



AGENDA

FOR AUDIT COMMITTEE MEETING TO BE HELD ON

13 FEBRUARY 2018 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
Risk and Governance Program Manager, Ms J Crook
Business Analyst - Internal Audit & Risk, Mr G Kendall

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Audit Committee Meeting held on 14 November 2017.

PRESENTATIONS

Community Hub Update – Ms Chantal Milton, Manager Strategic Development Projects

REPORTS

Administration

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Reports

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OTHER BUSINESS

CLOSE



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

14 NOVEMBER 2017

MEMBERS PRESENT

Mr N Ediriweera
Mr C Johnson (Deputy Chairman)
Ms K Verrall

OBSERVERS

Cr L Caruso
Cr R Zahra

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Governance, Mr M Petrovski
Governance Support Officer, Ms K Boyd

The meeting commenced at 6:37 pm.

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

APOLOGIES

Apologies were received from Cr G Reynolds and Cr G Caruso.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Ms K Verrall
Seconded Mr N Ediriweera

The Minutes of the Audit Committee Meeting held on 10 October 2017, be taken and read as confirmed, noting that the questions referred to in Item 4.2.2 of the Minutes were resolved to the satisfaction of members of the Committee out of session.

CARRIED

REPORTS

Administration

4.0.1 Future Reports for the Audit Committee of Council

Moved Ms K Verrall
Seconded Mr N Ediriweera

That the information be received.

CARRIED

4.0.2 Proposed Audit Committee Meeting Schedule for 2018

Moved Ms K Verrall
Seconded Mr N Ediriweera

That the information be received.

CARRIED

Reports

4.2.1 Asset Policy Review

Moved Ms K Verrall
Seconded Mr N Ediriweera

That:

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

CARRIED

4.2.2 Treasury Policy

Moved Mr N Ediriweera
Seconded Ms K Verrall

That:

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

CARRIED

4.2.3 Review of Prudential Management Policy

Moved Ms K Verrall
Seconded Mr N Ediriweera

That the Prudential Management Policy as set out in Attachment 1 to this report (Resources and Governance 4.2.3, 16/10/2017), and amended by the inclusion of the word “not” in paragraph D3 prior to the words “part of ongoing operations”, be endorsed.

CARRIED

4.2.4 Internal Audit Plan

Moved Ms K Verrall
Seconded Mr N Ediriweera

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

CARRIED

4.2.5 Update on the Risk Management and Internal Controls Activities for the 2017-18 financial year and outstanding Internal Audit actions.

Moved Mr N Ediriweera
Seconded Ms K Verrall

That the information be received.

CARRIED

OTHER BUSINESS

Nil

CLOSE

The meeting closed at 8:08 pm.

CHAIRMAN.....

DATE.....

ITEM	4.0.1
	AUDIT COMMITTEE
DATE	13 February 2018
HEADING	Future Reports for the Audit Committee of Council
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 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:	07/02/2017	02/02/2018

ITEM	4.2.1
DATE	13 February 2018
HEADING	The Management of Public and Environmental Health Audit - Final Report
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. 4.4 Embed long term thinking, planning and innovation across the organisation.
SUMMARY	An audit on the management of public and environmental health was conducted to provide assurance on the strategic risk; “Lack of management of public and environmental health risks”. BDO conducted the audit on behalf of the Governance division and overall; three high, three medium and one low risk finding were identified in the audit. All the findings and suggestions were accepted and work has already begun on the agreed actions resulting from the audit.

RECOMMENDATION

1. That the information be received.

ATTACHMENTS

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

1. Public and Environmental Health Management Audit - Final Report

1. BACKGROUND

- 1.1 Environmental health is a branch of public health that is concerned with the physical, chemical and biological factors external to a person, and any related factors that can potentially affect health. It is targeted towards preventing disease and creating health-supportive environments. At the City of Salisbury it is managed by the Environmental Health & Safety division.
- 1.2 There are a large number of rules, regulations and acts concerned with public and environmental health which are managed by the Environmental Health & Safety division, the following were selected to be focus of this audit after discussions with the divisional manager regarding public and environmental risks;
 - 1.2.1 *Environmental Protection Act 1993;*
 - 1.2.2 *Food Act 2001 and Food Hygiene Regulations 2002;*
 - 1.2.3 *Local Nuisance and Litter Control Act 2016;*

1.2.4 *SA Public Health Act 2011 and SA Public Health (Legionella) Regulations 2013;*

1.2.5 *Supported Residential Facilities Act 1992.*

1.3 The audit also included within its scope a review of the status of recommendations from the Healthy Environments Environmental Health Program Review – 2016.

2. CONSULTATION / COMMUNICATION

2.1 Internal

2.1.1 This audit would not have been possible without the extensive assistance and cooperation provided by the Manager Environmental Health & Safety and the staff in his division.

3. REPORT

3.1 “Lack of management of public and environmental health risks”, is a high risk on the Strategic Risk Register. An audit on this area was therefore conducted with the aim of providing assurance on the management of this risk. After a tendering process BDO were selected to conduct the audit on behalf of the Governance division.

3.2 The final report produced by BDO is attachment 1 to this report. Specific business names and references have been redacted in this version of the report. All the findings were accepted, they are listed highest to lowest risk in the report and were assessed as follows; three high risk, three medium risk and one low risk. In addition three suggestions for improvements were also made.

3.3 Of the three high risk findings; one concerned the inconsistency of the application of the Enforcement Policy, another related to the induction training for new graduate level/inexperienced Environmental Health Officers (EHOs) and a final one was a lack of updated and maintained procedures.

3.4 Work has begun on the agreed actions, it should also be noted that for finding 1 regarding the inconsistent application of the Enforcement Policy, procedures were already in place to address this at the time of the audit. Further reminders and procedures will be issued to address this and to ensure consistency is maintained in similar cases.

3.5 Additional controls have been put in place to address finding 2 regarding the induction training for new graduate / inexperienced EHOs. These controls consist of preventing new EHOs from conducting higher risk inspections until formally assessed and signed off by a Senior EHO, in addition to the review of training processes. It should be pointed out that no issues were identified with the induction and training of new, experienced EHOs.

3.6 The lack of updated and maintained procedures, as documented in finding 3, can be partially explained by the frequency of significant IT systems changes, such as the move from Pathway classic client to Pathway smart client and mobile inspections, in addition to the introduction of mobile customer requests. These changes have improved the efficiency and effectiveness of the division, however the documented procedures have not kept up with the speed of these changes. Pathway is an IT system used by the division to manage customer relationships.

- 3.7 Progress on the recommendations in the Healthy Environs Environmental Health Program Review – September 2016, was described by BDO as “reasonable”, with evidence available to support completed recommendations.
- 3.8 All the agreed actions from this internal audit, as detailed in the attached final report, will be tracked and followed up by the BA Internal Audit and Risk and progress will be reported to the Audit Committee of Council.

4. CONCLUSION / PROPOSAL

- 4.1 An audit was conducted on the management of public and environmental health at the City of Salisbury in order to provide assurance on a related strategic risk in the Strategic Risk Register. Several actions were agreed in order to address the issues identified by the audit.
- 4.2 The agreed actions arising from the audit will be followed up and progress in completing them will be reported to the Audit Committee.

CO-ORDINATION

Officer: MG
Date: 02/02/2018



Audit of Public and Environmental Health Management

Final Report v1.0

December 2017

Prepared by

BDO Advisory (SA) Pty Ltd

1. Executive Summary

1.1 Background

The objective of this audit was to provide assurance regarding the management of public and environmental health risks within the statutory obligations of the City of Salisbury ('Council'). This area is managed by the Environmental Health & Safety Division of Council.

1.2 Objectives and Scope

OBJECTIVES

The key objectives of the audit were to:

1. Gain an understanding of the processes and systems pertaining to Council's Environmental Health & Safety Division particularly those relating to:
 - Food safety inspections
 - Food safety audits
 - Customer requests
 - Cooling water and warm water systems inspections
 - Immunisation services
 - Mosquito services
 - Licensing of Supported Residential Facilities (SRFs).
2. Identify and evaluate the effectiveness of the processes, controls and risks arising from the Public and Environmental Health activities (e.g. audits and inspections).
3. Identify improvements to processes, systems and controls relating to the Public and Environmental Health.
4. Identify potential / actual risks and provide strategies to mitigate those risks.

SCOPE AND APPROACH

The scope of the audit included the following aspects/functions pertaining to the Environmental Health & Safety Division:

- Food safety inspections of Priority 1 (P1) and Priority 2 (P2) food businesses¹
- Food Safety Audits of:
 - Aged Care Facilities
 - Child Care Facilities
 - Customer requests/investigations under various legislation including:
 - Environment Protection Act 1993 and Environment Protection (Water) and (Air Quality) Policies
 - Food Act 2001, Food Hygiene Regulations and Food Safety Standards
 - Local Nuisance and Litter Control Act 2016
 - SA Public Health Act 2011 and prescribed policies
 - SA Public Health (Legionella) Regulations 2013
 - Cooling water and warm water systems inspections (to control Legionella)
 - Provision of immunisation and mosquito control services

¹ The South Australian Food Business Risk Classification

- Management of Supported Residential Facilities licencing in accordance with the Supported Residential Facilities Act 1992.

