



## **AGENDA**

**FOR AUDIT COMMITTEE MEETING TO BE HELD ON**

**14 NOVEMBER 2017 AT 6:30 PM**

**IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY**

### **MEMBERS**

Cr G Reynolds (Chairman)  
Cr G Caruso  
Mr N Ediriweera  
Mr C Johnson (Deputy Chairman)  
Ms K Verrall

### **REQUIRED STAFF**

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

### **APOLOGIES**

Apologies have been received from Cr G Reynolds and Cr G Caruso.

### **LEAVE OF ABSENCE**

### **PRESENTATION OF MINUTES**

Presentation of the Minutes of the Audit Committee Meeting held on 10 October 2017.

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**REPORTS**

*Administration*

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**OTHER BUSINESS**

**CLOSE**



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

**10 OCTOBER 2017**

**MEMBERS PRESENT**

Cr G Reynolds (Chairman)  
Cr G Caruso  
Mr N Ediriweera  
Mr C Johnson (Deputy Chairman)  
Ms K Verrall

**OBSERVERS**

Nil

**STAFF**

Chief Executive Officer, Mr J Harry  
General Manager Business Excellence, Mr C Mansueto  
Manager Governance, Mr M Petrovski  
Manager Financial Services, Ms K George  
Senior Accountant Mr T Aplin  
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**

Nil

**LEAVE OF ABSENCE**

Nil

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## PRESENTATION OF MINUTES

Moved Cr G Caruso  
Seconded Mr C Johnson

The Minutes of the Audit Committee Meeting held on 11 July 2017, be taken and read as confirmed.

**CARRIED**

## REPORTS

### *Administration*

#### **4.0.1 Appointment of Deputy Chairman - Audit Committee**

Moved Ms K Verrall  
Seconded Cr G Caruso

1. Mr C Johnson be appointed as Deputy Chairman of the Audit Committee for the remainder of the term of Council.

**CARRIED**

#### **4.0.2 Future Reports for the Audit Committee of Council**

Moved Ms K Verrall  
Seconded Mr C Johnson

1. The information be received.

**CARRIED**

### *Reports*

#### **4.2.1 Report to the Audit Committee for the year ended 30 June 2017, prepared by Bentleys**

Moved Ms K Verrall  
Seconded Mr C Johnson

1. The information be received.

**CARRIED**

**4.2.2 End of Financial Year Statements and Analysis**

Moved Mr C Johnson  
Seconded Ms K Verrall

1. The information be received.
2. In accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advises that it has reviewed the annual financial statements of the Council for the year ended 30 June 2017 and is satisfied they present fairly the state of affairs of Council, subject to satisfactory responses to the following questions taken on notice which will be circulated out of session, with changes in the financial statements made where appropriate:
  - a. How is it that the Statement of Cash Flows has Payment for Materials, Contracts and Other Expenses of \$54M, whereas the Statement of Comprehensive Income shows \$48.8M, without a \$6M reduction in creditors?
  - b. Why does Note 11 reconciliation of Cash show a balance of Net (increase)/decrease in inventories and Net increase/(decrease) in Trade and Other Payables which are inconsistent with the balance sheet?
  - c. Why does the movement in the share of the operating result for NAWMA in Note 19 not reconcile to the equity share disclosed in the Statement of Comprehensive Income?
3. In accordance with Regulation 22 of the Local Government (Financial Management) Regulations 2011 clauses (3) (a) and (4), that the Chief Executive Officer and the Chair of the City of Salisbury Audit Committee sign the statement to certify the independence of the Council Auditor, Bentleys.

**CARRIED**

**OTHER BUSINESS**

Nil

The meeting closed at 7:18 pm.

CHAIRMAN.....

DATE.....



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<b>ITEM</b>	4.0.1
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	14 November 2017
<b>HEADING</b>	Future Reports for the Audit Committee of Council
<b>AUTHOR</b>	Michelle Woods, Projects Officer Governance, CEO and Governance
<b>CITY PLAN LINKS</b>	4.3 Have robust processes that support consistent service delivery and informed decision making.
<b>SUMMARY</b>	This item details reports to be presented to the Audit Committee of Council as a result of a previous Council resolution. If reports have been deferred to a subsequent meeting, this will be indicated, along with a reason for the deferral.

#### **RECOMMENDATION**

1. The information be received.

#### **ATTACHMENTS**

There are no attachments to this report.

#### **1. BACKGROUND**

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

#### **2. REPORT**

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

#### **3. CONCLUSION / PROPOSAL**

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

#### **CO-ORDINATION**

Officer:	Executive Group	MG
Date:	06/11/2017	02/11/2017





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**INFORMATION ONLY** 4.0.2

**AUDIT COMMITTEE**

**DATE** 14 November 2017

**HEADING** Proposed Audit Committee Meeting Schedule for 2018

**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 the proposed Audit Committee of Council meeting schedule for 2018. It should be noted that this schedule is provided for information only and the Formal Meeting Schedule 2018 has not yet been endorsed by Council, as such the dates in this report may be subject to change.

**RECOMMENDATION**

1. That the information be received.

**ATTACHMENTS**

There are no attachments to this report.

**1. BACKGROUND**

- 1.1 Under section 87(1) of the *Local Government Act 1999* (the Act), Council must determine the time and place of ordinary meetings of a Council committee.
- 1.2 Section 87(2) of the Act provides that a Council or Council committee must, in appointing a time for the holding of an ordinary meeting of a Council committee, take into account;
  - 1.2.1 the availability and convenience of members of the committee; and
  - 1.2.2 the nature and purpose of the committee.
- 1.3 The Audit Committee is a standing committee of Council.
- 1.4 Meetings of the Audit Committee need to be arranged at suitable intervals to ensure that the Council remains sufficiently informed of its activities.

## 2. REPORT

- 2.1 The following dates have been proposed for the Audit Committee of Council meetings in 2018;
- 2.1.1 Tuesday 13th February 2018
  - 2.1.2 Tuesday 10th April 2018
  - 2.1.3 Tuesday 10th July 2018
  - 2.1.4 Tuesday 9th October 2018 (financials only)
  - 2.1.5 Tuesday 13th November 2018
- 2.2 The start time of each meeting is proposed to be 6:30pm. It is also proposed that an in camera session of the Audit Committee and the Internal and External Auditors will be held between 6pm and 6:30pm on Tuesday 9<sup>th</sup> October 2018.
- 2.3 Council is responsible for endorsing the Formal Meeting Schedule 2018 and as such the above dates may be subject to change.

## 3. CONCLUSION / PROPOSAL

- 3.1 A proposed 2018 meeting schedule for the Audit Committee has been provided in this report for information purposes.

### CO-ORDINATION

Officer: MG Exec  
Date: 06/11/2017

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<b>ITEM</b>	4.2.1
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	14 November 2017
<b>HEADING</b>	Asset Policy Review
<b>AUTHOR</b>	Matthew Coldwell, Senior Accountant Projects & Assets, Business Excellence
<b>CITY PLAN LINKS</b>	4.5 To apply business and resource management that enables excellent service delivery and financial sustainability
<b>SUMMARY</b>	This report seeks consideration by the Audit Committee prior to submitting to Council the opportunity to review our Asset Depreciation Policy within the statutory required review period.

## RECOMMENDATION

1. The information be received.
2. The Asset Depreciation Policy, as set out in Attachment 1 be endorsed.

## ATTACHMENTS

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

1. Asset Depreciation Policy

### 1. BACKGROUND

- 1.1 The development and adoption of accounting policies and procedures with regard to assets, is an essential component of the long term financial management and asset management planning of Council and is an important step in ensuring the consistency of the financial information being presented to its users, especially within the context of Council assets worth approximately \$1.8 billion in total.

### 1. CONSULTATION / COMMUNICATION

- 1.1 Nil

### 2. REPORT

- 2.1 At the previous review of asset accounting policies considered by the audit committee 13 October 2015, it was identified, in line with Council's Governance Framework, that the majority of the documents were more accounting procedures by nature, providing guidance to staff on the appropriate accounting treatment of Council assets. Further, many of the requirements for treatment of infrastructure assets is governed by Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011* and consequently require a limited amount of policy decisions to be made by the

Council with respect to infrastructure assets. As a result of this, the policies listed below were endorsed to no longer be retained as Council policies, but have continued where appropriate as administrative procedures:

- Asset Capitalisation Policy
- Asset Depreciation Policy
- Asset Impairment Policy
- Accounting Treatment of Land Under Roads Policy
- Asset Revaluation Policy

2.2 However a component of the Asset Depreciation Policy was required to be retained as a Council Policy, as it states the Depreciation Method to be applied in calculating the depreciation on Council assets. The approach was taken to separate this component from any procedural elements, so that Council can appropriately consider its policy position via the stand alone policy attached.

2.3 There are no changes in the policy position from the previous review.

### **3. CONCLUSION / PROPOSAL**

3.1 The attached policy is provided for Audit Committee review prior to Councils consideration and is reflective of a need for council policy decisions in relation to our infrastructure assets.

