



AGENDA

FOR AUDIT COMMITTEE MEETING TO BE HELD ON

11 JULY 2017 AT 7:00 PM

IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY

MEMBERS

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

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Governance, Ms T Norman
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 11 April 2017.

REPORTS

Administration

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4.2.4 Update on the Risk Management and Internal Controls Activities for the
2016/17 and 2017/18 financial years and outstanding Internal Audit actions. 53

OTHER BUSINESS

CLOSE



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

11 APRIL 2017

MEMBERS PRESENT

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

OBSERVERS

Cr S White
Cr R Zahra

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Governance, Ms T Norman
Business Analyst - Internal Audit & Risk, Mr G Kendall

The meeting commenced at 6.31pm

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

APOLOGIES

There were no apologies.

LEAVE OF ABSENCE

There were no leave of absence.

PRESENTATION OF MINUTES

Moved Cr G Caruso
Seconded Cr G Reynolds

The Minutes of the Audit Committee Meeting held on 14 February 2017,
be taken and read as confirmed.

CARRIED

PRESENTATIONS

Mr David Papa, Partner, Bentleys presented the External Audit Plan for Financial Year 2017.

Mr C Johnson entered the meeting at 06:41 pm.

Mr T Sutcliffe, General Manager City Development and Ms C Milton, Manager Strategic Development Projects, presented information on Strategic Property Development Projects.

REPORTS

Administration

4.0.1 Future Reports for the Audit Committee of Council

Moved Ms K Briggs
Seconded Cr G Reynolds

1. The information be received.

CARRIED

Reports

4.2.1 Payroll Audit, Final Report

Moved Mr C Johnson
Seconded Ms K Briggs

1. That the information be received.

CARRIED

4.2.2 Draft 2017/18 Annual Plan and Budget

Moved Ms K Briggs
Seconded Mr C Johnson

1. The information be received

CARRIED

4.2.3 Audit Committee Work Program for 2017

Moved Ms K Briggs
Seconded Mr C Johnson

1. The information be received.

CARRIED

4.2.4 Internal Audit Plan

Moved Cr G Reynolds
Seconded Mr C Johnson

1. The information be received.

CARRIED

4.2.5 Update on Risk Management and Internal Controls Activities for the 2016/17 financial year and outstanding actions from Internal Audits

Moved Ms K Briggs
Seconded Cr G Caruso

1. The information be received.

CARRIED

OTHER BUSINESS

Nil

The meeting closed at 8.33pm.

CHAIRMAN.....

DATE.....

ITEM	4.0.1
	AUDIT COMMITTEE
DATE	11 July 2017
HEADING	Future Reports for the Audit Committee of Council
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
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: 30/06/2017

ITEM	4.2.1
	AUDIT COMMITTEE
DATE	11 July 2017
HEADING	Bentleys' Interim Report on Audit Findings
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>City of Salisbury has engaged Bentleys to provide external audit services. The initial phase of that process comprises the conduct of an interim audit.</p> <p>This report attaches the presentation which will be given by Bentleys at the Audit Committee meeting in July 2017.</p> <p>Bentleys will complete their work on financial internal controls and financial statements over the next 2 or 3 months and present their findings at the October meeting of the Audit Committee.</p>

RECOMMENDATION

1. The information be received.

ATTACHMENTS

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

1. Bentleys Interim Report on Audit Findings (2016/17)

1. BACKGROUND

- 1.1 During the period 5th to 9th June Bentleys conducted an interim audit as part of the overall 2016/17 external audit process. The interim audit comprised a review of core financial internal controls and opening balance testing.

2. REPORT

- 2.1 David Papa, Director Assurance & Advisory at Bentleys will be in attendance at the July Audit Committee meeting to present the findings of the interim audit.

3. CONCLUSION / PROPOSAL

- 3.1 Bentleys will complete their work on financial internal controls and the financial statements over the next 2 or 3 months and report their findings to the October meeting of the Audit Committee.

CO-ORDINATION

Officer: MG
Date: 28/06/2017



CITY OF SALISBURY

Interim Report on Audit Findings

30 JUNE 2017



-  Accountants
-  Auditors
-  Advisors

bentleys.com.au



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Executive Summary

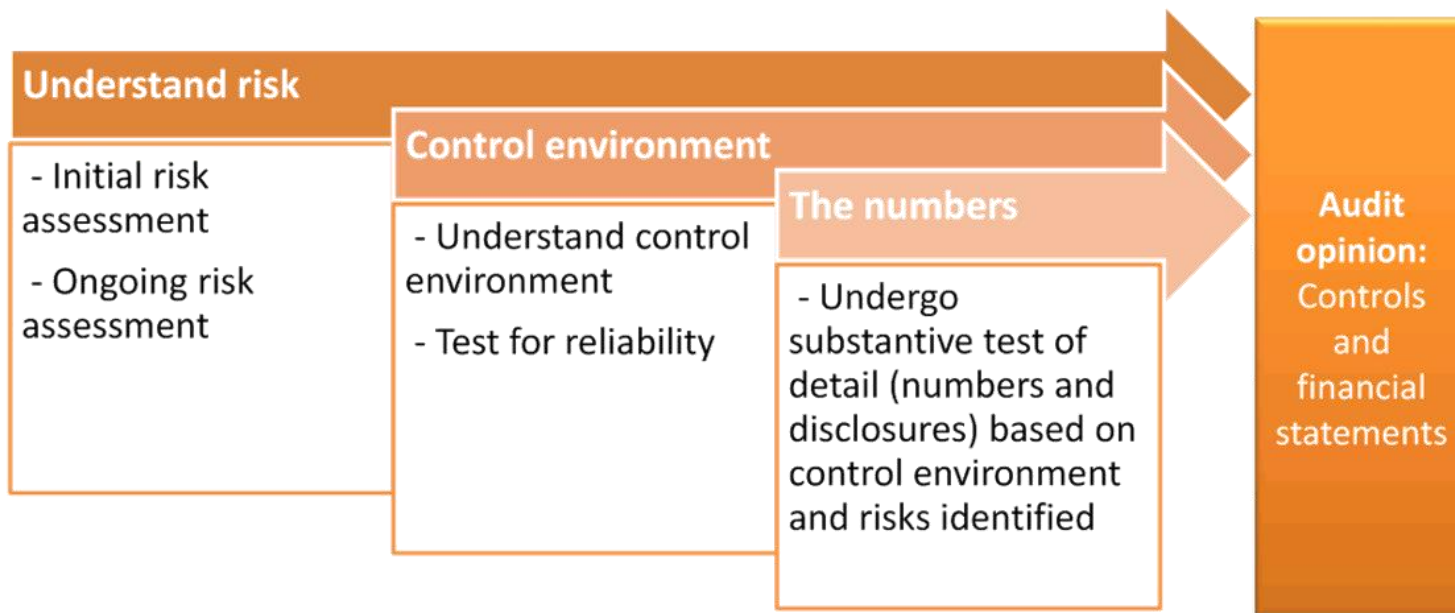
We have commenced our audit of the City of Salisbury for the year ended 30 June 2017 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action.