Our approach for this audit included the following steps:

- Conducted interviews with key Environmental Health & Safety Division management and staff to understand the process and systems within Council to manage public and environmental health functions
- Reviewed the status of findings and process maps from the Healthy Environs Environmental Health Program Review - September 2016
- Reviewed and assessed relevant Council policy and procedure documentation
- Reviewed relevant legislation (as noted above)
- Performed risk and control gap analysis on public and environmental health processes and identified improvements from a control and/or process improvement perspective
- Conducted testing on a sample basis to ensure compliance with required process and legislation for the following areas:
 - Food safety inspections
 - Food safety audits
 - Customer requests
 - Cooling water and warm water systems inspections
 - Immunisation services
 - Mosquito services
 - Licensing of Supported Residential Facilities
 - Confirmed our findings and developed solutions to address control gaps via discussion with Environmental Health & Safety Division management
 - Prepared draft report for management comments
 - Finalised report.

1.3 Overall Review of Public and Environmental Health Management

Our review of Public and Environmental Health Management within Council highlighted high risk findings with regards to the Environmental Health & Safety division in the following areas:

- Inconsistency in the application of Council's Enforcement Policy
- Ineffective induction and training for new graduate level / inexperienced Environmental Health Officers (EHOs)
- Lack of updated and maintained procedures.

We note that the anomalies identified in these areas point to a need for a more robust peer review process, to ensure consistency across output from all EHOs. It was clear throughout our review that the Manager Environmental Health & Safety and Senior EHOs have a strong understanding of their obligations within the public and environmental health space, however, this does not appear to filter down to the more junior/contract members of the team.

Our proposed recommendations for:

- Improved communication during weekly team meetings
- Review of induction and training processes for new staff
- Documentation of procedures should assist in addressing these high risk areas.

We noted several other medium and low risk findings which point to a need to improve processes within the food safety inspections, food safety audits and general customer requests areas, particularly in relation to records management. In contrast, the mosquito control services appeared to be well-managed and documented.

In addition, we identified improvement opportunities with regards to the enforcement of reporting requirements under the immunisation services contract, procedural efficiencies within the SRF licencing management and recording of market vendor food safety inspections.

We also reviewed the status of recommendations from the Healthy Environs Environmental Health Program Review - September 2016 and noted that the progress of recommendations was considered reasonable, and evidence was available to support completed recommendations. Recommendations that were not considered high priority were adequately justified.

1.4 City of Salisbury Risk Management Guide

Findings have been rated in accordance with Councils' Risk Management Guide. Residual risk is measured in terms of the probability of the risk occurring (likelihood) and the impact on the Department of that risk occurring (consequence).

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

Table 1 – Consequence Ratings

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

Table 2 - Likelihood Ratings

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

Table 3 - Risk Matrix

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

1.5 Summary of Key Findings and Recommendations

The audit review identified a range of findings regarding Council's management of public and environmental health. In total 10 findings were identified.

The risk ratings of findings identified during the course of this project are:

Number of findings	Very High	High	Medium	Low	Improvement
	0	3	3	1	3

Summary of Key Findings

The table below lists key findings identified during this audit review process. For a full list of findings and recommendations please refer to the "Detailed Findings" section.

No.	Finding and Risk Table	Likelihood	Consequence	Residual Risk
1	Inconsistency in the Application of Enforcement Policy	E	2	H
2	Ineffective Induction and Training for New Graduate level / Inexperienced Environmental Health Officers (EHOs)	E	2	H
3	Lack of Updated and Maintained Procedures	E	2	H
4	Complainants Not Advised of Investigation Outcomes	D	1	M
5	Food Safety Audit Process Anomalies	D	1	M
6	Incomplete Pathways Records and Document Control	D	1	M
7	Lack of Evidence of Submissions to SA Health	C	1	L
8	Immunisation Contractual Requirements Not Fully Enforced	n/a	n/a	I
9	Supported Residential Facilities Management Process Improvements	n/a	n/a	I
10	Market Vendor Food Safety Inspection Improvements	n/a	n/a	I

2. Detailed Findings

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
<p>1. Inconsistency in the application of Enforcement Policy</p> <p><u>Finding:</u></p> <p>We noted throughout our food safety inspection and customer request testing, potential inconsistencies in the application of Council's Enforcement Policy. The following examples are noted:</p> <p><u>Food Safety Inspection Example:</u> [REDACTED] has a history of food safety non-conformances as follows: prior to the routine inspection tested (28/10/2016) we noted that this premises had one (1) routine and two (2) follow-up inspections which were unsatisfactory. In addition, the routine inspection conducted on 20/4/2017 was also unsatisfactory. Re-inspections were conducted as a result of the 28/10/2016 and 20/4/2017 inspection reports (note: re-inspection evidence sighted, however file notes were not updated in Pathways (Council's CRM tool)). Considering the recurring issues associated with this premises, the lack of enforcement activity in respect of this premises appears to be inconsistent with Council's Enforcement Policy.</p>	Accept finding.	<p>As recommended and</p> <p>Develop Environmental Health Assessment Unit guidelines and standards for presenting repeat non-conformances and/or high risk issues to the weekly Team Meetings for peer discussion, review and decision against enforcement policy.</p>	High	Manager Environmental Health & Safety (MEHS)	June 2018

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
<p><u>Customer Request Example:</u> Customer Request [REDACTED]</p> <p>- Development Pollution. A generic breach letter was sent to the premises, however through discussions with the Senior EHO, we were advised that the customer request warranted a full investigation and potential infringement notice issued as required by Council's Enforcement Policy.</p> <p>Discussions with the Manager Environmental Health & Safety highlighted that the weekly Team Meetings are designed to bring forward potential escalations for peer discussion and review, however, this process does not appear to be working effectively. Broadly speaking, repeat non-conformances and/or high risk issues should prompt enforcement activity in line with the Enforcement Policy.</p> <p>Recommendation:</p> <p>EHOs should be reminded of their obligations to consistently apply Council's Enforcement Policy and be prompted to bring forward all repeat non-conformances and/or high risk issues to the weekly Team Meetings for peer discussion and review.</p>					

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
<p>2. Ineffective Induction and Training for New Graduate level/Inexperienced Environmental Health Officers (EHOs)</p> <p>Finding:</p> <p>We are aware that a number of new EHOs were employed on a contract basis by Council during the testing period, as a result of resignations and maternity leave within the team. A number of the anomalies noted in our testing (refer Testing Summary at Appendix 3.1 and findings below) appear to be attributable to these EHOs' inexperience. The following examples are noted:</p> <p>The two (2) Food Safety Inspections [redacted] tested were conducted by new EHOs and all highlighted issues which point to a lack of experience and understanding of environmental health practices.</p> <p>We understand that Council has a documented induction and training process for its EHOs, however, these may need to be revisited to ensure inexperienced/contract EHOs are appropriately skilled for their work requirements.</p> <p>Recommendation:</p> <p>Council should review its induction and training processes to improve their effectiveness in ensuring new graduate level/inexperienced EHOs are appropriately skilled for their work requirements.</p> <p>We suggest that Council consider the Environmental Health Australia (EHA) Environmental Health Officer Training and Induction Program as a guide. (Refer http://www.lga.sa.gov.au/page.aspx?u=5280).</p> <p>In addition, consideration should be given to starting new EHOs on low risk assignments and spot-checking work conducted, until Senior EHOs are confident of their ability to conduct more complex activities.</p>	<p>Accepted</p> <p>City of Salisbury utilises an internal competency checklist with all new staff however it is acknowledged that this requires increased formality in its use and sign off to establish officer's ability to conduct more complex activities.</p>	<p>As recommended</p> <p>Review induction and training processes and incorporate the recently published EHA Environmental Health Officer Training and Induction Program as a guide.</p> <p>Restrict and prevent access to higher risk inspections for new EHO's until formally peer reviewed and assessed and signed off by a Senior EHO.</p>	High	MEHS	September 2018

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
<p>3. Lack of updated and maintained Procedures</p> <p>Finding:</p> <p>We noted there was a general lack of current documented procedures for duties undertaken by the EHOs, particularly with regards to food safety inspections, food safety audits and general customer requests, with the exception of the recently endorsed Local Nuisance and Litter Control Act 2016 Procedure.</p> <p>Service Procedures from 2007 were provided as part of this audit, but were not reviewed during the internal audit given their lack of currency.</p> <p>We understand from discussions with the Manager Environmental Health & Safety that the Customer Request (CR) module within Pathways does include a Task Summary tool which provides a checklist of required process steps, however, this functionality was suspended when Council moved to a mobile CR due to IT conflicts. The Manager Environmental Health & Safety advises this will be reviewed and the Task Summary tool reinstated once the IT conflicts are resolved.</p> <p>Recommendation:</p> <p>Council should develop procedure documentation, including checklists for its key environmental health activities, in particular food safety inspections, audits and general customer requests.</p> <p>The process maps prepared by Healthy Environs in September 2016, would provide a useful basis for development of such procedure documentation.</p>	Accepted, however it should be recognised that the frequency of significant IT systems changes has resulted in new operating procedures and workflows within these systems and documented procedures have not kept up with the speed of these changes.	<p>As recommended</p> <p>Review the use of workflows in Pathways and opportunity to reintroduce with the transition to full mobility as a result of the Hub development.</p>	High	MEHS	December 2018