3.2 In endorsing this policy, Council are not making any changes to their current policy position.

### **CO-ORDINATION**

Officer: Exec  
Date: 06/11/2017



## Asset Depreciation Policy

Policy Type:	Policy		
Approved By:	Council	Decision No:	0681/2015
Approval Date:	26/10/15	Commencement Date:	1 July 2015
Review Date:	25/11/17	Internal Reference No.:	
Department:	Business Excellence	Division:	Financial Services
Function:	7 – Financial Management	Responsible Officer:	Manager Financial Services

### A – PREAMBLE

1. The Accounting Standard AASB 116 – Property, Plant & Equipment prescribes the accounting treatment for property, plant and equipment so that users of the financial report can discern information about an entities investment in its property plant and equipment and the changes in such investment. One of the principal issues in accounting for property, plant and equipment is how a recognised asset is to be depreciated, taking into consideration its cost /fair value, it's remaining useful life, any residual value at the conclusion of its useful life and the depreciation method by which the consumption of the assets economic benefits are consumed. This can have significant implications for the operating result of the Council.

### B - SCOPE

1. This policy directs those Council officers who are charged with accounting for Councils assets and related purposes.

### C – POLICY PURPOSE/OBJECTIVES

1. This policy specifies what depreciation method, is to be applied to Councils assets.

### D - DEFINITIONS

1. *Property, plant and equipment* – Tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one accounting period.
2. *Recognition* – The cost of an item of property, plant & equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.
3. *Fair Value* – The price that would be received to sell an asset in an orderly transaction between market participants at the measurement date<sup>1</sup>.

<sup>1</sup> AASB 0013 Fair Value Measurement; paragraph 9

4. *Cost* - The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.
5. *Depreciation* – The systematic allocation of the depreciable amount of an asset over its useful life
6. *Depreciable Amount* – The cost / fair value of an asset, or other amount substituted for cost / fair value, less its residual value.
7. *Residual Value* – The amount that the Council would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.
8. *Useful Life* – The period over which an asset is expected to be available for use by the Council; or the number of production or similar units expected to be obtained from the asset.

#### **E - POLICY STATEMENT**

1. AASB 116 Property, Plant and Equipment, states that the depreciation method used by an organisation to depreciate an item of Property, plant and equipment shall reflect the pattern in which the assets future economic benefits are expected to be consumed.  
As such, Council has elected to use the straight line depreciation methodology for all its assets on the basis that the economic benefits provided by the assets (the service provided), are generally used in a consistent manner throughout the useful life of the asset. This methodology results in a constant depreciation charge over the useful life of the asset, provided that the asset's useful life or residual values do not change.
2. Estimates for useful lives, asset measurements, conditions and residuals used to calculate depreciation charges are based on information derived from the prior knowledge and experience of asset managers and the audit and inspection of assets conducted by both officers of Council and appropriately experienced external parties.
3. Councils applied depreciation methods and estimates for asset useful lives and residual values are reviewed on an annual basis to ensure their continued relevance and appropriateness in accordance with Australian Accounting Standards.

#### **F - LEGISLATION**

1. Local Government Act 1999
2. Local Government (Financial Management) Regulations 2011.

#### **G - REFERENCES**

1. AASB 13 – Fair Value Measurement
2. AASB 116 – Property, Plant & Equipment
3. AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors
4. UIG 1030 – Depreciation of Long Lived Physical Assets

#### **H - ASSOCIATED PROCEDURES**

1. Asset Depreciation Procedure
2. Asset Capitalisation Procedure
3. Asset Revaluation Procedure

#### **Document Control**

<b>Document ID</b>	Asset Depreciation Policy
<b>Prepared by</b>	Matthew Coldwell
<b>Version</b>	0.1
<b>Document Status</b>	XXX
<b>Issue Date</b>	XXX

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<b>ITEM</b>	4.2.2
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	14 November 2017
<b>HEADING</b>	Treasury Policy
<b>AUTHORS</b>	Kate George, Manager Financial Services, Business Excellence Tim Aplin, Senior Accountant, Business Excellence
<b>CITY PLAN LINKS</b>	4.5 To apply business and resource management that enables excellent service delivery and financial sustainability 4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
<b>SUMMARY</b>	This report presents the Treasury Management Policy to the Audit Committee and Council for consideration and endorsement.

## RECOMMENDATION

1. Information be received.
2. The Treasury Policy, as set out in Attachment 1 be endorsed.

## ATTACHMENTS

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

1. Treasury Policy

### 1. BACKGROUND

- 1.1 The Local Government Act, 1999, sets out Council's powers in relation to investments and borrowings. The policy set out in Attachment 1 details Councils position in relation to Treasury Management and is aligned to the requirements of the legislation.
- 1.2 The attached Treasury Policy is effectively Council's mandate to the administration as it provides the direction and also limitations to undertake investment activities, to be exercised under appropriate delegations.

### 2. CONSULTATION / COMMUNICATION

- 2.1 Internal
  - 2.1.1 Nil
- 2.2 External
  - 2.2.1 Nil

### 3. REPORT

- 3.1 The Treasury Policy has been reviewed having regard to the legislative requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.
- 3.2 Further the policy has also been reviewed against the recommendations contained within the LGA 'Financial Sustainability' Information Paper No. 15: Treasury Management (revised February 2015) which is considered to be the best practice Treasury Management guidelines for Local Government. The Treasury Policy as it stands is in-line with the guidance provided in this information paper.
- 3.3 The Treasury Policy as set out in Attachment 1 of this report is an endorsement of the existing policy, which was last reviewed by the Audit Committee in April 2016. There are no recommended changes relating to the policy position and the policy sets out an appropriate mix of flexible and certain interest rate exposures on both investment and borrowing facilities.
- 3.4 As part of the previous review of the Treasury Policy, it was considered appropriate that the Sundry Projects Fund Policy was removed as a standalone policy and incorporated into the Treasury Policy. This decision was premised on the linkages between the two policies. As part of the current review of the Treasury Management Policy this incorporation was reconsidered. As there have been no changes to the underlying policy statements, the incorporation of the Sundry Projects Fund provisions have been maintained.

### 4. CONCLUSION / PROPOSAL

- 4.1 The Treasury Management Policy has been reviewed with regards to the Legislative provisions of the Local Government Act 1999, the Local Government (Financial Management) Regulations 2011 and the guidance contained within LGA 'Financial Sustainability' Information Paper No. 15: Treasury Management.
- 4.2 The Treasury Policy as set out in Attachment 1 is provided to the Audit Committee for review and the provision of feedback prior to the policy being presented to Council for consideration at its November meeting.

### CO-ORDINATION

Officer: Exec  
Date: 06/11/2017





## Treasury Policy

<b>Policy Type:</b>	<b>Policy</b>		
<b>Approved By:</b>	Council	<b>Decision No:</b>	2010/2128, 2011/327, 2013/1927, 1026/2016
<b>Approval Date:</b>	23 March 2010	<b>Last Reapproval Date:</b>	26 April 2016
<b>Review Date:</b>	April 2018	<b>Internal Reference No.:</b>	
<b>Department:</b>	Business Excellence	<b>Division:</b>	Financial Services
<b>Function:</b>	7 - Financial Management	<b>Responsible Officer:</b>	Manager, Financial Services

### A - PREAMBLE

1. This policy provides clear direction to management, staff and Council in relation to the treasury function. It underpins Council's decision-making regarding the financing of its operations as documented in its annual budget and long-term financial plan and associated projected and actual cash flow receipts and outlays.
2. Council is committed to adopting and maintaining a Long-term Financial Plan and operating in a financially sustainable manner.
3. Section 3 the Local Government Act, 1999, requires Councils to act in a way that is effective, efficient and accountable. This is especially important when managing monies acquired by Council in order to benefit the Community.

### C – POLICY PURPOSE/OBJECTIVES

1. This Treasury Management Policy establishes a decision framework to ensure that:
  - funds are available as required to support approved outlays;
  - interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed;
  - the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.
  - Further it clarifies the treatment of surplus funds, identified through Budget Reviews

### E - POLICY STATEMENT

1. **Treasury Management Strategy**
  - 1.1. Council's operating and capital expenditure decisions are made on the basis of:
    - identified community need and benefit relative to other expenditure options;

- cost effectiveness of the proposed means of service delivery; and,
  - affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Interest Cover ratios).
- 1.2. Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:
- maintain target ranges for its Net Financial Liabilities ratio;
  - generally only borrow funds when it needs cash and not specifically for particular projects;
  - apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.
  - Apply surplus contained within the Sundry Projects Fund, following adjustments for variations to existing estimates, to a reduction in borrowings. Any new bids/projects arising through the year are to be referred to the budget planning process for the subsequent year, unless they are of sufficient urgency, in which case Council may finance such projects by reducing/cancelling an existing budgeted project, or approving an increase to the borrowing requirement.

## 2. Interest Rate Risk Exposures

- 2.1. Council has set range limits for both fixed and variable interest rate borrowings in order to minimise net interest costs on average over the longer term and at the same time manage interest rate movement risks within acceptable limits.

### 2.2. Fixed Interest Rate Borrowings

- To ensure an adequate mix of interest rate exposures, Council will structure its portfolio of borrowings to maintain on average in any year, not less than **30%** of its facilities in the form of fixed interest rate borrowings.
- In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.

### 2.3. Variable Interest Rate Borrowings

- Council will structure its portfolio of borrowings to maintain not less than 30% of its facilities in any year in the form of variable interest rate borrowings.
- Council will utilize long-term variable interest rate borrowing facilities, such as the LGFA's Cash Advance Debenture, that require interest payments only and that enables any amount of principal to be repaid or redrawn at call. The redraw facility will provide Council with access to liquidity when needed.