At the conclusion of our interim testing, using the information obtained we determined if there were any material matters or concerns that would impact the decision making ability of the users of the financial report. We have reported internal control weaknesses in the payroll system.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our audit



Audit Objective & Approach



Key Audit Risks

We have identified the risks of financial statement material misstatement as part of our risk assessment procedures during the planning phase and the audit approach.









Area	Risk	Audit Approach
Salisbury Water	Occurrence and accuracy of user charges in line with published rates.	We reviewed the user charges core controls and have not identified any material weaknesses in the processes.
Residential Developments	Accounting treatment of Residential Developments including existence and valuation of the assets and the sale of the assets.	We will be reviewing the accounting treatment and verifying this balance at our year end visit. Council has sufficient resources and expertise to correctly account for and disclose these developments.
Asset Revaluations	The revaluation and useful lives assessment process in particular for Council Roads which is expected to attract a full revaluation for the year ended 30 June 2017.	We will be reviewing the Fixed Assets Registers at our year end visit. Our initial discussion with the team is that the valuations progress, due to be completed before year end. Council has sufficient resources and expertise to correctly account for and disclose their fixed assets.
Capital WIP	Accounting treatment of items in the Capital WIP account including the proposed building works, sport & recreation facilities upgrades, roads and footpath upgrades.	Our testing of Tenders and Contracts which contribute to Capital WIP at our interim visit did not find any significant issues with the control processes. We will be reviewing the treatment of the Capital WIP account at year end.
Grant Revenue	Completeness, accuracy and compliance with grant agreements	We performed sample testing of Grants Revenue at our interim visit and did not find any errors in the completeness and accuracy of the balance.
Related Parties	For the year ended 30 June 2017 Council has to comply with AASB 124 which has been revised to include Public Sector.	Our discussions with the Finance team note that they are in the process of collating the information for the new disclosure in line with our expectations. We will review the data and note disclosure at year end.



5



Key findings

	Points considered	Rating	Reason
 <p>System and technology</p>	<ul style="list-style-type: none"> • System integration • System knowledge • System access 		<p>The Technology One system users have adequate system access. Staff with access are aware of their roles and use the systems appropriately.</p>
 <p>People</p>	<ul style="list-style-type: none"> • Attitude • Culture • Embrace of change/challenge 		<p>The Finance Team appear to work cooperatively and we did not have any difficulties in our requests.</p>
 <p>Processes and controls</p>	<ul style="list-style-type: none"> • Policies and procedures in place • Controls tested and reviewed sufficiently 		<p>The internal control framework appears well established. Roles are clearly defined and adhered to and controls appear to be working. We have found an internal control issue around the payroll process, however there are mitigating controls (refer to following slide).</p>
 <p>Financial</p>	<ul style="list-style-type: none"> • Compliance with accounting standards 		<p>Based on our interim testing transactions are performed in line with accounting standards and Council's Policies and Procedures.</p>

Internal Control Issues

Issue	Payroll
Observation	<p>We observed the following payroll control weaknesses:</p> <ul style="list-style-type: none"> - The payroll system does not currently produce a Masterfile changes report. - The Manager (external to the payroll processing) currently performs the review of the pay run after the employees have been paid (bonafide reports). - All reviews prior to payment are conducted by payroll officers. <p>There is a mitigating control that the banking file requires an officer outside of payroll for the final authorisation.</p>
Risk	<p>There is an increased risk that inappropriate changes due to fraud or error are made by the payroll officers and not detected in a timely manner.</p>
Recommendation	<p>We recommend that:</p> <ul style="list-style-type: none"> - Management investigate the system’s capability to produce a report and ensure this is regularly reviewed by an officer outside of the payroll process - Management review the pay run prior to payment
Management Response	<p>An exception report is currently generated at the end of every pay run outlining changes to payments from the previous fortnight. This is currently cross checked within payroll. Process to be amended and exception report checks will be conducted by HR Business Partners on a rotating basis. This will be completed by 31/07/2017.</p>