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
<p>4. Complainants Not Advised of Investigation Outcomes</p> <p>Finding:</p> <p>During our testing of Customer Requests, we identified eight (8) instances where the complainant was not advised of the outcome of Council's investigations (i.e. no record was entered in Pathways). We note that the Council's Local Nuisance and Litter Control Act 2016 Procedure document requires complainants to be informed of action taken by Council.</p> <p>In addition, we identified two (2) instances of anonymous complaints where a repeat Customer Request was raised for the same complaint (note: we were unable to identify if same complainant). Repeat complaints highlight potential gaps in the investigation of Customer Requests.</p> <p>Recommendation:</p> <p>Council should ensure that all complainants, (unless anonymous), handled by the Environmental Health Team, are informed of action taken by Council regarding Customer Requests. In addition, Environmental Health complaints investigations processes with regards to Customer Requests, should be reviewed to ensure they adequately address and remedy the complaint.</p>	<p>Accepted</p> <p>However it should be noted that many customers are only provided with a verbal acknowledgement and may be anonymous and hence no response can be provided.</p> <p>Also many complaints are discussed with complainant and resolution is that they call back Council if they do not see any improvement in the condition or there are still ongoing concerns.</p> <p>It is noted that these discussions can be included in notes of appropriate systems.</p> <p>The development of City Watch Customer Request module will improve the availability and customer tracking of CR's and provide customers with the opportunity to review their requests progress.</p>	<p>As recommended and</p> <p>Review procedures to ensure that All Customer requests are adequately completed and notes available to indicate the conclusion of the request along with feedback or documentation of conclusion with the complainant and</p> <p>Support the introduction and development of City Watch.</p>	Medium	<p>MEHS</p> <p>City Watch Project Team</p>	December 2018

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
<p>5. Food Safety Audit Process Anomalies</p> <p>Finding:</p> <p>During our testing of food safety audits (two in total) we identified the following anomalies with regards to the audit process:</p> <ol style="list-style-type: none"> 1. Audit Plan (Letter of Engagement) was not provided to [REDACTED] prior to audit commencement. This audit was conducted on 3 July 2017 and we have sighted the Food Safety Program Audit Terms of Engagement Acknowledgement signed by the premises on this date. Ideally, the audit plan and sign off should occur prior to audit commencement. 2. No evidence of follow-up correspondence with [REDACTED] regarding corrective actions to address audit non-conformances. Whilst the noted non-conformances were minor, follow-up of rectification by the premises is still required. <p>Recommendation:</p> <p>Council should ensure that EHOs are reminded of their obligations regarding Food Safety audits as follows:</p> <ul style="list-style-type: none"> • Engagement Letters are required to be issued and signed by the premises prior to audit commencement • Documented follow-up is required for all audit non-conformances. 	Accepted	As recommended	Medium	MEHS	June 2018

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
<p>6. Incomplete Pathways Records and Document Control</p> <p>Finding:</p> <p>During our testing we identified a number of instances where Pathways (has not been updated for EHO activity and/or documentation not stored correctly. The following issues were noted:</p> <ul style="list-style-type: none"> Food Safety inspection frequency was not correctly recorded in Pathways - [REDACTED]: frequency recorded as six-months, however should be 18-months; [REDACTED]: frequency recorded as 12 months, however should be six months Completed food safety re-inspections not recorded in Pathways - [REDACTED] [REDACTED] [REDACTED] Premises attendance record incomplete - [REDACTED]: We were advised verbally by the Senior EHO that an EHO attended the premises to investigate discharge of waste, however there was no record in Pathways of the date attended Documentation incorrectly stored in Pathways - [REDACTED]: Letter stored in Pathways was the template version, not the actual letter that was sent to 	<p>Accepted</p> <p>It should be noted that Pathways and the implementation of Smart Client has resulted in original documentation not being saved and recoverable after printing. This is a known issue to Help Desk and may be reason for the absence of letter on pathways in this case.</p>	As recommended	Medium	MEHS	June 2018

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
<p>the premises</p> <ul style="list-style-type: none"> inspection report letter (6/2/2017): Letter stored in Pathways was draft version, not final. <p>The above anomalies suggest that EHOs may need to be reminded of the requirement to update Pathways for all activities, and ensure documentation is stored correctly. The introduction of documented procedures will assist in addressing these anomalies.</p> <p>Recommendation:</p> <p>Council should consider reminding EHOs of the requirement to update Pathways for all activities. This reminder might take the form of an email communication or refresher training. In addition, procedures should be documented as recommended in Finding #3.</p>					

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
<p>7. Lack of Evidence of Submissions to SA Health</p> <p>Finding:</p> <p>SA Health requires a copy of the Food Safety Inspection Checklist within 21 days of the inspection. (for premises participating in the SA Health Food Safety Rating Scheme). In addition, Food Safety Audit Checklists are required to be sent to SA Health for Child Care and Aged Care Services within 21 days of the audit.</p> <p>We tested nineteen (19) food safety inspections and two (2) food safety audits and in all instances we were unable to locate any evidence of compliance with SA Health's requirement.</p> <p>We understand from discussions with the Manager Environmental Health & Safety that paper copies of Food Safety Inspections and Food Safety Audit Checklists are mailed to SA Health, however there is no process in place to record evidence of this activity in Pathways.</p> <p>We are aware that Council is currently investigating electronic provision of reports to SA Health.</p> <p>Recommendation:</p> <p>Council should ensure that evidence of submissions to SA Health are recorded in Pathways and available for retrieval if required.</p> <p>Electronic provision of reporting to SA Health should be implemented as soon as possible.</p>	Accepted	<p>As recommended</p> <p>Staff have implemented the emailing of Food Safety Rating Reports to SA Health rather than postage.</p>	Low	MEHS	Completed

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
<p>8. Immunisation Contractual Requirements Not Fully Enforced</p> <p>Finding: We reviewed the requirements of the contractual arrangement Council has in place with [REDACTED] for immunisation services and noted four (4) contractual requirements that are not currently being enforced by Council as follows:</p> <ol style="list-style-type: none"> 1. Monthly statistics on type/number of vaccinations per location 2. Annual Customer Satisfaction Surveys 3. Annual Report (contractor only provides running statistics on number of clients and direct labour hours) 4. Evidence of compliance with State Records Act. <p>Discussions with the Manager Environmental Health & Safety indicate that the statistical data currently provided by [REDACTED] is considered sufficient to meet the reporting requirements of the current contract, with the exception of the Customer Satisfaction Surveys which has not been enforced to date.</p> <p>Further, we were advised by the Manager Environmental Health & Safety that the immunisation contract is currently in the process of retendering and the above reporting requirements are being factored into the new tender specification.</p>	<p>Accepted</p> <p>Tender has been reviewed and reissued since the audit, closed 5 December 2017 and included improved and increased annual reporting and self-audits.</p>	As recommended	Improvement	MEHS Procurement	Completed

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
Recommendation: Council should ensure that the new immunisation services tender specification includes all reporting requirements for effective contract management. In addition Council should also ensure that the immunisation services contract contains the necessary clauses to address requirements for non-performance and that the Division has appropriate contract management and monitoring processes in place.					

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
9. Supported Residential Facilities Management Process Improvements Finding: We tested compliance with the requirements of the <i>Supported Residential Facilities Act 1992</i> for the two (2) Supported Residential Facilities (SRFs) licenced by Council. Our testing did not identify any significant anomalies, however, we did note the following opportunities for process improvements: <ol style="list-style-type: none"> 1. Licensing Audits to move to electronic (tablet) format to improve efficiency and readability. 2. Create a mini checklist for unannounced site visit to formalise recording of key inspection areas and ensure consistency in the review process. 3. Ensure sign-offs are obtained from premises for all corrective actions from Licencing Audits and Food Safety Audits (evidence of corrective actions is inconsistent). 4. Conduct multiple unannounced site visits throughout the year (currently just one per year) to gain a more accurate picture of compliance performance over the licensing period. 5. Separate the Food Safety Audits from the Licensing Audits, conduct on different dates and use different EHOs to improve independence. 	Accepted Comments for points 4 and 5, Unannounced visit frequency shall be based on risk and the identification of non-compliances and increased from one per year if required. Food Safety Audits are to be conducted at alternate times and by different officers, however facilities requiring only Australian Food Safety Assessments under the Food Act are conducted at the same time as Food Safety is part of the required SRF licensing requirement and this also improves efficiency of staff. One of Council inspected facilities is AFSA assessed and the other has an independent Auditor and they are audited by a 3rd	As recommended	Improvement	MEHS	June 2018

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
Recommendation: Council should consider and adopt the suggested improvements to the SRF process as soon as practicable.	party.				

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Risk Assessment	Responsibility	Due Date
<p>10. Market Vendor Food Safety Inspection Improvements</p> <p>Finding:</p> <p>During our review we identified there were no formal food safety inspection reports or re-inspection reports for market vendors. We acknowledge the existence of the Market Register spreadsheet which is used to record inspection notes from market vendor visits, however, this does not provide formal evidence of food safety inspection activity.</p> <p>We suggest that an abridged food safety inspection checklist be adopted for market vendors to improve recording of this activity.</p> <p>Recommendation:</p> <p>Council should consider adopting an abridged food safety inspection checklist for market vendors.</p> <p>We have included a Fairs & Special Events Inspection Form template from developed by Eastern Health Authority (EHA) which may be useful for Council to consider (see Appendix 3.2).</p>	Accepted	<p>As recommended</p> <p>And</p> <p>Investigating the development of electronic inspection checklist for market inspections, however paper based assessments checklist will be utilised in the interim.</p>	Improvement	MEHS	June 2018

3. Appendices

3.1 Summary of Testing

Test Description	Work Performed	Sample Size	Test Results/Comments
FOOD SAFETY INSPECTIONS			
Food Safety inspections of Food Outlets classified as P1 or P2s are: <ul style="list-style-type: none"> Inspected within the prescribed timeframe 	Obtained the Council's listing of P1 and P2 food outlets and reviewed inspection dates, and inspection frequency recorded in Pathways.	19 x Food Safety Inspections	Two (2) anomalies noted (refer Finding #6): <ol style="list-style-type: none"> inspection frequency per Pathways is annual, however, tested inspection was conducted on 30/5/2017 with previous inspection dated 28/10/2015 - frequency changed to 18 months. inspection frequency per Pathways is annual, however the date of last inspection was 7/6/2017, and next routine inspection date is 30/11/2017 - frequency changed to 6 months. Note: inspection 1 month overdue. Annual inspection performed 22/11/2016, previous routine inspection was 19/10/2015 (minor - no further action).
<ul style="list-style-type: none"> Supported by a completed checklist and an inspection outcome letter sent to business. 	Verified the existence of a completed checklist and verifiable outcome.	19 x Food Safety Inspections	One (1) anomaly noted (refer Finding #6): <ol style="list-style-type: none"> inspection (6/2/2017) letter in Pathways was not the final version (still in draft).