## 3. Investments

- 3.1. Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

- 3.2. Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments the term should not exceed a point in time where the funds otherwise could be applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.
- 3.3. When investing funds, Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs, and other relevant and objectively quantifiable factors.
- 3.4. Council management may from time to time invest surplus funds in:
  - deposits with the Local Government Finance Authority; and/or
  - bank interest bearing deposits
  - bank accepted/endorsed bank bills
  - State/ Commonwealth Government Bonds
- 3.5. Any other investment requires the specific approval of Council.

#### 4. Reporting

- 4.1. During the year Council will receive a report detailing total fixed borrowings and variable fixed borrowings at the end of the preceding month, together with all investments held, their term and interest rate. Timing of these reports will be November, February, May, unless there is an opportunity to report earlier, with the end of year reported as soon as practicable as part of our end of year reporting. (*Council Resolution, Item No. 734 dated 28 November 2011*)
- 4.2. At least once a year Council shall receive a specific report regarding treasury management performance relative to this Policy. The report shall highlight:
  - for each Council borrowing and investment - the quantum of funds, its interest rate and maturity date, and changes in the quantum since the previous report; and,
  - the proportion of fixed interest rate and variable interest rate borrowings at the end date of the reporting period along with key reasons for significant variances compared with the targets specified in this policy.

## F - LEGISLATION

### For Borrowings

*Local Government Act, 1999 (Sections 44, 122 and 134)*  
*Local Government (Financial Management) Regulations 2011*

### For Investments

*Local Government Act, 1999 (Sections 47, 139 and 140)*

#### Document Control

Document ID	Treasury Policy
Prepared by	Kate George
Release	<b>1.00</b>
Document Status	Endorsed
Date Printed	25/10/2017



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<b>ITEM</b>	4.2.3
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	14 November 2017
<b>PREV REFS</b>	
<b>HEADING</b>	Review of Prudential Management Policy
<b>AUTHOR</b>	Charles Mansueto, General Manager Business Excellence, Business Excellence
<b>CITY PLAN LINKS</b>	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
<b>SUMMARY</b>	This report presents the Prudential Management Policy to Council for consideration and endorsement.

### **RECOMMENDATION**

1. The Prudential Management Policy as set out in Attachment 1 to this report (Resources and Governance 4.2.3, 16/10/2017), be endorsed.

### **ATTACHMENTS**

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

1. Draft Prudential Management Policy
2. Section 48 of the Local Government Act

### **1. BACKGROUND**

- 1.1 Amendments to Section 48 of the Local Government Act 1999 require Councils to develop and maintain prudential management policies, practices and procedures for the assessment of all Council projects to ensure that the Council:
  - a. Acts with due care, diligence and foresight; and
  - b. Identifies and manages risks associated with a project; and
  - c. Makes informed decisions; and
  - d. Is accountable for the use of council and other public resources”
  - e. Amendments to Section 48 of the Local Government Act 1999 require Councils to develop and maintain prudential management policies, practices and procedures for the assessment of all Council projects to ensure that the Council:
- 1.2 Council’s Policy Framework provides for Council Policies to be reviewed within 12 months of a general election and thereafter every two years.
- 1.3 The Prudential Management Policy was first endorsed by Council in July 2015 and is now due again for review.

**2. CONSULTATION / COMMUNICATION**

2.1 Internal

2.1.1 Consultation with staff as to the continuing relevance of the Policy and any changes that may be required.

2.2 External

2.2.1 Nil

**3. REPORT**

3.1 The Prudential Management Policy has been reviewed by the Policy Owner. No changes of substance are required in the content of the Policy to ensure its continuing relevance.

**4. CONCLUSION / PROPOSAL**

4.1 The Prudential Management Policy as contained in Attachment 1 is recommended to Council for endorsement.

**CO-ORDINATION**

Officer: Executive Group  
Date: 06/11/2017



### Prudential Management Policy

Policy Type:	Policy	Decision No:	0505/2015
Approved By:		Last Reapproval Date:	October 2017
Approval Date:	27 July 2015	Internal Reference No.:	
Review Date:	October 2019	Division:	Personal & Admin Support - Business Excellence
Department:	Business Excellence	Responsible Officer:	General Manager Business Excellence
Function:	7 - Financial Management		

#### A - PREAMBLE

1. This document sets out the policy of the City of Salisbury for prudential management of all its projects. This policy applies to all projects as defined below.

#### B - SCOPE

1. The scope of this policy applies to all Council projects and subject to assessment against the principals and legislation to identify the appropriate due diligence

#### C – POLICY PURPOSE/OBJECTIVES

1. **This policy has the following Objectives.**
  - 1.1 to ensure that a Council project is undertaken only after an appropriate level of “due diligence” is applied to the proposed project; and
  - 1.2 to ensure that each Council project is:
    - managed during the project and
    - evaluated after the project, to achieve identified public benefits or needs; and to minimise financial risks.

#### D - DEFINITIONS

1. **A project may be defined as**  
A new and discrete undertaking or activity that would involve the expenditure of money, deployment of resources, incurring or assuming a liability, or accepting an asset.
2. This should not be interpreted to mean that all Council activities are “projects”. Regular, ongoing deliveries of Council services are not “new and discrete” activities so therefore are not included within this definition. A project is a temporary endeavour with a defined beginning and end. The temporary nature of projects stands in contrast to business as



usual (or operations) which are repetitive, ongoing functional activities to produce products or services.

3. Simply purchasing an item of plant or equipment, (e.g. a single vehicle) or a parcel of land will constitute a "project" if the purchase is not part of a wider project or part of ongoing operations. Any purchase must comply with Council's Procurement Policy. However, a "project" will typically involve more than merely purchasing. It will always involve Council staff time, often in undertaking activities in association with other organisations. On the other hand, a project need not entail any expenditure. It may include, for example, receiving land or other assets for free, or granting permission for a private activity on Council land.
4. All projects should be considered in the context of not only this policy, but also Council's Risk Management Framework.

#### E - PRINCIPLES

1. The decision-maker for any proposed project may be the Council, the Chief Executive or an officer of the Council to whom sub-delegation has been made (as reflected in the Council's Schedule of Delegations and Sub-delegations).
2. The decision maker should determine with respect to any project (based on the size, complexity and amount of financial or other risk) the level of:
  - Due care and diligence that is required
  - At a minimum this should require an assessment of:
    - the benefits and needs of the project
    - whether the project will (or might) generate any additional risks for the Council;
    - the financial sustainability of a project (large or small) and whether funding of the whole-of-life costs of the project will (or might) require additional allocations beyond those already accommodated in Council's annual budget and long-term financial plan
  - Details required  
This may range from a single page describing the project scope, to a comprehensive business case (for example using the Corporate templates - "Project Management – Business Case").
  - Risk assessment appropriate  
This may range from, a simple note that the proposed project has been determined as being of low or negligible risk, to a more detailed risk assessment in line with Council's Risk Management framework.
  - Expertise required  
This may range from a single staff member (for the smallest projects with least risk), to a working party of staff and external specialists with expertise in areas such as engineering, finance, project management, town planning (for more complicated and/or riskier projects).
  - Accountability and reporting required
  - Post project implementation review and evaluation
    - Evaluation and review can identify systemic issues and opportunities for improvement.



3. Adequate resources will be allocated to the prudential management of projects and staff will be appropriately trained.

#### **F - PROJECTS WHERE A FULL PRUDENTIAL REPORT IS REQUIRED UNDER THE LOCAL GOVERNMENT ACT 1999**

Under the LG Act, a report addressing the prudential issues set out in section 48(2) must be prepared for any project that meets the criteria set out in s48(1) of the Act:

- (i) *where the expected expenditure of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or*
- (ii) *where the expected capital cost of the project over the ensuing five years is likely to exceed \$4,000,000 (indexed); or*
- (iii) *where the council considers that it is necessary or appropriate.*

*This report must be prepared by a person whom the Council reasonably believes to be qualified to address the prudential issues s48(4) and must not be a person who has an interest in the relevant project as defined in s48(6a) - (6c).*

For a full extract of section 48 of the LG Act refer Appendix 1.

#### **G - LEGISLATION**

1. ***This Policy is made pursuant to section 48(aa1) of the Local Government Act 1999 ("the Act") which provides:***

*A Council must develop and maintain prudential management policies practices and procedures for the assessment of projects to ensure that the Council:*

- (a) *acts with due care diligence and foresight; and*
- (b) *identifies and manages risks associated with a project; and*
- (c) *makes informed decisions; and*
- (d) *is accountable for the use of Council and other public resources.*

As such, this Policy applies to all Council projects (subject to the principles set below), no matter how large or small, to ensure compliance with this provision, and that decision-making in respect of any project is made with reliable, accurate and timely information.

