



AGENDA

FOR AUDIT COMMITTEE MEETING TO BE HELD ON

14 FEBRUARY 2017 AT 6:30 PM

IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY

MEMBERS

Mr P Brass (Chairman)
Ms K Briggs
Mr C Johnson (Deputy Chairman)
Cr G Caruso
Cr G Reynolds

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
General Manager Community Development, Ms P Webb
Acting Manager Governance, Ms J Rowett
Business Analyst - Internal Audit & Risk, Mr G Kendall

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Audit Committee Meeting held on 15 November 2016.

REPORTS

Administration

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OTHER BUSINESS

CLOSE



**MINUTES OF AUDIT COMMITTEE MEETING HELD IN COMMITTEE ROOMS, 12
JAMES STREET, SALISBURY ON**

15 NOVEMBER 2016

MEMBERS PRESENT

Mr P Brass (Chairman)
Mr C Johnson (Deputy Chairman)
Cr G Caruso
Cr G Reynolds

STAFF

General Manager Business Excellence, Mr C Mansueto
General Manager City Development, Mr T Sutcliffe
Manager Strategic Development Projects, Ms C Milton
Manager Governance, Ms T Norman
Business Analyst - Internal Audit & Risk, Mr G Kendall

The meeting commenced at 6.36 pm.

The Chairman welcomed the members, staff and the gallery to the meeting.

APOLOGIES

An apology was received from Ms K Briggs.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr G Reynolds
Seconded Mr C Johnson

The Minutes of the Audit Committee Meeting held on 11 October 2016,
be taken and read as confirmed.

CARRIED

PRESENTATIONS

PRES1 City Plan 2030 including Critical Actions

The General Manager City Development presented the City Plan 2030
including Critical Actions.

PRES2 Community Hub Project

Mr C Johnson left the meeting at 07:37 pm.

Mr C Johnson returned to the meeting at 07:38 pm.

The General Manager City Development presented the Community Hub
Project.

REPORTS

Administration

4.0.1 Future Reports for the Audit Committee of Council

Moved Cr G Reynolds
Seconded Cr G Caruso

1. The information be received.

CARRIED

4.0.2 Proposed Audit Committee Meeting Schedule for 2017

Moved Cr G Caruso
Seconded Cr G Reynolds

1. That the information be received.

CARRIED

4.2.1 Audit Committee Self-Assessment Questionnaire and Process

Moved Mr C Johnson
Seconded Cr G Caruso

1. The information be received.
2. The self-assessment questionnaire, as set out in Attachment 1 to this report (Item No. 4.2.1, Audit Committee, 15/11/2016) be issued to members of the Audit Committee for completion after the November 2016 meeting of the Audit Committee of Council, with results to be collated and presented at the Audit Committee of Council meeting in February 2017.

CARRIED

4.2.2 Internal Audit Plan

Moved Mr C Johnson
Seconded Cr G Reynolds

1. The information be received.

CARRIED

4.2.3 Update on Risk Management and Internal Controls Activities for the 2016/17 financial year

Moved Cr G Reynolds
Seconded Mr C Johnson

1. The information be received.

CARRIED

4.2.4 Local Government Association Mutual Liability Scheme Annual Risk Review 2016

Moved Mr C Johnson
Seconded Cr G Reynolds

1. That the information be received.

CARRIED

4.2.5 New and Emerging Risks

Moved Mr C Johnson
Seconded Cr G Caruso

1. The information be received.

CARRIED

4.2.6 Review of the Management of the Storm Event and Statewide Power Outage on 28 September 2016

Moved Cr G Reynolds
Seconded Mr C Johnson

1. That the information be received.

CARRIED

OTHER BUSINESS

Nil

The meeting closed at 8.54 pm.

CHAIRMAN.....

DATE.....

ITEM	4.0.1
	AUDIT COMMITTEE
DATE	14 February 2017
HEADING	Future Reports for the Audit Committee of Council
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
SUMMARY	This item details reports to be presented to the Audit Committee of Council as a result of a previous Council resolution. If reports have been deferred to a subsequent meeting, this will be indicated, along with a reason for the deferral.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 A list of resolutions requiring a future report to Council (via the Audit Committee) is presented to each meeting for noting.

2. REPORT

- 2.1 At the time of preparing this report, there are currently no resolutions of Council requiring a further report to be presented to the Audit Committee.

3. CONCLUSION / PROPOSAL

- 3.1 Future reports for the Audit Committee of Council have been reviewed and there are none that require a report to be presented to the Audit Committee.

CO-ORDINATION

Officer: Executive Group MG
Date: 06/02/2017

ITEM	4.2.1
DATE	14 February 2017
HEADING	Event Management Audit, Final Report
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	<p>An internal audit on event management was conducted to provide assurance on compliance with the Workplace Health & Safety (WHS) requirements and other operational risks arising from event management at the City of Salisbury. Galpins were engaged to conduct the audit and found that events run by the City in recent years had been largely successful without any major incidents.</p> <p>Recommendations have been made to improve the support and the structure around the event management process, which should assist staff who run events. A more risk based approach to event management has also been proposed, which will require the categorisation of events by risk and the formal sign off of all high risk events by a member of the Executive Group. Greater emphasis will also be placed on ensuring that WHS procedures are applied and incorporated into event management processes.</p>
RECOMMENDATION	<ol style="list-style-type: none"> 1. That the information be received.
ATTACHMENTS	<p>This document should be read in conjunction with the following attachments:</p> <ol style="list-style-type: none"> 1. Internal Audit of Event Management-Final Report (prepared by Galpins)
1. BACKGROUND	<ol style="list-style-type: none"> 1.1 The City of Salisbury organises many events throughout the year ranging from small events targeting specific sections of the community to large scale events such as Salisbury Secret Garden. Failure to adequately manage the risks associated with such events could have an impact on the achievement of the objectives in the City Plan.

- 1.2 The risks in the Strategic Risk Register that this audit provided assurance on were;
 - 1.2.1 Risk number 4. Lack of management of a major incident at a Council facility that affects public and staff safety.
 - 1.2.2 Risk number 9. Failure to comply with WHS legislative obligations.
- 1.3 An event in the context of this audit was defined as a planned activity which brings together any number of people for a particular purpose.
- 1.4 The audit covered the management of different events organised by the City of Salisbury, focusing on those that pose the greatest risk to achievement of City's objectives, specifically large scale events and events targeting vulnerable sectors of the community. Efficiency and effectiveness of the event management processes were also considered with suggestions for improvement made where deficiencies were identified.
- 1.5 The audit did not include an audit of the WHS policies and procedures themselves, as these are audited independently by the Local Government Association Workers Compensation Scheme (LGAWCS).
- 1.6 A number of staff changes occurred within the Community Planning and Vitality Division just prior to the conduct of this audit. This meant that staff that historically had responsibility for the organisation of the City of Salisbury's largest events did not participate in the audit process. The findings and recommendations in this report reflect the situation at the time of the audit.

2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 The cooperation of the following divisions was essential in completing this audit;
 - Community Planning and Vitality
 - Communications and Customer Relations
 - People and Culture
 - 2.1.2 The General Manager Community Development, the Manager Communications and Customer Relations and the Manager People and Culture were all consulted as a part of the reporting process for this audit.

3. REPORT

- 3.1 The final report from the audit is attached to this report for information. Findings made in the report are listed in a suggested order for completion, rather than being highest risk first, as all the findings have the residual risk rating of High. The findings have been grouped under six headings and recommendations have been made against each of the findings;
 - 3.1.1 Strategic oversight of events and event calendar
 - 3.1.2 Risk assessments and risk categorisation of events
 - 3.1.3 Review and acceptance of event risk
 - 3.1.4 Assigning central responsibility for event oversight
 - 3.1.5 Tools for staff with responsibility for event management
 - 3.1.6 Budgeting for events

- 3.2 Overall a more risk based approach to event management has been proposed. The recommendation of a risk rating system for all events should allow events to be compared in terms of risk and for high risk events to be identified. Greater oversight by members of the Executive Group over high risk events run by their staff, should provide an increased level of assurance that risk assessments have been completed, and suitable controls have been put in place, prior to a high risk event taking place.
- 3.3 The findings point to events being inconsistently managed across the City of Salisbury and many of the recommendations that have been made focus on increasing the structure and support provided to staff who organise events for the City. This should add value by assisting those staff who are new to event management at the City, and it should also result in time savings for experienced event management staff through encouraging the use of standardised templates, forms and processes.
- 3.4 Greater consideration will be given to WHS in event management, through the embedding of the Event Management WHS Risk Assessment Form and relevant WHS procedures into the standard event management templates and procedures. This will be reinforced through the training on event management provided to appropriate members of staff.
- 3.5 A final set of recommendations were made to properly budget for the cost of organising events. Where practical to do so, estimates will be made for the costs associated with the organisation of larger scale events, although the cost of staff whose role it is to run, organise or manage events at the City will not be included in this calculation because it is already accounted for in divisional budgets.
- 3.6 All the findings in the Event Management Audit Final Report were rated as High by Galpins, however since the completion of the audit many of the actions identified have been completed. A further residual risk assessment of the findings has therefore been undertaken by the General Manager Community Development, taking into consideration the work that has been completed in each of the areas. The results of this risk assessment are as follows;
 - 3.6.1 Strategic oversight of events and event calendar. This finding is still assessed as High (opportunity), as the work to establish, publish and review a centrally accessible event calendar has still to be completed.
 - 3.6.2 Risk assessments and risk categorisation of events. This finding is still assessed as High, due to the work that needs to be completed and communicated regarding the definition of risk-based categories for events.
 - 3.6.3 Review and acceptance of event risk. A revised risk assessment of Medium has been given to this finding as a result of the change in process for events, which means that a formal go / no-go decision is documented for events together with the sign off of risk assessments for events.
 - 3.6.4 Assigning central responsibility for event oversight. This finding will retain the assessment of High until the program review on this area has been completed.

- 3.6.5 Tools for staff with responsibility for event management. This finding has been reassessed as Medium as a result of the development of an event management guide, templates and checklists.
- 3.6.6 Budgeting for events. This finding has been reassessed as Medium as a result of the work that has been undertaken to ensure that larger scale events organised by the City of Salisbury include cost estimates, which are as accurate as possible.
- 3.7 Work is currently being undertaken to address all the outstanding agreed actions from the final report.

4. CONCLUSION / PROPOSAL

- 4.1 This audit recommended several improvements to event management at the City of Salisbury, the majority of which were accepted. Good progress has been made in completing the actions identified in the audit, with the majority of actions already completed and the outstanding actions to be completed by the end of the current financial year.
- 4.2 Progress made in completing the outstanding actions from this audit will be monitored and followed up by the BA Internal Audit and Risk and reported routinely at each Audit Committee of Council meeting.
- 4.3 Once the improved support and structures are fully in place, event management at the City of Salisbury should be run in a more consistent manner which will assist all staff who organise events and oversee them for the City.

CO-ORDINATION

Officer: MG
Date: 16/01/2017



Internal Audit of Event Management

Final Report

December 2016



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1. EXECUTIVE SUMMARY

1.1 Overall Review of the Event Management Process

Event management at the City of Salisbury operates using a decentralised model, delivering an extensive range of events across multiple divisions.

The City of Salisbury has experienced significant growth in the extent and scale of events in recent years, increasing the City of Salisbury's risk exposure and the need for robust management of events.

By all accounts, events run by the City of Salisbury in recent years have been largely a success without any major incidents. However, it is Galpins opinion that the success or otherwise of events is heavily reliant on the initiative, experience and passion of the staff running the event, rather than being a product of good systems being in place at the City of Salisbury.

There is a high degree of inconsistency in the management of events, due to a lack of formal structure, guidance and training available for staff with responsibility for running events. Multiple versions of templates have been used, and supporting documentation for events such as risk assessments and event planning documentation are often lacking.

Management has not been provided with an adequate framework to apply in making decisions regarding the risk rating of events, the nature and extent of documentation required to support events, or indeed whether certain events should even be held in the first place (i.e. are they too risky?). These decisions are left to the discretion of management without adequate oversight or guidelines, potentially exposing the City of Salisbury to excessive risk without the compensating benefits to the community.

There is no one position or team within the City of Salisbury that understands the full extent of events run across the City, and there is an absence of strategic oversight of events at a whole of organisation level.

A number of staff changes occurred within the Community Planning and Vitality Division just prior to the conduct of this audit. This meant that staff that had historically had responsibility for the organisation of the City of Salisbury's largest events did not participate in the audit process. The findings and recommendations in this report reflect the situation at the time of the audit.

In this report, a number of recommendations are proposed to strengthen the event management process and reduce potential risk exposure for the City of Salisbury.

1.2 Examples of Good Practice

The audit identified some examples of good internal controls / processes assessed as demonstrating good practice including:

- ✓ The majority of documents kept to support event management were readily available;
- ✓ Post event evaluations are often done, and post event feedback forms are often used;
- ✓ A good quality risk assessment template has been developed in May 2015;
- ✓ The largest event, Salisbury Secret Garden, has been well organised and supporting documentation for the event is generally of a good standard;
- ✓ Staff have taken the initiative to review and compare best practice for citizenship ceremonies with other SA Councils.

1.3 Overall Objective

To provide assurance on compliance with the Work, Health & Safety (WHS) requirements and any other operational risks arising from event management at the City of Salisbury, ensuring that no risks arise due to a failure to conduct adequate risk assessments.

1.4 Context

A focus of the City of Salisbury's "The Living City" key direction is to provide opportunities and spaces for all community members to engage in cultural activities, community events, recreation and sport, multicultural festivals and events and community celebrations.

The City of Salisbury organises many events throughout the year ranging from small events targeting specific sections of the community to large scale events such as Salisbury Secret Garden. Failure to adequately manage the risks associated with such events could have an impact on the achievement of the objectives in the City Plan.

1.5 Specific Objectives

In addressing the overall objective, the audit included, consideration of the following issues:

- compliance with the applicable requirements of City of Salisbury WHS policies and processes and the corresponding WHS legislation;
- the effectiveness and the efficiency of the event related WHS risk assessments conducted;
- management of events and the financial and operational risks associated with areas such as; security, marketing and publicity, car parking and traffic management, contracting, insurance, volunteer management, clean-up activities, due diligence on artists, stall holders and suppliers; and
- reviewing the costing processes used in event management.

1.6 Scope

An event in the context of this audit can be defined as a planned activity which brings together any number of people for a particular purpose.

The audit covered the management of different events organised by the City of Salisbury, focusing on those that pose the greatest risk to achievement of City of Salisbury's objectives, specifically large scale events and events targeting vulnerable sectors of the community. Efficiency and effectiveness of the event management processes were also considered with suggestions for improvement made where identified.

1.7 Boundaries

This audit did not include an audit of the WHS policies and procedures themselves, as these are audited independently by the Local Government Association Workers Compensation Scheme (LGAWCS).

1.8 Methodology

Key procedures in the audit included:

- review of available event management guidance and templates;
- review of previous event documentation and risk assessments;
- interviews with staff responsible for event management; and
- analysis of qualitative and quantitative data received.

1.9 Event Management Improvement Roadmap

The following table provides a high level roadmap, summarising the suggested implementation order of recommendations in this report.