Test Description	Work Performed	Sample Size	Test Results/Comments
Remedial action/rectification relating to non-compliance has been completed by the manager/proprietor. Council has completed a follow up inspection where required.	For food outlets requiring remedial action/rectification ensured evidence of a follow-up inspection/other remedial action has occurred.	19 x Food Safety Inspections	Three (3) anomalies noted (refer Finding #6): 1. [REDACTED] (28/10/2016): Re-inspection completed, but not recorded in Pathways. 2. [REDACTED] (29/11/2016): Re-inspection completed, but not recorded in Pathways. 3. [REDACTED] (6/2/2017): Re-inspection completed, but not recorded in Pathways.
SA Health are provided with a copy of the food safety inspection documentation within 21 days of inspection (for premises participating in the SA Health Food Safety Rating Scheme).	Sought evidence of submission to SA Health.	19 Food Safety Inspections	No evidence was available to confirm lodgement with SA Health had occurred (refer Finding #7).
FOOD SAFETY AUDITS			
Food Safety Audits of Aged Care and Child Care facilities are audited within the prescribed timeframe.	Examined food safety audits to ensure the key documentation and timeframes met SA Health requirements.	2 x Child Care Services	Three (3) anomalies noted (refer Finding #5): 1. Audit Plan (Letter of Engagement) not provided to premises prior to audit [REDACTED] 2. No evidence of follow-up re corrective actions [REDACTED] 3. No evidence of audit checklist being sent to SA Health for both child care services tested.

Test Description	Work Performed	Sample Size	Test Results/Comments
CUSTOMER REQUESTS			
Customer requests are investigated within the timeframe prescribed by Council's procedure.	Ensured customer requests are investigated within a reasonable timeframe (no Procedure document available with prescribed timeframes).	24 x Customer Requests	No anomalies noted.
Complainants are advised of investigation outcomes.	Sighted evidence on Pathways that complainants were advised of investigation outcomes.	24 x Customer Requests	<ul style="list-style-type: none"> Eight (8) instances noted where complainant was not advised of the investigation outcome (no evidence in Pathways) - refer Finding #4. Two (2) instances noted for anonymous complainants where a customer request was repeated - refer Finding #4.
HRMWS - ANNUAL INSPECTION			
Annual Inspection is conducted by a third party, including testing of water systems. Council receives a copy of the inspection report, with evidence of review by a designated EHO.	Reviewed documentation, outcomes and Pathways records.	2 x Annual Inspections	<p>Two (2) minor anomalies noted:</p> <ol style="list-style-type: none"> 1. [REDACTED]: overdue annual inspection (2 months) - minor, no further action. 2. No evidence on the Annual Inspection report (received electronically) of review by a Council EHO for the two (2) businesses tested, however file note recorded in Pathways - accepted, no further action.
LEGIONELLA INVESTIGATIONS			
Council receives notification of reportable count of legionella in a water sample and notifies SA Health using the prescribed form developed by SA Health.	Reviewed documentation, outcomes and Pathways records	1 x Legionella Notification	Evidence of notification to SA Health recorded in Pathways, however documentation was not retained in Dataworks (stored in EHO's email folder) - accepted, no further action.

Test Description	Work Performed	Sample Size	Test Results/Comments
IMMUNISATIONS			
Contract requirements detailed in the contract between City of Salisbury and Immunisation Contractor (SA HealthFirst Solutions) are being enforced and complied with.			No anomalies noted however four (4) improvements identified in respect of contractor performance requirements that are not being enforced (refer Finding #8).
MOSQUITO CONTROL SERVICES			
Requirements as per Mosquito Management Plan 2016 are being met	Obtained evidence that the 22 specific requirements of the Mosquito Management Plan are being met by Council and/or [REDACTED]	N/A	No anomalies noted - this area generally appeared to be well-managed and documented.
SUPPORTED RESIDENTIAL FACILITIES (SRFs)			
Compliance with requirements of Supported Residential Facilities Act 1992	Reviewed annual licencing audit workpapers; food safety audit workpapers; licensing documentation and unannounced site visit results	2 x SRFs	No anomalies noted, however, five (5) process improvement opportunities were identified (refer Finding #9).
HEALTHY ENVIRONS PROGRAM REVIEW - PUBLIC AND ENVIRONMENTAL HEALTH REPORT - SEPTEMBER 2016			
Status of recommendations from Health Environs Program Review	Reviewed Program Review - Strategic Recommendations and Improvement Opportunities Progress September 2017; obtained evidence of completed recommendations and explanations for those that were in progress/cancelled.	N/A	No anomalies noted.

PATHWAYS RECORDS MANAGEMENT

Pathways Document Control:

We noted several documents/letters not stored correctly in Pathways. Example: [REDACTED] letter stored in Pathways was the template, not the actual letter that was sent to premises. Refer Finding #6.

Gaps in Pathways Information:

In addition to the anomalies noted in the testing above, we identified several gaps in information being recorded in Pathways, or incorrect/out of date information being recorded.

Example: [REDACTED]. Advised verbally by Senior EHO that the EHO did attend premises to investigate discharge of waste, however no record in Pathways of date attended. Refer Finding #6.

eha EASTERN
HEALTH
AUTHORITY

Event:	
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0202

Business Name:			Notified:	Y / N
Manager/Proprietor:	Date:		Time:	
Business Phone:	Officer:			
Business Address:				
Foods for sale:				

Storage		Complies?	Health, Hygiene & Knowledge		Complies?
1	Temperature control of PHF		7	Adequate handwashing facility	
2	Protection from contamination		8	Health of food handlers	
Processing			Premise & Hygiene		
3	Adequate cooking/processing		9	Cleaning & sanitising of equipment	
4	Protection from contamination		10	General standard of cleanliness	
Display			11	Temperature measuring device	
5	Temperature control of PHF		12	Storage of refuse & recycling	
6	Protection from contamination		13	Labelling	

PHF means Potentially Hazardous Food

[illegible]

Further Action?	Reinspected at Event	Letter cc Council	N/A
I have read & understand the contents of this assessment. Signature of proprietor / staff:		Officer Signature:	Officer Contact

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ITEM	4.2.2
	AUDIT COMMITTEE
DATE	13 February 2018
HEADING	Discussion regarding the Internal Audit Plan for 2019
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. 4.4 Embed long term thinking, planning and innovation across the organisation.
SUMMARY	<p>The aim of this discussion is to identify the areas of focus for the Internal Audit Plan for the forthcoming year. This report provides the context for this discussion.</p> <p>The City of Salisbury operates a risk-based Internal Audit Plan, which is based on the risks identified in the Strategic Risk Register. Included in this report are details of audits and reviews that have provided assurance on the risks in the Strategic Risk Register over the previous six years.</p> <p>The discussion will inform the development of the risk based Internal Audit Plan for 2019, which will be presented for endorsement at the April 2018 meeting of the Audit Committee of Council.</p>

RECOMMENDATION

1. The information be received.

ATTACHMENTS

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

1. Strategic Risk Register
2. Assurance Matrix

1. BACKGROUND

- 1.1 The City of Salisbury operates a risk-based Internal Audit Plan, where audits are designed to provide assurance on the risks identified in the Strategic Risk Register. Attachment 1 to this report is the Strategic Risk Register, which details the main strategic risks that the City of Salisbury faces. Each risk on the register is numbered and given a risk rating. The register is also regularly reviewed by the Executive Group.

- 1.2 The Internal Audit Plan was designed to ensure that there was some assurance on each of the risks in the Strategic Risk Register, this did not mean that every risk on the register would be the subject of an internal audit, but rather each risk had some form of assurance provided using an objective approach.
- 1.3 It is the aim of this discussion to identify the areas that the Internal Audit Plan should focus on in the future. As a pre-cursor to the discussion a communication was issued to Audit Committee on 3 January 2018 inviting them to be prepared to discuss their ideas for the Internal Audit Plan at this meeting.

2. REPORT

- 2.1 Attachment 2 of this report is an Assurance Matrix which maps audits and reviews against the risks in the Strategic Risk Register. It also details which year each piece of work was conducted in.
- 2.2 As can be seen from the Assurance Matrix, after 2013 there was a move away from focusing mainly on audits of a financial nature, which provide assurance against Strategic Risk 8, *Organisaton suffers detriment as a result of fraud, misconduct or maladministration*. This change was as a result of the introduction of the Strategic Risk Register and taking a more risk based and holistic approach to the identification of entities to audit. There is still an element of assurance undertaken against Strategic Risk 8, however it should be remembered that an external audit of both the financial statements and the financial internal controls is undertaken each financial year.
- 2.3 Having a risk based Internal Audit Plan allows internal audit resources to be directed to the areas where there is the greatest risk to the achievement of the objectives of the City of Salisbury. Logically this means that it will not be possible to audit everything at the City of Salisbury, nor is this an aim of the Internal Audit Plan.
- 2.4 This discussion is necessary to ensure that the knowledge and experience of the Audit Committee is leveraged in the development of the Internal Audit Plan. The Assurance Matrix and Strategic Risk Register have been provided as guides, and give a good indication of the risks that require assurance.

