AGENDA

FOR AUDIT COMMITTEE MEETING TO BE HELD ON

8 MAY 2018 AT THE CONCLUSION OF THE CEO REVIEW COMMITTEE

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 13 February 2018.

Presentation of the Minutes of the Special Audit Committee Meeting held on 10 April 2018.

PRESENTATIONS

PRES1   NAWMA Presentation

Adam Faulkner, CEO of the Northern Adelaide Waste Management Authority (NAWMA), will give a presentation on NAWMA to the City of Salisbury (CoS) Audit Committee.

NAWMA was established by its constituent Councils; the City of Salisbury, City of Playford and Town of Gawler, who together form the Northern Adelaide Region of Local Government. The constituent Councils resolved to work together through NAWMA to deliver responsible, sustainable and best practice waste and resources management outcomes to constituent and client Councils.

NAWMA has its own Audit Committee who fulfil the oversight role for NAWMA. Therefore the purpose of this presentation is purely to inform the CoS Audit Committee members about NAWMA.

REPORTS

Administration

Reports

OTHER BUSINESS

CLOSE

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

13 FEBRUARY 2018

MEMBERS PRESENT

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

OBSERVERS

Mayor G Aldridge
Cr S White

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Environmental Health and Safety, Mr J Darzanos
Manager Governance, Mr M Petrovski
Risk and Governance Program Manager, Ms J Crook
Business Analyst - Internal Audit & Risk, Mr G Kendall

The meeting commenced at 6:37 pm.

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

APOLOGIES

Nil.

LEAVE OF ABSENCE
Nil

PRESENTATION OF MINUTES

The Committee noted and reiterated its request for a list of actions emanating from each meeting to be provided as part of the Agenda papers for the following meeting.

Moved Ms K Verrall
Seconded Mr N Ediriweera

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

CARRIED

Cr G Caruso left the meeting at 6:54 pm.
Cr G Caruso returned to the meeting at 7:04 pm.

PRESENTATION

Ms C Milton, Manager Strategic Development Projects, presented an update on the Community Hub.

REPORTS

Administration

4.0.1   Future Reports for the Audit Committee of Council

Moved Mr C Johnson
Seconded Ms K Verrall

1.   The information be received.

CARRIED

Reports

4.2.1 The Management of Public and Environmental Health Audit - Final Report

Committee members raised several issues with the Manager Environmental Health and Safety as follows:

- Sign off process for new/inexperienced Environmental Health Officers
- Approaches to consistency with proposed enforcement actions
- Assurance of adequate procedures in place for key Environmental Health activities, where frequent changes to IT systems have resulted in the requirement of manual work-arounds
- Confirmation that appropriate electronic records are kept as evidence of correspondence of reporting compliance

Moved Cr G Caruso
Seconded Mr C Johnson

1. That the information be received.

2. That, with regard to finding 2 and the subsequent recommendation in the Management of Public and Environmental Health Audit - Final Report, the Committee is satisfied that the City of Salisbury currently have frameworks in place for ensuring that new/inexperienced Environmental Health Officers are supervised adequately, including supervision and starting on lower risk assignments until they are sufficiently knowledgeable and experienced to undertake assessments independently.

CARRIED

4.2.2 Discussion regarding the Internal Audit Plan for 2019

Moved Ms K Verrall
Seconded Mr N Ediriweera

1. The information be received.

2. A Strategic Risk workshop be placed on the Agenda for the next Audit Committee meeting on 10 April 2018.

CARRIED

4.2.3 Business Systems and Solutions Audit - Update Report

Moved Ms K Verrall
Seconded Mr C Johnson

1. That the information be received.

CARRIED

4.2.4 **Internal Audit Plan**

Moved Mr C Johnson
Seconded Ms K Verrall

1. The information be received.

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

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 C Johnson
Seconded Mr N Ediriweera

1. The information be received.

CARRIED

4.2.6 **Risk and Governance Program**

Moved Ms K Verrall
Seconded Mr N Ediriweera

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.

CARRIED

OTHER BUSINESS

Nil

The meeting closed at 9:05 pm.

CHAIRMAN…………………………………….

DATE………………………………………….

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

10 APRIL 2018

MEMBERS PRESENT

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

OBSERVERS

Cr R Zahra

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

The meeting commenced at 6:30 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

PRESENTATIONS

PRES1   Long Term Financial Plan Presentation

Ms Kate George, Manager Financial Services

REPORTS

4.2.1   Draft 2018/19 Annual Plan and Budget

Moved Mr N Ediriweera
Seconded Ms K Verrall

That:

1.   The information be received

2.   It be noted that the Audit Committee have reviewed the Council's Annual Plan and Long Term Financial Plan in accordance with S126(4)(ab) of the Local Government Act 1999 and has provided comment for Budget and Finance Committee consideration in the following paragraph 3.

3.   It is the assessment of the Audit Committee that:

a) A rate increase at CPI+0.6% provides for ongoing financial sustainability and enables the Council to continue to respond to Community's changing needs, improve service levels, and maintain and improve infrastructure to meet contemporary standards.

b) Recognising that City of Salisbury is in a strong financial position, a 2% rate increase in 2018/19, followed by CPI+0.6% in following years can maintain Councils long term financial sustainability.

c) The risks posed by Council adopting a one-off low increase at or below CPI are significant, and include:
   - The compounding effect of lower income over the life of the long term financial plan;
   - Increased financial uncertainty created by State Government's likely introduction of a Council rate cap for future years (after 2018/19).
   - The uncertainty surrounding State Government policy direction for funding infrastructure, and the implications for councils.
   - A one-off low increase at or below CPI makes it likely that at a point during the 10 year Long Term Financial Plan, Council will have to run a deficit budget.
   - Placing the burden of restoring financial stability on future Councils, this may involve higher rate increases, and/or reductions in services or service standards.
   - Negatively impact on Council's ability to invest in infrastructure.

4.   It be noted that Access Economics forecast CPI for South Australia for the year ended 2017/18 is 2.08% (Deloitte Access Economics, *Business Outlook*, Dec 2017).

CARRIED

The meeting closed at 8:40 pm.

CHAIRMAN…………………………………….

DATE…………………………………………..

ITEM	4.0.1
	AUDIT COMMITTEE
DATE	08 May 2018
HEADING	Actions list
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	An action list has been developed to capture any actions arising out of the City of Salisbury Audit Committee meetings. These actions do not replace the minutes from the Audit Committee, or the recommendations of the Committee that were submitted to Council for endorsement. They are included in this report as an aid to the Audit Committee.

RECOMMENDATION

1. The information be noted.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

1.1 The Audit Committee has requested that an action list be maintained and included as an item on the agenda for each meeting. This report contains a list of actions taken from the Audit Committee meeting on 13 February 2018.

1.2 The list of actions does not replace the minutes from the Audit Committee, nor has it been endorsed by Council, because it does not contain any recommendations to Council and as such is not a part of the action tracking system for Council recommendations.

2. REPORT

2.1 The action list contains information regarding the date on which the action was identified, a description of the action, the action owner, the expected due date for completion of the action and the current status of the action.

2.2 Below is the list of actions arising out of the Audit Committee, which has been compiled for the purpose of aiding the Audit Committee.

Item 4.0.1

No	Date	Action	Owner	Due Date	Status
1.	13.2.18	An additional item be included in the minutes regarding the frameworks in place at the City of Salisbury for ensuring that new/inexperienced Environmental Health Officers are supervised adequately.	BA Internal Audit & Risk	18/2/18	Complete
2.	13.2.18	Arrange for a Strategic Risk Register workshop to be conducted with the Audit Committee and the Executive Group.	Manager Governance	8/5/18	On agenda 8.5.18
3.	13.2.18	Ensure that an independent assessment of financial sustainability be undertaken. To form part of the Internal Audit Plan for 2019.	BA Internal Audit & Risk	2019	On track

3. CONCLUSION / PROPOSAL

3.1 An action list has been developed for the Audit Committee. Actions identified at the meeting on 13 February 2018 have been included on the list. The action list will be maintained and presented to each Audit Committee meeting with an update on status of the relevant items. Any additional actions identified by the Audit Committee will be included on the action list as they arise.

CO-ORDINATION

Officer: RGPM   MG
Date: 20/04/2018 20/04/2018

ITEM	4.0.2

AUDIT COMMITTEE

DATE	08 May 2018
HEADING	Future Reports for the Audit Committee of Council
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This item details reports to be presented to the Audit Committee of Council as a result of a previous Council resolution. If reports have been deferred to a subsequent meeting, this will be indicated, along with a reason for the deferral.

RECOMMENDATION

1.   The information be received.

ATTACHMENTS

There are no attachments to this report.

1.   BACKGROUND

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

2.   REPORT

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

3.   CONCLUSION / PROPOSAL

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

CO-ORDINATION

Officer:	Executive Group	MG
Date:	01/05/2018	23/04/2018

ITEM	4.2.1
DATE	08 May 2018
HEADING	Strategic Development Projects 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 strategic development projects was conducted to provide assurance on the strategic risk; "Strategic and operational outcomes are not delivered". Holmes Dyer Pty. Ltd. conducted the audit on behalf of the Governance Division and the findings from the audit were overwhelmingly positive. Three opportunities for improvement were identified. Each of the findings and recommendations arising from the audit were accepted. Work has commenced on the agreed actions, with two of the three actions already completed.

RECOMMENDATION

1. That the information be received.

2. That the Audit Committee accept the final report for the Strategic Development Projects Audit as set out in Attachment 1 to this report (Audit Committee 4.2.1, 8/05/2018) and endorse the final report for Council approval.

ATTACHMENTS

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

1. Strategic Development Projects Audit - Final Report

1. BACKGROUND

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

- Development of surplus Council land for residential housing;
- Investigating opportunities for Council land holdings to contribute towards the renewal agenda for the Salisbury City Centre; and

- Identification of future development opportunities, project timing and business cases to inform Council's Long Term Financial Plan.

1.2   The development projects work of the Division is separated into several tranches;

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

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

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

2.   CONSULTATION / COMMUNICATION

2.1   Internal

2.1.1   This audit was assisted by the cooperation of the Manager Strategic Development Projects.

3.   REPORT

3.1   Holmes Dyer Pty. Ltd. is a small consultancy firm specialising in the use, design, development, delivery and governance of land, cities and communities. They undertook the audit on behalf of the Governance Division. A Principal of Holmes Dyer, Helen Dyer, undertook the audit, and has extensive experience working in Local Government (including as a CEO), in urban planning and in the development industry. The audit involved interviews with staff, completion of key questions and the analysis of a large amount of documentation. All of this review work was undertaken within a relatively limited timeframe in order to present the findings of the work in a timely manner and ensure that the recommendations remain valid.

3.2   Attachment 1 of this report is the final report from Holmes Dyer for this audit. The report separated its findings into five areas: Council Context, Project Identification & Selection, Financial & Prudential Management, Project Delivery, and Project Close-out.

The audit report makes five recommendations. Two of the recommendations are that the staff be commended for their approach. Those recommendations relate to the areas of Council Context and Financial & Prudential Management. The other three recommendations were opportunities for improvement. Those recommendations relate to the areas of Project Identification & Selection, Project Delivery and Project Close-out.

3.3 Two of the three opportunities for improvement relate to the project close-out process, specifically that the process should be implemented and that it should incorporate methods for measuring the success of these projects. These two recommendations have already been completed. The scope and outline for the template close-out report was provided to Holmes Dyer as part of the audit process, however a finalised report was not yet complete at that stage. Since that time, the first three projects within the Tranche 1 property program reached completion, so close-out reports were completed and presented to the Strategic Property Development Sub-Committee. Those close-out reports contain information detailing lessons learned and measures for success for each of the projects. This process will be ongoing as part of future project close-out reports.

3.4 The final opportunity for improvement that is still to be implemented relates to the documentation of a quick decision emergency response process to address unforeseen/emergency issues arising. It should be noted that a process already exists informally and that this action only relates to the documentation of this process.