Order	Recommendation	Why Important	Finding/Rec #
1	Implement a single, complete event calendar	To provide an overview of all events to be held during the year, allowing for improved strategic decision making. To provide a population of events to be grouped into risk categories (step 2).	Finding 2.1, Rec R1
2	Define risk based categories for the grouping of events, and assign each event to a category	To provide a framework for determining the nature and extent of documentation required for individual events, and the required level of risk assessment. To provide increased transparency over the City of Salisbury's risk exposure from events.	Finding 2.2, Rec R3
3	Perform a risk assessment of all events	To provide increased transparency over the City of Salisbury's risk exposure from events, and provide the framework for mitigating these risks to an acceptable level.	Finding 2.2, Rec R4
4	Review of risk assessments and a formal "go / no-go" decision for events	To ensure the performance of risk assessments to a suitable standard, and to formalise the acceptance of the residual risk of events.	Finding 2.3, Rec R5
5	Assign responsibility for provision of high level event management advice to a person or team	To identify resources with event management expertise who can provide guidance to other staff as and when required. To assist with development of templates and guidance and materials to support event management.	Finding 2.4, Rec R6
6	Develop consistent guidance material, requirements and templates for each event category	To provide a clear, consistent framework to support staff in the management and delivery of events, and to further ensure adequate management of risks.	Finding 2.5, Rec R7
7	Provide training to City of Salisbury staff responsible for running high risk events	To ensure City of Salisbury staff understand the requirements for event management, and have the skills to perform effective risk assessments.	Finding 2.5, Rec R8
8	Monitor compliance with event management requirements and use of correct templates	To promote a high level of compliance with risk assessment and other event management requirements, and to provide a mechanism for continuous improvement in the guidance material and templates.	Finding 2.5, Rec R9
9	<u>Other improvement opportunities:</u> Prepare complete budgets for events, including internal costs, and improve the process for internal quotes	To provide complete, accurate budgets for events, underpinning the ability to make effective decisions regarding events.	Finding 2.6, Rec R11 Rec R12
	Implement a strategic review of events as a whole	To enable a strategic approach to event delivery, giving consideration to the complete program of events.	Finding 2.1, Rec R2
	Consider outsourcing the management of large, high risk events	Strategic decision, with implications for the required levels of internal resourcing and expertise within City of Salisbury.	Finding 2.5, Rec R10

1.10 City of Salisbury Risk Management Guide

Findings have been rated in accordance with the City of Salisbury Risk Management Guide, excerpts from which are provided in Tables 1, 2 and 3 below. Risk is measured in terms of the probability of the risk occurring (likelihood) and the impact on the City of Salisbury of that risk occurring (consequence).

To assist in the analysis of consequence, Table 1 contains consequence severity ratings across five areas of impact with examples for each. The likelihood analysis (Table 2) considers the frequency or probability of the risk occurring. Once the likelihood and consequence have been analysed, these can be chartered on the Risk Matrix (Table 3) to determine the risk rating.

Table 1 – Consequence Ratings

RATING	AREA OF IMPACT					
	Environment/ Political/ Community	Reputa tion	Finance	Legal/ Regulatory	Injury/Operational Management	Service Interruption
1 Insignificant	Nil	Nil	Less than \$20,000	None	Nil	Minor interruption to service provision capability, e.g. less than 4 hours.
2 Minor	Minor short-term environment, conservation, political or community issue.	Minor media interest	\$20,000 - \$100,000	Minor legal, regulatory or internal policy failure.	Unexpected/unplanned absence of a staff member. Potential for minor injury. First aid treatment required.	Limited disruption to service provision requiring altered operational arrangements for a short period, e.g. up to 1 day
3 Moderate	Environment, conservation, political or community incident requiring City intervention.	Moderat e media interest	\$100,000 - \$500,000	Limited legal, regulatory or internal policy failure.	Unexpected/unplanned absence of a key staff member. Medical treatment required.	Some disruption to service provision capability requiring altered operational arrangements, e.g. between 1 day and 1 week.
4 Major	Medium-term issue with major environment, conservation, political or community impact.	High media interest	\$500,000 - \$1 million	Major legal, regulatory or internal policy failure.	Unexpected/unplanned absence of several key staff members from a single area. Significant injury to staff disabling them/dangerous near miss.	Significant impairment of service provision (capability or period), e.g. between 1 week and 1 month.
5 Catastrophic	Long-term issue with major environment, conservation, political or community impact.	Public censure or govern ment inquiry	More than \$1 million	Critical legal, regulatory or internal policy failure.	Unexpected/unplanned absence of a significant number of staff, e.g. during a pandemic. Death / critical injury to staff.	Total loss of service provision capability for extended period, e.g. more than 1 month.

Table 2 – Likelihood Ratings

RATING	DESCRIPTION
A – Rare	The event may occur only in exceptional circumstances (i.e. probability of occurrence > 20 years)
B – Unlikely	The event could occur at some stage (i.e. probability of occurrence within 10 – 20years)
C – Possible	The event might occur at some time (i.e. probability of occurrence within 3 – 5 years)
D – Likely	The event will probably occur at most times (i.e. probability of occurrence within 2 years)
E – Almost Certain	The event is expected to occur in most times (i.e. probability of occurrence within 1 year)

Table 3 - Risk Matrix

Likelihood	E Almost Certain	Medium	High	High	Very High	Very High
	D Likely	Medium	Medium	High	High	Very High
	C Possible	Low	Medium	High	High	High
	B Unlikely	Low	Low	Medium	Medium	High
	A Rare	Low	Low	Medium	Medium	High
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Consequence						

1.11 Risk Rating of Key Findings

Key Findings - Risk Table	Likelihood	Consequence	Residual Risk
2.1 Strategic oversight of events and event calendar	C	3	High
2.2 Risk assessments and risk categorisation of events	D	4	High
2.3 Review and acceptance of event risk	D	4	High
2.4 Assigning central responsibility for event oversight	D	3	High
2.5 Tools for staff with responsibility for event management	D	4	High
2.6 Budgeting for events	D	3	High

2. FINDINGS AND RECOMMENDATIONS

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
2.1. Strategic oversight of events and event calendar				
<p>Finding</p> <p>City of Salisbury operates and maintains an extensive range of events across multiple divisions. There is a lack of strategic oversight of events across the City as a whole. There is minimal transparency over the calendar of events held across the City of Salisbury, causing an inability to critically assess the program of events as a whole to identify risks and opportunities. These may include, for example:</p> <ul style="list-style-type: none"> • grouping of complimentary events targeting similar audiences or with similar themes, providing a better experience for the public and potential cost saving opportunities for the City of Salisbury; • strategically reviewing the event calendar against City of Salisbury's strategic objectives to identify any gaps / opportunities to introduce new events or alter existing events to better promote City of Salisbury strategy (e.g. "Provide events that enable people to better understand and care for their environment" as per the City Plan 2030); • identifying City of Salisbury or other 3rd party events with overlapping schedules that target similar audiences that could be held at different times or combined as a single event; • identifying cases where multiple similar events are run by different divisions that could be consolidated or cut to avoid duplication; • allowing for easier grouping of events into risk based categories, to facilitate efficient and effective risk assessments. 				

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
<p>Recommendations</p> <p><u>R1) Implement a single, complete event calendar</u></p> <p>The City of Salisbury consolidates existing event information into a single, complete and centrally accessible calendar of all events held across the City of Salisbury. Each Division is given responsibility to update the calendar with their events.</p> <p><u>R2) Implement a strategic review of events as a whole</u></p> <p>The calendar is used as a tool to facilitate a strategic approach to event delivery by the City of Salisbury, giving consideration to the complete program of events. Consideration is given to allocating responsibility to a single position or team for the strategic review of the calendar to identify risks and opportunities to better allocate City of Salisbury resources to events.</p>	<p>The City of Salisbury currently compiles a list of events and publishes this information on the website and the intranet site.</p> <p>There is however a need for a review process to ensure the information is maintained/updated as required.</p> <p>All major events (with 200+ potential attendees) are endorsed by Council.</p> <p>Event Management at the City of Salisbury operates on a de-centralised model, which means that there is no single person responsible for reviewing all events and allocating resources. Instead the responsibility for strategically reviewing events to ensure that they are aligned with organisational objectives is currently undertaken by the relevant General Manager or</p>	<p>High (opportunity)</p>	<p>Manager Communications and Customer Relations</p> <p>N/A</p>	<p>30 June 2017</p> <p>N/A</p>

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
	Divisional Manager prior to the event, at a departmental or individual event level respectively. Therefore this recommendation is already in place and no further action is necessary.			

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
2.2. Risk assessments and risk categorisation of events				
<p>Finding</p> <p>There are a number of different versions (at least 4) of event risk assessments being used across the City of Salisbury, of variable quality and completeness. The most up-to-date version of an event management WHS risk assessment document is dated May 2015. This document is comprehensive and of a good standard, however is not widely used or known across the City of Salisbury.</p> <p>In addition, there was inconsistency in whether or not a risk assessment was performed. Reasons for this include a lack of awareness of the need for risk assessments for events, lack of risk management understanding, and a perception that available templates are too onerous.</p> <p>Many of the events run by the City of Salisbury and informally deemed “low risk” have no risk assessments performed, exposing Council in the event of any incident. Whilst these events may be inherently low risk, they can still involve medium to large groups of people and must be managed properly, which requires the identification and management of risks. The extent and frequency of these risk assessments can be scaled appropriately.</p> <p>Galpins was unable to sight evidence of a risk assessment for the 2015 Salisbury Secret Garden event (a 2014 risk assessment was found). Staff believe a 2015 assessment was prepared, however the document could not be located and the responsible staff member is no longer working for the City of Salisbury.</p>				

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
<p>Recommendations</p> <p><u>R3) Define risk-based categories for the grouping of events, and assign each event to a category</u></p> <p>Risk-based event categories are defined, and all City of Salisbury events are grouped into risk-based categories. These categories can then be used to determine the nature and extent of documentation and other requirements to support event management and risk assessments.</p> <p>Appendices 1 and 2 provide further guidance for developing appropriate categories and requirements.</p> <p><u>R4) Perform risk assessments on all events</u></p> <p>At a minimum, even for low risk events, it is recommended that a risk assessment is performed and reviewed annually, and following any significant change in circumstances or any incident / near miss. The template developed by the City of Salisbury in May 2015 is a suitable template for all risk assessments.</p> <p>Low to medium risk events of a similar nature may be able to be grouped for risk assessment purposes (e.g. one risk assessment covering all citizenship ceremonies, one risk assessment covering all similar events run in the library, one risk assessment covering all similar events run in the Twelve25 building, etc.).</p>	<p>Agreed</p> <p>Agreed, the template for conducting these risk assessments also needs to be communicated to staff.</p>	<p>High</p> <p>High</p>	<p>GM Community Development</p> <p>GM Community Development</p>	<p>31 March 2017</p> <p>Implemented/ Ongoing</p>

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
2.3. Review and acceptance of event risk				
<p>Finding</p> <p>The City of Salisbury's decentralised approach to event management places the responsibility for risk assessment onto the managers organising the events. This appears to include decisions as to whether the event is too risky to be run in its current format. A sample of events across the City of Salisbury was reviewed, including a number of high risk youth events; both City of Salisbury run events and private events using City of Salisbury facilities.</p> <p>The nature of these events, which can involve alcohol and other high risk factors, potentially expose the City of Salisbury to a level of risk that should be carefully considered in the context of the strategic outcomes these programs provide i.e. from a risk vs benefit perspective.</p> <p>There is a lack of formal oversight of the risk assessments or the risks arising from events, including in many instances no documented "go / no-go" decision to confirm acceptance of running high risk events. Whilst there are risk assessments being done for these events, management has significant discretion as to the level of residual risk being accepted with little to no oversight. For example, relaxing security requirements for private events compared with the requirements of some other Councils on the basis that management does not wish to make hiring of facilities cost prohibitive for the community. In addition, there are inconsistencies in the risk assessment templates being used.</p>				

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
<p>Recommendations</p> <p><u>R5) Review of risk assessments and formal “go / no-go” decision for events</u></p> <p>Prior to events being run, a risk assessment is performed and formally reviewed.</p> <p>For high risk events, a formal “go / no-go” decision is documented, acknowledging acceptance of the residual risk of the event. This formal “go / no-go” decision is signed off by the General Manager, including a review of the risk assessment.</p> <p>For all other events, the formal review and sign off of the risk assessment is performed by the Divisional Manager.</p> <p>Ideally, guidance should be developed to assist Executive and Management in making “go / no-go” decisions in relation to events, such as defined rules (in collaboration with Management) for use in determining whether the City of Salisbury should host an event, or facilitate an event on City of Salisbury property, and if so what minimum standard of controls must be in place.</p>	Agreed	High	GM Community Development	Implemented/ Ongoing

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
2.4. Assigning central responsibility for event oversight				
<p>Finding</p> <p>Throughout this report, a number of shortcomings in event management processes have been identified. These include:</p> <ul style="list-style-type: none"> • insufficient oversight in relation to risk assessing events (Finding 2.1); • absence of high level strategic oversight / decision making across the calendar of events as a whole (Finding 2.2); • inconsistent risk assessment of events (Finding 2.3); • lack of central support and guidance materials for staff with event management responsibilities (Finding 2.4); and • inconsistencies in the nature and extent of documentation of event management (Finding 2.4). <p>Each of these shortcomings would be helped by having some degree of central responsibility and support for event management. We wish to emphasise that Galpins supports a decentralised approach to event management i.e. is not suggesting that the actual event management activities are centralised. However, it would be beneficial to have a central point of contact to provide assistance, monitoring and strategic oversight at a whole of City level.</p>				

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
<p>Recommendation</p> <p><u>R6) Assign responsibility for high level event management to a person or team</u></p> <p>The City of Salisbury identifies resources that have subject matter expertise on events who can provide assistance and guidance as and when required. This role or team would provide a central point of contact for staff with event management responsibilities, and could be responsible for the maintenance of templates and guidance material on event management.</p>	Agreed	High	GM Community Development	Implemented, however a review of the area will be undertaken in February and Council may make other decisions regarding Events in general

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
2.5. Tools for staff with responsibility for event management				
<p>Finding</p> <p>The City of Salisbury has a decentralised approach to event management, with multiple divisions having responsibility for running events. Galpins supports this decentralised approach, as it ensures that the staff with the knowledge of, and passion for, the desired event outcomes are given responsibility to deliver the event.</p> <p>To work effectively, a decentralised approach must be supported by appropriate guidance, toolkits, training and available support networks.</p> <p>A number of staff interviewed by Galpins indicated that they did not receive any specific training regarding their event management responsibilities. Staff could potentially access external training through the PDP process, though this has not been the case in relation to events sampled by Galpins.</p> <p>For several events reviewed by Galpins, there was a lack of documented procedures / processes (such as an event plan, checklists, run sheets, etc.) demonstrating how events had been organised and delivered, making it difficult for staff who take on responsibility for the event for the first time.</p> <p>Symptomatic of the above, there is inconsistency in the approaches to event management across the City of Salisbury, variable quality and completeness of supporting documentation and multiple risk management templates / checklists in use.</p> <p>There are many factors to consider in the delivery of events, and</p>				

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
<p>without proper documentation and knowledge transfer the risk that important steps in the process will be missed is high.</p> <p>In addition, the City of Salisbury has experienced significant growth in the extent and scale of events in recent years, increasing risk exposure and the need for robust management of events.</p> <p>Recommendations</p> <p>The City of Salisbury adopts strategies to strengthen the level of support for staff with responsibility for running events to provide effective delivery of decentralised event management. The following is recommended:</p> <p><u>R7) Develop consistent guidance material, requirements and templates for each event category</u></p> <p>A comprehensive event management guide is developed (this may be sourced from other SA Councils and tailored) to outline the process to be followed in running events.</p> <p>Using the risk-based event categories determined in accordance with recommendation R3:</p> <ul style="list-style-type: none"> • Minimum requirements are defined for each category including the nature and extent of documentation, risk assessment requirements and staff training. • an event management toolkit is developed to support compliance with these requirements, including relevant event management templates and checklists. 	Agreed	High	GM Community Development	Implemented/ Ongoing