3. CONCLUSION / PROPOSAL

- 3.1 The Assurance Matrix gives an indication of the assurance provided against each of the risks in the Strategic Risk Register.
- 3.2 An Internal Audit Plan will be developed which will aim to capture the essence of the views of the Audit Committee expressed at this discussion. The Internal Audit Plan will be presented for endorsement at the April 2018 meeting of the Audit Committee.

CO-ORDINATION

Officer: MG
Date: 02/02/2018

Strategic Risk Register

v2.12 December 2017

1	Event Description: Inadequate preparation and response to a business continuity event			
Responsible Managers: CEO, All General Managers, Manager Governance, Manager Business Systems and Solutions, Manager Communications & Customer Relations, Manager People and Culture				
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Lack of plans and procedures to inform response strategies when business continuity event occurs• Lack of communication/training for relevant staff required to respond to business continuity event• Information to facilitate action during business continuity not available		Impacts (risks): <ul style="list-style-type: none">• Service delivery to community compromised (loss of confidence)• Political/Public embarrassment• Uncertainty leads to loss of morale and resources and compromised regulatory decisions		
Likelihood: Almost Certain		Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Business Continuity Framework, 4• Business Continuity Plans, 4• Business Continuity Plan tests and walkthroughs (alternating annually), 4• Incident Management Team identified and trained, 4• Systems and processes to support response to BC event (e.g. staff contact information reports), 5		<ul style="list-style-type: none">• Business Continuity designed into new Community Hub, 4• IT Disaster Recovery Plan in place, 3• Emergency Management procedures in place, 4• Zone Emergency Management Committees – Northern Area, 5• Adelaide and Mount Lofty Bushfire Committee, 4		
Likelihood: Possible		Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk Rating as low as reasonably practicable? Yes
Treatment Plan:		Responsibility:		Target Completion Date:

Strategic Risk Register

v2.12 December 2017

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

Strategic Risk Register

v2.12 December 2017

3	Event Description: Lack of management of public and environmental health risks		
Responsible Managers: GM City Development, Manager Environmental Health and Safety			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate management, monitoring or testing• Failure to respond appropriately in the event of an incident		Impacts (risks): <ul style="list-style-type: none">• Legal cost of failure to prevent a health and safety incident• Political/Public embarrassment• Regulatory censure• Health risk to staff• Health risk to the community	
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none">• Public Health Policies and Procedures, 35• Immunisation Services, 5• Animal Management Plan, 5• Regional Health Plan, 5• General Inspections, 5• Dog Patrols, 5		<ul style="list-style-type: none">• Food Act administration, 5• Employee Media Policy and Procedure and Elected Member Media Policy, 4• SA Public Health Act enforcement, 5• Dog and Cat Management Act enforcement, 5• Infrastructure maintenance activities, 5• Mosquito Control Program, 4	
Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating as low as reasonably practicable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:
Updating of Environmental Health & Safety Procedures		Manager Environmental Health & Safety	December 2018

Strategic Risk Register

v2.12 December 2017

4	Event Description: Lack of management of a major incident at a Council facility and/or an event, that affects public and staff safety		
Responsible Managers: GM City Development, GM City Infrastructure, GM Community Development, GM Business Excellence, Manager Development Services, Manager Field Services, Manager Property & Buildings, Manager People and Culture			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate procedures and plans in place to prevent incidents• Failure to respond appropriately in the event of an incident• Lack of asset management and maintenance		Impacts (risks): <ul style="list-style-type: none">• Financial cost of clean-up• Legal cost of failure to prevent a health and safety incident• Political/Public embarrassment• Regulatory censure• Loss of staff• Injury to public	
Likelihood: Likely	Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Building Control and Inspections, 4• Evacuation procedures and testing, 4• Building safety systems – e.g. exit signs, fire extinguishers, wardens etc., induction process, 4• Emergency Planning Committee, 4• Safety in design is incorporated into planning and delivery of the new Salisbury City Centre Community Hub, 4		<ul style="list-style-type: none">• Asset management plans, 4• Business Continuity Framework, 4• BCP test/walk through, 4• Zone Emergency Management Committee – Northern Area, 5• Event Management Plans, 4• Event Management Guidelines, 4	
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk Rating as low as reasonably practicable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:

Strategic Risk Register

v2.12 December 2017

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

Strategic Risk Register

v2.12 December 2017

6	Event Description: City of Salisbury financial sustainability is compromised			
Responsible Managers: GM Business Excellence, GM City Infrastructure, GM City Development				
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">Reduction in grant fundingInadequate revenue and a failure to maximise revenue from all sourcesUnplanned spendingInadequate valuation of assets or inaccurate depreciationInadequate planning for infrastructure repairs or upgradesChanges to legislation/obligations imposed by other levels of governmentPotential new revenue streams are not fully investigatedInadequate economic developmentChanges to roles and responsibilities assigned to City of Salisbury by federal or state governmentShort term revenue is maximised at the expense of longer term revenue			Impacts (risks): <ul style="list-style-type: none">Council ultimately becomes financially unsustainableCity revenue has to be raised increasingly through more traditional methods (rate rises)Revenue from the sale of assets (land) is not invested for the longer term benefit of the communityFinancial cost associated with falling rates revenue or increasing bad or doubtful debts	
Likelihood: Likely		Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">Long term financial planning, 5Asset Management Plans, 4Quarterly Budget Review, 5Annual Plan and Annual Report (reviewed by Audit Committee), 5Elected Member Briefings, 5Prudential Reviews, 5Regular reviews of rating system fairness and equity, 4Grant Management Process, 3Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, Waste Transfer Station, Salisbury Memorial Park), 5Program Review, 4Budget Policies and Procedures, 5Business Case Modelling, 4Growth Action Plan, 4China Strategy, 4Northern Economic Plan, 3				
Likelihood: Possible		Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating as low as reasonably practicable? No
Treatment Plan:		Responsibility:	Target Completion Date:	
Development of a business case for the full implementation of the Asset Management Process (Confirm Connect)		GM City Infrastructure, GM Business Excellence	19-December 2017Completed	
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	
Completion of the Strategic Procurement Objectives – Road to Excellence		GM Business Excellence, Manager Strategic Procurement	31 October 2018	
Assess the impact of NDIS/Home Community Support funding changes and develop response strategy		GM Community Development	30 April 2018	
Review Grant Management Process		General Manager Business Excellence	30 September 2018	

Strategic Risk Register

v2.12 December 2017

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

Strategic Risk Register

v2.12 December 2017

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

Strategic Risk Register

v2.12 December 2017

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

Strategic Risk Register

v2.12 December 2017

10	Event Description: Lack of alignment and integrity of IT systems for support of business needs		
Responsible Managers: GM Business Excellence, Manager Business Systems and Solutions			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Failure to adequately involve IT when developing plans, strategies and projects• Failure to consider all options when improving a system or process• Organisational change is not conducted in a structured and logical manner• Failure to support the skill set of individuals responsible for the delivery of business processes• Lack of business engagement and clarity of roles• External pressure for changes to systems/processes• Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs• Lack of monitoring of cybersecurity threats to organisational assets• Lack of communication/training for all staff regarding information security• Information to facilitate action during a cybersecurity incident is not available		Impacts (risks): <ul style="list-style-type: none">• Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure• Council operations pause resulting in financial loss• Failure to adapt to a changing external environment• Inefficient and ineffective use of organisational resources• Poor service delivery• Political/Public embarrassment• Costs of litigation and restoration of services	
Likelihood: Almost Certain	Consequence: Major	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Applications Committees (x5), 3• IS Strategy 2014-17, 4• IT Governance Framework, 3• Programmed testing of systems for security and reliability, 4• Information Security Policies and Procedures, 4• Continuous Improvement Framework, 4• IT Disaster Recovery Plan, 3• Business Continuity Plans, 4• Incident Management Team identified and trained, 4• Building security and access controls, 5• User access system controls, 4• Patch management and software maintenance procedures, 4• Cyber Security Risk Assessment, 4			
Likelihood: Likely	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating as low as reasonably practicable? No
Treatment Plan:		Responsibility:	Target Completion Date:
Delivery of IS Strategy 2014-17 and the projects that are a part of it		Manager Business Systems and Solutions	30 June 2018
Review of IT Governance Framework including the Applications Committees		Manager Business Systems and Solutions	30 September 2018
Develop digital strategy to enhance engagement with community and customer service		Manager Business Systems and Solutions	28 February 2018
Delivery of the IT component of the Community Hub		Manager Business Systems and Solutions	30 September 2019

Strategic Risk Register

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Table 1 – Consequence Ratings

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

Strategic Risk Register

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Table 2 – Likelihood Ratings

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

Table 3 - Risk Matrix

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

Strategic Risk Register

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Table 4 - Residual Risk Descriptors

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

Table 5 - Control Effectiveness Ratings

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

The following defines the meaning of the control effectiveness ratings;