3.5 The one outstanding agreed action from this internal audit, as detailed in the attached final report, will be tracked and followed up by the Business Analyst, Internal Audit and Risk, and reported to the Audit Committee of Council.

4. CONCLUSION / PROPOSAL

4.1 An audit was conducted on strategic development projects at the City of Salisbury in order to provide assurance on a risk in the Strategic Risk Register; "Strategic and operational outcomes are not delivered". The findings from the audit were overwhelmingly positive, concluding that "there is a high level of skill and comprehension around the delivery of development projects and this underpins a comprehensive iterative process of project delivery".

4.2 Both project management and property development are activities with obvious inherent risks. This audit provided assurance on both these functions that are being conducted by the Strategic Development Projects Division and commented that "the level of risk management appears appropriate".

4.3 The one agreed action that has yet to be completed will be followed up and reported to the Audit Committee.

CO-ORDINATION

Officer: PMRG   MG
Date: 20/04/2018 20/04/2018

HOLMES DYER

STRATEGIC DEVELOPMENT PROJECTS AUDIT

Prepared for: Date:
City of Salisbury   02.03.18

create • manage • deliver | land • cities • communities

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Document Control

Revision	Description	Author	Date
v1	Draft	H. Dyer	10.01.18
v2	Final	H. Dyer	23.01.18
	With formatting edits	H Dyer	24.01.18
V0.2	Formatting with tracked changes	G. Kendall	01.03.18
V0.3	Acceptance of Council changes	H. Dyer	24.03.18

Ref # 0280-005 | 27 March 2018   Page |i

Item 4.2.1 - Attachment 1 - Strategic Development Projects Audit - Final Report

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EXECUTIVE SUMMARY

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Summary of Findings

Holmes Dyer Pty. Ltd. has been engaged by the City of Salisbury to undertake an audit of strategic development projects. Specifically, the audit is to have regard to the Strategic Development Projects Division's shared responsibility for the delivery of the action, "*provide for a range of housing options appropriate for our diverse community*" as is set out in the Council's City Plan 2030.

This action is included in the City of Salisbury 2030 as part of its Liveable City key direction.

> *"A welcoming community that celebrates its diversity, embraces change and where people are able to participate in community life. It is a City with interesting places and experiences."*

This audit finds that the City of Salisbury Strategic Development Projects Division delivers development projects using Council assets to achieve both financial and social benefits. Projects must be cost effective to deliver additional financial resources that can be reused by the Council to deliver other community services and outcomes. However, these projects, are also used as catalytic developments and demonstration projects to encourage the delivery of a wider range of housing choice and product. These projects are also leading to new approaches to asset management and in particular infrastructure standards.

This Division comprises a high level of skills and comprehension (including commerciality) around the delivery of development projects. There is also a high regard for, and understanding of, the broader roles of Council and the *Local Government Act 1999*.

This results in the Division focusing on the development and delivery of strategic development projects in a manner that includes and supports the whole of Council.

This audit finds that projects are conceived in a considered manner, with inputs from across Council and are, therefore, in accordance with broader Council strategic priorities rather than on an ad hoc basis. Each potential project appears to be scoped and developed with specific specialist inputs and passes through a number of gates prior to becoming a fully-fledged project. Funding is via the gate process which should ensure that unnecessary expenditure is minimised.

There is robust financial management both in terms of determining whether a project should progress but also with respect to on-going project management. Projects are accounted for in the Council's standard accounting ledgers and strategic financial plans, but are subject to detailed management via a comprehensive financial spreadsheet to enable the management of the project as a whole of life project accounting for variances inherent in the property market and complex in-comings and out-goings such as the variances in sales values and rates, commissions and other market forces.

Property developments typically change and evolve over their life and there appear to be processes in place that enable changes in scope and unforeseen matters to be dealt with comprehensively, effectively and efficiently. Reporting and decision-making regimes including the delegations and the Committee reporting structure assist with agility in this respect. This also reduces the inherent risk in these Council projects.

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The audit finds an approach that is robust but evolving in that it is operating in a continual improvement environment such that product evolves, and processes improve with a view to delivering continually better projects. This has led to some processes still requiring documentation.

This is an area with risk, however the processes appear to demonstrate a cognizance of risk and risk management as critical components. The level of risk management appears appropriate.

Within the confines of the limited time to undertake this review, the programme overall appears to be well founded and well operated and would appear to be sustainable, and to directly contribute to the achievement of the action, "provide for a range of housing *options* appropriate for our diverse community" as is set out in the Council's City Plan 2030. This programme (acknowledging it is continually evolving) is one that may well provide a model for other councils looking at development projects and/or governance of non-traditional local government activities.

Within this context this audit finds that overall this programme is well managed and is leading to the attainment of the Council's goals.

This audit makes five recommendations, three of which are noted in blue as improvement opportunities:

1. That staff be commended for discharging a non-routine Council project in a Whole of Council context and with a clear strategic intent

2. That the approach to identifying and measuring success be implemented during 2018 following project close-outs with learnings reported and improvements made to processes as findings dictate.

3. That staff be commended for the thorough approach to financial and prudential management and especially with respect to developing a financial management system suitable for the complex, financial management of development projects in a manner that links adequately into Council's rigid budgets and reporting requirements.

4. That the emergency response process be formally documented.

5. That the project closure process be implemented as soon as possible.

HOLMES DYER

Contents

Appendices

HOLMES DYER

1 - INTRODUCTION

HOLMES DYER

1. Introduction

1.1. Purpose

Holmes Dyer Pty. Ltd. has been engaged by the City of Salisbury to undertake an audit of strategic development projects. Specifically, the audit is to have regard to the Strategic Development Projects Division's shared responsibility for the delivery of the action, *"provide for a range of housing options appropriate for our diverse community"* as is set out in the Council's City Plan 2030.

This action is included in the City of Salisbury 2030 as part of it Liveable City key direction:

> *"A welcoming community that celebrates its diversity, embraces change and where people are able to participate in community life. It is a City with interesting places and experiences."*

The Objectives pursuant to the key direction are:

6. *Be an adaptive community that embraces change and opportunities.*
7. *Have interesting places where people want to be.*
8. *Be a connected city where all people have opportunities to participate.*
9. *Be a proud, accessible and welcoming community.*

The success measures are:

- *Wellbeing.*
- *Socio-economic Indexes for Areas (SEIFA).*
- *Percentage of residents who have participated in local community activities.*
- *Perception of quality of life and perceptions of Salisbury.*

This is therefore, an audit of the processes in place to manage, govern and deliver strategic development projects that contribute to this key direction.

1.2. Scope

This is a time limited, risk based audit that undertakes a general review of the approaches to process and governance associated with Tranche 2 projects. Tranche 2 projects include Boardwalk at Greentree, Paralowie; Hoyle Green, Para Hills; Shoalhaven, Mawson Lakes; and Lake Windemere, Salisbury North.

Procedural focus has been concentrated around a series of questions designed to identify areas of risk and responsive governance fundamental to the delivery of identified Council outcomes.

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2 – AUDIT APPROACH

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2. Audit Approach

2.1. Objectives

The objective of this audit within the context of the scope is to:

- Evaluate the delivery of the key action item "*provide for a range of housing options appropriate for our diverse community*" and robustness of processes in the areas of:
    - » delivery of housing options;
    - » probity;
    - » governance;
    - » financial management;
    - » Council coordination; and
    - » Transparency.

2.2. Methodology

The audit has been structured around a series of questions designed to identify areas of risk and responsive governance.

Areas of investigation covered included project initiation, documentation, decision making, Council context, information communication, general governance, and project close out. The key questions underpinning the audit are listed below.

Project initiation

1. What precipitates the initiation of a project?
2. How are projects selected?
3. How is the project defined and who is involved in the process?

Documentation

4. How is the project documented?
5. Does Salisbury Council have information sheets, checklists, templates etc? How do you use these tools?
6. How do you record information especially key decisions?

Decision Making

7. What kind of feasibility or other analyses is undertaken?
8. What tools do the Division use to discharge its functions?
9. What delegations do staff have and how are they exercised?
10. Are there protocols for addressing issues that require a quick (emergency) response?

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Council Context

11. How does your work relate to or, be influenced by Council service standards and other broader Council policy and procedures?

12. Do you reference the Council's Risk Register?

13. How does the process operate in the context of, and influence Council's strategic management plans (AMP, LTFP) and statutory documents (such as Community Land Management Plans (CLMPs))?

14. How does it work in the context of unsolicited bids?

15. How do you manage in effect a project budget (both capital and operational expenditure) that may extend over a number of years in the context of an annual Council budget?

16. Are the projects fully costed over the life of the project?

17. How are budgetary considerations balanced against more general social good outcomes?

Information communication

18. What mechanisms are in place to convey information, process changes etc between the team and across Divisions and to the broader Council?

19. How are decisions communicated?

20. How is the community kept informed throughout the process?

General governance

21. How do you identify, record/manage project risk?

22. How is the potential for conflict of interest managed on behalf of Council as an administrator (public custodian), regulator and developer?

23. What separation of powers and/or checks and balances are employed?

24. What formal and informal reporting is undertaken through the process? Is there a clear chain of command?

25. Are there rules or protocols around reporting to Council or Committees?

26. How are venture partners, builders etc selected? Would Council services be considered in this process or road building, land-scaping etc?

27. How is the matter of confidentiality managed in the context of commercial in confidence versus transparency of Council activities?

28. How are variations and fluctuations in market and other external factors managed?

29. What decision gates are established?

30. How are changes in scope managed and documented?

31. What forum is there for concerns in the process to be raised?

Project close out

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32. How are lessons learnt captured?

33. What evaluation and monitoring occurs?

34. How is success measured?

These questions were carefully designed to interrogate the delivery of strategic development projects in the context of:

1. Council's overall operation and broad functions and duties, as required by the Local Government Act 1999;

2. Robustness of project identification and selection;

3. Financial and prudential management;

4. Project delivery; and

5. Project close-out.

These five areas were considered to interrogate the alignment of the Strategic Development Projects Division and projects with the relevant key action in the Council's City Plan 2030.

A meeting was held with staff to discuss the methodology and the areas of investigation.

Following this staff provided a very comprehensive formal response to the areas of investigation that included documents in support.

An assessment of this response was then conducted. The following section of this report records the assessment and finding; making recommendations as appropriate.

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3 – AUDIT FINDINGS

HOLMES DYER

3. Audit Findings

The following records the assessment of the audit in respect of the key areas investigated.

A copy of the assessment table is included as Appendix 1 to this report. The key findings of this Audit are as follows:

3.1. Council Context

The Council's Strategic Development Projects Division has a high level of awareness of Council's role and functions and general operations.

There also appears to be a well-developed appreciation of the *Local Government Act 1999* and resultant strategic and statutory plans along with a culture of an holistic approach to the delivery of Council's vision. There appears to be a focus on regulatory compliance along with a cognizance of Council's broad social responsibilities.

Communication and engagement appears to be cognizant of the work of Council and the community. Council also has obligations to be transparent in its operations. The Strategic Development Projects Division however, have a commercial aspect to remain competitive and thus successful, and there is a consequent need for the Council to consider vast amounts of confidential information.

Under the confidentiality provisions of the *Local Government Act 1999,* Council is considered to act appropriately by releasing as much information as is possible to keep the community informed without jeopardising the success of the project.

The work of the division is considered to be strategic, leading to the attainment of Council's higher order goals.

3.2. Project Identification and Selection

This audit finds that the delivery of strategic projects has been conceived after much research and consideration.

There is a long term strategic framework identifying potential project opportunities that has been developed in the context of Council's City Plan 2030, Asset Management Strategy, Community Land Management Plans, Financial Plans and the opportunity for Council to contribute to broader social initiatives such as housing affordability and improved housing choice.

