of data, lessons learnt from past cases and the findings of external bodies are rarely, if ever, considered.<input type="checkbox"/> Whether integrity breaches are responded to relies on the knowledge and skills of individual line managers.	<ul style="list-style-type: none"><input type="checkbox"/> Procedures and guidance on responding to breaches – including awareness raising resources to inform those responding to integrity breaches – are being developed to promote better quality processes and consistent decision making.<input checked="" type="checkbox"/> Central recording of case information is being developed to streamline reporting.<input type="checkbox"/> The use of data, lessons learnt from past cases and findings of external bodies are being considered as procedures are being developed.<input checked="" type="checkbox"/> Most line managers have an understanding of what a breach looks like and how to respond.	<ul style="list-style-type: none"><input checked="" type="checkbox"/> Procedures, guidance and awareness raising materials inform those involved in responding to integrity breaches, and support quality processes and consistent decision making.<input type="checkbox"/> A quality assurance process is in place to check for consistent application of procedures.<input type="checkbox"/> A central register captures detailed case information. It is used to monitor the progress of processes, analyse trends and outcomes, and for reporting.<input checked="" type="checkbox"/> The use of data, lessons learnt from past cases and findings of external bodies are used to inform process improvements.<input type="checkbox"/> Decision makers, line managers and staff conducting processes have the required knowledge and skills. They are confident to respond to, manage and escalate matters as needed.	<ul style="list-style-type: none"><input type="checkbox"/> Procedures, guidance and awareness raising materials are updated regularly. This reflects results of the quality assurance process, compliance changes, contemporary practice and advice from external integrity bodies.<input type="checkbox"/> Detailed case information is captured in a central system with advanced features such as live analytics and dashboards. It provides useful intelligence to inform trend analysis and prevention strategies.<input type="checkbox"/> Individual (e.g. motivations) and organisational (e.g. control weaknesses) factors that might have contributed to a breach are analysed to help prevent future breaches.<input type="checkbox"/> Decision makers, line managers and staff conducting processes proactively build their own capacity where required (e.g. staying up to date with contemporary practice, industrial decisions).<input type="checkbox"/> Those who provide information as part of a process are followed up regarding their experience of the process and any suggestions for improvement.

Comments

The City undertook its first elected member conduct review in 2023. Whilst the matter highlighted issues that exist within the process, the resolution of the matter by the Council did demonstrate the resilience of City processes in dealing with grievances under the Code. Amendments are planned for later this calendar year. PSC recommendations for a central register for integrity breach matters and the use of live analytics and dashboards to inform trend analysis are not appropriate at the City level because of the low level of potential breaches complained of and investigated by the City.

Element 12: Self analysis and review

Analysis and review activities of actions to support integrity are undertaken as part of continuous improvement.

Maturity levels and their indicators: Each maturity level has 4 indicators that provide an overarching description of what the approach to integrity looks like at each level. Each level of maturity builds on the previous.