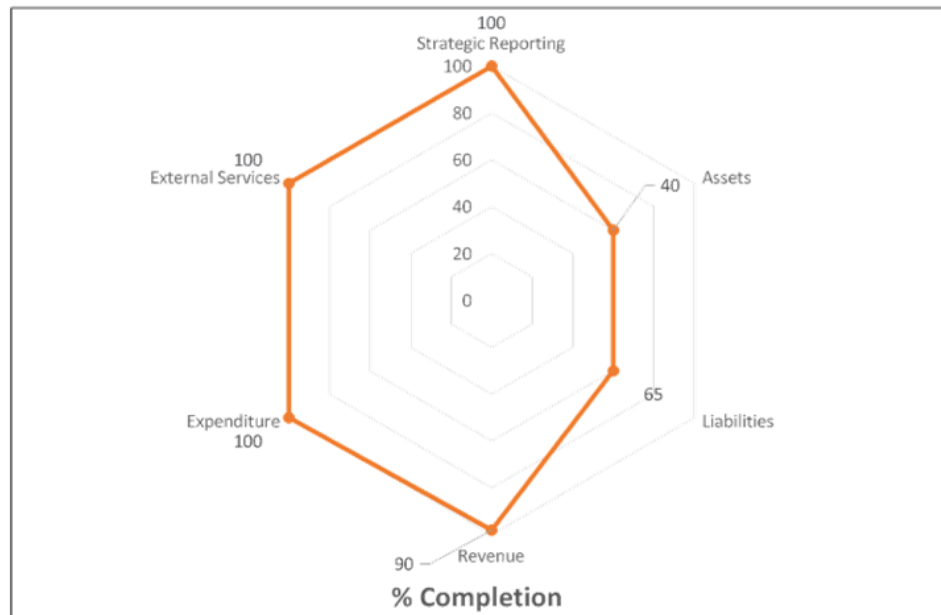
Opening Balance Testing

To obtain assurance regarding the opening balances in accordance with *ASA 510 Initial Audit Engagements – Opening Balances*. We are currently performing testing over the 2016/17 Financial Statements.



Internal Controls Update

The focus of our interim testing has been assessing the internal controls of the organisation to determine if the information in the general ledger, that is being reported to management and used for the formation of the financial report, is likely to be accurate and reliable in all material respects. Below is a summary of our % progress of the Core Internal Controls we have elected to test:



ITEM	4.2.2
	AUDIT COMMITTEE
DATE	11 July 2017
HEADING	Annual Report 2016/17 - Internal Controls Framework and Audit Committee sections
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 City of Salisbury Annual Report refers to the operations and financial activities of Council in the previous financial year. It also contains sections which detail the operations and membership of the Audit Committee of Council and the Financial Internal Controls Framework. This report contains the draft text for these sections of the Annual Report for the Audit Committee to review.

RECOMMENDATION

1. The information be received.
2. The draft text for the annual report regarding the operations and membership of the Audit Committee of Council and the Financial Internal Controls Framework, as set out in Attachment 1 to this report (Item No. ..., Audit Committee 11/07/2017), be forwarded to the Communications and Customer Relations Division for inclusion in the draft annual report.

ATTACHMENTS

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

1. Draft text regarding the Audit Committee and Financial Internal Controls

1. BACKGROUND

- 1.1 Council is required, under Section 127 of the *Local Government Act 1999* and Section 16 of the *Local Government (Financial Management) Regulations 2011*, to publish an annual report. The annual report must be provided to the Minister for Local Government by 30 November each year. Contained within the annual report is information regarding Council's operating and financial activities for the previous financial year. It also includes information relating to the operations of the Audit Committee of Council. The annual report is coordinated and published by the Communications and Customer Relations Division.

- 1.2 The full annual report is presented each year to the Resources and Governance Committee for review and recommendation to Council. To allow the Audit Committee to consider sections relevant to its operations prior to inclusion in the Annual Report, the relevant text is presented separately to the Audit Committee.

2. REPORT

- 2.1 The City of Salisbury's annual report is a vehicle for the publication of Council's end of financial year statements and a summary of its operating activities over the previous financial year. Financial statements will be presented to the Audit Committee for review at the October meeting.
- 2.2 The operations of the Audit Committee of Council, together with information regarding the Financial Internal Controls Framework are outlined in the annual report. A draft of the proposed text for inclusion in the annual report on these subjects is provided as Attachment 1.
- 2.3 The proposed text is concise and prepared on the basis that the audience will be a variety of stakeholders including local residents and the Minister for Local Government. It gives a brief explanation of the Financial Internal Controls Framework, the work of the Audit Committee and its membership throughout the year.
- 2.4 Once the Audit Committee have reviewed and endorsed the proposed text the next step in the process is to forward it to the Communications and Customer Services division for inclusion in the draft annual report, which will be presented to the Resources and Governance Committee.

3. CONCLUSION / PROPOSAL

- 3.1 The proposed inclusions in the annual report provide information relating to the operations and membership of the Audit Committee of Council in the 2016/17 financial year. The draft text is provided for review, prior to submission for inclusion in the draft annual report.

CO-ORDINATION

Officer: MG
Date: 28/06/2017

Financial Internal Controls Framework

The City of Salisbury follows the Better Practice Model – Financial Internal Control for South Australian Councils. In order to demonstrate compliance with this model the City operates an extensive financial internal controls framework. The framework is designed to ensure financial processes, procedures, policies and systems are applied efficiently and effectively in order to mitigate the financial risks identified in the Model. Oversight of the financial internal controls framework is provided by the Audit Committee of Council, through the Governance Division. An external audit of the framework is conducted annually.

Audit Committee of Council

As a critical component of the Council's governance framework, and in compliance with Section 126 of the *Local Government Act 1999*, the Audit Committee of Council provides an oversight function for the City's financial statements, and regularly reviews the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the City.

The Committee reports to Council five times a year and is committed to assuring Council that the governance and risk management frameworks are in place and operating effectively. This assurance to Council is given through the completion of an Internal Audit Plan, which is linked to the Strategic Risk Register and reviewed four times a year by the Committee. Linking the Internal Audit Plan to the Strategic Risk Register ensures that internal audits are focussed on those areas that pose the greatest risk to the achievement of the City's objectives.