Projects are thoroughly considered via a 'gate' assessment process that ensures robust deliberation prior to project acceptance. This also ensures careful scoping and definition of the project and identified project objectives/success factors.

Decisions around whether, or not a project should proceed are made formally at gate stages via a linear/hierarchical process by the Council.

HOLMES DYER

More minor decisions can be made pursuant to delegation. These are formally documented and exercised via a hierarchical process.

3.3. Financial and Prudential Management

Land development projects are not generally seen to be core business for councils. In addition, land development is particularly complex and carries with it significant levels of risk and requires a detailed understanding of property projects.

There appears to be a very high regard for feasibility and business case analyses and these are live and reviewed and updated as required. The feasibility is underpinned by specialist experts including land agents and builders. In some cases a statutory Prudential Review is undertaken as well, prior to the project proceeding.

The audit finds that the Division has worked hard in conjunction with other areas of the Council to, as is far as is practicable, seek to integrate the financial management of these property projects with Council's wider financial management systems and processes.

Areas of challenge, such as the management of a dynamic whole of life cycle costing for projects versus the semi-static annual Council budgets, has been addressed via the use of spreadsheets. These are used to manage all areas of the projects' finances including variances and fluctuations such as commissions and promotions.

Financial performance is monitored and regularly reported to the Executive.

The financial management is considered to be thorough.

3.4. Project Delivery

It appears as though projects are closely monitored and actively managed.

Projects are managed in accordance with Council policies, manuals and tools where they are relevant and applicable. However, as per financial management, the dynamic nature of development projects requires some specific tools.

The process of delivery occurs over time (often a number of years) and staff monitor changes in market conditions to ensure the project responds appropriately.

The delivery of such projects does carry significant risk and a risk management plan is prepared and regularly reviewed for each project.

The tools used in the delivery process have to be adapted and/or introduced by staff with specialist knowledge and experience in the property development field. This facilitates the ability to manage a myriad of variations, including changes in scope and unforeseen issues.

Conflict of interest is specifically considered in the delivery of projects and is managed via a clear separation of various powers/roles and through transparent procurement. The staff also seem aware of the need to procure in a manner that mitigates risk and thus processes are adopted to ensure confidence of delivery outcome, as well as, cost.

Item 4.2.1 - Attachment 1 - Strategic Development Projects Audit - Final Report

HOLMES DYER

3.5. Project Close-out

As a relatively new space for the Council to operate within, these projects are undertaken in a context of continual improvement.

A formal close-out procedure is being developed that will commence shortly in respect to the first completed projects. This close-out will look at a number of social and financial indicators to understand and measure project success. Close-out will include a financial assessment but will also include items such as a community feedback survey, purchaser surveys and an administrative process review.

This assessment will enable Council to understand the success of various projects, not only in terms of commerciality but also in terms of other tangibles such as improved product choice, enhanced neighbourhood, improved Council asset management and positive changes to the market overall.

The findings coming out of the close-out review are planned to become learnings that will inform the next set of projects.

Notwithstanding that no formal close-out has yet occurred, lessons appear nonetheless to have been learned along the way. These learnings have already been incorporated into existing and/or ongoing projects as deemed necessary.

Overall this continual improvement approach is considered positive.

This audit makes five recommendations, three of which are noted in blue as improvement opportunities:

1. That staff be commended for discharging a non-routine Council project in a Whole of Council context and with a clear strategic intent

2. That the approach to identifying and measuring success be implemented during 2018 following project close-outs with learnings reported and improvements made to processes as findings dictate.

3. That staff be commended for the thorough approach to financial and prudential management and especially with respect to developing a financial management system suitable for the complex, financial management of development projects in a manner that links adequately into Council's rigid budgets and reporting requirements.

4. That the emergency response process be formally documented.

5. That the project closure process be implemented as soon as possible.

HOLMES DYER

4 - CONCLUSION

HOLMES DYER

4. Conclusion

In conclusion, this audit finds that there is a high level of skill and comprehension around the delivery of development projects and this underpins a comprehensive iterative process of project delivery that should make an important contribution to the Council's Liveable City key direction and specifically to the shared responsibility action *"provide for a range of housing options appropriate for our diverse community"*.

Overall, staff are to be commended for a thorough and diligent approach.

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APPENDIX

HOLMES DYER

Appendix 1.   Audit Assessment Table

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Table 1.   Audit Assessment

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
1. Council Context							
Fit of Strategic Development into context of Council's overall operations	The Strategic Land Review project resulted from, and was informed by other high order and/or statutory Council plans such as the Growth Action Plan and Community Land Management Plan. The Strategic Land Review itself then becomes a tool to inform Council's short and long term financial plans required by the *Local Government Act 1999*, and will be used to inform the 18/19 Annual Plan and future Annual Plans. Any changes to the use and/or status of Council's Community Land arising as part of this project are flagged to trigger the need to amend Council's Asset Management Plan as appropriate. Risks appear to be considered from many angles. This includes finance, community and political. The Project Management Structure is a hierarchy that identifies risk at each level of project evolution (ie Strategic Land Review followed by Feasibility Review followed by Business Case and if applicable a Prudential Report. The example Business Case provided demonstrates consideration has been given to residual risk once mitigation has been undertaken. A risk management plan in a standard risk management table format was included in the example supporting documentation. This demonstrates an understanding of risk	**It is recommended that staff be commended for discharging a non-routine Council project in a Whole of Council context and with a clear strategic intent**	N/A	Council applies its draft "Unsolicited Proposals Guidelines" when an unsolicited approach is received, which are in turn based upon the State Government's Unsolicited Proposals Guidelines. A Section 48 Prudential Report was initiated for Walpole Road Stage 3 project (Boardwalk on Greentree) notwithstanding that it was arguable that the nature and value of the works did not trigger the statutory requirement for a Prudential Report. This decision was taken in the interests of ensuring risks are appropriately managed and adding transparency.	N/A		N/A

Item 4.2.1 - Attachment 1 - Strategic Development Projects Audit - Final Report

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
	management evaluation and management techniques along with familiarity of the key risks associated with this type of project. It appears to be a live document which is supported by statements in the Business Case that it will be subject to regular review and update. Each risk item in the table has a noted date for review. It is recommended that this approach to identifying and measuring success be implemented during 2018 following project close outs with learnings reported and improvement made to contributing processes as findings dictate, see finding 2 for details. Management of the project demonstrates considered application of standards as per any other developer and does challenge some traditional Council positions. It is quite appropriate to challenge standards and indeed product evolution generally requires waivers. The use of independent advice in this process is considered beneficial. The approach demonstrates the balance required to discharge a regulatory function and achieve community benefit and transparency regarding the separation of powers. This also has the potential to lead to amended and more contemporary Council regulatory standards that can support development that is more affordable and brings some other similar wider social and/economic benefits.						

Ref #0280-005 | 27 March 2018   Page |21

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
	This approach is considered appropriate. Councils are increasingly focussing on unsolicited proposals and are putting in place policies to ensure there is a transparent framework to deal with unsolicited approaches. Specifically, policies govern how direct approaches can be evaluated in a transparent and equitable manner, respect commerciality and intellectual property and ensure value for money and/or other appropriate community outcomes are achieved by Council. Many such proposals relate to development opportunities such as joint ventures or requests to purchase Council owned assets. The responses provided indicate an understanding in the Strategic Development Projects Division of the importance of this matter and provides an approach considered to be reasonable. It also further demonstrates the role of the Division in the broader Council context. Overall this approach appears to be considered and thorough and in accordance with Council's overall policy. In addition, the requirement for a Prudential Review is compliant with the *Local Government Act 1999*.						

Item 4.2.1 - Attachment 1 - Strategic Development Projects Audit - Final Report

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
2. Project Definition							
Robustness and appropriately strategic nature of Strategic Development Projects	The process for identifying projects demonstrates a considered strategic and coordinated approach within a wider Council context. It also demonstrates considered project selection. In particular, the supporting documentation highlights consideration of the broader strategic directions of Council and the type of projects possible with regard to the provision of housing typologies. Specifically, the identification of projects is no longer ad hoc which optimises the opportunities for success and the achievement of benefits and diminishes risks of lost opportunity, lack of coordination, non-sustainability or a diminished overall result. This approach is considered to be likely to maximise the achievement of the City Plan 2030 action under review. The Concept Note and Business Case provided by Council demonstrate an iterative approach to scoping a project, effectively establishing a project gate process. Documentation appears to be comprehensive with supporting specialist inputs. These basically show a hierarchy of design and scope refinement leading to a project, with each step funded. This is considered to be a typical approach to such a project as would be used by	**It is recommended that the approach to identifying and measuring success be implemented during 2018 following project close-outs with learnings reported and improvement made to processes as findings dictate.**	Improvement opportunity	As part of the Strategic Property Development Program Review endorsed by Council in August 2017, a set of high level objectives were identified that has been used consistently across the scoping of new projects that includes • Realising development profit returning a commercial outcome to Council to reduce debt and free up capacity to fund strategic projects. • Inclusion of a range of living options, including affordable housing that provides housing choice for the Salisbury community of all ages, backgrounds and budgets. • Deliver best practice design with a high attention to detail setting an improved standard for residential development, including medium density and infill land development in Salisbury and contribute towards Council's	It is recommended that these objectives are adopted as the common measures for success and qualitative /quantitative data (where available) be collected as part of the close out reports to measure and document performance. This will include collection of data including, but not limited to, the production of REM Plan Economic Modelling, and Customer Satisfaction Surveys with allowance for production of the identified	Manager Strategic Development Projects	Project success measures considered as part of close out reports for three Tranche 1 projects presented to the Strategic Property Development Sub-Committee on 13 March 2018. This process will be ongoing as part of future project close-out reports.

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
	commercial developers and provides a rigour that minimises unnecessary expenditure of funds Identifying measures of success is an area of relative infancy in this evolving and continually improving process. Notwithstanding that the first projects are just concluding with close-outs to occur, key success factors have been highlighted. These appear to require some resolution as part of the definition of the project close out, however they are considered to be at an appropriate level at this juncture. Close-out reporting has been scoped and will consider the success of the project in respect to financial and social benefits including the success in delivery 'inclusion' of a range of living options, affordable housing and having choice for all ages, backgrounds and budgets. It will also measure community support and buyer experience. This distinguishes Council as a public-sector developer from other purely commercial developers. It also looks to measure delivery of best practice and contributions to Council's strategic agenda. Whilst yet to occur, this approach is considered to recognise the role of the business and its projects in the wider Council context and should provide a framework that keeps projects focussed on the delivery of the primary objectives, and in this case, the identified key action.			Strategic agenda set out in the City Plan 2030. • Integration of the projects with the existing community through provision of improved connection and open space area upgrades that benefit both the new and existing community. • Use of Council surplus landholdings to build a pipeline of development projects that support the local construction industry, creating local jobs for local people. This set of common objectives was used as the framework within the close-out reports (refer recommendation 5 for additional information) to outline lessons learnt and measure of success.	reports included within the project budget allocations.		