#### **H - REFERENCES**

1. Local Government Act 1999
2. City of Salisbury's Corporate templates -  
- Project Management – Business Case and/or
3. Guidelines for Assessment of Council Development

#### **I - ASSOCIATED PROCEDURES**

**Nil**

**Document Control**

<b>Document ID</b>	<b>Prudential Management Policy</b>
<b>Prepared by</b>	<b>Charles Mansueto</b>
<b>Release</b>	<b>2.00</b>
<b>Document Status</b>	<b>Draft</b>
<b>Date Printed</b>	

DRAFT

## Appendix 1

10.12.2011—Local Government Act 1999  
The council as a body corporate—Chapter 4  
Prudential requirements for certain activities—Part 3

### 48—Prudential requirements for certain activities

- (aa1) A council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the council—
- (a) acts with due care, diligence and foresight; and
  - (b) identifies and manages risks associated with a project; and
  - (c) makes informed decisions; and
  - (d) is accountable for the use of council and other public resources.
- (a1) The prudential management policies, practices and procedures developed by the council for the purposes of subsection (aa1) must be consistent with any regulations made for the purposes of this section.
- (1) Without limiting subsection (aa1), a council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the council—
- (b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)—
    - (i) where the expected expenditure of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or
    - (ii) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4 000 000 (indexed); or
    - (iii) where the council considers that it is necessary or appropriate.
- (2) The following are prudential issues for the purposes of subsection (1):
- (a) the relationship between the project and relevant strategic management plans;
  - (b) the objectives of the Development Plan in the area where the project is to occur;
  - (c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;
  - (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;
  - (e) if the project is intended to produce revenue, revenue projections and potential financial risks;
  - (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;
  - (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;

[9.7.2015] This version is not published under the *Legislation Revision and Publication Act 2002*

**Appendix 1**

**10.12.2011—Local Government Act 1999**  
 The council as a body corporate—Chapter 4  
 Prudential requirements for certain activities—Part 3

- 
- (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);
  - (i) the most appropriate mechanisms or arrangements for carrying out the project.
- (2a) The fact that a project is to be undertaken in stages does not limit the operation of subsection (1)(b) in relation to the project as a whole.
- (3) A report is not required under subsection (1) in relation to—
- (a) road construction or maintenance; or
  - (b) drainage works.
- (4) A report under subsection (1) must be prepared by a person whom the council reasonably believes to be qualified to address the prudential issues set out in subsection (2).
- (4a) A report under subsection (1) must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of the council).
- (4b) A council must give reasonable consideration to a report under subsection (1) (and must not delegate the requirement to do so under this subsection).
- (5) A report under subsection (1) must be available for public inspection at the principal office of the council once the council has made a decision on the relevant project (and may be available at an earlier time unless the council orders that the report be kept confidential until that time).
- (6) However, a council may take steps to prevent the disclosure of specific information in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the council).
- (6a) For the purposes of subsection (4a), a person has an interest in a project if the person, or a person with whom the person is closely associated, would receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect detriment or a non-pecuniary detriment if the project were to proceed.
- (6b) A person is closely associated with another person (the *relevant person*)—
- (a) if that person is a body corporate of which the relevant person is a director or a member of the governing body; or
  - (b) if that person is a proprietary company in which the relevant person is a shareholder; or
  - (c) if that person is a beneficiary under a trust or an object of a discretionary trust of which the relevant person is a trustee; or
  - (d) if that person is a partner of the relevant person; or
  - (e) if that person is the employer or an employee of the relevant person; or
  - (f) if that person is a person from whom the relevant person has received or might reasonably be expected to receive a fee, commission or other reward for providing professional or other services; or
  - (g) if that person is a relative of the relevant person.

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[9.7.2015] This version is not published under the *Legislation Revision and Publication Act 2002*

## Appendix 1

10.12.2011—Local Government Act 1999  
The council as a body corporate—Chapter 4  
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- (6c) However, a person, or a person closely associated with another person, will not be regarded as having an interest in a matter—
- (a) by virtue only of the fact that the person—
    - (i) is a ratepayer, elector or resident in the area of the council; or
    - (ii) is a member of a non-profit association, other than where the person is a member of the governing body of the association or organisation; or
  - (b) in a prescribed circumstance.
- (6d) In this section, \$4 000 000 (indexed) means that that amount is to be adjusted for the purposes of this section on 1 January of each year, starting on 1 January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter, 2009.
- (6e) In this section—
- employee** of a council includes a person working for the council on a temporary basis;
- non-profit association** means a body (whether corporate or unincorporate)—
- (a) that does not have as its principal object or 1 of its principal objects the carrying on of a trade or the making of a profit; and
  - (b) that is so constituted that its profits (if any) must be applied towards the purposes for which it is established and may not be distributed to its members.
- (7) The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.



<b>ITEM</b>	4.2.4
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	14 November 2017
<b>HEADING</b>	Internal Audit Plan
<b>AUTHOR</b>	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
<b>CITY PLAN LINKS</b>	4.3 Have robust processes that support consistent service delivery and informed decision making.
<b>SUMMARY</b>	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 areas that should be the focus of the Internal Audit function for the relevant period. Some updates have been made to both the Internal Audit Plan and the Strategic Risk Registers since they were presented to the Audit Committee in July; the changes are highlighted in this report.

#### **RECOMMENDATION**

1. The Internal Audit Plan, as set out in Attachment 1 to this report (Audit Committee 4.2.4, 14/11/2017), be endorsed.

#### **ATTACHMENTS**

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

1. Internal Audit Plan including references to the Strategic Risk Register
2. Strategic Risk Register v2.11 November 2017
3. Capital Works Projects Audit - Audit Scope
4. Strategic Development Projects Audit - 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 quarterly basis.
- 1.2 The purpose of this report is to inform the Audit Committee of the Internal Audit Plan and the Strategic Risk Register and to highlight any changes made to these documents since they were last presented to the Committee in July.



## 2. REPORT

### 2.1 The Strategic Risk Register

- 2.1.1 Attachment 2 is the latest version of the Strategic Risk Register, which was reviewed by the Executive Group in November 2017.
- 2.1.2 The changes that were made to the Register are tracked in red in the attachment and include the following;
- The terminology “Is the Residual Risk Rating as low as reasonably practicable?” has been substituted for the phrase “Is the Risk Rating Acceptable?” for each risk on the register.
  - The Technical Services Manager has been added to the existing treatment plan regarding emerging contaminants in Strategic Risk 2, *Inadequate prevention of and response to Contamination of Wetlands and/or recycled water systems.*
  - Three treatment plans regarding event management have been completed in Strategic Risk 4, *Lack of management of a major incident at a Council facility and/or an event, that affects public and staff safety.*
  - A new treatment plan regarding the use of Asset Management Plans to inform the Long Term Financial Plan and Sustainability Index has been added to Strategic Risk 6, *City of Salisbury Financial Sustainability is compromised.*
  - A new treatment plan regarding enhancement of the Code of Conduct procedures has been added to Strategic Risk 8, *Organisation suffers detriment as a result of fraud, misconduct or maladministration.*
  - A new treatment plan regarding the enhancing of existing Code of Conduct staff awareness sessions has been added to Strategic Risk 9, *Failure to comply with WHS legislative obligations.*

### 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, which is currently being reviewed by management.
- 2.2.2 On-site work has also been completed for the Management of Public and Environmental Health Audit, and the findings are currently being discussed with the Manager Environmental Health & Safety, prior to the draft report being produced.
- 2.2.3 The Capital Works Projects Audit is currently in progress; its scope is Attachment 3 to this report.
- 2.2.4 The Strategic Development Projects Audit is also currently in progress; its scope is Attachment 4 to this report.



**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 July 2017. These changes are highlighted in this report. The Internal Audit Plan and Strategic Risk Register will next be presented at the February 2018 Audit Committee meeting.

**CO-ORDINATION**

Officer: MG Exec  
Date: 06/11/2017



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 Solution	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").	<b>External Review of Internal Audit</b> 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	●	●	●									●		<b>Event Management</b> 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.	<b>Payroll</b> 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					●									<b>Business Systems and Solutions</b> 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									●					<b>Management of public health</b> 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.	<b>Capital Works Projects</b> 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									●					<b>Strategic Development Projects</b> 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									●	●				<b>Strategic reporting process</b> 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									●	●				<b>Contract Management</b> 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					●							●		<b>Management of contaminated sites</b> 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					●	●	●				●			<b>Asset Management</b> 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
		<b>Total</b>							



## 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 by management.
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 audit is currently in progress.
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			●		The audit is currently in progress.
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				●	The audit is currently in progress.
		<b>Total</b>							





## 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.	Internal	●				
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.	Internal		●			
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				●	
		<b>Total</b>							



**Strategic Risk Register**

v2.11 November 2017

<b>1</b>	<b>Event Description:</b> Inadequate preparation and response to a business continuity event		
<b>Responsible Managers:</b> CEO, All General Managers, Manager Governance, Manager Business Systems and Solutions, Manager Communications & Customer Relations, Manager People and Culture			
<b>Contributory Factors (“root” causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>Lack of plans and procedures to inform response strategies when business continuity event occurs</li> <li>Lack of communication/training for relevant staff required to respond to business continuity event</li> <li>Information to facilitate action during business continuity not available</li> </ul>		<ul style="list-style-type: none"> <li>Service delivery to community compromised (loss of confidence)</li> <li>Political/Public embarrassment</li> <li>Uncertainty leads to loss of morale and resources and compromised regulatory decisions</li> </ul>	
<b>Likelihood:</b> Almost Certain	<b>Consequence:</b> Catastrophic	<b>Inherent Risk Rating:</b> Very High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>Business Continuity Framework, 4</li> <li>Business Continuity Plans, 4</li> <li>Business Continuity Plan tests and walkthroughs (alternating annually), 4</li> <li>Incident Management Team identified and trained, 4</li> <li>Systems and processes to support response to BC event (e.g. staff contact information reports), 5</li> </ul>		<ul style="list-style-type: none"> <li>IT Disaster Recovery Plan in place, 4</li> <li>Emergency Management procedures in place, 4</li> <li>Zone Emergency Management Committees – Northern Area, 5</li> <li>Adelaide and Mount Lofty Bushfire Committee, 4</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Catastrophic	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk Rating <u>as low as reasonably practicable</u> acceptable? <u>Yes</u><del>No</del></b>
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>