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
<p>The existence of these toolkits is communicated to all staff with event management responsibilities, they are made readily available in Dataworks and on the intranet, and their use is made mandatory.</p> <p><u>R8) Provide training to City of Salisbury staff responsible for running high risk events</u></p> <p>To support the rollout of guidance materials, provide specific event management and risk management training to City of Salisbury staff responsible for running high risk events (see finding 2.2).</p> <p><u>R9) Monitor compliance with event management requirements and use of correct templates</u></p> <p>Implement an oversight process to monitor compliance with event management requirements and use of correct templates, for example via periodic spot checks of events.</p> <p><u>R10) Consider outsourcing the management of large, high risk events</u></p> <p>Consideration is given to outsourcing the delivery of the largest, highest risk events (e.g. Salisbury Secret Garden). This reduces the need for in-house expertise, reducing the required investment in resources to effectively deliver these events and potentially reducing risk exposure.</p>	<p>Agreed</p> <p>Oversight responsibility for events will remain with the relevant manager or General Manager of the division who organised the event.</p> <p>This is already done for large, high risk events. For these events a report is presented to Council and Council decides whether or not to proceed with the event and on what basis the event will be run.</p>	<p>High</p>	<p>GM Community Development/ People and Culture division</p> <p>N/A</p> <p>N/A</p>	<p>30 June 2017 Alignment with the PDP cycle</p> <p>N/A</p> <p>N/A</p>

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
2.6. Budgeting for events				
<p>Finding</p> <p>The City of Salisbury does not account for internal staff costs in the preparation of event budgets.</p> <p>As a consequence, the City of Salisbury does not have a true understanding of the cost of running events. Staff time accounts for a significant portion of the cost of events, and excluding it from budgets gives an unrealistic indication of the cost to Council and ratepayers. Internal staff costs are a real cost to ratepayers, and the allocation of staff resources to events comes with an opportunity cost in that this time could be allocated to other functions. In addition, events are often held after hours or on weekends, resulting in additional overtime costs.</p> <p>Some events involve the use of Council staff from other divisions not responsible for running the event, resulting in internal recharges of expenses for services provided e.g. to assist with event, clean up, set up, etc. Quotes are not always provided for these internal purchases before the work is done, reducing the opportunity to seek alternative external quotes and making it difficult to budget effectively.</p> <p>Accurate budgets provide the ability for the City of Salisbury to make effective decisions regarding events, such as whether to expand existing events, create new events, or outsource the running of events. They also provide a useful mechanism to inform post event reviews, including analysing the level of staff time committed and performance of event staff.</p>				

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
<p>Recommendations</p> <p><u>R11) Prepare complete budgets for events, including internal costs</u></p> <p>Event budgets include all directly attributable costs, including internal staff costs and internal recharges from other divisions.</p> <p>To simplify this process, it is recommended that a single blended rate for staff costs (rather than each specific staff members actual rate), based on average staff rates and taking into account on-costs and the likelihood of overtime be used.</p> <p><u>R12) Improve the process for internal quotes</u></p> <p>Quotes for internal services from other divisions within the City of Salisbury are provided in a timely manner, and external quotes sought if values exceed thresholds established in the City of Salisbury's Procurement policy.</p>	<p>Cost estimates based on the identified expected costs of an event should always be produced prior to an event going ahead, however it is not practical to prepare complete budgets for all events. Consideration will be given to doing this for the larger scale events organised by the City of Salisbury, all of which would be organised by the Community Planning and Vitality division.</p> <p>Staff costs for those additional staff called upon to assist in the running of an event will be budgeted for as accurately as can be done in advance, however those staff whose role it is to run, organise or manage events will not be included in this calculation because this cost is already fully accounted for and transparent in the divisional budget.</p> <p>When a quote for internal services is requested from a division within City Infrastructure department, there is already a process in place to provide this quote; based on the information, estimates and</p>	High	GM Community Development	Implemented/ Ongoing
			N/A	N/A

Finding and Recommendation	Management Response	Risk Assessment	Responsibility	Due Date
	assumptions provided/agreed with the event manager.			

Appendix 1 – Example factors to consider in establishing risk-based event categories

To categorise events is not a simple task and to do this the level of risk needs to be carefully thought through. The following factors are examples of things that should be considered in establishing risk-based categories for the classification of events (see finding 2.3). This list is not exhaustive – the specific risk factors for each event must be carefully identified and considered.

- Availability of alcohol (high risk factor)
- Number of attendees
- Council staff attendance at events (attendance by staff generally = decreased risk)
- Experience of staff / volunteers running the event
- Location of events (e.g. indoor vs outdoor, proximity to major roads, Council premises vs 3rd party premises)
- Frequency of events (e.g. ad-hoc vs regular events)
- Whether food is being served at the event, and the nature of this food
- Age profile of attendees (e.g. events involving minors = higher inherent risk)
- Involvement of 3rd parties (e.g. in planning or running of events)
- Existence of traffic management requirements
- Consideration of any past incidents at similar events
- Timing of the event (during normal business hours, after hours / weekends)
- Nature of activities and entertainment (e.g. skating, bouncy castles, water based events, other interactive entertainment or “moving parts” = higher risk)
- Event access control i.e. set venue with defined entry and exit points vs general venue area with open access or less control over patrons entering and leaving
- Degree of event structure (e.g. structured ceremony vs open festivals)
- Public transport requirements
- Timeframe available to plan the event (i.e. is there sufficient time to plan adequately)
- Whether any other events (including 3rd party events) are being held at the same time that could affect the safety of attendees
- Possibility of drug use

Appendix 2 – Example Guidance for the categorisation of events

Table 1 “*Categorisation of Events*” provides an example of a guide to categorising events into risk-based categories. To be classified in a category, the event should meet each of the criteria described in the applicable column.

Once a category has been selected, Table 2 “*Guidelines for Event Management Requirements*” provides guidance as to the tasks and documentation that the event organiser must complete.

Important note: These tables are provided as an example only. They are not intended to be applied as is to the City of Salisbury. The tables require tailoring to the City of Salisbury’s specific needs and circumstances established for example via workshops with key stakeholders.

Table 1 – Categorisation of Events

<u>Guidelines</u>	<u>Category 1 Event</u>	<u>Category 2 Event</u>		<u>Category 3 Event</u>		
Nature of Event	Small in-house events	Medium in-house events	Small - Medium external events or after hours internal events	Large in-house events	Large external events	Any other events that have been deemed a high risk
Number of Attendees	Up to 40 attendees	40 – 200 attendees	Up to 200 attendees	200+ attendees	200+ attendees	N/A
Location	Run in or on Council controlled premises	Run in or on Council controlled premises	Run in or on non-Council controlled premises; or Run in or on Council controlled premises after hours	Run in or on Council controlled premises	Run in or on non-Council controlled premises	Can be anywhere, if other risk factors present High risk location e.g. skate park, near water
Alcohol (If Yes, event should be classed as Category 3)	None	None	None	Could be Yes or No	Could be Yes or No	Could be Yes or No
Event Structure	Structured	Structured	Structured	Structured or unstructured	Structured or unstructured	Structured or unstructured
Other high risk factors (see Appendix 1)	None	None	None	Possible	Likely	Yes

Table 2 – Guidelines for Event Management Requirements

Requirements	<u>Category 1 Event</u>	<u>Category 2 Event</u>	<u>Category 3 Event</u>
Risk Assessment	Full risk assessment required One risk assessment may cover multiple, similar events Risk assessment reviewed annually, or following a significant change in circumstances or an incident	Full risk assessment required One risk assessment may cover multiple, similar events Risk assessment reviewed annually, or following a significant change in circumstances or an incident	Full, event specific risk assessment required each time event is run
Event Management Plan	Basic event details documented (e.g. time, place, staff responsible) Emergency planning is in place and managed by a competent staff member	Focused event management plan required (being a smaller scale version of the full event management plan)	Full event management plan required (including communication plan, traffic management plan, site maps, documented discussion with all relevant support services i.e. Police, SAMFS etc.)
Security	External security generally not required	Strongly consider the need for external security, subject to risk assessment	External security must be put in place
Budgeting	Direct external costs only	All internal and external event costs, including internal staff time and intra-council recharges	All internal and external event costs, including internal staff time and intra-council recharges Encourage utilisation of pre-qualified external contractors for competitive pricing
Pre / Post event meetings	Post event meetings mandatory if any incidents / near misses are reported Pre / post event meetings otherwise optional at the discretion of management	Pre and post event meetings strongly encouraged Post event meetings mandatory if any incidents / near misses are reported	Pre and post event meetings mandatory to improve future event organisation, and ensure coverage of all risk and organisational considerations
Approval for event to be held	Formal review and sign off of risk assessment by Divisional Manager prior to event	Formal review and sign off of risk assessment by Divisional Manager prior to event	Formal “go / no-go” decision by General Manager and Executive, including review of risk assessment
3rd Party use of Council facilities / premises	3 rd party use generally not expected for category 1 events. Events may involve very low risk activities supervised by Council staff Induction in emergency evacuation must be supplied	A formal contract must be signed stating the full responsibilities of the hirer Training/induction in emergency evacuation and the position of fire extinguisher/s must be supplied and documented Hirer must be able to demonstrate suitable systems to competently manage the safety of all attendees <u>OR</u> must commit to compliance with City of Salisbury defined requirements for external hire (e.g. qualified first aid staff, assigned responsibility for safety, security requirements, etc. – checklist to be developed)	A formal contract must be signed stating the full responsibilities of the hirer Training/induction in emergency evacuation and the position of fire extinguisher/s must be supplied and documented Hirer must be able to demonstrate suitable systems to competently manage the safety of all attendees, and supply an event management plan for City of Salisbury Approval
Training for staff managing event	Risk management training at induction, with annual refresher training	Risk management training at induction, with annual refresher training	Risk management training at induction, with biennial refresher training Specific event management training at induction, with periodic refresher training

3. DISCLAIMERS

3.1 Inherent Limitations

This report has been prepared for the information and internal use of the City of Salisbury in accordance with the scope and objectives outlined the Executive Summary of this report. The services provided in connection with this engagement comprise an advisory engagement which is not subject to the Australian Auditing Standards or the Australian Standards on Review and Assurance Engagements. Consequently, no express opinions or conclusions have been drawn or intended to convey assurance. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the City of Salisbury's management and personnel. We have not sought to independently verify those sources. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the City of Salisbury. The findings expressed in this report have been formed on the above basis.

3.2 Third party reliance

This report is solely for the purpose set out in the Executive Summary of this report and for the City of Salisbury's information, and is not to be used for any other purpose or distributed to any other party without Galpins' prior written consent. This report has been prepared at the request of the City of Salisbury or its delegate in connection with our engagement to perform internal audit services. Other than our responsibility to City of Salisbury, neither Galpins nor any member or employee of Galpins undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the City of Salisbury's external auditor, on this internal audit status report. Any reliance placed is that party's sole responsibility.

ITEM	4.2.2
	AUDIT COMMITTEE
DATE	14 February 2017
PREV REFS	
HEADING	Results from the completed Audit Committee self-assessment questionnaires
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance.
SUMMARY	Best practice indicates that the performance of the Audit Committee of Council should be reviewed on a regular basis. The Committee approved the process for its self-assessment at the November 2016 meeting. As a result a self-assessment questionnaire was issued to all members of the committee, who completed and returned it to the BA Internal Audit & Risk. This report summarises the results from the completed questionnaires.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Audit Committee Self-Assessment Questionnaire

1. BACKGROUND

- 1.1 It is a facet of good governance that committee performance is regularly reviewed. To that end the City of Salisbury has adopted a self-assessment approach for assessing the performance of the Audit Committee of Council. At its November 2016 meeting the Committee approved the self-assessment process and the questionnaire (see Attachment 1) was issued to all members of the Audit Committee. Subsequently the Audit Committee members completed and returned the questionnaire to the BA Internal Audit & Risk. This report summarises the findings and issues identified in the returned questionnaires.

2. REPORT

- 2.1 The self-assessment questionnaire is divided into seven sections dealing with the structure and operations of the Audit Committee. Each section has a series of questions followed by a Yes/No box and space for comments / suggestions for improvement. The findings and issues identified, listed by section, including where a respondent has asked a question or made a suggestion for improvement are set out below.

- 2.1.1 **Section A – Establishment of the Committee.** This section contains questions regarding the adequacy of the terms of reference, the skills and understanding of the Audit Committee as a whole and the integrity of the Committee.
- All members agreed that the terms of reference, skills and integrity of the Committee were adequate.
- 2.1.2 **Section B – Meetings.** Questions in this section focus on meeting arrangements, procedures, participation and effectiveness.
- The City of Salisbury has a set of Council endorsed meeting procedures that apply to all Council and Standing Committee meetings, such as the Audit Committee. All members fully understand the procedures and agreed that they are effective and ensure the smooth operation of the Committee.
 - There was one suggestion for improvement, which was the use of teleconferencing for Committee meetings, so that members can participate when other commitments preclude attendance in person. Currently the Council has determined that members of a Standing Committee may participate in meetings remotely, using either video conferencing or teleconferencing facilities where available. The current provisions do not allow for a Standing Committee Chairman to participate remotely, they must attend and chair the Committee in person. One member of the Audit Committee has participated via teleconference on one occasion.
 - One comment was made that the written documentation (e.g. meeting agendas, reports and minutes), could be more clearly aligned to the Terms of Reference and Council Strategic and Business Plans. The current report template for all reports to Council and Standing Committees requires the author to identify the section of the City Plan the report relates to. In addition, where relevant, the report template contains a section where the author is required to highlight City Plan Critical Actions relevant to the report, no further action has therefore been taken with regard to this comment.
- 2.1.3 **Section C – Internal Audit.** This section has questions on the role of, and access to, the internal audit function as well as activities and information in the Internal Audit Plan.
- There was a consensus regarding the appropriateness of the internal audit function and adequate access to it. The internal audit plan and the information contained within it were also considered adequate.
 - Suggestions made in this section were for audits outside the Internal Audit Plan to be reported to the Audit Committee and for the internal audit priorities to be discussed earlier in the year. Where pertinent, audits and information outside of the endorsed Internal Audit Plan are presented to the Audit Committee, either by the CEO or the most appropriate member of staff. All other matters that fall within the areas of responsibility of the Audit Committee (as set out in Section 6, Responsibilities, in the Audit Committee of Council Terms of Reference) are presented for consideration on a regular basis. Internal audit priorities are discussed at each Committee meeting under the regular agenda item of Internal Audit Plan.