Item 4.2.1 - Attachment 1 - Strategic Development Projects Audit - Final Report

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
3. Financing, Feasibility and Prudential Management							
Robustness of Financial planning and management of projects in the context of Council's budgetary and financial controls and practices.	Council budgets have an annual focus but developments have a life cycle with cost implications. Full life cycle costing improves overall project management and fiscal responsibility. This approach is responsible and minimises financial risk. The responses provided by Council also generally indicate a high degree of attention to financial management which is a live environment. The process is one of expenditure risk management via project inception, design and selection. The process includes key decision gates, feasibility studies, business cases and, as required, a formal Prudential Review, with each analysis, reviewed and updated if and as required. The responses demonstrate the Strategic Developments Projects and Finance staff have worked through the complexity of managing multi-year projects with varying inputs and outgoings (ie deposits, completion of sales, communication, etc) in a rigid Council budget/financial framework in this case, Finance 1 – an electronic finance software package. These various responses also demonstrate the addition of a comprehensive spreadsheet to track the financial management of the project. This runs in parallel to Council's finance system and is used to input into	**It is recommended staff be commended for the thorough approach to financial and prudential management and especially with respect to developing a financial management system suitable for the complex, financial management of development projects in a manner that links adequately into Council's rigid budgets and reporting requirements.**	N/A		N/A		N/A

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
	Council's budget management. The approach to financial management appears to be comprehensive with checks and balances that also support the project delivery as is required by a land development project to achieve the required outcomes						
4. Project Delivery							
Ensuring successful on-ground delivery appropriate to a Council	Documentation and project delivery processes appear to be well considered and generally well documented, with a focus on both compliance and delivery outcome. Councils are not typically "commercial" property developers and as such, partnerships are often sought. The responses demonstrate care and consideration of the need to procure robust and experienced partners in a transparent manner. This process appears to have been an evolution from earlier projects. There was an arm's length from Council, by using the sales company considered to have experience of developers/builders and	It is recommended that the quick decision emergency response process be formally documented, to address unforeseen/emergency issues arising.	Improvement opportunity	An emergency response process exists informally with project oversight responsibility, contract management and financial delegation structure in place. However it is appreciated that a shared common understanding of what an "emergency issue" could look like on a Strategic Development Project and documentation of the process that should be	A Strategic Development Project Emergency Response Process will be prepared and presented through Council Executive Group for endorsement and distributed to all Strategic Development	Manager Strategic Development Projects	30 June 2018

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
	respective product(s). The response demonstrates consideration of public transparency and the need for an appropriate partner. The response indicates an awareness of the tools available for procurement. There appears to be a procedural focus on project management, processes, delivery and tasks. It recognises broader Council policies, manuals and tools noting that some council made manuals and tools have limitations in the context of a development project. Additional and/or adaptive tools have been developed to facilitate project delivery. The documentation provided in support is comprehensive and thorough and provides a documented history of the project. This is considered appropriate. This includes project acquisition plans, project feasibility concept notes, cash flows, business case, project delivery spreadsheets and formal reports to Committee and Council. The process, including considered 'gates' and ongoing refinement is considered robust. Changes to scope pose a risk to delivery and process. As a development project, changes are highly likely throughout the delivery. The response indicates that process is unlikely to be compromised, and scope changes can be considered and appropriately dealt with via reporting to Executive indicating appropriate delegation. In addition, if necessary, sub-committee			followed to report, action and respond appropriately should be documented. It is considered that this emergency response process would not duplicate the whole of organisation City of Salisbury Emergency Management Plan relating to the Council response plan for a State Emergency. The Strategic Development Project emergency response process would specifically focus on potential issues that could, if they occur, have a significant project cost or reputation issue. The process should set out who is informed within what timeline, the decision making matrix for immediate rectification or instruction (within the overall project contingencies) and timing for communication of the issue to Council	Project staff and key contractors.		

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
	meetings are held. The thorough documentation leading to delivery is considered also to be useful in the event of scope change as it makes changes easier to identify, quantify, report and approve. Timely response to scope changes will assist with delivery and thus contribute to the key action. A risk in any organisation or project is conflict and/or errors. A separation of powers reduces both of these risks. The responses demonstrate a number of separations to reduce these risks including effectively peer and management review of documents and approval by the General Manager. It also separates the management and development of the encumbrance and the Strategic Development Projects take no part (aside from that of an applicant) in the assessment and approval process. The practice of referring the matter to the Minister is also considered appropriate and demonstrates both consideration of the issue and transparency. Development projects are often subject to unforeseen issues that require immediate attention. The response indicates that emergency matters have previously been experienced and can be dealt with. The delegation regime is helpful in this case. There is also a process for informing Members.			dependent on the issue . It should be noted that many of these risk /emergency items are already identified on the project risk plans that will be used as a starting point for preparation of this process.			

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
	Dealing effectively with emergencies is essential to meeting the key action and delivering the project and this approach is considered appropriate.						
	Documentation of this process may be beneficial.						
	Staff are aware of their delegations, the use and financial expenditure limits. Discussions also revealed a linear process that assists to remove risks in the exercise of delegation						
	There appears to be a good understanding of the need for confidentiality within the publicly transparent Council environment.						
	There is a focus on community engagement, as required by, but also in addition to the Act. This keeps the community engaged with the strategic direction Council is taking.						
	Staff report regularly to Council and/or Committees and use the provision of confidentiality available under the *Local Government Act* 1999 when required.						
	Importantly, however, reports appear to be written with the need for disclosure in mind. The supporting documentation indicates also that there has been partial release of documents to assist with transparency whilst enabling the Council's commercial and/or intellectual property to be retained. This is considered appropriate and fundamental to the success of the delivery of these projects and hence the action item being considered.						
	The adoption of a policy to manage the risk of conflict is considered to be transparent and responsible.						

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
	Having a policy is likely to increase confidence of third parties and may therefore lead to less complaints and a smoother passage for the delivery of projects All decisions are made on the basis of reports to either the Executive or Committee or Council. Decisions are documented in minutes. This formal approach also ensures that all areas of Council are aware of any changes and enables any input as may be required potentially leading to the highest quality outcome. Internal communication is important to good project delivery, especially in a council context and can be a high-risk area. The responses and supporting documents indicate that communication and reporting internally is thorough. The intergroup/division Council Land Coordination Group is a positive initiative, as is the use of regular team meetings and forums. The recognition of the informal gatherings process demonstrates again, cognizance of the requirements of the *Local Government Act 1999*. The use of the e-newsletter should also minimise risk of actions cutting across the project. The report to the Executive is the ultimate administration coordination, and this is supported by reporting to Council, generally via the Committee.						

Item 4.2.1 - Attachment 1 - Strategic Development Projects Audit - Final Report

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
	Community consultation appears to be undertaken both to meet statutory compliance and to manage political risk. The development of a documented engagement plan assists to ensure specific consideration is given to community issues and that the risks of community angst are mitigated. Use of varying tools (ie social media also helps with notification and awareness). Concerns with projects etc are able to be raised as per regular Council channels. In addition, a close-out community satisfaction survey is to be undertaken involving surrounding residents. There appears to be no attempt to resile from the need to address issues, questions or complaints.						
5. Project Close Out/ Continual Improvement							
Reviewing processes and gathering learnings.	The proposed formal close-out process is required to ensure the maximum knowledge is gathered regarding projects. This in turn enables an evaluation of success. Indeed, even with a formal process being undertaken, business cases for current tranche projects already highlight and address issues identified from previous projects. The development of templates provides a strong framework that should maximise the rigour and information gained from the project closure. This provides also a framework to identify broad lessons across	It is recommended that the project closure process be implemented as soon as possible.		Concurrent with the timing of the Strategic Development Projects Audit, the first three projects within the Tranche 1 property program reached completion with final land settlements in December 2017. The scope and outline for the template close-out reports was provided to	A Close-out report will be presented to the Strategic Property Development Sub-Committee for all projects when they reach completion with final allotments settled. The close out	Manager Strategic Development Projects	Actioned for first three Tranche 1 projects on 13 March 2018 and will be ongoing on all future projects

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
	many facets of the project including design and delivery and asset standards and maintenance and will directly contribute to the key action through each subsequent development.			Holmes Dyer, however a finalised report was not yet complete. The first three projects' close-out reports have subsequently been completed and were presented and noted by the Strategic Property Development Sub-Committee on 13 March 2018. The close-out reports provide detail of the overall project outcomes against a set of objectives (refer recommendation 2 above) that address both financial and broader community objective outcomes. They also consider lessons learnt and performance against benchmarks that will inform future project scoping, feasibility, design and delivery.	report will confirm the final project position relating to sales return and expenditure. Key consultants who work on the project will also be required to prepare a close-out report as part of their scope of service. These reports will be prepared in two parts, with sales/marketing and finance benchmarks provided as a confidential attachment to protect Council's commercial position. The balance of information will		

HOLMES DYER

Issue	Assessment	Recommendations	Risk	Management Response	Agreed Action	Responsibility	Due Date
					be made available in a public section used to share success and learnings from the project with the community and key stakeholders. The close-out reports will follow the template of the first reports presented to the Strategic Property Development Sub-Committee on 13 March 2018 and will be continually refined and improved with each project.		

ITEM	4.2.2
	AUDIT COMMITTEE
DATE	08 May 2018
HEADING	Business Systems and Solutions 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 Business Systems and Solutions was conducted to provide assurance on the strategic risk; "Lack of alignment and integrity of IT systems for support of business needs". BDO conducted the audit on behalf of the Governance Division. Three high, five medium and two low risk findings were identified by the audit. The high risk findings related to IT governance, Disaster Recovery Plans and the use of a generic administration account. Many findings and recommendations are made in the report and actions and responses are also detailed in the report to address the findings.

RECOMMENDATION

1. That the information be received.

2. That the Audit Committee accept the final report for the Business Systems and Solutions Audit as set out in Attachment 1 to this report (Audit Committee 4.2.2, 8/05/2018) and endorse the final report for Council approval.

ATTACHMENTS

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

1. Business Systems and Solutions Audit - Final Report

1.   BACKGROUND

1.1   The objective of this audit was to provide assurance regarding the alignment and integrity of IT systems and support with business needs. The need for the audit is derived directly from Risk 10 on the City of Salisbury Strategic Risk Register, "Lack of alignment and integrity of IT systems for support of business needs".

1.2 The Business Systems and Solutions (BSS) division at the City of Salisbury (CoS) contains the following five teams;

- Information Management Services
- Continuous Improvement Services
- Service Desk
- Planning and Business Engagement
- Information Technology Services.

1.3 Each team has specific objectives and assists the CoS in achieving its objectives. IT areas for which the division has specific responsibility include;

- Telephones and telecommunication providers
- Servers
- Operating Systems
- Storage
- IT equipment.

1.4 This audit was conducted by interviewing key stakeholders and reviewing the supplied documentation to determine the alignment of existing IT systems with the goals and objectives of the organisation. The scope of the audit included;

1.4.1 Review of the responsibilities and services provided by BSS specifically in relation to applications software;

1.4.2 Review of the process of aligning IT systems with business needs;

1.4.3 Assessment of the ongoing support provided to business process owners including service desk metrics;

1.4.4 Review of the disaster recovery plan;

1.4.5 Review of the responsibilities and any processes in place, to respond to a loss of software supplier and loss of data; and

1.4.6 Review of any actions to address cyber security risk, including responses to the recommendations from the completed cyber security risk assessment.

1.5 The division is currently implementing the actions from a Program Review that was completed on the division in 2015.

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 Business Systems and Solutions and his staff. Several divisional managers were also interviewed as a part of this audit and their input has helped shaped the findings from it.

3. **REPORT**

   3.1   Three high risk findings were identified by BDO in this audit. They are as follows;

       3.1.1   Implementation of IT Steering governance committees is required in order to support good governance and decision making. In response a revised model for the governance of IT and information management will be developed.

       3.1.2   The current Disaster Recovery Plans require updating to increase the likelihood of managing a disaster event. Recommendations made and agreed to include the full documentation of disaster recovery plans, creation of a disaster recovery testing regime for major systems, and alignment of the back-up regimes of all systems to the requirements in the Business Continuity Plan. It should be noted,   that on two separate occasions when major power outages were experienced, there were sufficient resources and processes in place to successfully shut down and restore the systems without any loss of data. In each instance this process was undertaken by different members of staff within BSS.

       3.1.3   A review of the use of generic administration accounts for applications has been recommended to ensure accountability for changes made to systems, and the maintenance of a clear audit trail. This recommendation is based on one instance were an application was managed and maintained using a generic administration account. As a result of this finding a review will be performed by BSS.