Item 4.2.4 - Attachment 2 - Strategic Risk Register v2.11 November 2017

**Strategic Risk Register**

v2.11 November 2017

Item 4.2.4 - Attachment 2 - Strategic Risk Register v2.11 November 2017

<b>2</b>	<b>Event Description:</b> Inadequate prevention of and response to Contamination of Wetlands and/or the recycled water systems		
<b>Responsible Managers:</b> GM Business Excellence, GM City Infrastructure, Manager Salisbury Water, Manager Technical Services, Manager Field Services, Manager Communications and Customer Relations			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>Inadequate monitoring plans and sample testing</li> <li>Failure to respond appropriately in the event of contamination</li> <li>Wet weather could hamper clean-up operations or contribute to a contamination event</li> </ul>		<ul style="list-style-type: none"> <li>Financial cost of replacing supply with SA Water and clean-up costs</li> <li>Legal cost of failure to deliver a water supply in line with contract</li> <li>Political/Public embarrassment</li> <li>Regulatory censure</li> <li>Revenue reduction</li> <li>Brand Impact</li> <li>Health risk to staff</li> <li>Health risk to community</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b> High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>Salisbury Water Business Unit – monitoring plan and monitoring matrix, 4</li> <li>Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced, 4</li> <li>Supply contracts to customers contain Force Majeure clauses which limit liability to Council in the event that water cannot be supplied, 5</li> <li>Response group (Council staff) in place to manage events that may lead to contamination of wetlands (24/7 support including after hours), 4</li> <li>Employee Media Policy and Procedure and Elected Member Media Policy, 4</li> <li>Regional Health Plan, 5</li> <li><u>Implementation of the Water Course Management Plan including the renewal of Wetlands and desilting/removal of pollutants in waterways as required, 4</u></li> </ul>			
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk Rating as low as reasonably practicable/acceptable? No</b>
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Give consideration to identification of 'emerging contaminants' to enable proactive changes to testing regime and communication with regulatory agencies as appropriate		Manager Salisbury Water, <b>Manager Technical Services</b>	30 June 2018
Develop a strategy on the actual and perceived risks of emerging pollutants, <u>for example PFAS.</u>		Manager Salisbury Water	30 June 2018

**Strategic Risk Register**

v2.11 November 2017

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

Item 4.2.4 - Attachment 2 - Strategic Risk Register v2.11 November 2017

**Strategic Risk Register**

v2.11 November 2017

Item 4.2.4 - Attachment 2 - Strategic Risk Register v2.11 November 2017

<b>4</b>	<b>Event Description:</b> Lack of management of a major incident at a Council facility and/or an event, that affects public and staff safety		
<b>Responsible Managers:</b> 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			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>Inadequate procedures and plans in place to prevent incidents</li> <li>Failure to respond appropriately in the event of an incident</li> <li>Lack of asset management and maintenance</li> </ul>		<ul style="list-style-type: none"> <li>Financial cost of clean-up</li> <li>Legal cost of failure to prevent a health and safety incident</li> <li>Political/Public embarrassment</li> <li>Regulatory censure</li> <li>Loss of staff</li> <li>Injury to public</li> </ul>	
<b>Likelihood:</b> Likely	<b>Consequence:</b> Catastrophic	<b>Inherent Risk Rating:</b> Very High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>Building Control and Inspections, 4</li> <li>Evacuation procedures and testing, 4</li> <li>Building safety systems – e.g. exit signs, fire extinguishers, wardens etc., induction process, 4</li> <li>Emergency Planning Committee, 4</li> </ul>		<ul style="list-style-type: none"> <li>Asset management plans, 4</li> <li>Business Continuity Framework, 4</li> <li>BCP test/walk through, 4</li> <li>Zone Emergency Management Committee – Northern Area, 5</li> <li>Event Management Plans, 4</li> <li>Event Management Guidelines, 43</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Catastrophic	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk Rating as low as reasonably practicable/acceptable? YesNo</b>
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Event Management Guidelines are launched		GM Community Development	Completed 30-September 2017
Ensuring Field Services works are coordinated with the events in the Events Calendar		GM Community Development	Completed 30-September 2017
Ensuring appropriate contractual processes are in place with service providers at events		GM Community Development	Completed 30-September 2017

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<b>5</b>	<b>Event Description:</b> Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services		
<b>Responsible Managers:</b> 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			
<b>Contributory Factors (“root” causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>• Inadequate understanding and planning for events impacting the environment</li> <li>• Failure to consider environmental consequences when planning and designing infrastructure</li> <li>• Inadequate Q100 &amp; Q300 flood modelling in place at individual house level, using digital terrain modelling</li> <li>• Inadequate infrastructure within the City to manage stormwater and sea level rises due to storm events</li> <li>• Failure to monitor and forecast demographic changes in the City and adjust objectives and plans accordingly</li> <li>• City Plan becomes obsolete or fails to anticipate the financial impact of demographic changes</li> </ul>		<ul style="list-style-type: none"> <li>• Financial cost of dealing with the consequences of frequent freak weather related events</li> <li>• Long term impact on infrastructure, its maintenance and replacement</li> <li>• Organisational plans and strategies are no longer valued or desired by the community</li> <li>• Failure to adapt to a changing external environment resulting in some services becoming irrelevant and others insufficient</li> <li>• Coastal inundation and impact on biodiversity</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major		<b>Inherent Risk Rating:</b> High
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>• Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEWNR, 5</li> <li>• Regular monitoring of risk sites e.g. land fill sites, dams, 5</li> <li>• Extreme Heat response process (for residents), 4</li> <li>• Q100 and Q300 flood modelling including tidal info. in place at individual house level, using digital terrain modelling, 3</li> <li>• Bushfire Management Steering Group, 5</li> <li>• City Plan/Strategic Plans/Business Plans, 4</li> <li>• Bushfire Management Plan, 4</li> <li>• Watercourse Management capital program, 4</li> </ul>		<ul style="list-style-type: none"> <li>• Undergrowth management procedures, 5</li> <li>• Asset Management infrastructure audits, 5</li> <li>• Climate Change Adaption Plan, 4</li> <li>• Emergency Management Plan, 4</li> <li>• Zone Emergency Management Committee – Northern Area, 5</li> <li>• Grant funding applications process and reviews, 5</li> <li>• Home Care Common Standards – Operating Manual, 5</li> <li>• Learning Strategy, Wellbeing Strategy &amp; <u>IntraculturalMulticultural</u> Strategy, 3</li> <li>• Social Infrastructure Assessment Framework, 3</li> <li>• Planning controls, 4</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major		<b>Residual Risk Rating:</b> High
		<b>Is the Residual Risk Rating <u>as low as reasonably practicable</u> acceptable? No</b>	
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Updated flood mapping developed and communicated		Manager Technical Services	31 December 2017
Incorporate flood mapping into the development planning process (this treatment plan is dependent upon the development and communication of the updated flood mapping)		Manager Economic Development & Urban Policy	28 February 2019

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<b>6</b>	<b>Event Description:</b> City of Salisbury financial sustainability is compromised		
<b>Responsible Managers:</b> GM Business Excellence, GM City Infrastructure, GM City Development			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>			
<ul style="list-style-type: none"> <li>Reduction in grant funding</li> <li>Inadequate revenue and a failure to maximise revenue from all sources</li> <li>Unplanned spending</li> <li>Inadequate valuation of assets or inaccurate depreciation</li> <li>Inadequate planning for infrastructure repairs or upgrades</li> </ul>	<ul style="list-style-type: none"> <li>Changes to legislation/obligations imposed by other levels of government</li> <li>Potential new revenue streams are not fully investigated</li> <li>Inadequate economic development</li> <li>Changes to roles and responsibilities assigned to City of Salisbury by federal or state government</li> <li>Short term revenue is maximised at the expense of longer term revenue</li> </ul>	<ul style="list-style-type: none"> <li>Unknown consequences of new infrastructure provision from other levels of government or private sector investment</li> <li>Failure to encourage investment in the City</li> <li>Council business and service delivery doesn't support business needs and expectations</li> </ul>	<b>Impacts (risks):</b> <ul style="list-style-type: none"> <li>Council ultimately becomes financially unsustainable</li> <li>City revenue has to be raised increasingly through more traditional methods (rate rises)</li> <li>Revenue from the sale of assets (land) is not invested for the longer term benefit of the community</li> <li>Financial cost associated with falling rates revenue or increasing bad or doubtful debts</li> </ul>
<b>Likelihood:</b> Likely	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b> High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>Long term financial planning, 5</li> <li>Asset Management Plans, 4</li> <li>Quarterly Budget Review, 5</li> <li>Annual Plan and Annual Report (reviewed by Audit Committee), 5</li> <li>Elected Member Briefings, 5</li> <li>Prudential Reviews, 5</li> <li>Regular reviews of rating system fairness and equity, 4</li> <li>Grant Management Process, 3</li> </ul>	<ul style="list-style-type: none"> <li>Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, Waste Transfer Station, Salisbury Memorial Park), 5</li> <li>Program Review, 4</li> <li>Budget Policies and Procedures, 5</li> <li>Business Case Modelling, 4</li> <li>Growth Action Plan, 4</li> <li>China Strategy, 3</li> <li>Northern Economic Plan, 3</li> </ul>		
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk Rating as low as reasonably practicable/acceptable?</b> No
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Development of a business case for the full implementation of the Asset Management Process (Confirm Connect)		GM City Infrastructure, GM Business Excellence	<del>30</del> 4 November/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
Completion of Asset Management Plans to "Mature Status", including function and capacity matrices to inform the LTFP and Sustainability Index		Manager Technical Services	30 June 2019