Emerging	Developing	Embedded	Excelling
<ul style="list-style-type: none">• Authorities at this maturity level have an unclear approach to integrity, meaning it is partially or not documented and not fully compliant.• Integrity is not defined or well understood by staff.• Integrity actions and initiatives tend to be unplanned, inconsistent and reactive.• Accounting for integrity only relates to meeting compliance obligations.	<ul style="list-style-type: none">• Authorities at this maturity level are documenting their approach to integrity and it is mostly compliant.• What integrity means is becoming clearer to staff as the tone from the top is being communicated.• Integrity actions and initiatives are being planned for and coordinated but not yet integrated.• Accounting for integrity is moving beyond compliance obligations and more towards improvement initiatives.	<ul style="list-style-type: none">• Authorities at this maturity level have a clear approach to integrity, meaning it is fully documented and compliant.• Integrity is well communicated by leaders, understood by staff and integrated into business practices.• Integrity actions and initiatives are planned, fit-for-purpose, implemented and continuously refined.• Accounting for integrity is based on improvements being made from periodic assessments and supported by leadership commitment.	<ul style="list-style-type: none">• Authorities at this maturity level have an approach to integrity that is fully integrated into all decision making and planning.• Integrity is modelled and reinforced by leaders and practiced by staff who understand their obligations.• Integrity actions and initiatives are flexible enough to meet integrity challenges and respond to new and emerging risks.• Accounting for integrity is based on improvements being made from ongoing assessment. Improvements are prioritised and implementation is monitored as part of a continuous improvement approach.
Characteristics			
<ul style="list-style-type: none"><input type="checkbox"/> Analysis and review activities of actions to support integrity rarely occurs unless it relates to compliance.<input type="checkbox"/> Little thought has been given to whether there is value in sourcing external help with analysis and review activities.<input type="checkbox"/> Where analysis and review activities are conducted, findings and recommendations are not always implemented.	<ul style="list-style-type: none"><input checked="" type="checkbox"/> Analysis and review activities of actions to support integrity are sometimes undertaken beyond compliance. Available tools are used (e.g. snapshot tool and maturity self assessment tool).<input type="checkbox"/> Further consideration of requirements – including the value of sourcing external help with analysis and review – are being developed as part of the integrity framework.<input checked="" type="checkbox"/> Processes for coordinating the implementation of findings from self analysis and reviews, and recommendations from the reviews of external integrity bodies are being developed. This considers how monitoring and follow up occur.	<ul style="list-style-type: none"><input type="checkbox"/> Review of the integrity framework is scheduled. Analysis and review activities are aligned to or part of risk analysis and audit processes. Analysis is undertaken to recommend improvements to the framework considering changes in legislative and operating conditions (e.g. structural and legislative).<input checked="" type="checkbox"/> External assistance to undertake a review is sourced where needed (e.g. where a greater level of expertise and objectivity is required).<input type="checkbox"/> A position or team is assigned to coordinate implementation of findings and recommendations from self analysis and reviews, and recommendations from the reviews of external integrity bodies (related to the authority or not) of the integrity framework (and its component parts). Progress is reported to the leadership group.	<ul style="list-style-type: none"><input type="checkbox"/> Analysis and review of the integrity framework and reporting on implementation of improvement actions align with strategic and operational planning and budget cycles.<input type="checkbox"/> Results from self analysis and review, and recommendations from the reviews of external integrity bodies (related to the authority or not) inform improvements to the integrity framework (and its component parts). Revisions (where relevant) are shared with the workforce.<input type="checkbox"/> Benchmarking of the integrity framework and sharing of ideas occurs (where relevant and possible) with similar types of authorities to identify whether any further improvements can be made.

Comments

In line with best practice the City uses external assistance to undertake a review when needed whether that be an external consultant to guide the internal audit or external legal counsel to undertake an independent code of conduct review. The PSC recommends a position or team be assigned to implementing findings and recommendations as a result of the recommendations of external consultants and organisational reviews. Governance and Business Improvement teams have the capabilities to undertake this implementation with guidance and resourcing from Council and the ELT.

Element 13: Oversight

Oversight is about providing the authority head assurance that the authority's approach to integrity is working as intended.

Maturity levels and their indicators: Each maturity level has 4 indicators that provide an overarching description of what the approach to integrity looks like at each level. Each level of maturity builds on the previous.