   3.2   Five medium risk findings were identified by BDO in the audit. They are as follows;

       3.2.1   No evidence of reporting against service level agreements or key performance indicators in place between CoS and its vendors or between BSS and the administration. Some tools have previously been identified for managing and measuring the effectiveness of BSS and will be introduced as part of the Program Review actions or re-introduced from the previous IT Strategy 2014-17, as the case may be.

       3.2.2   Maintain an up to date application register capturing information such as the full list of applications, version numbers currently used, vendors, and vendor support periods. The recommendations will be addressed through the development of a Service Catalogue, as identified in the Program Review, and the next iteration of the ICT Strategy document.

       3.2.3   Continued focus is required to align business applications to business needs. New initiatives (including technology enabled initiatives) are now submitted for approval via a project initiation bid system which requires submissions to be reviewed by several areas of the business including Finance, People & Culture and BSS. It is intended that discussions will be held with relevant divisional managers about the inclusion of an assessment of bid submissions to ensure alignment with the digital strategy. BSS are also putting in place the Business Engagement Group which enables the business to engage with business analysts and discuss solution requirements before and after a bid for a solution is proposed. The Planning and Business Engagement area is developing a resource

planning and demand management framework in order to assist with the management of business expectations.

3.2.4 Greater awareness is required of the ownership of systems and roles and responsibilities for applications. A document has been prepared containing the approach developed for the management and support structure for Empower, which is an application used to manage the payroll processes and several other functions. This document contains information setting out the ownership within the business of the relevant application. The approach applied to the management and support for Empower will be followed for all major corporate applications. In addition, BSS has agreed to work with business application owners to inform on new technologies, solution roadmaps and upcoming functionality in solution upgrades.

3.2.5 Continued alignment of the Digital Strategy to the Business Strategy is required. A digital strategy working group has been established to address issues such as this one.

3.3 Two low risk findings were identified by BDO in the audit. They are;

3.3.1 Improve project management rigour. There are relatively few projects for which BSS are directly responsible. Usually a project contains an IT element and is being run outside of the BSS division. The Planning and Business Engagement function will continue to mature which should address some aspects of this finding.

3.3.2 A formal change management framework is required. Several of the recommendations made for this finding will be raised with the Change Management group and a forward schedule of change will also be developed.

3.4 Cyber security was within the scope of this audit. This aspect of the audit including any related findings and the separately undertaken cyber security risk review will be the subject of a separate confidential item on the agenda of the July 2018 Audit Committee meeting.

3.5 All the outstanding 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 reported to the Audit Committee of Council.

4. CONCLUSION / PROPOSAL

4.1 An audit was conducted on the Business Systems and Solutions division 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 on their completion will be reported to the Audit Committee.

CO-ORDINATION

Officer:	RGPM	GMBE	MG
Date:	20/04/2018	28/04/2018	20/04/2018

Audit of

Business Systems and Solutions

Final Report v1.1

April 2018

Prepared by

BDO Advisory (SA) Pty Ltd

Executive summary

The objective of this audit was to assess the alignment and integrity of IT systems and support with business needs. The derivation of the audit was from Risk 10 on the City of Salisbury Strategic Risk Register, "Lack of alignment and integrity of IT systems for support of business needs".

During the process, BDO interviewed twenty stakeholders to identify findings and assess the residual risk posed by the way that IT supports business needs. The residual risks were then allocated ratings based on the City of Salisbury risk matrix.

There were three risks rated as high and five as medium. The high rated risks were the:

- Implementation of IT steering committee to drive and align IT services to the business objectives
- Lack of documented disaster recovery plans
- General administrator accounts require greater transparency

The medium rated risks were:

- Improved visibility of Service Level Agreements to maintain a business focus
- Maintaining an up to date application register
- Continued focus on aligning business applications to business needs
- Greater awareness of business ownership of applications
- Continued alignment of a digital strategy to the business strategy.

As a result of the risk ratings, it is our view that the historical level of service IT provides the City of Salisbury had previously been misaligned in a number of areas, and posed a risk to the ongoing ability to meet business needs.

However, over the last twelve months, there has been a significant uplift in the brokerage of services of IT. Demonstrating this, the majority of residual risk mitigation strategies have been included within the ongoing IT program of work. In particular, the focus on progressing the digital strategy shows that Business Systems and Solutions (BSS) are improving alignment.

The key to reducing the risk to the organisation will be a robust strategy and the business involvement in the program of work to deliver upon the digital strategy and the recommendations within this report. To enable this to occur, the high priority items to address are:

- The reduction of cyber security risk
- The documentation of disaster recovery plans
- The reinvigoration of IT governance groups
- The continued focus on IT providing an advisory role to the business
- The continued alignment of the digital strategy to the City of Salisbury business objectives

This shows that whilst risks have been identified during this audit, the increased level of IT maturity within the business and the actions that have already been taken are likely to provide the platform for business systems to better meet business needs.

Background

Objective

The objective of this audit was to provide assurance regarding the alignment and integrity of IT systems and support with business needs. The need for the audit was derived from Risk 10 on the City of Salisbury Strategic Risk Register, "Lack of alignment and integrity of IT systems for support of business needs".

Methodology and Scope

BDO conducted an audit of Business Systems and Solutions (BSS) for the City of Salisbury. The audit was conducted by interviewing key stakeholders and reviewing supplied documents to determine the alignment of existing IT systems with the strategic goals and objectives of the organisation. Based on the scope provided by the City of Salisbury, BDO's approach was to assess two key areas, governance and security.

During this process, BDO held twenty stakeholder interviews, as shown in Appendix 4. BDO also conducted reviews of business processes and project methodology, for strategic and business initiatives of IT to support business needs. Findings were classified, and residual risks were determined according to the Risk Management Guide of City of Salisbury.

The scope of this audit included:
- Review of the responsibilities and services provided by BSS specifically in relation to applications software;
- Review of the process of aligning IT systems with business needs;
- Assessment of the ongoing support provided to business process owners including service desk metrics;
- Review of the disaster recovery plan;
- Review of the responsibilities and any processes in place, to respond to a loss of software supplier and loss of data; and
- Review of any actions to address cyber security risk, including responses to the recommendations from the recently completed cyber security risk assessment.

The scope of this audit excluded:
- Contract Management;
- Third-party organisations who host software that the City of Salisbury uses; and
- A review of the Information Management Services Team or Continuous Improvement Services, as these teams are not responsible for IT systems and therefore are not within the scope of the strategic risk that this audit is providing assurance on.

Overall Review of Audit for Business Systems and Solutions

The review identified a range of findings regarding the risk "Lack of alignment and integrity of IT systems for support of business needs". In total 10 groups of findings were identified. The residual risk ratings of findings identified during the course of this project are:

	Very High	High	Medium	Low
Number of findings	0	3	5	2

Summary of Key Findings

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

The following residual risks exist prior to the implementation of recommendations.

No.	Finding and Risk Table	Likelihood	Consequence	Residual Risk
1	Implementation of IT Steering governance committees is required	D	3	H
2	The current Disaster Recovery plans require updating to increase the likelihood of managing a disaster event	D	3	H
3	Review of the use of generic admin accounts for applications	D	3	H
4	No Service Level Agreements, and/or Key Performance Indicator's exist for Business Systems and Solutions	D	2	M
5	Maintain an up to date application register to reduce security risk and upgrade costs	C	2	M
6	Continued focus is required on aligning business applications to business needs	D	2	M
7	Greater awareness is required of the ownership of systems and roles and responsibilities for applications	C	2	M
8	Continued alignment of the Digital Strategy to the Business Strategy is required	B	3	M
9	Improve the project management rigour	B	2	L
10	A formal change framework is required	B	2	L

Detailed Findings and Recommendations

Finding and Recommendation	Management Response - including whether the finding was accepted	Agreed Actions	Inherent Risk Level	Responsibility	Due Date
1. IT Steering governance committees require implementation **Finding:** The IT Steering Committee, as identified in the Information Systems Strategy 2014-2017, has not met in 2017 or 2018. The Information Systems Strategy 2014-2017 describes the use of an IT Steering Committee and Applications Steering committees to support good governance and decision making. Two actions were agreed in the Program Review[1], and endorsed by the Program Review Sub-Committee on 9/6/15 and by Council on 27/7/15: • The executive will review the role of the IT Steering Committee and its function moving forward including the governance structure[2]; and • The applications are reviewed on a regular basis by the steering committees[3].			High		
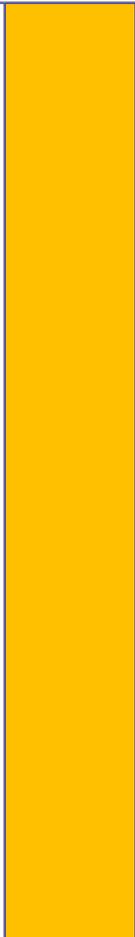
[1] Information Services and Information Management Program Review – Attachment 2 – Recommendations and Management Response
[2] Page 59, Priority 1, Actions 1 and 2; Page 63, Priority 4, Action 2
[3] Page 63, Priority 4, Action 1

According to the findings in the Program Review, the IT Steering Committee at the City of Salisbury was not seen as a collaborative decision making tool and no action has been taken to provide a new governance structure. Based on interviews with the business, the Application Steering Committees were seen as at least "some mechanism" to discuss best approaches for application development, and an opportunity to share ideas and knowledge on the application. Without an IT Steering Committee being in place there is likely to be an ad hoc approach to align IT projects delivery with the business strategy. **Recommendation:** 1.a) Revise the Terms of Reference for both the Application Steering Committee and IT Steering Committee, in line with the recommendations made in the Program Review;	Agreed. In line with recommendations from the Program review and will be informed by the outcome of the digital strategy.	Current practice is that IT related projects and reports are considered by the Executive Group. The IT Steering Committee was previously comprised of the Information Services Manager and the Executive Group. A revised model for the governance of		Manager, Business Systems and Solutions	30/11/2018

1.b) Reconvene the Application and IT Steering committees, ensuring the role of Business Systems and Solutions is well understood by the IT Steering Committee; and	Noted – see agreed action	information technology and information management at operational, tactical and strategic levels will be developed based on stakeholder engagement and feedback.		See above	See above
1.c) Ensure the membership of the IT Steering Committee includes a relevant selection of City of Salisbury Executives.	Noted – see agreed action			See above	See above
		Application and IT Steering committees will be based on the outcome of the agreed program review actions. See above.			
2. The current Disaster Recovery plans require updating to increase the likelihood of managing a disaster event **Finding:** The Disaster Recovery (DR) plans provided by the City of Salisbury require updating to enable the effective restoration of services for critical business systems and			High		

applications in disaster events. The DR plans do not contain all relevant steps required to ensure the return of systems to meet the business's expectations for Maximum Allowable Outages (MAO), Recovery Point Objective (RPO) and Recovery Time Objective (RTO) of the City of Salisbury's Business Continuity Plans (BCP). Without documented RTOs, the backup schedules are unable to align to the business requirements. There is also no evidence of any testing of DR plans. The resource planning in place has, to date, enabled the mitigation of DR risks by having appropriately skilled resources available to support the business when required. This was highlighted by the ability to restore IT services following a large power outage in late 2017 without significant disruption to the business[4]. A further smaller power outage occurred at the very end of 2017, the recovery from which was managed by different employees than the ones that managed the first larger event. Recovery from the second event was also managed without significant disruption to the business. The lack of documented DR plans poses a risk to the organisation, should a similar event occur during a busy period for the council. **Recommendations:** 2.a) Fully document the DR plans. Consider the use of an external party with experience in the development					
	Noted and agreed.	As recommended		Team Leader Information	30/04/2019