The Committee also maintains a close working relationship with the City's external auditor, with a particular focus on the end of year financial statements. External audit provides opinions on the financial statements and the financial internal controls framework.

Audit Committee Membership

July 2016 – June 2017

- Mr Peter Brass (Chairman & Independent Member) – Chief Operating Officer and Company Secretary, Water Quality Research Australia Ltd., attended four of five meetings.
- Mr Craig Johnson (Deputy Chairman – Independent Member) – Independent Consultant, attended five of five meetings.
- Ms Kristyn Verrall (Briggs) (Independent Member) – Legal Counsel / Company Secretary at StatewideSuper, attended four of five meetings.
- Cr Joe Caruso (Elected Member of Council) – attended four of five meetings.
- Cr Graham Reynolds (Elected Member of Council) – attended four of five meetings.

ITEM	4.2.3
	AUDIT COMMITTEE
DATE	11 July 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 April; 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 v2.8 May 2017
3. Management of Public and Environmental Health - Audit Scope

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 biannual 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 to the Committee in April.

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 a review of the Strategic Risk Register by the Executive Group in May 2017 changes were made to the process for reviewing the Register as well as the information within it. The Register will now be reviewed every six months with a report on outstanding treatment plans presented to the Executive Group in the middle of this six month period. Therefore there will be two reviews of the Register and two reports on the treatment plans in a year. The next report on treatment plans is due in August and the next review of the Register is due in November.
- 2.1.2 The changes that were made to the Register are tracked in red in the attachment and include the following;
- The treatment plan regarding the development of a process for ensuring Business Continuity Plan owners update their plans, has been removed from Strategic Risk 1, *Inadequate preparation and response to a business continuity event*, because it has been completed.
 - The dates for the completion of two treatment plans regarding the identification of emerging contaminants and the development of a strategy for the risks of emerging pollutants, for Strategic Risk 2, *Inadequate prevention of and response to Contamination of Wetlands and/or recycled water systems*, have been postponed by 1 year. This is because a new initiative bid has been put in place to fund the necessary research and development into these areas.
 - The date for the completion of a treatment plan regarding the launch of the Event Management Guidelines for Strategic Risk 4, *Lack of management of a major incident at a Council facility and/or an event, that affects public and staff safety*, has been deferred by three months to allow time for the document to be correctly formatted and published.
 - For Strategic Risk 5, *Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services*, the treatment plan regarding the communication of the updated flood mapping has been deferred until 31 December 2017. This is because it is a particularly sensitive piece of information that needs careful communication. As a consequence of this, the treatment plan regarding the incorporation of flood mapping into the development planning process, has also been deferred until 28 February 2019. The treatment plan regarding the revised Bushfire Management Plan has been removed because it has been completed.
 - The treatment plan regarding the review of the 'Business Friendly' agenda, has been removed from Strategic Risk 6, *City of Salisbury Financial Sustainability is compromised*, it has been marked as completed because Council has endorsed a series of actions and priorities to support businesses in the region.

- In Strategic Risk 7, *Strategic and operational outcomes are not delivered*, an existing control/mitigating practice has been added regarding Succession Planning. A treatment plan regarding the implementation of the Change Management Framework has also been added. The treatment plan concerning the OCI/LSI Action Plans has been extended until 31 December 2017.
- In Strategic Risk 10, *Lack of alignment and integrity of IT systems for support of business needs*, an existing control/mitigating practice has been added regarding Cyber Security Risk Assessment. Treatment plans regarding the delivery of outcomes from the IS Program Review and the development of a digital strategy have been extended until 31 December 2017.

2.1.3 A walkthrough of the Business Continuity Plan (BCP) was conducted in March, which is an existing control / mitigating practice for Strategic Risk 1, *Inadequate preparation and response to a business continuity event*. A scenario of an earthquake with an epicentre on the edge of Adelaide CBD was chosen, as it is an event that could potentially affect both the power supply and telephone lines, preventing the City of Salisbury from operating. The aims and achievements of the exercise were to familiarise members of the Incident Management Team (IMT) with the BCP and to identify any areas for improvement. The next test of the BCP will be arranged before the end of the 2017/18 financial year, demonstrating the commitment of the Executive Group to ensuring that the City of Salisbury is both equipped and able to deal with unexpected events.

2.2 The Internal Audit Plan

- 2.2.1 The on-site work for the Business Systems and Solutions audit has been completed and a draft report has been produced. A final report from this audit will be presented at the November meeting of the Audit Committee.
- 2.2.2 A scope has been completed for the Management of Public and Environmental Health Audit and is Attachment 3 to this report. Tenders have been issued for this work. This audit has been delayed until the third quarter of 2017 because the consultancy firms in the panel who are invited to tender for internal audit work are generally reluctant to tender for work close to the end of the financial year.

3. CONCLUSION / PROPOSAL

- 3.1 Updates have been made to both the Strategic Risk Register and the Internal Audit Plan since they were last presented to the Audit Committee in April 2017. These changes are highlighted in this report. The Internal Audit Plan and Strategic Risk Register will next be presented at the November 2017 Audit Committee meeting.
- 3.2 Members of the Audit Committee are asked to consider this update report and to identify any areas that may warrant further consideration.