- 2.1.4 **Section D – External Audit.** This section centres on the access the Committee has to the external auditor, the information provided by the external auditor and any subsequent discussion between the Committee and the external auditor.
- There was agreement between all members of the Committee that they have adequate access to the external auditor and the information provided by the external auditor was understood. It was also agreed by the Committee that significant findings from the work of the external auditor were discussed.
 - One suggestion was made that the findings of the external auditor be risk rated and another suggestion was made that the report from the external auditor be more comprehensive. Both of these suggestions have been forward to Bentleys, Council's recently appointed external auditors.
- 2.1.5 **Section E – Financial Oversight.** Questions in this area address whether the annual financial statements reflect accounting principles and are complete and consistent, as well as questioning whether significant accounting and reporting issues are considered by the Committee.
- There was agreement that the annual financial statements reflect appropriate accounting principles and that they are complete and consistent. No further action is therefore required in this area.
- 2.1.6 **Section F – Risk Management.** This section assesses whether there is an effective risk management framework and senior management risk culture. It also assesses whether the Committee understand and discuss significant organisational risks.
- All members agreed that there is an effective risk management framework, that senior managers take responsibility for risks and that the Committee understands and discusses significant risks.
 - One comment stressed the need for continual improvement and questioned the removal of the economic development risk from the Strategic Risk Register.
 - Work is being undertaken to improve Risk Management at the City of Salisbury, as detailed at each meeting in the Update on Risk Management and Internal Controls Activities Report, with a view to continually improving the risk management culture across the organisation.
 - The Executive Group is responsible for the identification, management and review of strategic risks, documented within the Strategic Risk Register, which is reviewed on a quarterly basis. The management of this process is guided by their understanding of strategic objectives, resourcing and operational requirements across the organisation and the identification of matters that can be appropriately monitored and managed with a view to contributing to the delivery of the City Plan. The Strategic Risk Register is presented to the Audit Committee for information at each meeting, which provides the opportunity for suggestions to be made, or guidance to be provided in relation to the content of the Risk Register.

2.1.7 **Section G – Oversight of Other Activities.** This section assesses the system for reviewing outstanding actions and whether there were any further topics that the Committee should have oversight of.

- The members accepted that the system for reviewing outstanding actions is adequate.
- There were two suggestions made in this section; insurance and legal matters could identify risks and their consideration for reports should be included on the agenda as appropriate, and that the Chairman should participate more with the Executive Group.
- Insurance and legal matters are monitored internally by the Executive Group. Due to the nature of these matters consideration needs to be given to public disclosure of sensitive information. Under the Terms of Reference for the Audit Committee, the Committee has no responsibility for insurance and legal matters. Where it is appropriate to do so the CEO will provide a verbal update to the Committee on these matters, which provides the opportunity for committee members to provide guidance to the CEO on potential management strategies based on their broader experience.
- As has occurred previously, the Chairman of the Audit Committee is welcome to meet with the CEO to discuss matters that the Chairman believes are of importance to the activities of the Audit Committee. In addition, day to day communication with the BA Internal Audit and Risk provides a conduit between Audit Committee members and the CEO/Executive Group and facilitates the provision of information. The Audit Committee also has the opportunity to meet in camera with the BA Internal Audit and Risk to seek candid feedback on audit and risk management strategies/operations within the organisation.

3. CONCLUSION / PROPOSAL

- 3.1 Overall the Audit Committee members were satisfied with the performance of the Audit Committee in each of the sections reviewed. Some comments and suggestions for improvements were made in the questionnaires and these have been addressed in the body of this report.

CO-ORDINATION

Officer: MG
Date: 31/01/2017

	2016
Audit Committee of Council Self-Assessment Questionnaire	

Please complete this questionnaire based on your views as a member of the Audit Committee of Council. Where a “No” response is provided please include comments/information that quantifies your response. Results from the self-assessment questionnaire will be used to identify areas for development/improvement in the operations of the Audit Committee.

Section A – Establishment of the Committee		Yes / No	Comments / Suggestions for Improvement
1.	Do the Terms of Reference of the Committee provide clear information on the role and functions of the Committee and its oversight responsibilities on behalf of Council?		
2.	Are Committee Members’ qualities (i.e. financial literacy and skills, understanding of City of Salisbury, industry and capital markets) as a whole, appropriate to discharge the Committee’s oversight responsibilities on behalf of Council?		
3.	Do Committee Members demonstrate the highest level of integrity (including maintaining the utmost confidentiality and identifying, disclosing and managing conflicts of interest and acting appropriately where conflicts or interests arise)?		

Section B – Meetings		Yes / No	Comments / Suggestions for Improvement
1.	Are arrangements for Committee meetings appropriate (i.e. frequency, time of day, duration, venue, location and format)?		
2.	Does the Committee ensure that appropriate internal and external stakeholders attend meetings as necessary (e.g. CEO, GM Business Excellence, external audit representative, etc.)?		



2016

Audit Committee of Council Self-Assessment Questionnaire

Section B – Meetings		Yes / No	Comments / Suggestions for Improvement
3.	Do all members of the Committee participate actively and constructively during meetings (i.e. Members disagree without being disagreeable, assumptions are constructively challenged, views are skilfully explored, differences of opinion are appropriately acknowledged and resolved, and consent is forged)?		
4.	Is the written documentation (e.g. meeting agendas, reports, minutes and supporting documentation) provided to the Committee appropriate (i.e. clearly explains matters to be dealt with, is aligned to strategic directions and business plans, is distributed and followed up in a timely manner)?		
5.	Do separate private meetings without Management contribute to the Committee's effectiveness (e.g. with Internal Audit, External Auditors, with only committee members or with any external advisor, as needed or appropriate)?		
6.	Do you fully understand the meeting procedures and processes in place at the City of Salisbury to ensure the smooth operation of the Audit Committee?		
7.	Do you consider meetings to be effective? – if not, please provide details and include how they could be improved.		

Section C – Internal Audit		Yes / No	Comments / Suggestions for Improvement
1.	Does the Internal Audit Charter provide clear and appropriate information on the role of the Internal Audit function and its relationship to the Committee?		
2.	Do you have direct and unrestricted access to the internal audit function?		

	2016
Audit Committee of Council Self-Assessment Questionnaire	

Section C – Internal Audit		Yes / No	Comments / Suggestions for Improvement
3.	Do the activities in the internal audit plan address areas of concern and provide assurance to Council?		
4.	Do you receive sufficient information regarding internal audits and activities in the internal audit plan? If not, what further information would you like to receive?		

Section D – External Audit		Yes / No	Comments / Suggestions for Improvement
1.	Do you have direct and unrestricted access to the external auditor?		
2.	Do you understand the information being presented to you by the external auditor? If not, what further information would assist with your understanding?		
3.	Does the Committee discuss significant findings from the financial and internal controls audits with the external auditor?		

Section E – Financial Oversight		Yes / No	Comments / Suggestions for Improvement
1.			
1.	Does the Committee assess whether the annual financial statements reflect appropriate accounting principles?		
2.	Does the Committee review significant accounting and reporting issues, including complex or unusual transactions, highly subjective areas and significant changes in accounting policies and their corresponding impact on the financial statements?		
3.	Do you believe that the annual financial statements are complete and consistent with the operations of the City of Salisbury?		



2016

Audit Committee of Council Self-Assessment Questionnaire

Section F – Risk Management		Yes / No	Comments / Suggestions for Improvement
1.	Is the Committee satisfied that there is an effective risk management framework in place at the City of Salisbury? If not, what actions should be taken to address this?		
2.	Does the Committee assure itself that the Chief Executive Officer and General Managers take personal responsibility for risk identification and control?		
3.	Does the Committee understand and discuss issues which present significant risks to the organisation?		

Section G – Oversight of Other Activities		Yes / No	Comments / Suggestions for Improvement
1.	Do you believe that the system for reviewing outstanding items arising from external or internal audit reports is efficient and effective? If not, why not and what could be done to improve it?		
2.	Is there anything further that you believe the Audit Committee should have oversight of in order to fulfil its obligations under the Terms of Reference? If Yes, please be specific regarding your expectations.		

Name

Signature

Date

ITEM	4.2.3
	AUDIT COMMITTEE
DATE	14 February 2017
HEADING	The new City of Salisbury Risk Matrix
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	<p>Risk matrices are used in risk management to assess or rate level of risks. Typically a risk matrix will have indicators for likelihood and consequence which produce an overall risk rating such as low, medium or high. A review of risk matrices identified a variety of different risk matrices were used in different parts of the City of Salisbury.</p> <p>As a result of this review a new, unified risk matrix was proposed to, and subsequently endorsed by, the Executive Group. The process of implementing the endorsed risk matrix for the assessment of all risks at the City is now underway, with details of the implementation process set out within this report.</p> <p>The new risk matrix has been launched with a revised Risk Management Guide, which details and explains its application.</p> <p>The benefits of using a single risk matrix are that it promotes consistency and allows different risks to be compared across the organisation.</p> <p>In order to prevent the proliferation of additional risk matrices in the future, further communication of the role of the BA Internal Audit and Risk in administering the risk management framework has been undertaken.</p>

RECOMMENDATION

1. The information be received.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Risk Management Guide v7.2

1. BACKGROUND

- 1.1 The City of Salisbury's risk management framework is based on the risk management standard AS/NZS ISO 31000:2009. In this standard there is a defined process for assessing risk, however there is no prescribed format for a risk matrix.

- 1.2 A review was undertaken by the Business Analyst Internal Audit and Risk on the risk matrices in use at the City of Salisbury. It was confirmed that a variety of different risk matrices were used for assessing risks in different areas such as; Asset Management, Procurement and Workplace Health and Safety (WHS).
- 1.3 Using a number of different risk matrices for assessing different risks is not considered best practice in risk management. A single risk matrix was therefore developed and subsequently endorsed by the Executive Group and is in the process of being implemented throughout the organisation.
- 1.4 The job description for the Business Analyst Internal Audit and Risk includes a responsibility to; *“Administer the Risk Management Framework including development and maintenance of risk management policies and procedures and advice to staff on the application of the framework”*. This is currently achieved through the implementation of the risk management framework, using tools such as;
 - 1.4.1 The Risk Management Guide (refer Attachment 1).
 - 1.4.2 The Strategic Risk Register.
 - 1.4.3 Presentations on risk management.
 - 1.4.4 Compulsory completion of the risk management e-learning module as a part of the induction process for all new staff.
 - 1.4.5 Discussions with staff involved in risk management processes on an ‘as needs’ basis.

2. CONSULTATION / COMMUNICATION

2.1 Internal

- 2.1.1 Consultation has occurred with the owners and administrators of the different risk matrices that were in use throughout the organisation, in order to confirm the risk matrices in place and the operational implications of changing risk matrices.

3. REPORT

- 3.1 A new risk matrix has been developed and endorsed by the Executive Group. It has been communicated to all staff and is detailed in the attached Risk Management Guide (Attachment 1). The main difference between the new risk matrix and its predecessor is that the new version has five factors for likelihood and consequence (a 5 x 5 matrix), whereas the previous version had four factors for likelihood and consequence (a 4 x 4 matrix). There are still only four possible outcomes from the risk matrix, which is an important feature because it avoids the tendency to assess something in the middle of the range if it is not fully understood.
- 3.2 It is intended that each area of the organisation that uses the risk matrix would adopt the appropriate consequence factors for their area. For example, when assessing a financial risk the consequence factors in the Finance column will be used.

- 3.3 The new risk matrix has been implemented for financial internal controls in the Control Track system as well as in the Asset Management system. Plans are in place to have the Procurement procedures cross-refer to the new risk matrix, when the procedures are reviewed later this year. Project Management procedures are also currently being revised to incorporate, amongst other items, the new risk matrix. Discussions on the risk matrix have been initiated with the WHS Team and this will be followed through with the WHS consultation processes as required by legislation.
- 3.4 Adoption of the new risk matrix will allow comparison of risks across the organisation, which should facilitate allocation of resources to mitigate those risks that are of greatest threat to the objectives of the City of Salisbury. The ability to directly compare risk assessments, on the basis that they have been completed using the same criteria, should also allow for better targeting of treatment plans and risk mitigation activities, ultimately contributing to a more efficient use of resources.
- 3.5 In order to prevent the proliferation of alternative risk matrices in the future the role of the Business Analyst Internal Audit and Risk has been re-communicated to the organisation, together with the revised Risk Management Guide.

4. CONCLUSION / PROPOSAL

- 4.1 A new risk matrix for consistent application across the organization has been endorsed by the Executive Group, communicated to all staff and is in the process of being adopted throughout the City of Salisbury. Not only will the use of one risk matrix promote consistency, it also allows different risks to be compared across the organisation.
- 4.2 In support of the consistent application of risk management related procedures, the role of the Business Analyst Internal Audit and Risk has also been communicated to all staff.

CO-ORDINATION

Officer: MG
Date: 31/01/2017



City of Salisbury

Risk Management Guide

Version 7.2



Risk Management Guide

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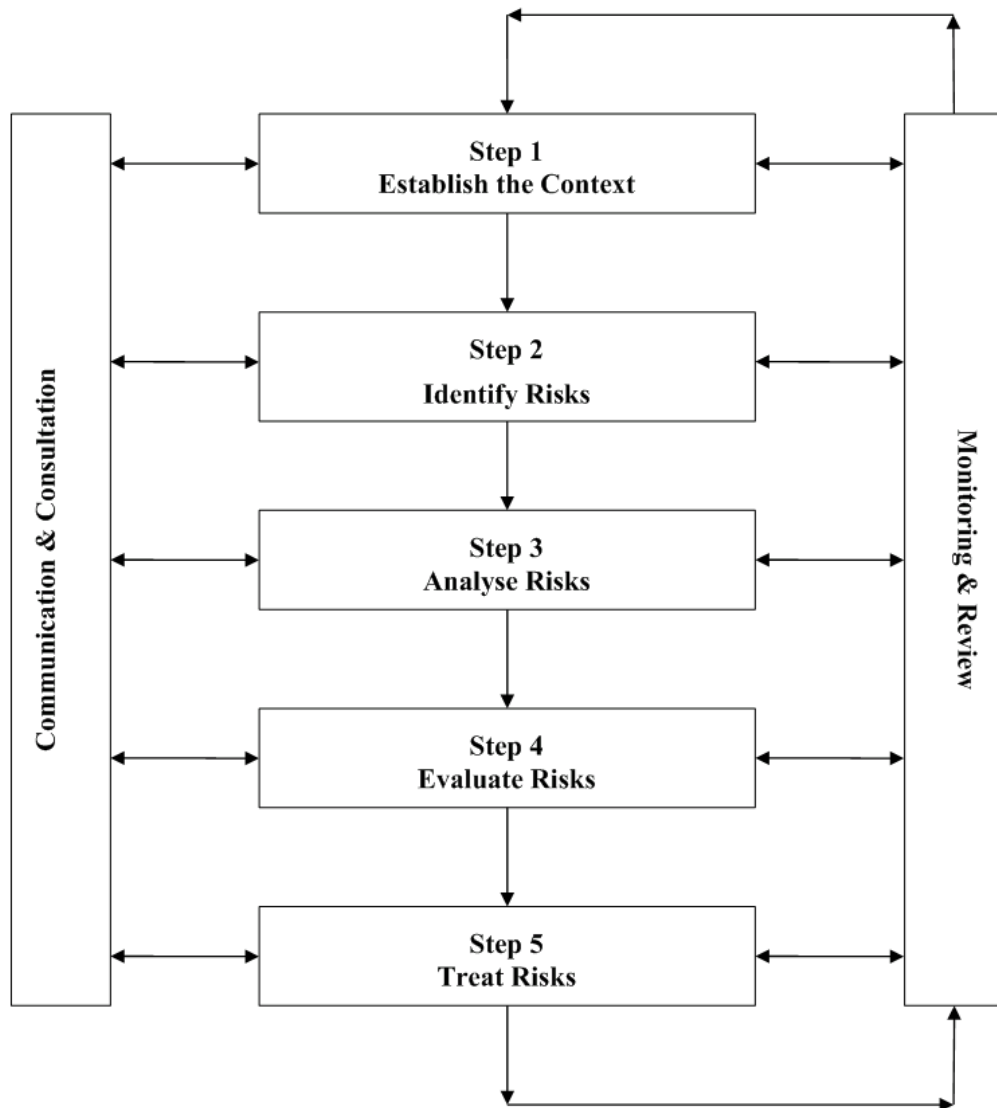
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Figure 1 – Risk Management Process





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Introduction to Risk Management

Risk management is a fundamental component of the City of Salisbury's Corporate Governance Framework and is designed to assure stakeholders that the City is pursuing its objectives and fulfilling its responsibilities with due diligence and accountability.