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

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

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

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

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

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

Source: Control Activity Owner Instruction Manual, ControlTrack®

Strategic Risk Register

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

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

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

Assurance Matrix, mapping audits and reviews against strategic risks

		Strategic Risk Number:									
		1	2	3	4	5	6	7	8	9	10
Year:	2018	Business Continuity Plan Test	Management of Contaminated Sites		Asset Management	Management of Contaminated Sites Asset Management	Asset Management	Strategic Reporting Process Contract Management	Financial Internal Controls Self-Assessment		
	2017	Business Continuity Plan Walkthrough		Management of Public and Environmental Health				Capital Works Projects Strategic Development Projects	Financial Internal Controls Self-Assessment	Risk and WHS Evaluation	Business Systems and Solutions Cyber Security Risk Assessment
	2016				Event Management Strategic Asset Management Delivery	Strategic Asset Management Delivery	Strategic Asset Management Delivery		Payroll Financial Internal Controls Self-Assessment	Event Management LGA Injury Management and Return to Work KPI Audit	
	2015	Business Continuity Plan Review						People and Culture Risk Review	Financial Internal Controls Self-Assessment		
	2014			Dog and Cat Management Audit	Compliance With Building Inspections Policy				Procurement Internal Controls Framework Substantive Testing Financial Internal Controls Self-Assessment	LGA WCS KPI Audit	Penetration Test
	2013								Fraud and Corruption Prevention Financial Internal Controls Self-Assessment		
	2012					Administration of Minor Capital Works Grants	Administration of Minor Capital Works Grants	Twelve 25	Procurement Compliance Administration of Minor Capital Works Grants Cash Handling		

ITEM	4.2.3
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	<p>An internal audit on Business Systems and Solutions was conducted to provide assurance on strategic risk number 10 on the Strategic Risk Register, <i>Lack of alignment and integrity of IT systems for support of business needs</i>.</p> <p>BDO were engaged to conduct the audit and have produced a draft report of findings. The purpose of this report is to summarise the current position of this piece of work, and outline additional work that needs to be completed to clarify certain findings and recommendations in the draft report.</p>

RECOMMENDATION

1. That the information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 An internal audit on Business Systems and Solutions was conducted to provide assurance on strategic risk number 10 in the Strategic Risk Register, *Lack of alignment and integrity of IT systems for support of business needs*.
- 1.2 The audit focused on the Business Systems and Solutions division, the services it provides and procedures it is responsible for, as well as their interactions with other parts of the organisation.
- 1.3 The scope of the audit was broad and far reaching, which was in line with the breadth and the critical nature of the work undertaken by the Business Systems and Solutions division.
- 1.4 Originally the audit was scheduled to be conducted in the first quarter of 2017, however the start of the audit was delayed to allow the Cyber Security Risk Assessment to be conducted and to avoid any duplication with this piece of work. The audit commenced in May 2017 and findings from the audit were discussed with BDO, the Manager Business Systems and Solutions and the GM Business Excellence in August 2017, as a result of which the draft report was produced and forwarded to the Manager Business Systems and Solutions in September 2017.

2. REPORT

- 2.1 In line with the broad scope of this audit the draft report makes a total of fifty recommendations, which are grouped into fourteen different areas. The large volume of recommendations has meant that it has taken some time to go through and understand all the findings and their corresponding recommendations.
- 2.2 Out of the fifty recommendations, a total of twenty three have been agreed or noted, on a further thirteen action is being taken and in addition, one action has already been completed. There are however thirteen recommendations that require further discussion with BDO to understand the basis for their recommendation.
- 2.3 In order to finalise several aspects of this audit staff will be seeking to re-engage BDO to undertake further testing in the specific areas where clarification is being sought. The aim of this testing is to more fully understand the findings so that the most appropriate course of action can be taken to either address them or agree no further action is required.

3. CONCLUSION / PROPOSAL

- 3.1 An audit was conducted on Business Systems and Solutions, with the aim of providing assurance on the strategic risk; *Lack of alignment and integrity of IT systems for support of business needs*. The audit was large in its scope and complex in nature, covering the breadth of services and procedures operated by the division.
- 3.2 A number of findings and recommendations have been identified, the majority of which have either been agreed, noted or resulted in action being taken. It has however been proposed that further work be undertaken to fully understand some of those findings and recommendations, and that BDO be re-engaged to conduct this work.

CO-ORDINATION

Officer:	MG	GMBE
Date:	02/02/2018	31/01/2018

ITEM	4.2.4
	AUDIT COMMITTEE
DATE	13 February 2018
HEADING	Internal Audit Plan
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	The 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 November 2017.

RECOMMENDATION

1. The information be received.
2. The Internal Audit Plan, as set out in Attachment 1 to this report (Audit Committee 4.2.4, 13/02/2018, be endorsed to Council for adoption.

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 v2.12 December 2017

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. The Internal Audit Plan has been produced with reference to the Strategic Risk Register, which is regularly reviewed by the Executive Group.
- 1.2 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 November 2017.

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 Only two changes to the register have occurred since the last Audit Committee meeting, also in November 2017. They are tracked in red on the attachment and they are;

- a new treatment plan has been added to Strategic Risk 3 regarding the updating of Environmental Health & Safety Procedures, as a result of the findings from the audit on this area;
- completion of a treatment plan regarding the development of a business case for the full implementation of the Asset Management Process (Confirm Connect), in Strategic Risk 6.

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, further information is being sought from the consultancy firm that conducted the audit in order to clarify some of the findings and recommendations in the report.

2.2.2 The Management of Public and Environmental Health Audit has been completed, and the final report has been presented to the Audit Committee as a part of the agenda for this meeting.

2.2.3 On-site work has been completed for the Capital Works Projects Audit, and the findings are currently being discussed with the Manager Infrastructure Delivery, prior to the draft report being produced.

2.2.4 On-site work has also been completed for the Strategic Development Projects Audit and a draft report has been produced. A meeting has been arranged with the Manager Strategic Development Projects and the General Manager Community Development to discuss the 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 November 2017. These changes are highlighted in this report. The Internal Audit Plan and Strategic Risk Register will next be presented at the April 2018 Audit Committee meeting.

CO-ORDINATION

Officer: MG
Date: 02/02/2018

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

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

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

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

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

Audit Ref	Strategic Risk Number	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2017				Current Status
					Q1	Q2	Q3	Q4	
4	10	Business Systems and Solutions	The risk that there is a lack of alignment of IT systems and support with business needs is one of the strategic risks of the City of Salisbury. The crystallisation of this risk and other operational risks associated with Business Systems and Solutions such as the loss of a software supplier or loss of data would also have significant implications for the entire organisation. This audit should provide assurance on the controls in place within Business Systems and Solutions to mitigate these risks.	Co-sourced	●				The draft report from this audit is currently being reviewed 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			●		Completed
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 draft report from this audit is currently being reviewed by management.
		Total							

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

Audit Ref	Strategic Risk Number	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2018				Current Status
					Q1	Q2	Q3	Q4	
8	7	Strategic reporting process	The risk that strategic and operational outcomes are not delivered by the City of Salisbury. This audit should provide assurance on the processes and controls in place in relation to the City Plan, Business Planning and Annual Planning.	Internal	●				The draft version of the scope for this audit has been completed and discussions are to be held with the key stakeholders.
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				●	
		Total							

Strategic Risk Register

v2.12 December 2017

1	Event Description: Inadequate preparation and response to a business continuity event		
Responsible Managers: CEO, All General Managers, Manager Governance, Manager Business Systems and Solutions, Manager Communications & Customer Relations, Manager People and Culture			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Lack of plans and procedures to inform response strategies when business continuity event occurs• Lack of communication/training for relevant staff required to respond to business continuity event• Information to facilitate action during business continuity not available		Impacts (risks): <ul style="list-style-type: none">• Service delivery to community compromised (loss of confidence)• Political/Public embarrassment• Uncertainty leads to loss of morale and resources and compromised regulatory decisions	
Likelihood: Almost Certain		Consequence: Catastrophic	
Inherent Risk Rating: Very High			
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Business Continuity Framework, 4• Business Continuity Plans, 4• Business Continuity Plan tests and walkthroughs (alternating annually), 4• Incident Management Team identified and trained, 4• Systems and processes to support response to BC event (e.g. staff contact information reports), 5			
Likelihood: Possible		Consequence: Catastrophic	
		Residual Risk Rating: High	
		Is the Residual Risk Rating as low as reasonably practicable? Yes	
Treatment Plan:		Responsibility:	
		Target Completion Date:	

Strategic Risk Register

v2.12 December 2017

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

Strategic Risk Register

v2.12 December 2017

3	Event Description: Lack of management of public and environmental health risks		
Responsible Managers: GM City Development, Manager Environmental Health and Safety			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate management, monitoring or testing• Failure to respond appropriately in the event of an incident		Impacts (risks): <ul style="list-style-type: none">• Legal cost of failure to prevent a health and safety incident• Political/Public embarrassment• Regulatory censure• Health risk to staff• Health risk to the community	
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none">• Public Health Policies and Procedures, 35• Immunisation Services, 5• Animal Management Plan, 5• Regional Health Plan, 5• General Inspections, 5• Dog Patrols, 5		<ul style="list-style-type: none">• Food Act administration, 5• Employee Media Policy and Procedure and Elected Member Media Policy, 4• SA Public Health Act enforcement, 5• Dog and Cat Management Act enforcement, 5• Infrastructure maintenance activities, 5• Mosquito Control Program, 4	
Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating as low as reasonably practicable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:
Updating of Environmental Health & Safety Procedures		Manager Environmental Health & Safety	December 2018