CO-ORDINATION

Officer: MG
Date: 28/06/2017

Audit Ref	Strategic Risk Number	Risk Description	Inherent Risk	Residual Risk	Key Divisions impacted by the audit											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		
					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
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			●		Completed
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				●	Completed
		Total							

Internal Audit Plans - 1yr and 3yrs, 2nd year plan

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	●				The draft report from this audit is currently being reviewed. The final report will be presented at the November 2017 Audit Committee meeting.
5	3	Management of Public and Environmental 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			●		The conduct of this audit has been put out to tender.
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							

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

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

v2.8 May 2017

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):		Impacts (risks):	
<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 		<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 		<ul style="list-style-type: none"> IT Disaster Recovery Plan in place, 4 Emergency Management procedures in place, 4 Zone Emergency Management Committees – Northern Area, 5 Adelaide and Mount Lofty Bushfire Committee, 4 	
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
Develop a process for ensuring that Business Continuity Plan owners update their plans when necessary.		Manager Governance and BA Internal Audit & Risk	30 June 2017 <u>Completed</u>

Item 4.2.3 - Attachment 2 - Strategic Risk Register v2.8 May 2017

Strategic Risk Register

v2.8 May 2017

Item 4.2.3 - Attachment 2 - Strategic Risk Register v2.8 May 2017

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):		Impacts (risks):	
<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 		<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:
Give consideration to identification of 'emerging contaminants' to enable proactive changes to testing regime and communication with regulatory agencies as appropriate		Manager Salisbury Water	30 June 201 8 7
Develop a strategy on the actual and perceived risks of emerging pollutants.		Manager Salisbury Water	30 June 201 8 7

Strategic Risk Register

v2.8 May 2017

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):		Impacts (risks):	
<ul style="list-style-type: none"> Inadequate management, monitoring or testing Failure to respond appropriately in the event of an incident 		<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	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"> 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 Mosquito Control Program, 4 	
Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:

Item 4.2.3 - Attachment 2 - Strategic Risk Register v2.8 May 2017

Strategic Risk Register

v2.8 May 2017

4	Event Description: Lack of management of a major incident at a Council facility and/or an event, that affects public and staff safety		
Responsible Managers: GM City Development, GM City Infrastructure, GM Community Development, 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):		Impacts (risks):	
<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 		<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 Emergency Planning Committee, 4 		<ul style="list-style-type: none"> Asset management plans, 4 Business Continuity Framework, 4 BCP test/walk through, 4 Zone Emergency Management Committee – Northern Area, 5 Event Management Plans, 4 Event Management Guidelines, 3 	
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
Event Management Guidelines are launched		GM Community Development	30 June September 2017
Ensuring Field Services works are coordinated with the events in the Events Calendar		GM Community Development	30 September 2017
Ensuring appropriate contractual processes are in place with service providers at events		GM Community Development	30 September 2017

Strategic Risk Register

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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):		Impacts (risks):	
<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 		<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 & Multicultural Strategy, 3 Social Infrastructure Assessment Framework, 3 Planning controls, 4 	
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	310 December June 2017
Revised Bushfire Management Plan development and implementation		Manager Field Services	30 June 2017 Completed
Incorporate flood mapping into the development planning process <u>(this treatment plan is dependent upon the development and communication of the updated flood mapping)</u>		Manager Economic Development & Urban Policy	2830 February June 2019 8

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):			Impacts (risks):
<ul style="list-style-type: none"> Reduction in grant funding Inadequate revenue and a failure to maximise revenue from all sources Unplanned spending Inadequate valuation of assets or inaccurate depreciation Inadequate planning for infrastructure repairs or upgrades 	<ul style="list-style-type: none"> Changes to legislation/obligations imposed by other levels of government Potential new revenue streams are not fully investigated Inadequate economic development Changes to roles and responsibilities assigned to City of Salisbury by federal or state government Short term revenue is maximised at the expense of longer term revenue 	<ul style="list-style-type: none"> Unknown consequences of new infrastructure provision from other levels of government or private sector investment Failure to encourage investment in the City Council business and service delivery doesn't support business needs and expectations 	<ul style="list-style-type: none"> Council ultimately becomes financially unsustainable City 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 community Financial 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, 5 Asset Management Plans, 4 Quarterly Budget Review, 5 Annual Plan and Annual Report (reviewed by Audit Committee), 5 Elected Member Briefings, 5 Prudential Reviews, 5 Regular reviews of rating system fairness and equity, 4 Grant Management Process, 3 	<ul style="list-style-type: none"> Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, Waste Transfer Station, Salisbury Memorial Park), 5 Program Review, 4 Budget Policies and Procedures, 5 Business Case Modelling, 4 Growth Action Plan, 4 China Strategy, 3 Northern Economic Plan, 3 		
Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
Development of a business case for the full implementation of the Asset Management Process (Confirm Connect)		GM City Infrastructure, GM Business Excellence	31 October 2017
Completion of the Strategic Procurement Objectives – Road to Excellence		GM Business Excellence, Manager Strategic Procurement	31 October 2018
Assess the impact of NDIS/Home Community Support funding changes and develop response strategy		GM Community Development	30 April 2018
Review of the 'Business-Friendly' Agenda		GM City Development/Executive Group	30 June 2017 Completed

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):		Impacts (risks):	
<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 	<ul style="list-style-type: none"> Inadequate capability and capacity (e.g. workforce plans, training and development, technology, systems etc.) Failure to engage with all stakeholders in developing the City Plan Customer service is neither monitored or managed Senior management and Elected Members fail to fully and appropriately demonstrate desired organisational values Actual organisational structure, vision, values, norms, systems symbols, language, beliefs and habits are inconsistent with those desired. 	<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		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"> 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, 3 	<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 Business case development for aged care schemes, 3 	<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 <u>Succession Planning, 3</u>
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	31 0 December June 2017
Review of staff recognition framework		Manager People and Culture	31 December 2017
<u>Complete Implementation of the Change Management Framework</u>		<u>Manager People and Culture</u>	<u>31 December 2020</u>

Strategic Risk Register

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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):		Impacts (risks):	
<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 		<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

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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):		Impacts (risks):	
<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 		<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 	
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 		<ul style="list-style-type: none"> • 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):		Impacts (risks):	
<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 		<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, 3 		<ul style="list-style-type: none"> • 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 • Cyber Security Risk Assessment, 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	310 DecemberJune 2017
Develop digital strategy to enhance engagement with community and customer service		Manager Business Systems and Solutions	310 DecemberJune 2017
Delivery of the IT component of the Community Hub		Manager Business Systems and Solutions	September 2019

Strategic Risk Register

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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

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

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

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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
	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



AUDIT OF THE MANAGEMENT OF PUBLIC AND ENVIRONMENTAL HEALTH

Audit Scope

OVERALL OBJECTIVE

The objective of this audit is to provide assurance regarding the management of public and environmental health risks within Council's statutory obligations. The need for the audit is derived directly from Risk 3 on the City of Salisbury's Strategic Risk Register, "Lack of management of public and environmental health risks".