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<b>7</b>	<b>Event Description:</b> Strategic and operational outcomes are not delivered		
<b>Responsible Managers:</b> CEO, All General Managers			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>Inadequate performance measures which are not linked to objectives or strategies</li> <li>Failure to monitor organisational performance against stakeholder expectations and to take action when necessary to correct it</li> <li>Failure to deliver what is expected by the local community due to a lack of alignment of strategic plans</li> <li>Limited meaningful corporate performance indicators in place</li> <li>Inconsistent reporting and data collection of corporate performance indicators</li> <li>Processes and systems fail to address customer needs</li> <li>Unforeseen failure of infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate capability and capacity (e.g. workforce plans, training and development, technology, systems etc.)</li> <li>Failure to engage with all stakeholders in developing the City Plan</li> <li>Customer service is neither monitored or managed</li> <li>Senior management and Elected Members fail to fully and appropriately demonstrate desired organisational values</li> <li>Actual organisational structure, vision, values, norms, systems symbols, language, beliefs and habits are inconsistent with those desired.</li> </ul>	<ul style="list-style-type: none"> <li>Organisational performance is not adequately measured and therefore cannot be managed</li> <li>Organisational plans and strategies are not achieved</li> <li>Organisational resources are not used effectively</li> <li>Organisational plans and strategies are not valued or desired by the community</li> <li>Organisational plans and strategies are not delivered in a way that is consistent with the organisational values</li> <li>Lack of customer / community engagement</li> <li>Lack of employee engagement and commitment to City objectives</li> <li>Poor customer service</li> <li>Council lacks a coherent direction</li> <li>Failure to meet legislative obligations</li> <li>Not meeting community needs</li> <li>Political and public embarrassment</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major		<b>Inherent Risk Rating:</b> High
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>Budget Process, 5</li> <li>Annual Plan and Annual Report (Reviewed by Audit Committee), 5</li> <li>City Plan – reviewed and approved by elected members, 5</li> <li>Customer Service Framework, <del>4</del>3</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Planning and Accountability, 4</li> <li>Community Engagement Framework, 4</li> <li>Review of City Plan every 4 years, 5</li> <li>Project Management Methodology, 3</li> <li>Bi-annual customer satisfaction survey, 4</li> <li>Business case development for aged care schemes, <del>4</del>3</li> </ul>	<ul style="list-style-type: none"> <li>Program Reviews, 4</li> <li>CEO Review, 4</li> <li>Performance and Development Plans (PDP's), 4</li> <li>Governance Framework and Statement, 5</li> </ul>	<ul style="list-style-type: none"> <li>OCI/ABEF survey process, 4</li> <li>Strategic Project Reporting, 4</li> <li>Skilled and experienced staff, 4</li> <li>Contract Management, 4</li> <li>Infrastructure Maintenance Activities, 5</li> <li>Succession Planning, <del>4</del>3</li> </ul>
<b>Likelihood:</b> Unlikely	<b>Consequence:</b> Major		<b>Residual Risk Rating:</b> Medium <b>Is the Residual Risk Rating <u>as low as reasonably practicable</u> acceptable? No</b>
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
OCI/LSI Action Plans		All GMs and Divisional Managers	<del>30</del> 4 June <del>December</del> 2018 <del>7</del>
Review of staff recognition framework		Manager People and Culture	31 December 2017
Complete Implementation of the Change Management Framework		Manager People and Culture	31 December 2020

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<b>8</b>	<b>Event Description:</b> Organisation suffers detriment as a result of fraud, misconduct or maladministration		
<b>Responsible Managers:</b> GM Business Excellence, Manager Financial Services, Manager Contract & Procurement Services, Manager Governance, CEO, GM City Infrastructure, GM Community Development, GM City Development			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>Inadequate financial internal controls preventing or detecting fraud, misconduct and maladministration</li> <li>Organisational culture fails to deter employees, contractors, volunteers or elected members from committing acts of fraud, misconduct or maladministration</li> <li>Inadequate due diligence conducted on suppliers to the City of Salisbury</li> </ul>		<ul style="list-style-type: none"> <li>An individual either inside or outside Council defrauds the organisation</li> <li>An employee, contractor, volunteer or elected member uses their position or knowledge inappropriately for financial gain</li> <li>Regulatory censure including an OPI / ICAC investigation</li> <li>Organisational reputation is damaged through the failure to prevent fraud</li> <li>Ombudsman investigation results in negative findings for City of Salisbury</li> <li>Political/reputational damage</li> </ul>	
<b>Likelihood:</b> Likely	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b> High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>Code of Conduct for Council Employees, 5</li> <li>Code of Conduct for Elected Members, <u>45</u></li> <li>Fraud and Corruption Prevention Framework, 5</li> <li>Gifts and Benefits Policy and Register, 5</li> <li>Procurement Policy and procedures (including Financial Delegations, Corporate Purchase Card Guidelines, Purchase Order Guidelines), 4</li> <li>Financial Internal Controls Annual Assessments and Reviews (in Control Track), 5</li> <li>Internal Audit, 5</li> <li>Policy for Assessment of Council Development, 5</li> <li>Financial Internal Controls Framework, 5</li> <li>External Audit, 5</li> <li>Staff training and induction processes, 4</li> <li>Code of Conduct Awareness Training (Annual), <u>45</u></li> </ul>			
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk Rating <u>as low as reasonably practicable</u> acceptable? <u>No</u> <u>Yes</u></b>
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
<u>Enhance the awareness of and encourage ethical behaviours in our decision making processes, promoting a proactive risk management approach, and enhancing our Code of Conduct procedures to improve objectivity and transparency.</u>		<u>Manager Governance</u>	<u>30 June 2018</u>

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<b>9</b> <b>Event Description:</b> Failure to comply with WHS legislative obligations			
<b>Responsible Managers:</b> GM Business Excellence, Manager People and Culture, CEO, GM City Infrastructure, GM Community Development, GM City Development			
<b>Contributory Factors (“root” causes / how and why the event arises):</b> <ul style="list-style-type: none"> <li>• Inadequate controls in place to prevent incidents occurring</li> <li>• Insufficient reporting of incidents and near misses</li> <li>• Safe work practices not documented or communicated to employees</li> <li>• Inadequate induction, training and supervision</li> <li>• Inadequate hazard management system</li> <li>• Organisational safety attitude does not recognise the importance of following WHS policies and procedures</li> </ul>	<b>Impacts (risks):</b> <ul style="list-style-type: none"> <li>• An employee, contractor, volunteer or elected member is injured or dies as a result of a preventable incident or accident</li> <li>• Potential financial consequences for the City of an incident affecting a member of staff including; medical/rehabilitation expenses, injury compensation claim, legal expenses, fines</li> <li>• Regulatory censure including a SafeWork SA Prohibition Notice, Improvement Notice or prosecution/conviction</li> <li>• Legal consequences for senior management should policies and procedures be determined as inadequate by SafeWork SA.</li> <li>• Organisational reputation is damaged through the failure to prevent an accident or injury occurring at work</li> <li>• Scheme losing self-insured status and resultant lack of financial sustainability</li> </ul>		
<b>Likelihood:</b> Almost Certain	<b>Consequence:</b> Catastrophic	<b>Inherent Risk Rating:</b> Very High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b> <ul style="list-style-type: none"> <li>• WHS training and e-learning (mandatorily required for all employees on commencement of employment and thereafter as necessary), 5</li> <li>• WHS IM Business Plan, 5</li> <li>• WHS Reviews, 4</li> <li>• Principal WHS Committee, 5</li> <li>• City Infrastructure WHS Committee, 5</li> <li>• JSA, work instructions and plant risk assessments, 4</li> <li>• Hazard and incident reporting and investigation procedures, 4</li> <li>• Members of the Local Government Workers Compensation Scheme, requiring annual external audits, 5</li> <li>• Work Health Safety representative team, 5</li> <li>• Support from LG Sector/other councils/private sector organisations with development/implementation of WHS policies/procedures (including benchmarking partners), 5</li> <li>• Contractual arrangements with external providers to assist compliance with WHS obligations, 4</li> <li>• Quarterly Executive Report highlighting trends, outstanding actions and high risk rating incidents or hazards, 4</li> </ul>			
<b>Likelihood:</b> Possible	<b>Consequence:</b> Catastrophic	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk Rating <u>as low as reasonably practicable</u> acceptable? <b>No</b>Yes</b>
<b>Treatment Plan:</b> <p><u>Enhance the awareness of reporting obligations across the organisation through the existing Code of Conduct staff awareness sessions.</u></p>		<b>Responsibility:</b> <p><u>Manager People and Culture, all General Managers, all Divisional Managers</u></p>	<b>Target Completion Date:</b> <p><u>30 September 2018</u></p>