Strategic Risk Register

v2.12 December 2017

4	Event Description: Lack of management of a major incident at a Council facility and/or an event, that affects public and staff safety		
Responsible Managers: GM City Development, GM City Infrastructure, GM Community Development, GM Business Excellence, Manager Development Services, Manager Field Services, Manager Property & Buildings, Manager People and Culture			
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Inadequate procedures and plans in place to prevent incidents• Failure to respond appropriately in the event of an incident• Lack of asset management and maintenance		Impacts (risks): <ul style="list-style-type: none">• Financial cost of clean-up• Legal cost of failure to prevent a health and safety incident• Political/Public embarrassment• Regulatory censure• Loss of staff• Injury to public	
Likelihood: Likely	Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Building Control and Inspections, 4• Evacuation procedures and testing, 4• Building safety systems – e.g. exit signs, fire extinguishers, wardens etc., induction process, 4• Emergency Planning Committee, 4• Safety in design is incorporated into planning and delivery of the new Salisbury City Centre Community Hub, 4		<ul style="list-style-type: none">• Asset management plans, 4• Business Continuity Framework, 4• BCP test/walk through, 4• Zone Emergency Management Committee – Northern Area, 5• Event Management Plans, 4• Event Management Guidelines, 4	
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk Rating as low as reasonably practicable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:

Strategic Risk Register

v2.12 December 2017

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

Strategic Risk Register

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6	Event Description: City of Salisbury financial sustainability is compromised			
Responsible Managers: GM Business Excellence, GM City Infrastructure, GM City Development				
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">Reduction in grant fundingInadequate revenue and a failure to maximise revenue from all sourcesUnplanned spendingInadequate valuation of assets or inaccurate depreciationInadequate planning for infrastructure repairs or upgradesChanges to legislation/obligations imposed by other levels of governmentPotential new revenue streams are not fully investigatedInadequate economic developmentChanges to roles and responsibilities assigned to City of Salisbury by federal or state governmentShort term revenue is maximised at the expense of longer term revenue			Impacts (risks): <ul style="list-style-type: none">Council ultimately becomes financially unsustainableCity revenue has to be raised increasingly through more traditional methods (rate rises)Revenue from the sale of assets (land) is not invested for the longer term benefit of the communityFinancial cost associated with falling rates revenue or increasing bad or doubtful debts	
Likelihood: Likely		Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">Long term financial planning, 5Asset Management Plans, 4Quarterly Budget Review, 5Annual Plan and Annual Report (reviewed by Audit Committee), 5Elected Member Briefings, 5Prudential Reviews, 5Regular reviews of rating system fairness and equity, 4Grant Management Process, 3Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, Waste Transfer Station, Salisbury Memorial Park), 5Program Review, 4Budget Policies and Procedures, 5Business Case Modelling, 4Growth Action Plan, 4China Strategy, 4Northern Economic Plan, 3				
Likelihood: Possible		Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating as low as reasonably practicable? No
Treatment Plan:		Responsibility:	Target Completion Date:	
Development of a business case for the full implementation of the Asset Management Process (Confirm Connect)		GM City Infrastructure, GM Business Excellence	19-December 2017Completed	
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	
Completion of the Strategic Procurement Objectives – Road to Excellence		GM Business Excellence, Manager Strategic Procurement	31 October 2018	
Assess the impact of NDIS/Home Community Support funding changes and develop response strategy		GM Community Development	30 April 2018	
Review Grant Management Process		General Manager Business Excellence	30 September 2018	

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

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

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

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10	Event Description: Lack of alignment and integrity of IT systems for support of business needs			
Responsible Managers: GM Business Excellence, Manager Business Systems and Solutions				
Contributory Factors (“root” causes / how and why the event arises): <ul style="list-style-type: none">• Failure to adequately involve IT when developing plans, strategies and projects• Failure to consider all options when improving a system or process• Organisational change is not conducted in a structured and logical manner• Failure to support the skill set of individuals responsible for the delivery of business processes• Lack of business engagement and clarity of roles• External pressure for changes to systems/processes• Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs• Lack of monitoring of cybersecurity threats to organisational assets• Lack of communication/training for all staff regarding information security• Information to facilitate action during a cybersecurity incident is not available		Impacts (risks): <ul style="list-style-type: none">• Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure• Council operations pause resulting in financial loss• Failure to adapt to a changing external environment• Inefficient and ineffective use of organisational resources• Poor service delivery• Political/Public embarrassment• Costs of litigation and restoration of services		
Likelihood: Almost Certain		Consequence: Major	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details): <ul style="list-style-type: none">• Applications Committees (x5), 3• IS Strategy 2014-17, 4• IT Governance Framework, 3• Programmed testing of systems for security and reliability, 4• Information Security Policies and Procedures, 4• Continuous Improvement Framework, 4• IT Disaster Recovery Plan, 3• Business Continuity Plans, 4• Incident Management Team identified and trained, 4• Building security and access controls, 5• User access system controls, 4• Patch management and software maintenance procedures, 4• Cyber Security Risk Assessment, 4				
Likelihood: Likely		Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating as low as reasonably practicable? No
Treatment Plan:		Responsibility:		Target Completion Date:
Delivery of IS Strategy 2014-17 and the projects that are a part of it		Manager Business Systems and Solutions		30 June 2018
Review of IT Governance Framework including the Applications Committees		Manager Business Systems and Solutions		30 September 2018
Develop digital strategy to enhance engagement with community and customer service		Manager Business Systems and Solutions		28 February 2018
Delivery of the IT component of the Community Hub		Manager Business Systems and Solutions		30 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
1 Insignificant	Nil	Nil	Less than \$20,000	None	Nil	Minor interruption to service provision capability, e.g. less than 4 hours.
2 Minor	Minor short-term environment, conservation, political or community issue.	Minor media interest	\$20,000 - \$100,000	Minor legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of a staff member. • Potential for minor injury. • First aid treatment required. 	Limited disruption to service provision requiring altered operational arrangements for a short period, e.g. up to 1 day
3 Moderate	Environment, conservation, political or community incident requiring City intervention.	Moderate media interest	\$100,000 - \$500,000	Limited legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of a key staff member. • Medical treatment required. 	Some disruption to service provision capability requiring altered operational arrangements, e.g. between 1 day and 1 week.
4 Major	Medium-term issue with major environment, conservation, political or community impact.	High media interest	\$500,000 - \$1 million	Major legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of several key staff members from a single area. • Significant injury to staff disabling them/dangerous near miss. 	Significant impairment of service provision (capability or period), e.g. between 1 week and 1 month.
5 Catastrophic	Long-term issue with major environment, conservation, political or community impact.	Public censure or government inquiry	More than \$1 million	Critical legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned absence of a significant number of staff, e.g. during a pandemic. • Death / critical injury to staff. 	Total loss of service provision capability for extended period, e.g. more than 1 month.

Strategic Risk Register**v2.12 December 2017****Table 2 – Likelihood Ratings**

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

Table 3 - Risk Matrix

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

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Table 4 - Residual Risk Descriptors

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

Table 5 - Control Effectiveness Ratings

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

The following defines the meaning of the control effectiveness ratings;

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

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

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

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

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

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

Source: Control Activity Owner Instruction Manual, ControlTrack®

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

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

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

ITEM	4.2.5
	AUDIT COMMITTEE
DATE	13 February 2018
HEADING	Update on the Risk Management and Internal Controls Activities for the 2017-18 financial year and outstanding Internal Audit actions.
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This report provides 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 plan was endorsed at the July 2017 meeting of the Audit Committee of Council.

2.1.2 The format of attachment 1 has been changed to give more commentary on the progress made to date in completing the plan. In addition the following activities have been updated since they were last reviewed by the Audit Committee in November 2017:

- The Review of Legislative Reporting Obligations has almost been completed, once confirmation has been received from each divisional manager the Legislative Compliance Register will be presented to the Executive Group.
- The reconciliation of existing financial internal controls with the revised Better Practice Model has been completed and the results have been discussed with control owners and risk owners.
- Testing of the latest version of Control Track has resulted in further discussions with Control Track over several issues with the new version of this system.
- The Local Government Association Mutual Liability Scheme (LGA MLS) Risk Evaluation has been completed. The draft report has been received and once the report has been finalised it will be presented to 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.

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 April 2018 meeting of the Audit Committee.

CO-ORDINATION

Officer: MG
Date: 02/02/2018

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

v1.3

Annual Plan - July 2017 to June 2018					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress
Review of Legislative Reporting Obligations	Internal Controls	Internal	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.	A List of Legislative Reporting obligations has been developed as a part of a Legislative Compliance Register. The Register has been completed and circulated to all divisional managers for confirmation that it accurately reflects the relevant Acts and Regulations under which their division has responsibilities. Once this has been received from all divisional managers the Register will be presented to the Executive Group.
External Audit of financial internal controls	Internal Controls	External	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	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.	This work was completed in July 2017.

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

v1.3

Annual Plan - July 2017 to June 2018					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress
Develop Operational Risk Register	Risk Management	Internal	In progress	The Operational Risk Register forms a part of the Risk Management Framework at the City of Salisbury.	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	In progress	A Risk Appetite statement is needed to articulate the amount and type of risk the City of Salisbury is willing to pursue or retain, which influences decisions made around managing risks based on the outcome of risk analyses.	Some work has been done in identifying the stakeholders that would need to be involved in developing a Risk Appetite.
Reconciliation of existing financial internal controls with the revised Better Practice Model	Internal Controls	Internal	Completed	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.	This work has been completed.