BACKGROUND AND RISKS

Public and environmental health is the focus of this audit. It is a branch of public health concerned with the physical, chemical, and biological factors external to a person, and any related factors that can potentially affect health. It is targeted towards preventing disease and creating health-supportive environments. At the City of Salisbury it is managed by the Environmental Health team in the Environmental Health & Safety Division. The activities of this team include:

- managing a program of on-site inspections of food premises;
- the provision of immunisation and mosquito control services;
- managing public and environmental health risks;
- permitting, licensing, enforcing and responding to customer requests under various Rules, Regulations and Acts including:
 - *Environment Protection Act 1993*, and Environment Protection (Water) and (Air Quality) Policies
 - *Food Act 2001*, *Food Hygiene Regulations 2002* and Food Safety Standards
 - *Local Nuisance and Litter Control Act 2016*
 - *SA Public Health Act 2011*, and prescribed policies
 - *SA Public Health (Legionella) Regulations 2013*
 - *Supported Residential Facilities Act 1992*

The Audit will also reference the recommendations and findings of the Environmental Health Program Review undertaken by Council and completed in September 2016.

SPECIFIC OBJECTIVES

In addressing the overall objective, the audit will include, but not necessarily be limited to, the consideration of the following items:

- Review of the management of on-site inspections of food premises and compliance with the *Food Act 2001*, *Food Regulations 2002* and Food Safety Standards
- Review of the provision of immunisation and mosquito control services
- Review of compliance with the applicable provisions of the following legislation; *Environment Protection Act 1993*, and Environment Protection (Water) and (Air Quality) Policies, *Local Nuisance and Litter Control Act 2016*, *SA Public Health Act 2011* and *SA Public Health (Legionella) Regulations 2013*
- Assess the contingency plans in place should it become necessary for the City of Salisbury to use its powers under the *Supported Residential Facilities Act 1992*

BOUNDARIES

The audit will not review the Regional Public Health Plan as this plan considers public health of the City of Salisbury in a much wider context, by monitoring actions in other plans and discussion papers such as; the Growth Action Plan, Integrated Transport Plan, Walking and Cycling Strategy and the Digital Strategy.

CONDUCT OF THE REVIEW

The nature of the audit will be a risk-based compliance audit, it should involve a review of the applicable policies and processes, review of relevant systems and controls, agreed testing, interviews with appropriate members of staff and an assessment of the management of relevant risks. Any areas for process improvement and efficiency savings should also be highlighted. The audit should be conducted in line with the Institute of Internal Auditors International Professional Practices Framework. Communication of findings and assessments will be an on-going process to ensure that there is a good understanding and acceptance of the rationale for audit opinions and recommendations.

LOCATION

The audit will be conducted predominantly at City of Salisbury offices (12 James Street, Salisbury, SA 5108).

RESOURCING

Suggested Resourcing	The audit will be conducted by external consultants selected through a tendering process. The participation of managers and staff from the Environmental Health & Safety Division will be required.
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TIMING

The audit will be conducted between May 2017 and July 2017 at a mutually agreed timescale.

AUDIT OUTPUT

The output of the audit will be a report that is agreed and accepted by the Manager Environmental Health & Safety containing:

- A one or two page Executive Summary;
- Detailed findings and recommendations, with a suitable audit trail evidencing the findings.

REVIEW OUTCOMES

The primary outcome of the audit will be an opinion(s) on the management of the public and environmental health risks by the City of Salisbury, using City of Salisbury risk management terminology.

APPROVED



Tami Norman
Manager Governance
22/5/17

APPROVED



John Darzanos
Manager Environmental Health & Safety
22/5/17

APPROVED



Terry Sutcliffe
GM City Development
25.5.17

ITEM	4.2.4
	AUDIT COMMITTEE
DATE	11 July 2017
HEADING	Update on the Risk Management and Internal Controls Activities for the 2016/17 and 2017/18 financial years and outstanding Internal Audit actions.
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 completed in the 2016/17 financial year and those proposed for the 2017/18 financial year. The report also includes an update on the outstanding actions from internal audits.

RECOMMENDATION

1. The information be received.
2. The schedule of Risk Management and Internal Controls Activities 2017-18, as set out in Attachment 2 to this report (Item No. 4.2.4, Audit Committee 11/07/2017), be endorsed.

ATTACHMENTS

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

1. Risk Management and Internal Controls Activities 2016-17 Financial Year
2. Proposed Risk Management and Internal Controls Activities 2017-18 Financial Year
3. Outstanding Actions from completed Internal Audits

1. BACKGROUND

- 1.1 This report provides an annual review of the risk management and internal controls activities completed by the BA Internal Audit & Risk in the 2016/17 financial year. It also proposes a schedule of risk management and internal controls activities for the 2017/18 financial year and gives an update on the actions outstanding from internal audits. This report allows the Audit Committee to review the proposed activities and the assurance that they subsequently provide to Council.