The objective of risk management is to ensure that the City makes use of a process to support better decision-making through a good understanding of potential opportunities and threats and their likely impact. The aim is not to eliminate risk but rather to establish the culture, systems and processes required to manage risk in the context of the City's activities so as to maximise the potential to achieve the City's objectives and realise desired outcomes. For risk management to be of maximum benefit it needs to be integrated into all City activities.

Definitions

- Consequence – impact of the threat or opportunity on the achievement of objectives
- Control – Any action taken to manage risk and increase the likelihood that established objectives and goals will be achieved. Examples include processes, policies, procedures and checks
- Inherent Risk – the rating given to a risk before the application of controls
- Likelihood – probability that the threat or opportunity will be realised
- Opportunity – a thing which has the potential to assist in the achievement of objectives, or a positive risk
- Residual Risk – the rating given to a risk after the application of controls (it will not usually be greater than the Inherent Risk)
- Risk – anything that could affect the objectives of an organisation in a positive or negative way. It is measured by likelihood and consequences
- Risk Appetite – the amount and type of risk an organisation is willing to pursue or retain and that influences decisions made around managing risks based on the outcome of risk analysis
- Risk Management – a process to identify, assess, manage and control potential events, to provide reasonable assurance regarding the achievement of the organisation's objectives
- Risk Responses – methods used to respond to risks including; controls, outsourcing, insurance, acceptance or permanently ceasing an activity
- Risk Tolerance – specific boundaries or parameters within the overall risk appetite that the organisation chooses to set
- Strategic Risks – the main risks affecting the achievement of the organisation's strategic objectives
- Threat (or hazard) – a thing which has the potential to hinder the achievement of objectives
- Treatment plans – actions taken to develop a control to mitigate a risk or to improve the effectiveness of an existing control.



Risk Management Guide

Purpose of this Guide

The primary purposes of this Guide are to assist staff in conducting risk assessments and in understanding the risk management process. The guide specifically discusses risk in terms of the business planning process however the Guide can also be used in managing risks in relation to: procurement activities; project management; program development; event planning and management; or any other activity.

Business Planning & the Risk Management Process

The City's business planning processes are structured to ensure alignment of a department/division's objectives, strategies and resources to the achievement of the City's objectives as described in the City Plan. Risk management is inextricably linked to business planning because it aims to manage the risks associated with the achievement of these objectives.

The integration of risk management into the business planning process is critical. In order to be effective, risk management must start with a full understanding and articulation of the business objectives, at all levels of the organisation. Only once the objectives have been identified and documented can risk management be used to identify the threats and opportunities related to the achievement of the objectives and the consideration of relevant controls to minimise risk or maximise opportunity.

The City's Risk Management process is based on the International Risk Management Standard (AS/NZS/ISO 31000:2009). While the process is presented sequentially in this Guide, it should be noted that the process is iterative with the monitoring and review and communication and consultation steps occurring continually. The process is shown in Figure 1.

Step 1 – Establish the Context

No function occurs in a vacuum, some are in a more volatile or faster changing environment than others, but all need to respond to, and interact with, their environment – customers, suppliers, other divisions, the public, other levels of government, etc. Conducting an analysis of the environment provides an opportunity to consider, among other things:

- What customer needs are now and what will they be in the future?
- The impact of changing policy and legislation, how are the “rules” under which you are operating changing?
- Is technology that you or your customers have access to going to impact the way you need to do business?
- Are there any forces, either internal or external, that can force you to change the way you operate?



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- How does the way you organise your department/division, its structure, responsibilities, and accountabilities fit with what you are trying to achieve, do you have the right skills and focus?

By establishing your environmental context you will be in a better position to identify, analyse, evaluate, and treat risk. Without an understanding of the context in which you operate it will be extremely difficult to fully understand and appreciate the probability or likely impact of any perceived risk.

Step 2 – Identify Risks

Risk identification should be an on-going process for both managers and staff in the conduct of their day-to-day duties. However, periodically it is beneficial to step back and consider risks in a more strategic sense. The business planning process presents an excellent trigger for this to occur.

The identification of risk as part of the departmental/divisional business planning process should focus on recognising and identifying the key risks (no more than 10) to the successful achievement of the department/division's objectives. As this is a high level assessment, only the most significant risks should be considered. However there may be lower level risks to be considered when it comes to operationally planning how the division/team's objectives will be achieved.

In identifying the division's risks it is important to ensure that the risk being considered is the actual cause of the negative consequences and not just a symptom or contributing factor. The interrelationships between risks also need to be thought through as treating one risk may affect positively or negatively other departmental/divisional/team risks or risks elsewhere in the City.

It is also important to distinguish between those risks that can be treated and those risks which cannot. There is very little that can be done to influence natural events or wider economic risks, however there are actions that can be taken to deal with the risks arising from their effects.

Step 3 – Analyse Risks

Once risks are identified, they need to be analysed to determine their impact on the achievement of objectives. The level of risk is analysed by combining estimates of the likelihood of the risk occurring and the consequences if it does occur.

The analysis is conducted in two stages: the first stage calculates the risk before any controls are applied, known as the inherent risk; the second considers the effectiveness of the controls in calculating the resulting residual risk.



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Stage 1 – Inherent Risk Rating

For each identified risk use Tables 1 and 2 to rate the consequence and likelihood respectively, imagining that no controls or treatments are in place. These tables contain examples and parameters to assist in the rating of risks. Then use the ratings in Table 3 to arrive at the inherent risk rating, which will be somewhere between low and very high. Rating a risk without controls can be difficult as it may be an un-natural state, particularly if controls are fully integrated into a process. It is however a useful step to take as it will demonstrate the effectiveness of the existing controls when the next stage is undertaken and the residual risk is rated.

Stage 2 – Residual Risk Rating

The second stage of Risk Analysis is the calculation of the residual risk. This is the level of risk, to the achievement of the department's/division's/team's objectives, which still exists even where the control(s) is considered to be working effectively. Residual risk is measured in terms of the probability of the risk occurring (likelihood) and the impact on the department/division/team of that risk occurring (consequence). It is rated using Tables 1 and 2 and then cross-referencing these results in Table 3 to arrive at a risk rating for the residual risk.

Controls are the systems, processes, guidance, structures and associated arrangements that the City puts in place to manage risk and assist in the achievement of its objectives. Consideration of controls requires thoughtful analysis because sometimes these controls are not implemented or maintained by your department or division. (E.g. the risk of data loss is a risk for most divisions however the Business Systems and Solutions division maintains a regular back-up regime (a control)).

Once a control has been identified it is important to consider how effective the control really is in managing the identified risk. In general, a control is more effective if it has been systematised (automated checks and balances, supervisor approvals) and cannot be manually over-ridden or ignored by an individual. Controls that are reliant on the employee's memory or initiative (e.g. reading a report) are not considered to be strong controls. Additionally, a control is preferable if it prevents a risk event from occurring (preventative control such as deadlocks) rather than a control that detects the risk after it has occurred (detective control such as a burglar alarm).

It is a useful exercise to consider the effectiveness of each control when arriving at the residual risk rating. How much difference does each control make in mitigating the risk? If the answer is little or no difference, consideration should be given as to whether the control should be improved to make it more effective or removed entirely.

It should also be noted that while the approach to risk analysis should be analytical, some estimation will be required and in the end the risk rating will always be a subjective assessment. For this reason it is beneficial to obtain at least one other independent opinion



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given by a colleague or manager on each risk rating and use the average of the two (or more) ratings to arrive at the risk rating. In most cases, a risk will have a number of areas of impact and it is the highest severity rating across those areas that should be considered.

Risk management discussions should be encouraged as these can be extremely useful in fully understanding a risk and the effectiveness of any controls that are in place.



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Table 1 – Consequence Ratings

RATING	AREA OF IMPACT					
	Environment/ Political/ Community	Reputation	Finance	Legal/ Regulatory	Injury/Operational Management	Service Interruption
1 Insignificant	Nil	Nil	Less than \$20,000	None	Nil	Minor interruption to service provision capability, e.g. less than 4 hours.
2 Minor	Minor short-term environment, conservation, political or community issue.	Minor media interest	\$20,000 - \$100,000	Minor legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of a staff member. • Potential for minor injury. • First aid treatment required. 	Limited disruption to service provision requiring altered operational arrangements for a short period, e.g. up to 1 day
3 Moderate	Environment, conservation, political or community incident requiring City intervention.	Moderate media interest	\$100,000 - \$500,000	Limited legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of a key staff member. • Medical treatment required. 	Some disruption to service provision capability requiring altered operational arrangements, e.g. between 1 day and 1 week.
4 Major	Medium-term issue with major environment, conservation, political or community impact.	High media interest	\$500,000 - \$1 million	Major legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of several key staff members from a single area. • Significant injury to staff disabling them/dangerous near miss. 	Significant impairment of service provision (capability or period), e.g. between 1 week and 1 month.
5 Catastrophic	Long-term issue with major environment, conservation, political or community impact.	Public censure or government inquiry	More than \$1 million	Critical legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of a significant number of staff, e.g. during a pandemic. • Death / critical injury to staff. 	Total loss of service provision capability for extended period, e.g. more than 1 month.



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Table 2 – Likelihood Ratings

RATING	DESCRIPTION
A – Rare	The event may occur only in exceptional circumstances (i.e. probability of occurrence > 20 years)
B – Unlikely	The event could occur at some stage (i.e. probability of occurrence within 10 – 20 years)
C – Possible	The event might occur at some time (i.e. probability of occurrence within 3 – 5 years)
D – Likely	The event will probably occur at most times (i.e. probability of occurrence within 2 years)
E – Almost Certain	The event is expected to occur in most times (i.e. probability of occurrence within 1 year)



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Once the likelihood and consequence have been analysed, these can be charted on the Risk Matrix (Table 3). The Matrix rates risks from Low through to Very High. By using the standardised likelihood and consequence ratings, risks plotted on the Matrix can be compared both within and across the organisation.

Table 3 – Risk Matrix

Likelihood	E Almost Certain	Medium	High	High	Very High	Very High
	D Likely	Medium	Medium	High	High	Very High
	C Possible	Low	Medium	High	High	High
	B Unlikely	Low	Low	Medium	Medium	High
	A Rare	Low	Low	Medium	Medium	High
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Consequence						



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Step 4 – Evaluate Risks

Risk evaluation involves the prioritisation of risks in order to determine which risks require treatment and the order in which risks should be treated. This is done because organisational resources are finite and need to be prioritised in addressing those areas of greatest concern or of greatest threat to the achievement of objectives.

When evaluating risks it is important to consider any risk appetite or risk tolerance that the organisation is willing to accept. The difference between the two is that risk appetite is strategic in nature and is the amount of risk an organisation is willing to take. Risk tolerances are more operational, they are targets, boundaries or metrics that can be exceeded, however they should not be exceeded without this coming to the attention of the individual responsible for setting the objectives. Risk tolerances may form a part of the measures for an objective.

Currently the City of Salisbury's risk appetite is defined in the Risk Management Charter as keeping risks "as low as reasonably practical".

Table 4 sets out the Risk Descriptors, which explain the meaning of each rating on the Risk Matrix and is intended as a general guide for how to handle each type of risk rating.

Table 4 – Risk Descriptors

Very High	<ul style="list-style-type: none"> Risk mitigation plans required to immediately reduce current residual risk level (or where unable to reduce rating consider cessation of activity).
High	<ul style="list-style-type: none"> Relevant business area to undertake regular monitoring (e.g. on a quarterly basis) of the effectiveness of current controls and assessment of residual risk required. Consideration may be given to the development and implementation of additional risk mitigation strategies.
Medium	<ul style="list-style-type: none"> Periodic monitoring (e.g. at least annually) of the effectiveness of current controls and assessment of residual risk to ensure rating does not increase over time.
Low	<ul style="list-style-type: none"> Consideration given to streamlining of excessive or redundant controls.

Step 5 – Treat Risks

In some cases the assessment of residual risk will indicate that the current controls are sufficient and no more action is required, in effect the residual risk is acceptable. Alternatively, if the residual risk has a Very High rating or if it exceeds either a risk appetite or risk tolerance a treatment plan may be required to reduce the level of risk.



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Responding to Risks

In order to respond to a risk the full range of options should be considered. Options for responding to risks, which are not necessarily mutually exclusive or appropriate in all circumstances, include the following:

- *Transfer the Risk* – now more commonly referred to as “*sharing the risk*”, this involves another party bearing or sharing some part of the risk, commonly through outsourcing or insurance arrangements. The transfer decision must be well considered as some risks (i.e. reputation risk) cannot be transferred while other risks are taken on when a risk is shared (i.e. contractual risk).
- *Treat the Risk* – this involves reducing the likelihood or the consequences by changing the nature of the risk itself or maintaining and/or developing additional controls. There is always a trade-off between the level of risk and the cost of reducing it to an acceptable level. This is the most usual method for responding to a risk.
- *Terminate the Risk* – by deciding either not to proceed with the activity that contains an unacceptable risk or choosing an alternative more acceptable activity which meets the business objectives.
- *Tolerate the Risk* – risk(s) has been reduced to a level that the organisation is prepared to accept, either because it causes no concern or the cost to further reduce it is prohibitive. Risks may also be tolerated by default if they are not fully understood or where nothing can be done to mitigate the risk.
- *Exploit the Risk* – in some instances it may be possible to exploit opportunities or positive risks that lead to favourable outcomes for the organisation.

Once mitigation options have been selected, if necessary a treatment plan should be developed. If the treatment requires anything more than a minor change, consideration should be given to using the City’s formal Project Management methodology.

Monitoring and Review

Organisational objectives, risks, controls and treatment plans can all change over time. For this reason the main strategic risks affecting the organisation are logged in the Strategic Risk Register which is reviewed by the Executive Group on a quarterly basis. Strategic Risks are the main risks affecting the achievement of the organisation’s strategic objectives. See Table 5 for an example of a risk from the Strategic Risk Register.

Understanding and discussing risks can provide greater clarity regarding risks and improve the quality of decisions made. Ongoing review of mitigation plans and strategies is also essential as factors that affect the suitability or cost of various treatment options may change over time.



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Departments/divisions/teams will also need to review and report on their risks and mitigation strategies as part of their business plan review. This requirement does not negate departmental/divisional/team responsibility for ongoing monitoring of risks to the achievement of objectives. Table 6 has been included at the end of this guide as a basic example of how to document a residual risk assessment.

Communication and Consultation

Communication and consultation on risk levels, control effectiveness and mitigation strategies are essential to ensure that the Executive Group, departments and divisions address risk in a co-ordinated and cost-effective manner. In some cases a department/division/team may rely on a control that is outside its functional responsibility. Communication with the “control owner” regarding the reliance placed on the control is essential to ensure its continuity.

The Governance division is responsible for monitoring and reporting on the organisation’s Strategic and Operational Risks. This is done through conducting regular meetings with senior managers and divisional managers to discuss risks to objectives and any other relevant factors such as the output from internal audits and program reviews, information provided by the external auditor and through the collection of ad hoc intelligence.