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[4] As per stakeholders interviews

of technology DR plans if there are no in-house parties with this experience; 2.b) Create a DR testing regime for major systems, that supports the business's documented MAO, RPO and RTO; 2.c) Align back-up regimes of all systems to Business Continuity plan MAO, RPO and RTO requirements;	Noted and agreed. Backup regimes will be reviewed and modified if required.	See above See above		Technology Services See above See above	See above See above
3. Review of the use of generic admin accounts for applications **Finding:** There was evidence of one application being maintained and managed using a generic administration account. This business practice may increase the risk of outages for applications. In the event a significant human error was to occur, it may be difficult to identify how it occurred, or who was responsible if a generic admin account was used, which may lead to delays in the resolution. From an audit perspective generic admin account users may have access to back end systems which might allow them to adjust data without clear traceability. **Recommendation:** 3.a) Replace all generic admin accounts where they are used, with named admin accounts for all systems;	Noted – see action	A review will be	High	Team Leader	30/11/2018

		performed and implemented where feasible to do so		Information Technology Services	
4. No Service Level Agreements, and/or Key Performance Indicator's for Business Systems and Solutions Finding: There is no evidence of reporting against Key Performance Indicators (KPIs) or existing Service Level Agreements (SLAs) in place between the City of Salisbury and its vendors or between Business Systems and Solutions (BSS) and the internal departments and divisions of the City of Salisbury. The service desk has a set of measures defined by BSS[5] however provides no formal reporting to the business. In the Program Review report titled *Information Services and Information Management Program Review – Attachment 2 – Recommendations & Management Response*, endorsed by the Program Review Sub-Committee on 9/6/15 and by Council on 27/7/15, the following actions were stated for BSS regarding KPI reporting: • Reporting will be provided on a monthly basis on the status of projects and KPIs, and they will be made more visible (Page 61, Priority 2, Action 1); • The IS division will produce a Service Catalogue and		Medium			

[5] As per interview with David Bevan

put it online and publish agreed KPIs on a regular basis[6];					
The previous IT Strategy listed tools for managing and measuring the effectiveness of BSS, in the Appendix and though out other sections including monitoring metrics, financial measurement and an Application Support Matrix.					
These tools are not currently in use, and there does not appear to be any replacement for this measurement and control.					
Whilst there were still some levels of inconsistency noted with Helpdesk service, the service levels have improved over the last year[7].					
There are still some areas of inefficiencies that need to be addressed, including employees calling the Service Desk and being asked to also email the issue through;					
Recommendation:					
4.a) Develop a Service Catalogue;	Noted and agreed	Will be done as part of the work in 4.c below		Team Leader Service Desk	30/11/2018
4.b) Define SLAs with vendors, where appropriate;	Service levels with vendors are articulated within the relevant contract documents.	Agreed actions from the Program Review will be implemented		Team Leader Service Desk	28/02/2019

[6] Page 61, Priority 2, Action 1; and Page 63, Priority 5, Action 1
[7] As per stakeholder interviews

Governance Division   Page 11 of 37

4.c) Obtain business endorsement of the Helpdesk metrics to enable the business to view the service levels provided;	Noted and agreed.			See above	See above
4.d) Implement KPIs as documented in the Program Review, in consultation with key application owners, and other stakeholders in the business.	Noted and agreed	See response to recommendations in section 1.a			
4.e) Re-introduce the previously documented tools for control from the previous IT Strategy 2014-17 to provide a baseline to measure of the operational activities of the team – such as:		The document will be updated			
3.1 - IT Principles – page 11	IT Principles remain broadly current and those that are, are followed.	The document will be updated			
3.4 - IT Metrics – page 17	The IT projects, financial and IT personal metrics are broadly organisational (not IT-specific) metrics and are followed. The service responsiveness and customer service metrics were not implemented (one customer survey was	Will be considered			

	done in 2014). That said, agree that they need to be implemented and will be done so as part of actions in section 14 of this audit.	as part of the action detailed in 1.a		Team Leader, Information Technology Services	30/06/2018
6.4 - Governance Framework – page 28	Noted.	Will be delivered as part of related actions in this section		As above	As above
6.5 - Application portfolio and support matrix – page 29	Noted and agreed				
(unnumbered) - Technical Support Responsibility Matrix – page 30	Noted and agreed	Noting this audit covers a subset of the areas within the Business Systems and Solutions division, regular surveys of the performance of the information technology functions will fall in line with the wider program of surveys from the Business Excellence department across the organisation.		Team Leader Service Desk	
4.f) Build the reporting of KPI's and other operational controls into the Terms of Reference of the Steering Committees;	Noted				28/02/2019
4.g) Promote and display the level of service provided by the Helpdesk against the agreed business metrics;	Noted and agreed.				
4.h) Collate regular surveys as a standard measurement of Business Systems and Solutions performance, at least every 18 months; and	Noted.				

Governance Division   Page 13 of 37

Item 4.2.2 - Attachment 1 - Business Systems and Solutions Audit - Final Report

4.i) Include checkpoint surveys periodically for Helpdesk calls to trace ongoing customer satisfaction.	Noted and agreed.	Available functionality within the Service Desk toolset will be explored to deliver this objective		Team Leader Service Desk	28/02/2019
5. Maintain an up to date application register to reduce security risk and upgrade costs **Findings:** The application register does not contain an up to date record of the full list of applications, vendors, support periods and number of users. Without an up to date application register, the risk increases of having inconsistent versions of applications installed throughout the organisation. Falling behind in software versions can also lead to the	Noted, however, in practice this risk only relates to locally installed software on devices, as all corporate applications are based on a client/server architecture, so there can only be one version of the software in use for a specific corporate application at any time.		Medium		

Governance Division   Page 14 of 37

software no longer being fully supported, which increases the security risk and increases upgrade costs.	Noted and agreed.				
Recommendation: 5.a) Re-instate the centralised application and technology support matrix / register, including the version number currently used, the latest version released by the vendor, timescales for the life of vendor support, issues and reasons for not upgrading to the latest version and any vendor arrangements.	These documents are in use and will be updated.	This will form part of the information contained in the Service Catalogue.		Team Leader Service Desk	30/06/2018
5.b) Determine if a policy or position is necessary for keeping software current. (e.g. No system will be x versions behind the latest version); and	As a minimum systems should be on a vendor supported version – this is the current position – and a general aspiration that systems should ideally be no worse than n-2 unless there are compelling business reasons.	A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.		Manager Business Systems and Solutions	30/09/2018
5.c) Once the application and support matrix / register has been re-introduced, complete a review of all major systems to determine potential upgrade projects required.	Noted and agreed.	See above		See above	See above
6. Continued focus is required on aligning business applications to business needs			Medium		

Findings: There were previously areas of solutions that did not fully meet the business needs. As an example, the Council has been required to rely upon manual and paper based processes, which has increased the financial risk to the business. Examples of the risk includes overpayments and issues in correctly identifying all debtors[8], and inefficiencies with the current Pathway implementation[9]. To reduce this risk, new solutions are in the definition and implementation phases, including the Asset Management Improvement Project (AMIP)[10], improvements to the Pathway solution[11], and Empower[12]. There have been some issues consistently obtaining	Further work will be done within the division to understand the context of these comments to understand which aspects are under the control and influence of the Business Systems and Solutions division.				

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[8] As per interview with Karen Pepe
[9] As per interview with Karen Pepe
[10] As per stakeholder interviews
[11] As per interview with Karen Pepe
[12] As per interview with Gail Page

Governance Division   Page 16 of 37

business analyst resources[13] to assist with technology projects, and it is recognised that some of the business analysts are in greater demand due to their more specialised system knowledge[14]. New initiatives (including technology enabled initiatives) are now submitted for approval via the new project initiation bid system (the Bid System). This system requires the submitted proposals to be reviewed by areas of the business including Finance, People and Culture and BSS[15]. Assessments from these areas include the proposed cost, strategic outcomes and people impacts. The BSS assessment includes confirming whether the requirements can be met by an existing solution, and includes an assessment of the integration requirements and platforms[16]. BSS are also putting in place the Business Engagement Group, which enables the business to engage with business analysts to discuss solution requirements before and after submission via the bid solution[17]. There is, however, no terms of reference for the Business Engagement Group, which is important for a new group within the business.	The new Planning & Business Engagement Services is responsible for this function and work continues on appropriately resourcing this new and important area				

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[13] As per stakeholder interviews
[14] As per stakeholder interviews
[15] As per stakeholder interviews
[16] As per iinterview with David Bevan
[17] As per Business Systems and Solutions – Engagement and support model.pdf, and interview with David Bevan

It is also recognised that the level of support has improved over the last twelve months[18], however awareness of how the business is able to access these services is at times inconsistent. Greater awareness and clarity also needs to be provided on the services provided by BSS to enable the business to understand the processes in place for obtaining technology related advice[19]. **Recommendations:** 6.a) Improve resource management and the visibility of allocated BSS resources to manage business expectations;	As noted in the audit discussions a resource planning and demand management framework is under development by the Team Leader, Planning and Business Engagement. One of the main purposes for establishing the Planning and Business Engagement function is to manage business expectations.	BSS is the wider division and this recommendation is taken to mean resources within the Planning and Business Engagement Services and Information Technology Services teams.		Team Leader Planning and Business Engagement Services	30/06/2018

[18] As per stakeholder interviews
[19] As per stakeholder interviews

Governance Division   Page 18 of 37

6.b) Consider the use of a Business Impact Assessment as an objective method of assessing the requested changes to systems by the business to enable clear and agreed understanding by all parties; and	Noted.	This will be reviewed and considered.		As above	As above
6.c) Ensure a consistent structure and Terms of Reference are in place to support any Application Steering Committees, as required, including the process for documenting how a decision not to have a Committee was arrived at. (The decision and responsibility for forming and running Application Steering Committees rests with the relevant business areas).	Noted and agreed, however, the end purpose of so-called Application Steering Committees needs to considered in the context of the likely move to cloud-based (software-as-a-service) solutions where there is less scope to influence/demand change and the focus should move to business process re-engineering to adopt more efficient and best practice solutions rather than drive customisation of platforms to suit current business process, which tends to be the primary objective of application steering committees. In			As above	As above

	other words there needs to be a shift from application-centric thinking to business process reengineering.			
6.d) Develop a BSS Service Catalogue and promote throughout the organisation;	Noted and this is broadly the same as already articulated in section 4, noting the Service Catalogue will cover the information technology-related aspects of BSS.			
6.e) Following the release of the digital strategy, ensure the BSS assessments from the Bid System include an assessment of the alignment of the proposal to the digital strategy;	Noted and agreed.	This will be discussed and agreed with the relevant divisional manager responsible for the bid system.		
6.f) Review the success of the Business Engagement Group over time and realign the Terms of Reference, if	Noted and agreed. An internal assessment will be		Team Leader Planning and Business	30/06/2018

Governance Division   Page 20 of 37

required.		performed with the independent assessment performed by the next external audit of the information technology areas of the Business Systems and Solutions division.		Engagement	
7. Greater awareness is required of the ownership of systems and roles and responsibilities for applications **Finding:** A number of organisational changes in the Business Systems and Solutions team have occurred since January 2016. New technology projects derived from the Bid System are allocated a business owner who is responsible for defining the business requirements and the ultimate realisation of benefits[20]. At times, the business areas are unaware of the application roadmaps or upcoming technology that could deliver business benefits[21]. Having an awareness of new technologies could enable innovation and create greater efficiencies by enabling technology to			Medium		

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[20] As per interview with David Bevan
[21] As per stakeholder interviews

Governance Division   Page 21 of 37

streamline areas of business process.

The application governance in place is providing business ownership and sponsorship from senior business personnel[22]. This process is providing greater alignment of solutions to business strategies.