2. REPORT

2.1 Risk Management and Internal Controls Activities 2016-17

2.1.1 Attachment 1 is a summary of the risk management and internal controls activities completed in the 2016/17 financial year by the BA Internal Audit & Risk. Since the last Audit Committee meeting in April the following changes have been made to the items listed in Attachment 1:

- All control self-assessments and risk assessments have been completed in the Control Track system and this information has been reviewed and forwarded to the external auditors for consideration as part of the 2016/17 end of financial year external audit process.

2.1.2 Three activities that were originally scheduled for 2016-17 but have not been completed have been removed from the 2016-17 plan and carried forward into the 2017-18 plan. These activities are the Review of Legislative Reporting Obligations, the Development of the Operational Risk Register and the Development of a Risk Appetite. Work on all three matters has progressed, however, not to the point that it is able to be presented to the Audit Committee for review.

2.2 Proposed Risk Management and Internal Control Activities 2017-18

2.2.1 The activities proposed for 2017-18 and set out in Attachment 2 seek to improve the overall effectiveness and efficiency of both the risk management and internal controls activities undertaken at the City of Salisbury. A rationale for conducting each piece of work is provided. In addition to the three matters carried forward, the following activities have been included:

- External Audit of financial internal controls;
- Cash Management;
- Transition to the latest version of the Control Track system;
- Review the Fraud and Corruption Prevention Strategy;
- Reconciliation of existing financial internal controls with the revised Better Practice Model;
- Report on the findings of the Audit Committee self-assessments;
- Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation; and
- Business Continuity Plans Test.

2.2.2 Updates to the Risk Management and Internal Control Activities will be provided at each Audit Committee meeting, excluding the October meeting. The Comments column will be updated with the progress made towards completing each activity.

2.3 Outstanding Actions from Completed Internal Audits

- 2.3.1 Attachment 3 of this report provides an update on the status of all agreed action items arising from completed internal audits. Work is continuing to be progressed by the Manager Strategic Procurement on Procurement KPIs and reporting. Event Management training is scheduled to be conducted between September and December this year and Payroll processes continue to be improved.
- 2.3.2 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 by the BA Internal Audit & Risk in the 2016/17 financial year including the outstanding actions from Internal Audits. It has also proposed a schedule of risk management and internal controls activities to be completed in the 2017/18 financial year. Further updates will be provided at the November 2017 meeting of the Audit Committee.

CO-ORDINATION

Officer: MG
Date: 28/06/2017

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

v1.4

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 auditor's 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 financial 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 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 financial internal controls. This action has been completed, with no additional risks identified that should be incorporated into the Strategic Risk Register or Internal Audit Plan.

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

v1.4

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
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.
Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation	Internal Controls	Internal	January-June 2017	Completed	The external auditor's expectations are that at least one control self-assessment will be conducted annually and a risk assessment should also be conducted on financial internal controls. Both of these were completed and forwarded to the external auditors prior to them reviewing internal controls in June.
Review of the Risk Management Guide	Risk Management	Internal	March-June 2017	Completed	This review is necessary because it has been more than 2 years since this document was last reviewed. Work on the Risk Management Guide has been completed, it was approved by the Executive Group and presented to the Audit Committee at the February 2017 meeting.
Business Continuity Plans Walkthrough	Internal Controls	Internal	May 2017	Completed	A walkthrough of the Business Continuity Plans (BCPs) was undertaken in March. A summary of the BCP walkthrough will be presented at the July 2017 meeting of the Audit Committee.

Risk Management and Internal Controls Activities – July 2017 to June 2018

v1.0

Annual Plan - July 2017 to June 2018					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Planned dates for work	Status: Completed, In progress, Not yet commenced	Comments and rationale for piece of work
Review of Legislative Reporting Obligations	Internal Controls	Internal	July 2016 – August 2017	In progress	This piece of work is necessary to demonstrate compliance with section 132A of the <i>Local Government Act 1999</i> , which concerns compliance with statutory requirements. Work on the implementation of a Legislative Compliance Register has significantly progressed with a draft register prepared, however, very recently Adelaide City Council circulated, via the Governance and Policy Officers Network, a detailed Legislative Compliance Model. To ensure the City of Salisbury has in place the most appropriate approach to achieving legislative compliance the detailed model needs to be evaluated and considered with the draft Legislative Compliance Register prior to finalising the Register for consideration by the Executive Group. This work has been carried over from 2016-17.
External Audit of financial internal controls	Internal Controls	External	June – September 2017	In progress	This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work. An interim report from the external auditors will be delivered to the Audit Committee at the July 2017 meeting. The final report from the external auditors will be delivered at the October 2017 meeting.
Cash Management	Internal Controls	Internal	July 2017	In progress	This work needs to be completed annually as a part of the financial internal controls framework; it includes the end of year reconciliations of petty cash and till floats.
Develop Operational Risk Register	Risk Management	Internal	July – November 2017	In progress	Work has begun on developing an operational risk register with almost all Divisional Managers interviewed regarding operational risks to their objectives. This work has been carried over from 2016-17.

Risk Management and Internal Controls Activities – July 2017 to June 2018

v1.0

Annual Plan - July 2017 to June 2018					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Planned dates for work	Status: Completed, In progress, Not yet commenced	Comments and rationale for piece of work
Development of a Risk Appetite for the City of Salisbury	Risk Management	Internal	July 2017 – February 2018	In progress	This work has been carried over from 2016-17 and options for the positioning of this work are still being evaluated. Some work has been done in identifying the stakeholders that would need to be involved in developing a Risk Appetite.
Transition to the latest version of the Control Track system	Internal Controls	Internal	August – November 2017	Not yet commenced	The Control Track system is used by the City of Salisbury to assess and review both financial risks and financial internal controls. A project needs to be undertaken to transition to the latest version of this system (v2), because at some point in the future the current version will not be supported, or will not work with the internet browser used by the City of Salisbury.
Review the Fraud and Corruption Prevention Strategy	Internal Controls	Internal	August – November 2017	Not yet commenced	The Fraud and Corruption Prevention Strategy needs to be reviewed because it has been some time since it was last reviewed and it needs to be updated to reflect changes in legislation.
Reconciliation of existing financial internal controls with the revised Better Practice Model	Internal Controls	Internal	November 2017 – January 2018	Not yet commenced	Almost all South Australian Councils use the “Better Practice Model – Financial Internal Control for South Australian Councils”. It has been revised and the revised model is currently awaiting ministerial approval. Once approved the City of Salisbury will reconcile their existing financial risks and financial internal controls with those in the revised Better Practice Model. This may result in further work re-defining controls, processes and procedures.