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

v1.3

Annual Plan - July 2017 to June 2018					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress
Testing the latest version of the Control Track system	Internal Controls	Internal	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.	The latest version (v2) of the Control Track system has failed user acceptance testing. Contingencies are in place to use alternative systems to conduct the assessments of financial risks and financial internal controls through the use of spreadsheets. Discussions are being held with Control Track on addressing the failure points. Discussions have also been held with Bentleys, the City of Salisbury's external auditors, who will be informed of any decisions taken on which system will be used for the assessments.
Review the Fraud and Corruption Prevention Strategy	Internal Controls	Internal	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

v1.3

Annual Plan - July 2017 to June 2018					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress
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	In progress	The LGA MLS have now changed to a biennial Risk Evaluations of Council's risk management frameworks and associated processes, procedures and controls. These evaluations are compulsory for all Councils in South Australia.	The LGA MLS Risk Evaluation was conducted in November 2017 and the draft report on the findings of this work was issued at the very end of January 2018. Once the report has been finalised it will be presented to the Executive Group and the Audit Committee.
Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation	Internal Controls	Internal	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.	Work has not commenced on this piece of work due to issues with the new version of Control Track, see above for more detail. It is expected this the assessments will commence at the beginning of March 2018.
Business Continuity Plans Test	Internal Controls	External	Not yet commenced	Tests or walkthroughs of the Business Continuity Plans are conducted alternately each year, with the aim of ensuring that the City of Salisbury is able to maintaining critical business processes when normal operations are compromised.	A test of the Business Continuity Plans is scheduled to be undertaken in May 2018, a scope for this piece of work has been drafted and is awaiting approval.

Audit: Procurement						
Agreed Action		Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
A2.3	Through the Procurement Steering Group (PSG), consideration will be given to appropriate measures that monitor the length of procurement processes.	Medium	Manager Strategic Procurement	March 2015	Completed	
B.2.9	Review existing reporting regime and identify opportunities to enhance reporting.	Medium	Manager, Strategic Procurement	April 2015	Completed	

Audit: Payroll				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
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	31 March 2018	Part of the Empower transition project.
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	31 March 2018	Part of the Empower transition project.

ITEM	4.2.6
	AUDIT COMMITTEE
DATE	13 February 2018
HEADING	Risk and Governance Program
AUTHOR	Mick Petrovski, Manager Governance - CEO/Governance, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	A proposal to review the Governance and Executive Office program of Council's administration was endorsed by Council in May 2017. The report informing Council of the results of the program review was provided to Council in November 2017. The report (<i>inter alia</i>) provided recommendations to further improve the processes for Council's (and the Administration's) informed decision making, so that they are contemporary. This report to the Audit Committee is to inform on those aspects of the program review that focused on the Governance Division, and in particular our approach to the risk and governance management component.

RECOMMENDATION

That the report be received and the Committee note that:

1. The Chief Executive will work with the Manager Governance to identify further opportunities to improve and strengthen Council's risk management and governance processes; and
2. The newly appointed Risk and Governance Program Manager will be responsible for:
 - Designing and implementing a whole-of-organisation program to systemically change/improve our internal decision making processes, promoting a proactive risk management approach, and developing a culture of awareness and encouraging ethical behaviours.
 - Leading the transformation and embedding process of the risk and governance functions of the Division, consistently throughout the organisation.
3. A further report will be provided to the next Audit Committee meeting updating on the progress of the development of the risk management and governance framework.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 The CEO/Governance Program Review Brief and Background Paper were endorsed by Council in May 2017. The conduct of the review included:
 - Review of current service delivery.
 - Assessment of customer satisfaction with current service.
 - Legislative compliance check.
- 1.2 Council has (over a number of years) implemented a comprehensive program review process to ensure that all its programs and services are delivered efficiently and effectively and provide value for money to the Salisbury Community. The CEO and Governance Program Review was one of the last reviews to be undertaken as part of this comprehensive program.
- 1.3 Reviews of this nature are generally intended to ensure that the organisation is well positioned to respond to current and future operating requirements and to aid in the development of a sustainable/responsive organisation.
- 1.4 As part of the overall program review process the following factors have been identified as critical elements that must be addressed during each review:
 - Strategic relevance of the service.
 - Customer expectations/needs.
 - Compliance with legislative requirements.
 - Efficiency and effectiveness of the delivery of services.
 - Alternative service provision options.
 - KPI/monitoring/measurement of performance.

2. REPORT

Governance Division

- 2.1 The Governance Division reports directly to the Chief Executive Officer and contributes to the development of a workplace culture that values and applies appropriate governance practices to support decision making, risk management and planning. To this end, the following Corporate Governance services are provided:
 - Administration of the Governance framework and associated processes, including ensuring integrity of decisions made and opportunity of review (internal review of Council decision/ICAC/Ombudsman processes).
 - Administration of the Policy Framework, Delegations and coordination of Legal Services provision.
 - Monitoring/administration of legislative compliance obligations.
 - Internal Audit, Risk Management, program review and oversight and administration of Internal Controls Framework.
 - Insurance.

2.2 A key element of the work of the Governance Division is the management of Council/Committee processes and provision of direct support to Elected Members. Council/Elected Members require a range of services to enable them to fulfil the requirements of their role in accordance with legislative and policy requirements. The Governance Division provides services to support Elected Members in the following areas:

- Administration of Council/Committee meeting processes.
- Elected Member support and communications.
- Elected Member training and development.
- Monitoring/administration of legislative compliance obligations.
- Management of Election processes.

2.3 The Governance Division also contributes significantly to the development, implementation, application and management of internal processes and systems that ensure effective and informed decision making, both from an administrative and Council perspective.

Program Review process

2.4 The review process looked at current service delivery, undertaking a legislative compliance check, a quantitative and qualitative assessment of customer satisfaction with current services, as well as a benchmarking exercise with other, similar sized councils.

Compliance check

- 2.4.1 As part of the legislative compliance check, nearly 200 individual processes, authorisations, policies and procedures, and legislative obligations, as well as the extent of training for staff and elected members were examined.
- 2.4.2 In more than 75% of cases it was found that Council met its legislative requirements and in another 15% of cases it found Council “has not failed to meet a legislative requirement adequately, but could improve its processes or documents to ensure stricter compliance”.
- 2.4.3 With regard to those cases (nearly 10%) identified as failing to meet a legislative requirement adequately, most have either been resolved or are in the process of being resolved, and a few are under consideration about the best approach for ensuring compliance.
- 2.4.4 The overall findings were that the Governance Division is effective in delivering the services and support to enable the Council and Elected Members to meet their overall objectives.

Customer Satisfaction

- 2.4.5 Consultants were engaged to undertake a customer survey. A total of 81 people were invited to participate in the survey (including the 17 Elected Members) with a total of 48 responses received (59% response rate).

- 2.4.6 The survey found that overall there was a very high level of satisfaction with the services provided by each of the Governance Division and Executive Office. Internal customers displayed moderate to high satisfaction towards almost all areas assessed.
- 2.4.7 Despite this, some staff noted that “there is always room for improvement”. The results of an importance/performance analysis (as part of the survey) suggested that the following four services should be prioritised if any such improvements were deemed necessary:
- Mayoral Support Services
 - Corporate Governance
 - Internal Audit/Risk Management
 - Executive Support Services
- 2.4.8 While the majority of respondents were satisfied with most aspects of service delivery provided by each of the Governance Division and the Executive Office, lower satisfaction was generally noted in the following areas:
- Continual improvement and innovation
 - The clarity of processes/action(s).

Benchmarking

- 2.4.9 The benchmarking exercise with other Councils, while indicating some differences among the councils, did not highlight particular areas that required closer examination as a result of the exercise.

Opportunities for Improvement

- 2.4.10 Interviews with key stakeholders, in particular the Elected Members, as well as discussions among executive and senior managers in the Administration (as part of the review process) highlighted several areas that would benefit from a renewed focus.
- 2.4.11 While the current operating framework meets current requirements, the structure also provides a solid platform for new initiatives, and building greater capability to apply an enhanced and proactive approach to corporate governance.
- 2.4.12 This is important in the context of the growth that is envisaged for the northern areas of metropolitan Adelaide.
- 2.4.13 One of the proposals for change for the Governance Division that was put to and agreed by Council at its meeting in November, was for the Division to play an expanded role in the organisation; to provide enhanced leadership and support on an organisation-wide basis to promote a corporate approach to governance matters so as to enable and ensure that the organisation is innovative - making decisions that are predicted on sound risk management principles for achieving desired outcomes.

- 2.4.14 Council agreed that an enhanced governance and risk management function can better underpin our service and project delivery, as well as our preparedness to grasp opportunities for growth and development.
- 2.4.15 To do this, Council approved the creation of a new role in the Division, a Risk and Governance Program Manager, that will be responsible for creating an organisation-wide risk management and governance framework that reflects best practice. The Risk and Governance Program Manager will take a systemic approach to shaping our corporate culture with a contemporary approach to risk management, designing processes that guide how the council responds ethically, strategically and constructively to corporate and strategic development opportunities.
- 2.4.16 Our thinking is that our “risk appetite” needs to increase if we are to deliver our council’s and community’s ambitions. Therefore our risk and governance framework should be enabling and facilitative, to inform our decision making so that:
- we are prepared when we take risks, and
 - we understand that responsibility for risk management sits with decision makers at every level.
- 2.4.17 From time to time the Audit Committee will be provided with information on the development of the risk management and governance framework, and its strategic input sought.

3. CONCLUSION / PROPOSAL

- 3.1 As part of the review process it has become apparent that there is a significant reliance on the capacity and capabilities of the Governance Division to provide critical advice and guidance on core matters.
- 3.2 It is important that our core organizational philosophies and business values which relate to, in particular governance and risk management are commonly understood and equally applied across the organization so that they become part of “business as usual” on a day to day basis.

CO-ORDINATION

Officer: MG
Date: 02/02/2018