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<b>10</b>	<b>Event Description:</b> Lack of alignment and integrity of IT systems for support of business needs		
<b>Responsible Managers:</b> GM Business Excellence, Manager Business Systems and Solutions			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>• Failure to adequately involve IT when developing plans, strategies and projects</li> <li>• Failure to consider all options when improving a system or process</li> <li>• Organisational change is not conducted in a structured and logical manner</li> <li>• Failure to support the skill set of individuals responsible for the delivery of business processes</li> <li>• Lack of business engagement and clarity of roles</li> <li>• External pressure for changes to systems/processes</li> <li>• Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs</li> <li>• Lack of monitoring of cybersecurity threats to organisational assets</li> <li>• Lack of communication/training for all staff regarding information security</li> <li>• Information to facilitate action during a cybersecurity incident is not available</li> </ul>		<ul style="list-style-type: none"> <li>• Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure</li> <li>• Council operations pause resulting in financial loss</li> <li>• Failure to adapt to a changing external environment</li> <li>• Inefficient and ineffective use of organisational resources</li> <li>• Poor service delivery</li> <li>• Political/Public embarrassment</li> <li>• Costs of litigation and restoration of services</li> </ul>	
<b>Likelihood:</b> Almost Certain	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b> Very High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>• Applications Committees (x5), 3</li> <li>• IS Strategy 2014-17, 4</li> <li>• IT Governance Framework, 3</li> <li>• Programmed testing of systems for security and reliability, 4</li> <li>• Information Security Policies and Procedures, 4</li> <li>• Continuous Improvement Framework, 4<del>3</del></li> </ul>		<ul style="list-style-type: none"> <li>• IT Disaster Recovery Plan, 4</li> <li>• Business Continuity Plans, 4</li> <li>• Incident Management Team identified and trained, 4</li> <li>• Building security and access controls, 5</li> <li>• User access system controls, 4</li> <li>• Patch management and software maintenance procedures, 4</li> <li>• Cyber Security Risk Assessment, 4</li> </ul>	
<b>Likelihood:</b> Likely	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk Rating as low as reasonably practicable/acceptable? No</b>
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
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	31 December 2017
Develop digital strategy to enhance engagement with community and customer service		Manager Business Systems and Solutions	31 December 2017
Delivery of the IT component of the Community Hub		Manager Business Systems and Solutions	September 2019

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Table 1 – Consequence Ratings

RATING	AREA OF IMPACT					
	Environment/ Political/ Community	Reputation	Finance	Legal/ Regulatory	Injury/Operational Management	Service Interruption
<b>1 Insignificant</b>	Nil	Nil	Less than \$20,000	None	Nil	Minor interruption to service provision capability, e.g. less than 4 hours.
<b>2 Minor</b>	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"> <li>• Unexpected/unplanned absence of a staff member.</li> <li>• Potential for minor injury.</li> <li>• First aid treatment required.</li> </ul>	Limited disruption to service provision requiring altered operational arrangements for a short period, e.g. up to 1 day
<b>3 Moderate</b>	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"> <li>• Unexpected/unplanned absence of a key staff member.</li> <li>• Medical treatment required.</li> </ul>	Some disruption to service provision capability requiring altered operational arrangements, e.g. between 1 day and 1 week.
<b>4 Major</b>	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"> <li>• Unexpected/unplanned absence of several key staff members from a single area.</li> <li>• Significant injury to staff disabling them/dangerous near miss.</li> </ul>	Significant impairment of service provision (capability or period), e.g. between 1 week and 1 month.
<b>5 Catastrophic</b>	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"> <li>• Unexpected/unplanned absence of a significant number of staff, e.g. during a pandemic.</li> <li>• Death / critical injury to staff.</li> </ul>	Total loss of service provision capability for extended period, e.g. more than 1 month.



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**Table 2 – Likelihood Ratings**

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

**Table 3 - Risk Matrix**

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

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**Table 4 - Residual Risk Descriptors**

<b>Very High</b>	<ul style="list-style-type: none"> <li>Risk mitigation plans required to immediately reduce current residual risk level (or where unable to reduce rating consider cessation of activity).</li> </ul>
<b>High</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>Consideration given to streamlining of excessive or redundant controls.</li> </ul>

**Table 5 - Control Effectiveness Ratings**

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

The following defines the meaning of the control effectiveness ratings;

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

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

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

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

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

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

Source: Control Activity Owner Instruction Manual, ControlTrack®

Strategic Risk Register

v2.11 November 2017

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 as low as reasonably practicableAcceptable	Treatment Plan
1	Inadequate preparation and response to a business continuity event	Very High	High	YesNo	NoYes
4	Lack of management of a major incident at a Council facility that affects public and staff safety	Very High	High	YesNo	NoYes
9	Failure to comply with WHS legislative obligations	Very High	High	NoYes	YesNo
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	NoYes	YesNo
7	Strategic and operational outcomes are not delivered	High	Medium	No	Yes





## AUDIT OF CAPITAL WORKS PROJECTS

### Audit Scope

#### OVERALL OBJECTIVE

The objective of this audit is to provide assurance regarding the effectiveness of the processes that are in place to manage, monitor and deliver capital works projects. The need for the audit is derived from Risk 7 on the City of Salisbury's Strategic Risk Register, "Strategic and operational outcomes are not delivered". In addition the audit will review the progress made with implementing the management responses to the Projects, Project Support and Common recommendations made in the Program Review of Technical Services Division, Projects Division and Project Support Team.

#### BACKGROUND AND RISKS

The City of Salisbury undertakes capital works projects which total approximately \$30-40 million per annum. A majority of the capital works projects are managed by the Projects Division, with support from the Project Services team that is now part of that division. A defined project management methodology is in place for managing projects at the City of Salisbury. This methodology is flexible enough to be used for both large and small scale projects.

The main activities of the division that are within the scope of this audit include:

- managing capital works projects in line with the Four Year Capital Works Program;
- monitoring and reporting on the management of capital works projects.

The audit will also reference the Projects, Project Support and Common recommendations and findings from the Program Review of Technical Services Division, Projects Division and Project Support Team, undertaken by Council and completed in February 2017.

#### SPECIFIC OBJECTIVES

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

- Review of the management of a sample of capital works projects
- Review of the monitoring of capital works projects
- Review the management of risks associated with a sample of capital works projects
- Review the progress being made in implementing the agreed actions to address the findings and recommendations arising from the Program Review on Projects Division and the Project Support Team.

#### BOUNDARIES

The audit will not review Contract Management or Strategic Development Projects, as both these areas will be the subject of specific internal audits to be conducted in Q2 2018 and Q4 2017 respectively.

**CONDUCT OF THE REVIEW**

The nature of the audit will be a risk-based audit, it should involve a review of the applicable policies and processes, review of relevant systems and controls, sample 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 Projects Division will be required.
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**TIMING**

The audit will be conducted between September 2017 and November 2017 at a mutually agreed timescale.

**AUDIT OUTPUT**

The output of the audit will be a report that is agreed and accepted by the Acting Manager Projects, or their successor, containing:

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

**REVIEW OUTCOMES**

The primary outcomes of the audit will be opinions on the management, monitoring and delivery of capital works projects by the City of Salisbury, using City of Salisbury risk management terminology.

**APPROVED**



**Tami Norman**  
Manager Governance

27/7/17

**APPROVED**



**Jarred Collins**  
Acting Manager Projects

31/7/17.

**APPROVED**



**Mark van der Pennen**  
GM City Infrastructure

28/7/17



## AUDIT OF STRATEGIC DEVELOPMENT PROJECTS

### Audit Scope

#### OVERALL OBJECTIVE

The objective of this audit is to provide assurance regarding the effectiveness of the processes that are in place to manage, govern and deliver strategic development projects. The need for the audit is derived from Risk 7 on the City of Salisbury's Strategic Risk Register, "Strategic and operational outcomes are not delivered".

#### BACKGROUND AND RISKS

The Liveable City key direction within the City Plan 2030 contains a range of strategies and actions intended to contribute to providing a welcoming community that celebrates its diversity, embraces change and where people are able to participate in community life. Of relevance to this audit is an action to "Provide for a range of housing options appropriate for our diverse community." The Strategic Development Projects Division has shared responsibility for delivery of this action and is responsible for various functions including;

- Development of surplus Council land for residential housing;
- Investigating opportunities for Council land holdings to contribute towards the renewal agenda for the Salisbury City Centre; and
- Identification of future development opportunities, project timing and business cases to inform Council's Long Term Financial Plan.

The development projects work of the Division has been separated into several tranches;

- Tranche 1 – these development projects have all been delivered.
- Tranche 2 – these projects are at either the business case development stage, project delivery stage or feasibility assessment stage.
- Tranche 3 – these projects are all at the feasibility assessment stage.