Recommendations:

7.a) Ensure the business sponsor is consulted and in agreement of the application support model, with the development of a Responsibility Matrix for each major application, and the roles and responsibilities of all parties are understood and agreed to;	Noted. The document provided as part of this audit in relation to the management and support structure for Empower is an example of the collaborative approach that will be followed for all other corporate applications.	This process will be done for all major corporate applications.		Team Leader Information Technology Services	28/02/2019
7.b) Ensure there is clear ownership of applications.	This is covered in the above document	See above		See above	See above
7.c) BSS to provide a greater advisory role and work closely with business application owners in regards to informing the business on new technologies, solution roadmaps and upcoming functionality included in solution upgrades.	Noted and agreed.			Team Leader Planning and Business Engagement Services	30/04/2019

[22] As per stakeholder interviews

Governance Division   Page 22 of 37

8. Continued alignment of the Digital Strategy to the Business Strategy is required **Finding:** The new Digital Strategy for the City of Salisbury is in development and scheduled for release by the end of the 2018 financial year[23]. The Digital Strategy is aligned to the recommendations made under the previous Program Review. The Digital Strategy has business involvement and is being driven by a business led governance committee. The Digital Strategy is also one of four projects included within the scope of the City of Salisbury's change management committee[24], which will increase the likelihood of adoption throughout the impacted stakeholders. An "IT Strategy" will then be developed that details the execution of the Digital Strategy[25]. **Recommendations:** 8.a) Ensure that the Digital Strategy is able to achieve the City of Salisbury's City Plan 2030 overarching strategy and vision;	Noted and agreed. Noted and agreed.	This action will be passed to the digital strategy working group, noting that BSS is coordinating that group and is not the decision-maker. The digital strategy working group includes a number	Medium	Manager Business Systems and Solutions	30/11/2018

[23] As per interview with David Bevan
[24] As per interview with Gail Page
[25] As per interview with David Bevan

Item 4.2.2 - Attachment 1 - Business Systems and Solutions Audit - Final Report

8.b) Ensure that the Application Owners and members of the Applications Steering Committees continue to be involved in the development of the Digital Strategy;		of divisional managers who were nominated by their respective divisional managers This information will be included within the updated ICT strategy.	See above	See above
8.c) Ensure the IT strategy contains roadmaps and an execution plan for each system within the City of Salisbury portfolio.	Noted and agreed.			
8.d) Consider changing the title of the IT strategy to an "Digital Execution Plan" or similar to reflect the outcome of the document being to define a program of work to deliver the Digital Strategy. This will assist in the measurement of goals and objectives of the strategies; and	Noted and agreed.	Whilst this recommendation is sound and sensible it is broader in scope than the responsibility and accountability of the information technology function within Business Systems		
8.e) Define a program of work to deliver the Digital Strategy.	Noted and agreed.			

Governance Division   Page 24 of 37

		and Solutions.			
9. Improve project management rigour **Finding:** No dedicated Project Managers exist in the Business Systems and Solutions team[26]. There are a number of IT projects that are seemingly closed, and yet remain open on the project list[27]. Examples from the program list: • Private Wireless network; and • Replacement of email archiving system. The Program Review recommended project monitoring to be considered as part of the new IT Steering Committee reporting structure[28], which has not yet been implemented. **Recommendation:** 9.a) Ensure the progress of significant IT projects are reviewed by the an IT Portfolio governance group on a regular basis, as per Recommendation 1a; 9.b) Any IT Projects that are shown as being delayed against their schedules or unlikely to achieve the agreed business benefits should be reviewed and monitored to obtain confidence on the remediated	Both projects have been closed off. Noted. Noted Noted and this is already the case, for	Work is required to ensure there is clarity on what is considered a significant IT project and whether a different approach to report on IT projects is required above and beyond the organisational approach for project reporting. Subject to the outcome of the	Low	Manager Business Systems and Solutions Team Leader Planning and Business Engagement	30/06/2018 30/09/2018 30/06/2018

[26] Business Systems and Solutions – Organisational Structure
[27] Current IT Projects.xlsx
[28] Page 13

progress and delivery of these projects; 9.c) Ensure there are templates for use by BSS for projects, developed in alignment with the overall Project Management methodology of the Council; 9.d) Consider including specialised IT project managers within the project teams for the delivery of technology enabled projects, accountable to the nominated business owner.	example vision and scope documents have been created for projects involving IT aspects. Noted.	above. Work will continue on this as part of the maturing the Planning and Business Engagement function. This will be reviewed in consultation with relevant internal stakeholder		Services Manager Business Systems and Solutions
10. A formal change framework is required **Finding:** There is no documented process for a Change Advisory Board (CAB) to work with the business to prioritise requests for change. This may create the perception	The upgrade cycles for core systems are developed at a macro		Low	

that areas of the business are having changes included at the apparent expense of others[29].Despite the lack of a formal CAB, the business is currently engaged to determine the most appropriate times for changes to be progressed. However, at times, there have been changes and version upgrades of either applications or technology infrastructure sometimes occur at times when they are not convenient to the business.	level after consultation with key stakeholders and published on the organisational intranet (see email from Michelle Collins dated 13 February 2017 to nine divisional managers and key members of their teams summarising the outcome of a stakeholder engagement process to develop a corporate system upgrade schedule), which was provided to BDO. Note that user acceptance testing for the release of Pathway, which is used by multiple divisions and teams with divisions, requires the coordination of a large number of user acceptance testers. While every effort is made to accommodate				

[29] As per stakeholder interviews

	the preferences in each division in these cases the least disruptive option is selected.				
Large technology enabled change projects (e.g. digital strategy and AMIP) are included within the scope of the business executive led Change Management Office[30]. This will increase the likelihood of benefits realisation of large technology investments.					
Recommendation:		This recommendation will be raised with the Change Management group.		Manager Business Systems and Solutions.	
10.a) Implement a formal CAB;	Noted.				
10.b) Document the CAB processes;	Noted.	Subject to the outcome of the 10a			
10.c) Provide awareness to the relevant business areas of the CAB processes and how the business outcomes	Noted	Subject to the outcome of the			

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[30] As per interview with Gail Page

Governance Division   Page 28 of 37

are met;

10.d) Develop and publish a forward schedule of change. | Noted and agreed. | 10a

For applications and infrastructure-related work this action can be unilaterally implemented by the information technology function within Business Systems and Solutions as it does not depend on the implementation of a formal change advisory board. | | Team Leader Information Technology Services | 30/06/2018 |

Glossary of terms

Acronym/Term	Definition
BC/BCP	Business Continuity/Business Continuity Plan
BSS	Business Systems and Solutions division
CAB	Change Advisory Board
CMM	Capability Maturity Model
CMMI	Capability Maturity Model Integration
CMU	Carnegie Mellon University
DR/DRP	Disaster Recovery/Disaster Recovery Plan
FTE	Full Time Equivalent
GIS	Geospatial Information System
IT	Information Technology
ITSC	Information Technology Steering Committee
KPI	Key Performance Indicator
MAO	Maximum Allowable Outage
PCMS	Contract Management System used by the City of Salisbury.
PMO	Program (or Project) Management Office
RPO	Recovery Point Objective
RTO	Recovery Time Objective
SLA	Service Level Agreement
TOR	Terms of Reference

Appendix 1 – City of Salisbury Risk Management Guide

City of Salisbury Risk Management Guide

Findings have been rated in accordance with the City of Salisbury Risk Management Guide. Inherent 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 inherent 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 likelihood and consequence have been analysed, these can be charted on the 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.	• 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.	• Unexpected/unplanned absence of a key staff member. • Medical treatment required.	Some disruption to service provision capability requiring altered operational arrangements, e.g. between 1 day and 1 week.
4 Major	Medium-term issue with major environment, conservation, political or community impact.	High media interest	$500,000 - $1 million	Major legal, regulatory or internal policy failure.	• Unexpected/unplanned absence of several key staff members from a single area. • Significant injury to staff disabling them/dangerous near miss.	Significant impairment of service provision (capability or period), e.g. between 1 week and 1 month.
5 Catastrophic	Long-term issue with major environment, conservation, political or community impact.	Public censure or government inquiry	More than $1 million	Critical legal, regulatory or internal policy failure.	• Unexpected/unplanned absence of a significant number of staff, e.g. during a pandemic. • Death / critical injury to staff.	Total loss of service provision capability for extended period, e.g. more than 1 month.

Table 2 – Likelihood Ratings

RATING	DESCRIPTION
A – Rare	The event may occur only in exceptional circumstances (i.e. probability of occurrence > 20 years)
B – Unlikely	The event could occur at some stage (i.e. probability of occurrence within 10 – 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	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
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

Consequence

Appendix 2 – List of documents reviewed

Following is the list of all documents reviewed for this audit;

No.	Date Received	Document Name
Information Services Strategy		
1	16-05-2017	IS Strategy Summary on a page
2	16-05-2017	IS Strategy 2014-2017
3	16-05-2017	IS Strategy 2014-2017 Business Initiatives Timeline
4	16-05-2017	Project Status Update 2014-2015
Business Systems and Solutions Documents		
5	31-05-2017	Business Functions x Systems Matrix
6	31-05-2017	New Initiatives 2017_2018 IT Grouping
7	31-05-2017	Business Systems and Solutions Organisational Structure
8	16-05-2017	Engagement and Support Model
9	31-05-2017	Current IT Projects
10	31-05-2017	High Level Application Integration
11	30-05-2017	Confirm Application Steering Committee Terms of Reference
12	30-05-2017	ECM Application Steering Committee Terms of Reference
13	30-05-2017	Empower Application Steering Committee Terms of Reference
14	30-05-2017	FinanceOne Application Steering Committee Terms of Reference
15	30-05-2017	Pathway Application Steering Committee Terms of Reference
16	30-05-2017	SRS Application Steering Committee Terms of Reference
17	30-05-2017	UPK Application Steering Committee Terms of Reference
18	30-05-2017	UPK Application Steering Committee Minutes 18.10.2012
19	30-05-2017	SRS Application Steering Committee Minutes 17.02.2012
20	30-05-2017	ECM Application Steering Committee Minutes 29.08.2014
21	30-05-2017	Pathway Application Steering Committee Minutes 05.02.2015
22	30-05-2017	Confirm Application Steering Committee Minutes 17.11.2015
23	30-05-2017	Finance One Application Steering Committee Minutes 09.11.2016
24	30-05-2017	Empower Application Steering Committee Minutes 09.12.2016
25	29-05-2017	Confirm – System Administration – User Security Groups
26	29-05-2017	Staged Project Plan – SWBU & Playgrounds
27	29-05-2017	Asset Management Improvement Project – Update Report 15.11.2016
28	08-06-2017	Backup procedures
29	08-06-2017	CoS IT Division Disaster Recovery Plan
30	08-06-2017	Responsibility Matrix V1
31	08-06-2017	Test Plan sample TCM 7_24 Test Plan_amartin
32	08-06-2017	ICT Review Summary – May 2015
33	08-06-2017	20170314 Digital Strategy – Registration of Interest.
34	09-06-2017	Proposed engagement and support framework - updated
35	09-06-2017	Business Systems and Solutions Review – Team – updated
36	09-06-2017	Divisional meeting – Dave Bevan (July 2016)
37	09-06-2017	Empower-HR Transition Plan – draft as reviewed by GP and DB
38	09-06-2017	Digital Strategy – report to Executive (December 2016)