Emerging	Developing	Embedded	Excelling
<ul style="list-style-type: none">• Authorities at this maturity level have an unclear approach to integrity, meaning it is partially or not documented and not fully compliant.• Integrity is not defined or well understood by staff.• Integrity actions and initiatives tend to be unplanned, inconsistent and reactive.• Accounting for integrity only relates to meeting compliance obligations.	<ul style="list-style-type: none">• Authorities at this maturity level are documenting their approach to integrity and it is mostly compliant.• What integrity means is becoming clearer to staff as the tone from the top is being communicated.• Integrity actions and initiatives are being planned for and coordinated but not yet integrated.• Accounting for integrity is moving beyond compliance obligations and more towards improvement initiatives.	<ul style="list-style-type: none">• Authorities at this maturity level have a clear approach to integrity, meaning it is fully documented and compliant.• Integrity is well communicated by leaders, understood by staff and integrated into business practices.• Integrity actions and initiatives are planned, fit-for-purpose, implemented and continuously refined.• Accounting for integrity is based on improvements being made from periodic assessments and supported by leadership commitment.	<ul style="list-style-type: none">• Authorities at this maturity level have an approach to integrity that is fully integrated into all decision making and planning.• Integrity is modelled and reinforced by leaders and practiced by staff who understand their obligations.• Integrity actions and initiatives are flexible enough to meet integrity challenges and respond to new and emerging risks.• Accounting for integrity is based on improvements being made from ongoing assessment. Improvements are prioritised and implementation is monitored as part of a continuous improvement approach.
Characteristics			
<ul style="list-style-type: none"><input type="checkbox"/> The authority head relies on informal reports about how integrity is being practiced, managed and accounted for (approach to integrity).<input type="checkbox"/> Monitoring of the approach to integrity relies on members of the leadership group ensuring it is undertaken in their respective areas, rather than any formal process.<input type="checkbox"/> As required, the audit committee assures finance processes and reports are sent to the authority head.<input type="checkbox"/> Any oversight activities are ad hoc and focussed internally.	<ul style="list-style-type: none"><input checked="" type="checkbox"/> The authority head is directing the development of processes and structures to obtain the information needed for oversight of the approach to integrity. This is being documented in an integrity framework.<input checked="" type="checkbox"/> The leadership group understands their role to monitor the approach to integrity in their respective areas and provide data on request to support assurance and oversight.<input checked="" type="checkbox"/> As the integrity framework is being developed, the collection and provision of information (beyond that required for compliance) to the authority head for assurance, is being identified and documented.<input checked="" type="checkbox"/> Internally focused oversight activities are routinely performed and documented.	<ul style="list-style-type: none"><input type="checkbox"/> Processes and structures are in place to provide the authority head with information to assist their oversight of the approach to integrity (e.g. reports).<input type="checkbox"/> The leadership group are aware of their assurance and oversight obligations for their respective areas and are well prepared to provide updates at leadership group meetings.<input type="checkbox"/> A committee has been established (or the role of an existing committee has been expanded) with specific responsibilities to oversight the integrity framework (and its component parts) and report to the authority head.<input type="checkbox"/> Oversight activities associated with outsourced programs and services are being identified and documented.	<ul style="list-style-type: none"><input type="checkbox"/> The authority head can provide assurance to external integrity bodies and other stakeholders (e.g. board, council, minister) that the approach to integrity is sound.<input type="checkbox"/> The leadership group is well versed in assurance and oversight. Members are able to provide information and insights about the authority's approach to integrity and can discuss how this compares to other similar authorities (if benchmarking has been conducted).<input type="checkbox"/> A committee provides the authority head with regular and fulsome reports about the integrity framework (and its component parts).<input type="checkbox"/> Oversight extends to outsourced programs and services to ensure they are adequately controlled and reported on.

Comments

The City maintains a well-defined oversight structure with the Audit Committee reviewing compliance and risk management matters, informed by the Chief Executive Officer who in turn is informed by the Executive Directors and operations staff. Additionally an internal audit process undertaken by an independent expert firm and compliance with the mandated external audit process also inform the Audit Committee who then deliver findings to the Council for consideration. Further development of oversight capabilities would be through the preparation of an internal audit charter, as previously recommended, which would demonstrate best practice in the oversight of integrity matters. The Regulation 17 Report is a key document for progressing maturity in Integrity Framework and Systems.