The focus of this audit will be Tranche 2 projects, which are comprised of 4 distinct development projects that are currently in progress;

- Boardwalk at Greentree, Paralowie (currently at Stage 4-Project Sales)
- Hoyle Green, Para Hills (currently at Stage 2-Business Case)
- Shoalhaven, Mawson Lakes (currently at Stage 2-Business Case)
- Lake Windemere, Salisbury North (revised feasibility currently being undertaken)

#### SPECIFIC OBJECTIVES

In addressing the overall objective, the audit will include, but not necessarily be limited to, the consideration of the following items with reference to the Strategic Development Projects Division:

- Review of the management of a small sample of Tranche 2 strategic development projects
- Review of the project governance processes for strategic development projects
- Review the management of risks associated with a small sample of Tranche 2 strategic development projects.

**BOUNDARIES**

The audit will not review Contract Management as this area will be the subject of a specific internal audit to be conducted in Q2 2018. In addition the audit will not review the project to develop the Salisbury City Centre Community Hub, as this project is being separately managed rather than being managed as a strategic development project.

**CONDUCT OF THE REVIEW**

The nature of the audit will be a risk-based audit. It should involve a review of the applicable processes, systems and controls, sample 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.

The successful consultant will be expected to manage the conduct of the audit to minimise the impact on City of Salisbury resources.

**RESOURCING**

Estimated Hours	10-15 hours in total
Suggested Resourcing	The audit will be conducted by external consultants selected through a tendering process. The participation of managers and staff from the Strategic Development Projects Division will be required. Assistance may also be sought from other divisions that support this division including Financial Services and Strategic Procurement Divisions.

**TIMING**

The audit will be conducted between October 2017 and December 2017 at a mutually agreed timescale.

**AUDIT OUTPUT**

The output of the audit will be a report that is reviewed and responded to by the Manager Strategic Development Projects, containing:

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

**REVIEW OUTCOMES**

The primary outcomes of the audit will be opinions on the management, governance and delivery of strategic development projects by the City of Salisbury, using City of Salisbury risk management terminology.

**APPROVED**



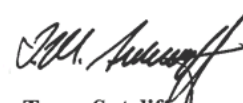
**Joy Rowett**  
Acting Manager Governance

**APPROVED**



**Chantal Milton**  
Manager Strategic Development  
Projects

**APPROVED**



**Terry Sutcliffe**  
GM City Development



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<b>ITEM</b>	4.2.5
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	14 November 2017
<b>HEADING</b>	Update on the Risk Management and Internal Controls Activities for the 2017-18 financial year and outstanding Internal Audit actions.
<b>AUTHOR</b>	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
<b>CITY PLAN LINKS</b>	4.3 Have robust processes that support consistent service delivery and informed decision making.
<b>SUMMARY</b>	This report provides an update on the risk management and internal controls activities to be conducted in the 2017-18 financial year. The report also includes an update on the outstanding actions from internal audits.

## **RECOMMENDATION**

1. The information be received.

## **ATTACHMENTS**

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

1. Update on Risk Management and Internal Controls Activities 2017-18 Financial Year
2. Outstanding Actions from completed Internal Audits

## **1. BACKGROUND**

- 1.1 This report provides an update on risk management and internal controls activities to be undertaken by the BA Internal Audit & Risk in the current financial year. The report allows the Audit Committee to monitor and review the activities and the assurance that they provide.

## **2. REPORT**

### **2.1 Risk Management and Internal Controls Activities 2017-18**

- 2.1.1 Attachment 1 is a summary of the risk management and internal controls activities to be undertaken in the 2017-18 financial year by the BA Internal Audit & Risk. The following changes have been made to the items listed in Attachment 1 since they were last reviewed by the Audit Committee in July 2017:

- The External Audit of financial internal controls has been completed, as has the Cash Management piece of work.

- The reconciliation of existing financial internal controls with the revised Better Practice Model has been prioritised to ensure that the City of Salisbury remains compliant with the Better Practice Model and to ensure that adequate systems and controls are maintained.
- Work has commenced on reviewing the Fraud and Corruption Prevention Strategy, however this work has been paused until the South Australian legislation resulting from the *Public Interest Disclosure Bill* has been enacted.
- A new activity has been added, which is assisting in the completion of the Local Government Association Mutual Liability Scheme (LGA MLS) Risk Assessment. Preliminary work has begun on the Risk Assessment, the resulting LGA MLS report will be presented to both the Executive Group and the Audit Committee.

2.1.2 Updates to the risk management and internal control activities will continue to 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.

## 2.2 Outstanding Actions from Completed Internal Audits

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

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

## 3. CONCLUSION / PROPOSAL

3.1 This report has provided a summary of the risk management and internal controls work to be conducted by the BA Internal Audit & Risk in the 2017-18 financial year including the outstanding actions from Internal Audits. The next update will be provided at the February 2018 meeting of the Audit Committee.

### CO-ORDINATION

Officer: MG Exec  
Date: 06/11/2017

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

v1.2

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 – December 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.
External Audit of financial internal controls	Internal Controls	External	June – September 2017	Completed	This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work. The final report from the external auditors was delivered at the October 2017 meeting of the Audit Committee.
Cash Management	Internal Controls	Internal	July 2017	Completed	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. It was completed in July 2017.
Develop Operational Risk Register	Risk Management	Internal	July – April 2018	In progress	Work has begun on developing an operational risk register with almost all Divisional Managers interviewed regarding operational risks to their objectives.
Development of a Risk Appetite for the City of Salisbury	Risk Management	Internal	July 2017 – February 2018	In progress	Some work has been done in identifying the stakeholders that would need to be involved in developing a Risk Appetite.

Item 4.2.5 - Attachment 1 - Update on Risk Management and Internal Controls Activities 2017-18 Financial Year

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

v1.2

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
Reconciliation of existing financial internal controls with the revised Better Practice Model	Internal Controls	Internal	August 2017 – January 2018	In progress	Almost all South Australian Councils use the “Better Practice Model – Financial Internal Control for South Australian Councils”. It has been revised and the new version has been approved by the Minister for Local Government. The reconciliation of the existing financial internal controls and risks with the controls and risks in the new Better Practice Model has therefore been prioritised, to ensure the City of Salisbury remains compliant and maintains adequate systems and controls.
Testing the latest version of the Control Track system	Internal Controls	Internal	August – February 2018	In progress	The Control Track system is used by the City of Salisbury to assess and review both financial risks and financial internal controls, a new version of this system has been released and support for the existing version has not been officially confirmed beyond the end of the current financial year. A piece of work is underway to test that the latest version of this system (v2), remains the most appropriate tool for assessing financial risks and financial internal controls at the City of Salisbury.
Review the Fraud and Corruption Prevention Strategy	Internal Controls	Internal	August 2017 – April 2018	In progress	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. Work has begun on a revised framework and policy, however the work has been paused because needs to reflect the act that will arise from the South Australia <i>Public Interest Disclosure Bill 2016</i> , which will replace the <i>Whistleblowers Protection Act 1993</i> .



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

v1.2

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
Assisting in the completion of the Local Government Association Mutual Liability Scheme (LGA MLS), biennial Risk Assessment on the City of Salisbury	Risk Management and Internal Controls	Internal	November 2017 – January 2018	In progress	The LGA MLS have now changed to a biennial Risk Assessments of Council's risk management frameworks and associated processes, procedures and controls. A report on the findings of this work will be issued with an action plan, both of which will be presented to the Executive Group and the Audit Committee once they have been received from the LGA MLS.
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.



<b>Audit: Procurement</b>						
<b>Agreed Action</b>		<b>Risk Assessment</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
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	June 2018	<ul style="list-style-type: none"> <li>• 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"> <li>○ Safety</li> <li>○ Risk</li> <li>○ Commercial – Benefit Target agreed for FY17/18 of \$600k &amp; \$800k as a stretch target.</li> <li>○ Stakeholder Engagement</li> </ul> </li> <li>• Specific KPI's under the above headings will be developed and presented to the PSG and Exec. Group for approval.</li> <li>• Other targets (Safety, Risk and Stakeholder Engagement) to be developed for FY18/19.</li> </ul>
B.2.9	Review existing reporting regime and identify opportunities to enhance reporting.	Medium	Manager, Strategic Procurement	April 2015	June 2018	<ul style="list-style-type: none"> <li>• ArcBlue projects underway providing:                             <ul style="list-style-type: none"> <li>○ Spend Analysis reporting</li> <li>○ CoSol Forward Procurement Plan (FPP) identification.</li> </ul> </li> </ul>

<i>Audit: Event Management</i>				
<b>Opportunity for Improvement</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
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)	<b>Completed</b>	

<b>Audit: Payroll</b>				
<b>Opportunity for Improvement</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
2.1 Audit trail of changes to the master file. This audit trail report is not formally reviewed by Management. Agreed Actions; 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	<b>Completed</b>	
2.3 IT Access Controls - review Access rights are reviewed by Management. 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.	Manager People and Culture / Manager Business Systems and Solutions	30 June 2017	30 November 2017	Part of the Empower transition project.
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.	Manager People and Culture	30 June 2017	<b>Completed</b>	
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.	Manager People and Culture / Manager Business Systems and Solutions	30 June 2017	30 November 2017	Part of the Empower transition project.