Risk Management and Internal Controls Activities – July 2017 to June 2018

v1.0

Annual Plan - July 2017 to June 2018					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Planned dates for work	Status: Completed, In progress, Not yet commenced	Comments and rationale for piece of work
Report on the findings of the Audit Committee self-assessments	Risk Management and Internal Controls	Internal	November 2017 – February 2018	Not yet commenced	The self-assessment questionnaire will be presented at the November 2017 Audit Committee. Once endorsed the questionnaire will be issued to the Committee members and the results fed back at the next Committee meeting.
Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation	Internal Controls	Internal	January – June 2018	Not yet commenced	The external auditor's expectations are that at least one control self-assessment will be conducted annually and a risk assessment should also be conducted on financial internal controls.
Business Continuity Plans Test	Internal Controls	External	May 2018	Not yet commenced	A test of the Business Continuity Plans is scheduled to be undertaken in May 2018.

Item 4.2.4 - Attachment 2 - Proposed Risk Management and Internal Controls Activities 2017-18 Financial Year

<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 Business Systems and Solutions through the Service Desk	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 the City of Salisbury’s IT team, who continue to raise it with Infor. As achieving completion of this action is dependent on Infor incorporating the change within a software update, tracking will be undertaken within the Help Desk System and it will be removed from this register.

<i>Audit: Procurement</i>						
Agreed Action		Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
A2.3	Through the Procurement Steering Group (PSG), consideration will be given to appropriate measures that monitor the length of procurement processes.	Medium	Manager Strategic Procurement	March 2015	Sep 2017	<ul style="list-style-type: none"> • The Manager Strategic Procurement will be assessing appropriate KPIs to align with Program Review outcomes. The Procurement Framework outlines KPI's as per the following headings: <ul style="list-style-type: none"> ○ Safety ○ Risk ○ Commercial ○ Stakeholder Engagement • Specific KPI's under the above headings will be developed and presented to the PSG & Exec for approval.
B.2.9	Review existing reporting regime and identify opportunities to enhance reporting.	Medium	Manager, Strategic Procurement	April 2015	Dec 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.

Audit: Event Management				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
1. Implement a single, complete event calendar. Agreed Action; City of Salisbury currently compiles a list of events and publishes this information on the website and the intranet site. There is however a need for a review process to ensure the information is maintained/updated as required.	Manager Communications and Customer Relations	30 June 2017	Completed	
3. Define risk-based categories for the grouping of events, and assign each event to a category.	GM Community Development	31 March 2017	Completed	
8. Provide training to City of Salisbury staff responsible for running high risk events.	GM Community Development/ People and Culture division	30 June 2017 (Alignment with the PDP cycle)	30 September 2017	Training of relevant staff is currently being run and is scheduled to be completed by 30 September 2017.

<i>Audit: Payroll</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>2.1 Audit trail of changes to the master file. This audit trail report is not formally reviewed by Management.</p> <p>Agreed Actions;</p> <ol style="list-style-type: none"> 1. An audit report will be produced and work will be undertaken to determine how this will be validated. 2. The production and validation of the report will be incorporated into standard procedures. 	Manager People and Culture	30 June 2017	31 July 2017	An exception report is currently generated at the end of every pay run outlining changes to payments from previous fortnight. This is currently cross checked within payroll. Process to be amended and exception report checks will be conducted by HR Business Partners on a rotating basis.
<p>2.2 Uploading the EFT bank file.</p> <p>The Empower IT system generates an EFT file which is stored on council's internal drive prior to being manually uploaded into the online banking system. The EFT file can potentially be opened as a .TXT file and manually manipulated prior to being uploaded.</p> <p>Agreed Action;</p> <p>The possibility of the .TXT text file being stored in a read-only folder will be investigated and if possible actioned to address this finding. If this is not possible other options will be considered to respond to this finding.</p>	Manager People and Culture	31 March 2017	Completed	
<p>2.3 IT Access Controls - review</p> <p>Access rights are reviewed by Management.</p> <p>Agreed Action;</p> <p>The overall transition of system administration of the Empower system will be signed off by the Manager People and Culture, the Manager Business Systems and Solutions and the General Manager Business Excellence.</p>	Manager People and Culture / Manager Business Systems and Solutions	30 June 2017	31 October 2017	Part of the Empower transition project.

<i>Audit: Payroll</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>2.5 Termination Payments Termination payments are processed by the payroll administrators through Empower. Better practice is for Management to perform an independent review. Agreed Action; A new process will be created for reviewing and approving termination payments.</p>	<p>Manager People and Culture</p>	<p>30 June 2017</p>	<p>31 July 2017</p>	<p>Payroll to document the current process and a step will be added that requires the departing Employee's manager to check the termination payment prior to payment.</p>
<p>2.6 IT Access Controls - responsibility Agreed Action; The overall transition of system administration of the Empower system will be signed off by the Manager People and Culture, the Manager Business Systems and Solutions and the General Manager Business Excellence.</p>	<p>Manager People and Culture / Manager Business Systems and Solutions</p>	<p>30 June 2017</p>	<p>31 October 2017</p>	<p>Part of the Empower transition project.</p>