For each Audit Committee of Council meeting the Business Analyst Internal Audit and Risk is required to provide reports on new and emerging risks as well as reporting the Strategic Risk Register, which informs the Internal Audit Plan. The reports are reviewed by both the Executive Group and the Audit Committee.



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Table 5 – Strategic Risk Register Example

4	Event Description: Lack of management of a major incident at a Council facility that affects public and staff safety		
Responsible Managers: GM City Development, GM City Infrastructure, GM Business Excellence, Manager Development Services, Manager Field Services, Manager Property & Buildings, Manager People and Culture			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate procedures and plans in place to prevent incidents• Failure to respond appropriately in the event of an incident• Lack of asset management and maintenance		Impacts (risks): <ul style="list-style-type: none">• Financial cost of clean-up• Legal cost of failure to prevent a health and safety incident• Political/Public embarrassment• Regulatory censure• Loss of staff• Injury to public	
Likelihood: Likely	Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Building Control and Inspections, 4• Evacuation procedures and testing, 4• Building safety systems – e.g. exit signs, fire extinguishers, wardens etc., induction process, 4• Asset management plans, 4• Business Continuity Framework, 4• BCP test/walk through, 4• Zone Emergency Management Committee – Northern Area, 5			
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
• I-Responda Framework being established (develops relationships with adjoining Councils to assist with response to critical events)		• Manager Field Services	• 31 March 2017
• I-Responda Training to be organised for relevant staff.		• Manager People and Culture and Manager Field Services	• 31 March 2017



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Table 6 – Residual Risk Assessment Example

Risk Issue	Impact	Current/Actual Residual Risk					Treatment Plans (if the current Residual Risk Rating is unacceptable)
		Existing Controls	Likelihood	Consequence	Residual Risk	Acceptable?	
A loss of income to CoS through private building certifiers undercutting Development Services.	<ul style="list-style-type: none"> Decreased revenue Unused resources 	<ul style="list-style-type: none"> Competitive cost structure 	D	3	H	N	<ul style="list-style-type: none"> Monitor effectiveness of controls (i.e. cost and turnaround time competitiveness, developer relationship management). Implement mitigation strategies (i.e. “one-stop-shop” promotion and bulk processing discounts).

ITEM	4.2.4
	AUDIT COMMITTEE
DATE	14 February 2017
HEADING	Internal Audit Plan
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.

SUMMARY The Internal Audit Plan outlines the internal audit work to be undertaken in the calendar years 2016-18. It was developed by analysing the risks in the Strategic Risk Register and identifying issues that should be the focus of the Internal Audit function for the relevant period. Some updates have been made to the Internal Audit Plan since it was presented to the Audit Committee in November; the changes are highlighted in this report.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Internal Audit Plan including links to the Strategic Risk Register
2. Strategic Risk Register v2.4 December 2016

1. BACKGROUND

- 1.1 Attachment 1 to this report details the internal audit work to be undertaken by, or on behalf of, the BA Internal Audit & Risk for the period commencing 1 January 2016 up to and including the 31 December 2018. An Internal Audit Plan has been produced with reference to the Strategic Risk Register, which is reviewed by the Executive Group on a quarterly basis.
- 1.2 The purpose of this report is to inform the Audit Committee of the Internal Audit Plan and the Strategic Risk Register and to highlight any changes made to these documents since they were last presented at the November 2016 meeting.

2. REPORT

2.1 The Strategic Risk Register

2.1.1 Attachment 2 is the latest version of the Strategic Risk Register. As a result of the review of the Strategic Risk Register by the Executive Group in November 2016 and due to the adoption of the new risk matrix the following changes have been made to the Register;

- Additional treatment plans have been included in Strategic Risk 1, *Inadequate preparation and response to a business continuity event*.
- Both the inherent and residual risk ratings have changed from Medium to High in Strategic Risk 2, *Inadequate prevention of and response to contamination of Wetlands and/or recycled water systems*.
- The residual risk rating for Strategic Risk 3, *Lack of management of public and environmental health risks*, has changed from Medium to High.
- One additional treatment plan has been added to Strategic Risk 4, *Lack of management of a major incident at a Council facility that affects public and staff safety*. The wording of this risk has also changed slightly with the word “incident” replacing the previously used “event”.
- Both the inherent and residual risk ratings have changed from Medium to High in Strategic Risk 5, *Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services*. Treatment plans have also been added to this risk.
- The residual risk rating has changed from Medium to High in Strategic Risk 6, *City of Salisbury financial sustainability is compromised*.
- The inherent risk rating has changed from Medium to High in Strategic Risk 7, *Strategic and operational outcomes are not delivered*.
- The residual risk rating has changed from Medium to High in Strategic Risk 8, *Organisation suffers detriment as a result of fraud, misconduct or maladministration*.
- The risk matrix, risk descriptors and tables for likelihood and consequence have all been updated to reflect the information in the revised Risk Management Guide.
- Both the format and content of the Heat Map of the City of Salisbury Strategic Risks have been updated.

2.2 The Internal Audit Plan

2.2.1 The Internal Audit Plan has been updated as a result of the changes made to the Strategic Risk Register, including the changes to the risk ratings of certain risks, as discussed in section 2.1 of this report.

2.2.2 A final report has been produced for the Event Management Audit and is presented as a separate item on the agenda of this meeting.

- 2.2.3 At the time of writing this report the draft report for the Payroll Audit is subject to Galpins' quality assurance processes. The Manager People and Culture and the Manager Business Systems and Solutions have been verbally briefed on key findings from the audit.
- 2.2.4 The Business Systems and Solutions audit scope is currently being finalized to enable the invitation of tenders in accordance with the City of Salisbury's procurement process.

3. CONCLUSION / PROPOSAL

- 3.1 Updates have been made to both the Internal Audit Plan and Strategic Risk Register since they were last presented to the Audit Committee in November 2016. These changes are highlighted in this report. The Internal Audit Plan and Strategic Risk Register will next be presented at the April 2017 Audit Committee meeting.

CO-ORDINATION

Officer: MG
Date: 31/1/2017

Internal Audit Plans - 1yr and 3yrs, Strategic Plan

Key Divisions impacted by the audit																							
Audit Ref	Strategic Risk Number	Risk Description	Inherent Risk	Residual Risk	People & Culture	Community Planning & Vitality	Community Capacity & Learning	Governance	Technical Services	Business Systems and Solutions	Business Support	Environmental Health & Safety	Projects	Strategic Development Projects	Financial Services	Communications & Customer R	Salisbury Water	Factors for Potential Inclusion or Exclusion from Internal Audit activity, including Program Review findings	Areas of focus for the audit	Performance, compliance or risk-based audit?	2016	2017	2018
1	N/A	N/A																It is a requirement of the Institute of Internal Auditors that internal audit functions are externally assessed at least once every five years by a qualified, independent assessor or assessment team from outside the organisation (Attribute Standard 1312 "External Assessments").	External Review of Internal Audit The internal audit function, its processes and interactions with the Audit Committee and the Executive.	Compliance			
2	9	Failure to comply with WHS legislative obligations	Very High	High															Event Management The application of WHS processes at major events organised by the City of Salisbury.	Compliance and Risk-Based			
	4	Lack of management of a major incident at a Council facility that affects public and staff safety	Very High	High																			
3	8	Organisation suffers detriment as a result of fraud, misconduct or maladministration	High	High														Payroll has more applicable financial internal controls under the Better Practice Model - Financial Internal Controls for South Australian Councils than any other process.	Payroll Payroll processes and systems covering the 35 financial internal controls associated with payroll.	Compliance and Risk-Based			
4	10	Lack of alignment and integrity of IT systems for support of business needs	Very High	High															Business Systems and Solutions The implementation of the Information Services Strategy mitigating the risk of a lack of alignment between IT and business needs. In addition, assurance on risks regarding loss of a software supplier and loss of data should be included in the scope of the audit.	Risk-Based			
5	3	Lack of management of public and environmental health risks	High	High															Management of public health Assurance that the services provided by City of Salisbury are managing public health risks in the most efficient and effective manner.	Compliance and Risk-Based			
6	7	Strategic and operational outcomes are not delivered	High	Medium														The City of Salisbury undertakes approximately 700 capital works projects with an approximate value of \$30-40 million each year.	Capital Works Projects Assurance on the effectiveness of the processes that are in place to manage risks on capital works projects.	Risk-Based			
7	7	Strategic and operational outcomes are not delivered	High	Medium															Strategic Development Projects Assurance on the management of risks taken in the development of residential land and buildings.	Risk-Based			
8	7	Strategic and operational outcomes are not delivered	High	Medium															Strategic reporting process Assurance on the processes and controls in place, specifically in relation to the City Plan, Business Planning and Annual Planning.				
9	7	Strategic and operational outcomes are not delivered	High	Medium															Contract Management Assurance on the efficiency and effectiveness of the current tools and processes that are used to manage contracts at the City of Salisbury, identifying any areas where outcomes could be improved.	Risk-Based			
10	2	Inadequate prevention of and response to Contamination of Wetlands and/or the recycled water systems	High	High															Management of contaminated sites Assurance that the controls in place to prevent and manage contamination incidents/sites are robust.	Risk-Based			
	5	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	High																			
11	6	City of Salisbury financial sustainability is compromised	High	High															Asset Management Review of the proposed processes and system changes in asset management operationalisation.	Risk-Based			

Internal Audit Plans - 1yr and 3yrs, 1st year plan

Audit Ref	Strategic Risk Number	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2016				Current Status
					Q1	Q2	Q3	Q4	
1	N/A	External Review of Internal Audit	It is a requirement of the Institute of Internal Auditors that internal audit functions are externally assessed at least once every five years by a qualified, independent assessor or assessment team from outside the organisation (Attribute Standard 1312 "External Assessments").	External	●				Completed
2	9 and 4	Event Management	A focus of "The Living City" key direction is to provide opportunities and spaces for all community members to engage in cultural activities, community events, recreation and sport, multicultural festivals and events and community celebrations. This audit should provide assurance on event management with a particular emphasis on WHS controls including risk assessments.	Co-sourced			●		Final report to be presented at the February 2017 Audit Committee meeting.
3	8	Payroll	Payroll is a key financial operation and one of the largest operating costs for City of Salisbury. There is potential for system errors and internal fraud through manipulation of the system, both of which require robust controls to prevent these risks from crystallising. This audit should identify and review the management of the main risks and the 35 financial internal controls associated with the payroll system.	Co-sourced				●	A draft report is currently going through Galpins' quality assurance processes. Auditees have been verbally briefed on the key findings from the audit.
		Total							

Audit Ref	Strategic Risk Number	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2017				Current Status
					Q1	Q2	Q3	Q4	
4	10	Business Systems and Solutions	The risk that there is a lack of alignment of IT systems and support with business needs is one of the strategic risks of the City of Salisbury. The crystallisation of this risk and other operational risks associated with Business Systems and Solutions such as the loss of a software supplier or loss of data would also have significant implications for the entire organisation. This audit should provide assurance on the controls in place within Business Systems and Solutions to mitigate these risks.	Co-sourced	●				A scope has been drafted and is currently awaiting sign off from all the key stakeholders.
5	3	Management of public health	The City of Salisbury provides many services to the community which aim to reduce the likelihood of an event occurring that affects the health of the residents of the City of Salisbury. This audit should provide assurance that the services provided by City of Salisbury are managing this risk in the most efficient and effective manner.	Co-sourced		●			
6	7	Capital Works Projects	The City of Salisbury undertakes approximately 700 capital works projects with an approximate value of \$30-40 million each year. Processes are in place to manage risks in projects and this audit should provide assurance that risks are being managed in capital projects.	Co-sourced			●		
7	7	Strategic Development Projects	A strategy within "The Living City" key direction is to facilitate access to affordable housing. The Strategic Development Projects division do this by developing residential land and buildings for sale to developers and to the community. This audit should provide assurance on the management of risks taken in the development of residential land and buildings.	Co-sourced				●	
		Total							

Audit Ref	Strategic Risk Number	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2018				Current Status
					Q1	Q2	Q3	Q4	
8	7	Strategic reporting process	The risk that strategic and operational outcomes are not delivered by the City of Salisbury. This audit should provide assurance on the processes and controls in place in relation to the City Plan, Business Planning and Annual Planning.	Co-sourced	●				
9	7	Contract Management	There is a risk that City objectives are not achieved due to inadequate contract management and that contract management processes increase the risks that the City takes in achieving its objectives. This audit aims to provide assurance on the efficiency and effectiveness of the current tools and processes that are used to manage contracts at the City of Salisbury, identifying any areas where outcomes could be improved.	Co-sourced		●			
10	2 and 5	Management of contaminated sites	One of the strategic risks that the City of Salisbury faces is contamination of the Wetlands and/or recycled water systems. This audit should provide assurance that the controls in place to prevent and manage contamination incidents/sites are robust.	Co-sourced			●		
11	6	Asset Management	The ability of City of Salisbury to effectively manage its assets and infrastructure is integral to the long term financial sustainability of the City of Salisbury and the objective of "The Prosperous City". This review should include the proposed processes and system changes that will be implemented as a part of the asset management operationalisation project.	Co-sourced				●	
		Total							

Strategic Risk Register

v2.4 December 2016

1	Event Description: Inadequate preparation and response to a business continuity event			
Responsible Managers: CEO, All General Managers, Manager Governance, Manager Business Systems and Solutions, Manager Communications & Customer Relations, Manager People and Culture				
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Lack of plans and procedures to inform response strategies when business continuity event occurs• Lack of communication/training for relevant staff required to respond to business continuity event• Information to facilitate action during business continuity not available		Impacts (risks): <ul style="list-style-type: none">• Service delivery to community compromised (loss of confidence)• Political/Public embarrassment• Uncertainty leads to loss of morale and resources and compromised regulatory decisions		
Likelihood: Almost Certain		Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Business Continuity Framework, 4• Business Continuity Plans, 4• Business Continuity Plan tests and walkthroughs (alternating annually), 4• Incident Management Team identified and trained, 4• Systems and processes to support response to BC event (e.g. staff contact information reports), 5				
Likelihood: Possible		Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:		Target Completion Date:
<ul style="list-style-type: none">• I-Responda Framework being established (develops relationships with adjoining Councils to assist with response to critical events)		<ul style="list-style-type: none">• Manager Field Services		<ul style="list-style-type: none">• 31 March 2017
<ul style="list-style-type: none">• I-Responda Training to be organised for relevant staff.		<ul style="list-style-type: none">• Manager People and Culture and Manager Field Services		<ul style="list-style-type: none">• 31 March 2017
<ul style="list-style-type: none">• Develop a process for ensuring that Business Continuity Plan owners update their plans when necessary.		<ul style="list-style-type: none">• Manager Governance and BA Internal Audit & Risk		<ul style="list-style-type: none">• 30 June 2017

Strategic Risk Register

v2.4 December 2016

2	Event Description: Inadequate prevention of and response to Contamination of Wetlands and/or the recycled water systems		
Responsible Managers: GM Business Excellence, GM City Infrastructure, Manager Salisbury Water, Manager Technical Services, Manager Field Services, Manager Communications and Customer Relations			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate monitoring plans and sample testing• Failure to respond appropriately in the event of contamination• Wet weather could hamper clean-up operations or contribute to a contamination event		Impacts (risks): <ul style="list-style-type: none">• Financial cost of replacing supply with SA Water and clean-up costs• Legal cost of failure to deliver a water supply in line with contract• Political/Public embarrassment• Regulatory censure• Revenue reduction• Brand Impact• Health risk to staff• Health risk to community	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Salisbury Water Business Unit – monitoring plan and monitoring matrix, 4• Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced, 4• Supply contracts to customers contain Force Majeure clauses which limit liability to Council in the event that water cannot be supplied, 5• Response group (Council staff) in place to manage events that may lead to contamination of wetlands (24/7 support including after hours), 4• Employee Media Policy and Procedure and Elected Member Media Policy, 4• Regional Health Plan, 5			
Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none">• Prepare and document a response strategy, including a check list of actions required, for use/reference in case of any further wetland contamination issues		<ul style="list-style-type: none">• Manager Communications and Customer Relations	<ul style="list-style-type: none">• 31 March 2017
<ul style="list-style-type: none">• Give consideration to identification of ‘emerging contaminants’ to enable proactive changes to testing regime and communication with regulatory agencies as appropriate		<ul style="list-style-type: none">• Manager Salisbury Water	<ul style="list-style-type: none">• 30 June 2017
<ul style="list-style-type: none">• Develop a strategy on the actual and perceived risks of emerging pollutants.		<ul style="list-style-type: none">• Manager Salisbury Water	<ul style="list-style-type: none">• 30 June 2017

Strategic Risk Register

v2.4 December 2016

3	Event Description: Lack of management of public and environmental health risks		
Responsible Managers: GM City Development, Manager Environmental Health and Safety			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate management, monitoring or testing• Failure to respond appropriately in the event of an incident		Impacts (risks): <ul style="list-style-type: none">• Legal cost of failure to prevent a health and safety incident• Political/Public embarrassment• Regulatory censure• Health risk to staff• Health risk to the community	
Likelihood: Likely	Consequence: Major	<i>Inherent Risk Rating:</i> High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none">• Public Health Policies and Procedures, 5• Immunisation Services, 5• Animal Management Plan, 5• Regional Health Plan, 5• General Inspections, 5• Dog Patrols, 5		<ul style="list-style-type: none">• Food Act administration, 5• Employee Media Policy and Procedure and Elected Member Media Policy, 4• SA Public Health Act enforcement, 5• Dog and Cat Management Act enforcement, 5• Infrastructure maintenance activities, 5	
Likelihood: Possible	Consequence: Major	<i>Residual Risk Rating:</i> High	Is the Residual Risk Rating acceptable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:

Strategic Risk Register

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4	Event Description: Lack of management of a major incident at a Council facility that affects public and staff safety		
Responsible Managers: GM City Development, GM City Infrastructure, GM Business Excellence, Manager Development Services, Manager Field Services, Manager Property & Buildings, Manager People and Culture			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate procedures and plans in place to prevent incidents• Failure to respond appropriately in the event of an incident• Lack of asset management and maintenance		Impacts (risks): <ul style="list-style-type: none">• Financial cost of clean-up• Legal cost of failure to prevent a health and safety incident• Political/Public embarrassment• Regulatory censure• Loss of staff• Injury to public	
Likelihood: Likely	Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Building Control and Inspections, 4• Evacuation procedures and testing, 4• Building safety systems – e.g. exit signs, fire extinguishers, wardens etc., induction process, 4			
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
• I-Responda Framework being established (develops relationships with adjoining Councils to assist with response to critical events)		• Manager Field Services	• 31 March 2017
• I-Responda Training to be organised for relevant staff.		• Manager People and Culture and Manager Field Services	• 31 March 2017

Strategic Risk Register

v2.4 December 2016

5	Event Description: Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services			
Responsible Managers: GM City Development, GM City Infrastructure, GM Community Development, Manager Economic Development & Urban Policy, Manager Technical Services, Manager Field Services, Manager Communications & Customer Relations, Manager Community Capacity & Learning				
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate understanding and planning for events impacting the environment• Failure to consider environmental consequences when planning and designing infrastructure• Inadequate Q100 & Q300 flood modelling in place at individual house level, using digital terrain modelling• Inadequate infrastructure within the City to manage stormwater and sea level rises due to storm events• Failure to monitor and forecast demographic changes in the City and adjust objectives and plans accordingly• City Plan becomes obsolete or fails to anticipate the financial impact of demographic changes		Impacts (risks): <ul style="list-style-type: none">• Financial cost of dealing with the consequences of frequent freak weather related events• Long term impact on infrastructure, its maintenance and replacement• Organisational plans and strategies are no longer valued or desired by the community• Failure to adapt to a changing external environment resulting in some services becoming irrelevant and others insufficient• Coastal inundation and impact on biodiversity		
Likelihood: Possible	Consequence: Major		Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEWNR, 5• Regular monitoring of risk sites e.g. land fill sites, dams, 5• Extreme Heat response process (for residents), 4• Q100 and Q300 flood modelling including tidal info. in place at individual house level, using digital terrain modelling, 3• Bushfire Management Steering Group, 5• City Plan/Strategic Plans/Business Plans, 4• Bushfire Management Plan, 4• Watercourse Management capital program, 4		<ul style="list-style-type: none">• Undergrowth management procedures, 5• Asset Management infrastructure audits, 5• Climate Change Adaption Plan, 4• Emergency Management Plan, 4• Zone Emergency Management Committee – Northern Area, 5• Grant funding applications process and reviews, 5• Home Care Common Standards – Operating Manual, 5• Learning Strategy, Wellbeing Strategy and Multicultural Strategy• Social Infrastructure Assessment Framework• Planning controls		
Likelihood: Possible	Consequence: Major		Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:			Responsibility:	Target Completion Date:
• Updated Flood Mapping developed and communicated			• Manager Technical Services	• 30 June 2017
• Revised Bushfire Management Plan development and implementation			• Manager Field Services	• 30 June 2017
• I-Responda Framework being established (develops relationships with adjoining Councils to assist with response to critical events)			• Manager Field Services	• 31 March 2017
• I-Responda Training to be organised for relevant staff.			• Manager People and Culture and Manager Field Services	• 31 March 2017
• Test Emergency Management Plan to identify gaps and facilitate alignment with Business Continuity Plan & identify efficiencies/cross over between the two plans			• Manager Field Services	• 30 April 2017
• Incorporate flood mapping into the development planning process			• Manager Development Services	• 30 June 2018

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Strategic Risk Register

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6	Event Description: City of Salisbury financial sustainability is compromised			
Responsible Managers: GM Business Excellence, GM City Infrastructure, GM City Development				
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">Reduction in grant fundingInadequate revenue and a failure to maximise revenue from all sourcesUnplanned spendingInadequate valuation of assets or inaccurate depreciationInadequate planning for infrastructure repairs or upgradesChanges to legislation/obligations imposed by other levels of governmentPotential new revenue streams are not fully investigatedInadequate economic developmentChanges to roles and responsibilities assigned to City of Salisbury by federal or state governmentShort term revenue is maximised at the expense of longer term revenue			Impacts (risks): <ul style="list-style-type: none">Council ultimately becomes financially unsustainableCity revenue has to be raised increasingly through more traditional methods (rate rises)Revenue from the sale of assets (land) is not invested for the longer term benefit of the communityFinancial cost associated with falling rates revenue or increasing bad or doubtful debts	
Likelihood: Likely		Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">Long term financial planning, 5Asset Management Plans, 4Quarterly Budget Review, 5Annual Plan and Annual Report (reviewed by Audit Committee), 5Elected Member Briefings, 5Prudential Reviews, 5Regular reviews of rating system fairness and equity, 3Grant Management ProcessDiversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, Waste Transfer Station, Salisbury Memorial Park), 5Program Review, 4Budget Policies and Procedures, 5Business Case Modelling, 4Growth Action PlanChina Strategy				
Likelihood: Possible		Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan: <ul style="list-style-type: none">Development of a consolidated system regarding the implementation of the Asset Management Process (Confirm Connect)Completion of the Strategic Procurement Objectives – Road to ExcellenceAssess the impact of NDIS/Home Community Support funding changes and develop response strategyReview of the ‘Business Friendly’ AgendaConduct a Rate Review		Responsibility: <ul style="list-style-type: none">GM City Infrastructure, GM Business ExcellenceGM Business Excellence, Manager Strategic ProcurementGM Community Development/GM Business ExcellenceGM City Development/Executive GroupManager Financial Services		Target Completion Date: <ul style="list-style-type: none">31 October 201731 October 201831 March 201730 June 201730 June 2017

Strategic Risk Register

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7	Event Description: Strategic and operational outcomes are not delivered		
Responsible Managers: CEO, All General Managers			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate performance measures which are not linked to objectives or strategies• Failure to monitor organisational performance against stakeholder expectations and to take action when necessary to correct it• Failure to deliver what is expected by the local community due to a lack of alignment of strategic plans• Limited meaningful corporate performance indicators in place• Inconsistent reporting and data collection of corporate performance indicators• Processes and systems fail to address customer needs• Unforeseen failure of infrastructure		Impacts (risks): <ul style="list-style-type: none">• Organisational performance is not adequately measured and therefore cannot be managed• Organisational plans and strategies are not achieved• Organisational resources are not used effectively• Organisational plans and strategies are not valued or desired by the community• Organisational plans and strategies are not delivered in a way that is consistent with the organisational values• Lack of customer / community engagement• Lack of employee engagement and commitment to City objectives• Poor customer service• Council lacks a coherent direction• Failure to meet legislative obligations• Not meeting community needs• Political and public embarrassment	
Likelihood: Possible		Consequence: Major	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none">• Budget Process, 5• Annual Plan and Annual Report (Reviewed by Audit Committee), 5• City Plan – reviewed and approved by elected members, 5• Customer Service Framework		<ul style="list-style-type: none">• Strategic Planning and Accountability, 4• Community Engagement Framework, 4• Review of City Plan every 4 years, 5• Project Management Methodology, 3• Bi-annual customer satisfaction survey, 4	
<ul style="list-style-type: none">• Program Reviews, 4• CEO Review, 4• Performance and Development Plans (PDP's), 4• Governance Framework and Statement, 5		<ul style="list-style-type: none">• OCI/ABEF survey process, 4• Strategic Project Reporting, 4• Skilled and experienced staff, 4• Contract Management, 4• Infrastructure Maintenance Activities, 5	
Likelihood: Unlikely		Consequence: Major	
		Residual Risk Rating: Medium	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
OCI/LSI Action Plans		All GMs and Divisional Managers	30 June 2017
Enhancement of evaluation of causes for delay on Strategic Projects and development of responses, including post implementation review process for key projects		Chief Executive Officer	28 February 2017
Review of staff recognition framework		Manager People and Culture	31 December 2017

Strategic Risk Register

v2.4 December 2016

8	Event Description: Organisation suffers detriment as a result of fraud, misconduct or maladministration		
Responsible Managers: GM Business Excellence, Manager Financial Services, Manager Contract & Procurement Services, Manager Governance, CEO, GM City Infrastructure, GM Community Development, GM City Development			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate financial internal controls preventing or detecting fraud, misconduct and maladministration• Organisational culture fails to deter employees, contractors, volunteers or elected members from committing acts of fraud, misconduct or maladministration• Inadequate due diligence conducted on suppliers to the City of Salisbury		Impacts (risks): <ul style="list-style-type: none">• An individual either inside or outside Council defrauds the organisation• An employee, contractor, volunteer or elected member uses their position or knowledge inappropriately for financial gain• Regulatory censure including an OPI / ICAC investigation• Organisational reputation is damaged through the failure to prevent fraud• Ombudsman investigation results in negative findings for City of Salisbury• Political/reputational damage	
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Code of Conduct for Council Employees, 5• Code of Conduct for Elected Members, 5• Fraud and Corruption Prevention Framework, 5• Gifts and Benefits Policy and Register, 5• Procurement Policy and procedures (including Financial Delegations, Corporate Purchase Card Guidelines, Purchase Order Guidelines), 4• Financial Internal Controls Annual Assessments and Reviews (in Control Track), 5• Internal Audit, 5• Policy for Assessment of Council Development, 5• Financial Internal Controls Framework, 5• External Audit, 5• Staff training and induction processes, 4• Code of Conduct Awareness Training (Annual), 5			
Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:

Strategic Risk Register

v2.4 December 2016

9	Event Description: Failure to comply with WHS legislative obligations		
Responsible Managers: GM Business Excellence, Manager People and Culture, CEO, GM City Infrastructure, GM Community Development, GM City Development			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate controls in place to prevent incidents occurring• Insufficient reporting of incidents and near misses• Safe work practices not documented or communicated to employees• Inadequate induction, training and supervision• Inadequate hazard management system• Organisational safety attitude does not recognise the importance of following WHS policies and procedures		Impacts (risks): <ul style="list-style-type: none">• An employee, contractor, volunteer or elected member is injured or dies as a result of a preventable incident or accident• Potential financial consequences for the City of an incident affecting a member of staff including; medical/rehabilitation expenses, injury compensation claim, legal expenses, fines• Regulatory censure including a SafeWork SA Prohibition Notice, Improvement Notice or prosecution/conviction• Legal consequences for senior management should policies and procedures be determined as inadequate by SafeWork SA.• Organisational reputation is damaged through the failure to prevent an accident or injury occurring at work• Scheme losing self-insured status and resultant lack of financial sustainability	
Likelihood: Almost Certain	Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• WHS training and e-learning (mandatorily required for all employees on commencement of employment and thereafter as necessary), 5• WHS IM Business Plan, 5• WHS Reviews, 4• Principal WHS Committee, 5• City Infrastructure WHS Committee, 5• JSA, work instructions and plant risk assessments, 4• Hazard and incident reporting and investigation procedures, 4• Members of the Local Government Workers Compensation Scheme, requiring annual external audits, 5• Work Health Safety representative team, 5• Support from LG Sector/other councils/private sector organisations with development/implementation of WHS policies/procedures (including benchmarking partners), 5• Contractual arrangements with external providers to assist compliance with WHS obligations, 4• Quarterly Executive Report highlighting trends, outstanding actions and high risk rating incidents or hazards, 4			
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:

Strategic Risk Register

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10	Event Description: Lack of alignment and integrity of IT systems for support of business needs		
Responsible Managers: GM Business Excellence, Manager Business Systems and Solutions			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Failure to adequately involve IT when developing plans, strategies and projects• Failure to consider all options when improving a system or process• Organisational change is not conducted in a structured and logical manner• Failure to support the skill set of individuals responsible for the delivery of business processes• Lack of business engagement and clarity of roles• External pressure for changes to systems/processes• Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs• Lack of monitoring of cybersecurity threats to organisational assets• Lack of communication/training for all staff regarding information security• Information to facilitate action during a cybersecurity incident is not available		Impacts (risks): <ul style="list-style-type: none">• Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure• Council operations pause resulting in financial loss• Failure to adapt to a changing external environment• Inefficient and ineffective use of organisational resources• Poor service delivery• Political/Public embarrassment• Costs of litigation and restoration of services	
Likelihood: Almost Certain		Consequence: Major	
Inherent Risk Rating: Very High			
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Applications Committees (x5), 3• IS Strategy 2014-17, 4• IT Governance Framework, 3• Programmed testing of systems for security and reliability, 4• Business Process Improvement program, 3• Information Security Policies and Procedures, 4• Continuous Improvement Framework• IT Disaster Recovery Plan, 4• Business Continuity Plans, 4• Incident Management Team identified and trained, 4• Building security and access controls, 5• User access system controls, 4• Patch management and software maintenance procedures, 4			
Likelihood: Likely		Consequence: Major	
Residual Risk Rating: High		Is the Residual Risk Rating acceptable? No	
Treatment Plan:		Responsibility:	
Target Completion Date:			
• Delivery of IS Strategy 2014-17 and the projects that are a part of it		• Manager Business Systems and Solutions	• 31 December 2017
• Review of IT Governance Framework		• Manager Business Systems and Solutions	• 31 December 2017
• Delivery of outcomes from IS Program Review		• GM Business Excellence	• 30 June 2017
• Develop digital strategy to enhance engagement with community and customer service		• Manager Business Systems and Solutions	• 30 June 2017
• Conduct a Cyber Security Risk Assessment		• Manager Business Systems and Solutions	• 31 March 2017

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Table 1 – Consequence Ratings

RATING	AREA OF IMPACT					
	Environment/ Political/ Community	Reputation	Finance	Legal/ Regulatory	Injury/Operational Management	Service Interruption
1 Insignificant	Nil	Nil	Less than \$20,000	None	Nil	Minor interruption to service provision capability, e.g. less than 4 hours.
2 Minor	Minor short-term environment, conservation, political or community issue.	Minor media interest	\$20,000 - \$100,000	Minor legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of a staff member. • Potential for minor injury. • First aid treatment required. 	Limited disruption to service provision requiring altered operational arrangements for a short period, e.g. up to 1 day
3 Moderate	Environment, conservation, political or community incident requiring City intervention.	Moderate media interest	\$100,000 - \$500,000	Limited legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of a key staff member. • Medical treatment required. 	Some disruption to service provision capability requiring altered operational arrangements, e.g. between 1 day and 1 week.
4 Major	Medium-term issue with major environment, conservation, political or community impact.	High media interest	\$500,000 - \$1 million	Major legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of several key staff members from a single area. • Significant injury to staff disabling them/dangerous near miss. 	Significant impairment of service provision (capability or period), e.g. between 1 week and 1 month.
5 Catastrophic	Long-term issue with major environment, conservation, political or community impact.	Public censure or government inquiry	More than \$1 million	Critical legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of a significant number of staff, e.g. during a pandemic. • Death / critical injury to staff. 	Total loss of service provision capability for extended period, e.g. more than 1 month.

Strategic Risk Register**v2.4 December 2016****Table 2 – Likelihood Ratings**

RATING	DESCRIPTION
A – Rare	The event may occur only in exceptional circumstances (i.e. probability of occurrence > 20 years)
B – Unlikely	The event could occur at some stage (i.e. probability of occurrence within 10 – 20 years)
C – Possible	The event might occur at some time (i.e. probability of occurrence within 3 – 5 years)
D – Likely	The event will probably occur at most times (i.e. probability of occurrence within 2 years)
E – Almost Certain	The event is expected to occur in most times (i.e. probability of occurrence within 1 year)

Table 3 - Risk Matrix

Likelihood	E Almost Certain	Medium	High	High	Very High	Very High
	D Likely	Medium	Medium	High	High	Very High
	C Possible	Low	Medium	High	High	High
	B Unlikely	Low	Low	Medium	Medium	High
	A Rare	Low	Low	Medium	Medium	High
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Consequence						

Strategic Risk Register**v2.4 December 2016****Table 4 - Residual Risk Descriptors**

Very High	<ul style="list-style-type: none"> Risk mitigation plans required to immediately reduce current residual risk level (or where unable to reduce rating consider cessation of activity).
High	<ul style="list-style-type: none"> Relevant business area to undertake regular monitoring (e.g. on a quarterly basis) of the effectiveness of current controls and assessment of residual risk required. Consideration may be given to the development and implementation of additional risk mitigation strategies.
Medium	<ul style="list-style-type: none"> Periodic monitoring (e.g. at least annually) of the effectiveness of current controls and assessment of residual risk to ensure rating does not increase over time.
Low	<ul style="list-style-type: none"> Consideration given to streamlining of excessive or redundant controls.

Table 5 - Control Effectiveness Ratings

Each existing control/mitigating practice is assessed by the relevant General Manager(s) and the CEO each quarter. The rating given in the Strategic Risk Register for each existing control/mitigating practice is an overall average rating based on the rating given by each General Manager and the CEO.

The following defines the meaning of the control effectiveness ratings;

0 n/a or not rated: no rating, not relevant or not implemented.

1 Ineffective: During the period, the control has not been implemented as described. Urgent management action is required to implement the described control processes.

2 Requires significant improvement: During the period, the control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation. Significant management action required to implement processes to improve the effectiveness of the control.

3 Partially effective: During the period, the control has been implemented as described, but with some deficiencies in the consistency and/or effectiveness in which it has been applied.

4 Majority effective: During the period, the control has been implemented as described and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.

5 Effective: During the period, the control as described has been fully implemented and has in all cases has been consistently and/or effectively applied.

Source: Control Activity Owner Instruction Manual, ControlTrack®

Strategic Risk Register

v2.4 December 2016

Table 6 - Heat Map of the City of Salisbury Strategic Risks

Likelihood	E Almost Certain					
	D Likely			10		
	C Possible			2, 3, 5, 6, 8	1, 4, 9	
	B Unlikely			7		
	A Rare					
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Consequence						

No.	Risk Description	Inherent Risk Rating	Residual Risk Rating	Rating Acceptable	Treatment Plan
1	Inadequate preparation and response to a business continuity event	Very High	High	No	Yes
4	Lack of management of a major incident at a Council facility that affects public and staff safety	Very High	High	No	Yes
9	Failure to comply with WHS legislative obligations	Very High	High	Yes	No
10	Lack of alignment and integrity of IT systems for support of business needs	Very High	High	No	Yes
2	Inadequate prevention of and response to contamination of Wetlands and/or the recycled water systems	High	High	No	Yes
3	Lack of management of public and environmental health risks	High	High	Yes	No
5	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	High	No	Yes
6	City of Salisbury financial sustainability is compromised	High	High	No	Yes
8	Organisation suffers detriment as a result of fraud, misconduct or maladministration	High	High	Yes	No
7	Strategic and operational outcomes are not delivered	High	Medium	No	Yes

ITEM	4.2.5
	AUDIT COMMITTEE
DATE	14 February 2017
HEADING	Update on Risk Management and Internal Controls Activities for the 2016/17 financial year and outstanding actions from Internal Audits
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This report provides a summary of the planned risk management and internal controls activities to be completed in the 2016/17 financial year. The report also includes an update on the outstanding actions from internal audits.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Risk Management and Internal Controls Activities for 2016/17 Financial Year
2. Outstanding Actions from Completed Internal Audits

1. BACKGROUND

- 1.1 At each meeting of the Audit Committee of Council a report is presented that provides an update on planned/completed risk management and internal controls activities undertaken by the BA Internal Audit and Risk in the current financial year. This report allows the Audit Committee to monitor and review the activities and the assurance that they provide.

2. REPORT

- 2.1 Attachment 1 details the Risk Management and Internal Controls Activities for the 2016/17 financial year. Since the last Audit Committee meeting in November 2016 progress has been made in completing some of these activities. The following changes have been made to the items listed in Attachment 1 since the last Audit Committee meeting:
 - 2.1.1 Completion of the review of the Strategic Risk Register and Internal Audit Plan against the risk assessments undertaken on financial risks linked to internal financial controls.

2.1.2 Collation of findings of the Audit Committee self-assessments with the results to be presented to the Audit Committee as a separate agenda item at this meeting.

2.1.3 Commencement of the annual control self-assessments and risk assessments process for financial internal controls and financial risks respectively, using the Control Track system.

2.2 Outstanding Actions from Completed Internal Audits

2.2.1 Attachment 2 of this report provides an update on the status of all agreed action items arising from completed internal audit work.

2.2.2 Progress against all outstanding actions is monitored by the BA Internal Audit & Risk, with updates sought from the relevant Divisional Manager on a regular basis.

3. CONCLUSION / PROPOSAL

3.1 This report has provided a summary of the risk management and internal controls work completed to date by the BA Internal Audit & Risk in the 2016/17 financial year. Further updates and any changes to the schedule of work will be provided at the April 2017 Audit Committee of Council meeting.

CO-ORDINATION

Officer: MG

Date: 31/1/2017

Risk Management and Internal Controls Activities – July 2016 to June 2017

v1.2

Annual Plan - July 2016 to June 2017					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Scheduled dates for work	Status (Completed, In progress, Not yet commenced)	Comments and rationale for piece of work
External Audit of internal financial controls	Internal Controls	External	June-September 2016	Completed	This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work. A report from the external auditors on their work was delivered at the October 2016 meeting of the Audit Committee.
Completion of Residual Risk Assessments in the Control Track system.	Internal Controls	Internal	July 2016	Completed	The external auditors expectations are that a risk assessment should also be conducted on internal financial controls. The residual risk assessments were all completed before the end of July 2016.
Cash Management	Internal Controls	Internal	July 2016	Completed	Work completed as a part of the internal controls framework, it included end of year reconciliations of petty cash and till floats. This work was completed before the end of July 2016.
Review and revise the risk matrices used to assess risks at the City of Salisbury	Risk Management	Internal	July-October 2016	Completed	A revised single risk matrix has been endorsed by the Executive Group and will be presented to the Audit Committee for information at the February 2017 meeting of the Audit Committee.
Review of Legislative Reporting Obligations	Internal Controls	Internal	July 2016 - June 2017	In progress	This piece of work is necessary to identify the key controls that the City of Salisbury operates as well as providing assurance as to whether 132A of the <i>Local Government Act 1999</i> is complied with. Work on this review has almost been completed with almost all managers interviewed regarding the regulatory reporting.

Risk Management and Internal Controls Activities – July 2016 to June 2017

v1.2

Annual Plan - July 2016 to June 2017					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Scheduled dates for work	Status (Completed, In progress, Not yet commenced)	Comments and rationale for piece of work
Develop Operational Risk Register	Risk Management	Internal	October-June 2017	In progress	Work has begun on developing an operational risk register with the majority of managers being questioned on the risks to their objectives. The assessment of operational risks needs to be completed once the revised risk matrix has been produced.
Development of a Risk Appetite for the City of Salisbury	Risk Management	Internal	July – June 2017	In progress	This piece of work came as an action from the Risk Management workshop. The Risk Appetite should be presented to the Executive, the Audit Committee and endorsed by Council. Work has begun in identifying the areas to be covered by the Risk Appetite and a rough initial draft of the Risk Appetite has been produced.
Review of the Strategic Risk Register and Internal Audit Plan against the risk assessments completed on financial risks linked to internal financial controls	Risk Management	Internal	December 2016	Completed	An action arising from the External Review of Internal Audit proposed reviewing the Strategic Risk Register and Internal Audit Plan against the risk assessments made in Control Track on the financial risks linked to the internal financial controls. This action has been completed, with no additional risks identified that should be incorporated into the Strategic Risk Register or Internal Audit Plan.
Report on the findings of the Audit Committee self-assessments	Risk Management and Internal Controls	Internal	January-February 2017	Completed	The self-assessment questionnaire was issued to the Audit Committee after the November 2016 meeting, with the results collated and fed back to the Committee at the February 2017 meeting.

Risk Management and Internal Controls Activities – July 2016 to June 2017

v1.2

Annual Plan - July 2016 to June 2017					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Scheduled dates for work	Status (Completed, In progress, Not yet commenced)	Comments and rationale for piece of work
Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation	Internal Controls	Internal	January-June 2017	In progress	The external auditors expectations are that at least one control self-assessment will be conducted annually and a risk assessment should also be conducted on internal financial controls. The risk assessment and control assessment stage of this process has commenced.
Review of the Risk Management Charter and Risk Management Guide	Risk Management	Internal	March-June 2017	In progress	This review is necessary because it has been more than 2 years since these documents were last reviewed. In addition these documents will need to be reviewed once work on the risk appetite, risk matrix and operational risk register have been completed. Work on the Risk Management Guide has been completed and approved by the Executive Group. It will be presented to the Audit Committee at the February 2017 meeting.
Business Continuity Plans Walkthrough	Internal Controls	Co-sourced	May 2017	Not yet commenced	A walkthrough of the Business Continuity Plans was requested by the Executive both as a means of training members of staff on the use of the plans and as a way of testing them to ensure their continued suitability.

<i>Audit: Internal Control Framework – Substantive Testing</i>					
Agreed Action	Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
1. For the uploaded data to the Pathway system the details of individual transactions are not stored. The system has an audit trail when the individual transactions are entered individually; however it does not when they are entered as a batch and needs to do so.	N/A	To be tracked by BA Internal Audit & Risk	Q3 2015	Unknown, not currently on Infor's schedule of works	This issue is being tracked through the IT helpdesk ticket titled "Credit Transaction Reports", number 1108509. Infor, the vendors of Pathway do not currently have a date or a software release number for when this enhancement will be incorporated into Pathway. The issue has been escalated with Infor by City of Salisbury's IT team, who continue to raise it with Infor.

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<i>Audit: Procurement</i>						
Agreed Action		Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
B.2.9	Review existing reporting regime and identify opportunities to enhance reporting.	Medium	Manager, Contract & Procurement Services BA Internal Audit & Risk Procurement Steering Group / Executive Group	April 2015	July 2017	<ul style="list-style-type: none"> • ArcBlue projects underway providing: <ul style="list-style-type: none"> ○ Spend Analysis reporting ○ CoSol Forward Procurement Plan (FPP) identification. • Council Solutions training was delivered September 2015 to develop analysis opportunities • Further requirements for reporting to be presented to Procurement Steering Group as noted in A2.3.

Review: External Review of Internal Audit				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
6. Risk assessment for Financial Controls within Control Track is not complete Agreed Action; Following receipt of the external audit opinion on internal controls in October 2016, a final review of the Strategic Risk Register and Internal Audit Plan will be undertaken to ensure all relevant information is reflected within the documents.	BA Internal Audit & Risk	31 January 2017	Completed	

ITEM	4.2.6
	AUDIT COMMITTEE
DATE	14 February 2017
HEADING	New and Emerging Risks
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This report aims to outline any new and emerging risks identified by the City of Salisbury since the last Audit Committee meeting in November 2016. It also provides an opportunity for Audit Committee members to contribute information regarding new and emerging risks they have identified as warranting consideration by the City of Salisbury.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 This report was requested as a standing agenda item at the July 2016 meeting of the Audit Committee. It aims to outline any new and emerging risks since the previous Audit Committee meeting, which in this case was held on the 15 November 2016.
- 1.2 The presentation of this report also provides the opportunity for Audit Committee members to contribute information regarding emerging issues/risks that warrant consideration by the City of Salisbury based on their broader audit/risk management activities and experience.

2. CONSULTATION / COMMUNICATION

2.1 Internal

- 2.1.1 Discussions were held with the Managers and General Managers regarding the identification of any new and emerging risks facing the City of Salisbury.

2.2 External

- 2.2.1 Discussions on new and emerging risks were also undertaken with industry peers at several other South Australian Councils, through networks and forums such as the Risk Managers' Group and the Institute of Internal Auditors SA Chapter.

3. REPORT

- 3.1 As a result of risk discussions with managers, General Managers and industry peers, no new or emerging risks, relevant to the City of Salisbury, have been identified since the last Audit Committee meeting.
- 3.2 A number of existing risks are shifting in prominence and the Executive Group continues to monitor and manage those risks in accordance with the Risk Management Framework. Where relevant, the Strategic Risk Register is updated to reflect any significant shift in controls/mitigation strategies and any new actions required to actively manage identified risks.

4. CONCLUSION / PROPOSAL

- 4.1 Local and industry forums will continue to be monitored to identify risks that are of concern to other Councils and South Australian organisations. Ongoing risk discussions are held with Divisional and General Managers in order to identify any new risks that they face.

CO-ORDINATION

Officer: MG
Date: 31/1/2017