39	13-06-2017	Cyber Risk Assessment Management Report
40	13-06-2017	External Penetration Test Report
41	13-06-2017	Policy and Incident Management Review Report v1.0
42	13-06-2017	Infor User Forum Conference 2016 – Agenda_0
43	13-06-2017	City of Salisbury – ESRI Australia awareness session 22 September 2016
44	13-06-2017	Business Systems and Solutions – Engagement and support model
Organisational Documents		
45	28-05-2017	City Plan 2030
46	19-05-2017	Strategic Risk Register
47	16-05-2017	Risk Management Guide
48	16-05-2017	City of Salisbury – Organisational Chart
49	19-05-2017	Business Continuity Plan – Facilities Loss Plan
50	16-05-2017	Business Continuity/ Disaster Recovery Policy
51	29-05-2017	Financial Services Business Plan Report 2017/18
52	26-05-2017	List of Completed/Closed IT Projects
53	26-05-2017	Project Management Intranet Site for Templates and Resources
54	26-05-2017	Project Management Template for Project Brief
55	26-05-2017	Project Management Template for Communication Plan
56	26-05-2017	Project Management Template for Issue Form
57	26-05-2017	Project Management Process
58	26-05-2017	Project Management Manual
59	08-06-2017	Change management sample - RFC_TCM_7_24Upgrade
60	08-06-2017	Information Services Program Review Report
61	08-06-2017	Program Review Subcommittee Meeting Minutes 09-06-2015
62	08-06-2017	Council Meeting Minutes 27-07-2015
Business Continuity Documents		
63	07-06-2017	BCM Procedure v1.0
64	07-06-2017	BuildingInspections_BCP v1.0
65	07-06-2017	BuildingMaintenance_BCP v1.0
66	07-06-2017	BusinessContinuity
67	07-06-2017	BusinessContinuityPolicy_v1.0
68	07-06-2017	Communiations_BCP v1.0
69	07-06-2017	CustomerCentre_BCP v1.0
70	07-06-2017	FacilitiesLossPlan_BCP v1.0
71	07-06-2017	ICT priority list
72	07-06-2017	IMT Command Plan v1.0
73	07-06-2017	InspectorialServices_BCP v1.0
74	07-06-2017	Public&EnvironmentalHealth_BCP v1.0
75	07-06-2017	Security_BCP v1.0
76	07-06-2017	StreetLitterBins_BCP v1.0

Appendix 3 – List of policies reviewed

Following is the list of policies reviewed for this audit;

No.	Date Received	Policy Name
1	19-05-2017	Acceptable Use
2	19-05-2017	Access Control
3	19-05-2017	Anti-Virus
4	19-05-2017	Cloud Computing
5	19-05-2017	Communication and Mobile Devices
6	19-05-2017	Computer Systems and Equipment Use
7	19-05-2017	Cyber Crime and Security Incident
8	19-05-2017	Email
9	19-05-2017	Email Retention and Access
10	19-05-2017	Encryption
11	19-05-2017	Firewall Management
12	19-05-2017	Hardware Management
13	19-05-2017	Information Management
14	19-05-2017	Internet Use
15	19-05-2017	Laptop and Tablet Security
16	19-05-2017	Legal Compliance
17	19-05-2017	Network Management
18	19-05-2017	Online Services
19	19-05-2017	Password and Authentication
20	19-05-2017	Personnel Management
21	19-05-2017	Physical Access
22	19-05-2017	Remote Access
23	19-05-2017	Software Management
24	19-05-2017	Special Access

Item 4.2.2 - Attachment 1 - Business Systems and Solutions Audit - Final Report

Appendix 4 – List of Interviews

Date	Meeting Topic	Attendees
19-05-2017	Meeting with BDO regarding the Audit of Business Systems and Solutions	David Bevan, Manager Business Systems and Solutions
		Sarah McHugh, Manager BDO
		Ayesha Khan, Senior Consultant BDO
19-05-2017	Meeting with BDO regarding the Audit of Business Systems and Solutions	Michelle Collins, Team Leader Planning and Business Engagement Services
		David Bevan, Manager Business Systems and Solutions
		Sarah McHugh, Manager BDO
		Ayesha Khan, Senior Consultant BDO
26-05-2017	Meeting with BDO regarding the Audit of Business Systems and Solutions	Christy Martin, Senior Coordinator Project Administration
		Sarah McHugh, Manager BDO
		Ayesha Khan, Senior Consultant BDO
26-05-2017	Meeting with BDO regarding the Audit of Business Systems and Solutions	Bryan Lane, Team Leader Technology Services
		Sarah McHugh, Manager BDO
		Ayesha Khan, Senior Consultant BDO
26-05-2017	Meeting with BDO regarding the Audit of Business Systems and Solutions	Kate George, Manager Financial Services
		Sarah McHugh, Manager BDO
		Ayesha Khan, Senior Consultant BDO
26-05-2017	Meeting with BDO regarding the Audit of Business Systems and Solutions	Kendall Camburn, Administration and Asset Systems Support officer
		Sarah McHugh, Manager BDO
		Ayesha Khan, Senior Consultant BDO
08-06-2017	Meeting with BDO regarding the Audit of Business Systems and Solutions	James Corletto, Team Leader Strategic Asset Management
		Sarah McHugh, Manager BDO
		Ayesha Khan, Senior Consultant BDO
08-06-2017	Meeting with BDO regarding the Audit of Business Systems and Solutions	Hannah Walters Customer Services team Leader
		Michael Bennington, Manager Communications and Customer Relations
		Sarah McHugh, Manager BDO
		Ayesha Khan, Senior Consultant BDO
08-06-2017	Meeting with BDO regarding the Audit of Business Systems and Solutions	Laura Fischetti, Team Leader Information Management and Service Desk
		David Bevan, Manager Business Systems and Solutions
		Sarah McHugh, Manager BDO
		Ayesha Khan, Senior Consultant BDO
08-06-2017	Meeting with BDO regarding the Audit of	Charles Mansueto, General Manager Business Excellence

	Business Systems and Solutions	Sarah McHugh, Manager BDO
		Ayesha Khan, Senior Consultant BDO
09-06-2017	Meeting with BDO regarding the Audit of Business Systems and Solutions	Jen Payne, Payroll Team Leader
		Teresa Nilsson, HR Manager
		Sarah McHugh, Manager BDO
07-03-2018	Meeting with BDO regarding the Audit of Business Systems and Solutions	Michael Bennington, City of Salisbury
		Jason Foster, Senior Manager BDO
07-03-2018	Meeting with BDO regarding the Audit of Business Systems and Solutions	Bruce Naumann, City of Salisbury
		Jason Foster, Senior Manager BDO
08-08-2018	Meeting with BDO regarding the Audit of Business Systems and Solutions	Dameon Roy, City of Salisbury
		Jason Foster, Senior Manager BDO
08-08-2018	Meeting with BDO regarding the Audit of Business Systems and Solutions	Chris Zafiropoulos, City of Salisbury
		Jason Foster, Senior Manager BDO
08-08-2018	Meeting with BDO regarding the Audit of Business Systems and Solutions	Kate George, City of Salisbury
		Jason Foster, Senior Manager BDO
08-08-2018	Meeting with BDO regarding the Audit of Business Systems and Solutions	John Darzanos, City of Salisbury
		Jason Foster, Senior Manager BDO
13-08-2018	Meeting with BDO regarding the Audit of Business Systems and Solutions	Karen Pepe, City of Salisbury
		Jason Foster, Senior Manager BDO
13-08-2018	Meeting with BDO regarding the Audit of Business Systems and Solutions	Gail Page, City of Salisbury
		Jason Foster, Senior Manager BDO
19-03-2018	Meeting with BDO regarding the Audit of Business Systems and Solutions	David Bevan, City of Salisbury
		Jason Foster, Senior Manager BDO

ITEM	4.2.3
	AUDIT COMMITTEE
DATE	08 May 2018
HEADING	Strategic Risk Register Workshop
AUTHOR	Janet Crook, Risk & Governance Program Manager, 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	At the Audit Committee meeting on 13 February 2018, discussion was held during item 4.2.2 - Discussion regarding the Internal Audit Plan for 2019 about the Audit Committee's desire to participate in a Strategic Risk Workshop with the Executive Group.

RECOMMENDATION

1. That the information be received.

2. That meeting procedures be suspended in order for a Strategic Risk Workshop to be conducted between the members of the Audit Committee and the Executive Group.

3. That the outcomes of the Strategic Risk Workshop be summarised and reported to the Audit Committee meeting in July 2018.

ATTACHMENTS

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

1. Strategic Risk Register

1. BACKGROUND

1.1 Item 4.2.2 on the Audit Committee agenda for the meeting held on 13 February 2018 had the heading "Discussion regarding the Internal Audit Plan for 2019".

1.2 During the discussions on that item, the Audit Committee expressed a desire to participate in a workshop with the Executive Group to consider the Strategic Risk Register.

2. CONSULTATION / COMMUNICATION

2.1 Internal

2.1.1 The Executive Group was consulted in preparation for the workshop.

2.2 External

2.2.1 N/A

3. REPORT

3.1 The Strategic Risk Register contains the main strategic risks that the City of Salisbury (CoS) faces.

3.2 The Strategic Risk Register is reviewed quarterly by the Executive Group.

3.3 The CoS operates a risk based Internal Audit Plan. The audits performed are designed to provide assurance on the risks identified in the Strategic Risk Register.

3.4 When considering the Internal Audit Plan for 2019, the Audit Committee was provided with the Strategic Risk Register to assist them with their discussions. Those discussions would then inform the development of the Internal Audit Plan.

3.5 During the discussion on the Internal Audit Plan for 2019, the Audit Committee expressed the desire to participate in a workshop with the Executive Group regarding the Strategic Risk Register.

3.6 The Executive Group have considered the Strategic Risk Register prior to this Audit Committee, and made some changes to the Register. When reviewing the Register, the Executive Group gave consideration to the City Plan 2030 key directions (namely: Prosperous City, Sustainable City, Liveable City, and Enabling Excellence), current themes in the industry, the strategic nature of the risks, and whether anything had changed in relation to the risk. Following the review, changes were made to the register, including the following:

3.6.1 Including in each risk a link to the relevant key direction in the City Plan 2030;

3.6.2 Including in each risk a description for the risk; and

3.6.3 Any changes as a result of critical consideration of the contributory factors, impacts, controls and risk ratings for each risk.

3.7 A marked up copy of the Strategic Risk Register appears as Attachment 1 to this report.

3.8 The Audit Committee has previously received information and reports relating to emerging risks and it was recognised that a report on emerging risks was not required for every Audit Committee meeting. It is suggested that the consideration of emerging risks be incorporated approximately six monthly in Executive's regular review of the Strategic Risk Register and that, where necessary, a report come to the Audit Committee for consideration. In addition, it is recognised that the members of the Audit Committee bring considerable expertise in the area of risk management, including identification and knowledge of emerging risks and issues. The members of the Audit Committee will be alive to emerging issues and trends and will raise them with the Administration at Audit Committee meetings for discussion when relevant.

4.   CONCLUSION / PROPOSAL

4.1   The Audit Committee and the Executive Group will participate in a workshop to consider the Strategic Risk Register.

4.2   Meeting procedures will be suspended in order for the workshop to be conducted.

4.3   Outcomes from the workshop will be reported to the Audit Committee at its meeting in July 2018.

CO-ORDINATION

Officer: RGPM   MG
Date: 20/04/2018   20/04/2018

Item 4.2.3

Strategic Risk Register   **v2.14 May 2018**

1	**Event Description:**	Inadequate ~~preparation and~~ response to a business continuity event

City Plan link: Enabling Excellence, The Liveable City

Description: Council fails to prepare for, respond to and recover from a disaster (e.g. fire, flood, explosion, earthquake, storm, aircraft crash) resulting in impacts to CoS' continued ability to support essential, critical business activities and access available key business resources.

Responsible Managers: CEO, All General Managers, Manager Governance, Manager Business Systems and Solutions, Manager Communications & Customer Relations, Manager People and Culture

Contributory Factors ("root" causes / how and why the event arises):	Impacts (risks):
• 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 event not available	• Service delivery to community severely compromised (loss of confidence) • Political/Public reputational damage~~embarrassment~~ • ~~Uncertainty leads to l~~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):

• 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	• Business Continuity designed into new Community Hub, 4 • IT Disaster Recovery Plan in place, 2~~3~~ • Emergency Management procedures in place, 4 • Zone Emergency Management Committees – Northern Area, 5 • Bushfire Management Plan, 3~~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:**

1

Strategic Risk Register   **v2.14 May 2018**

2	**Event Description:** Inadequate prevention of and response to ~~C~~contamination of ~~Wetlands and/or~~ the recycled water systems

City Plan link: The Sustainable City

Description: Council fails to prevent, prepare for and respond to contamination of the Salisbury Water recycled non-drinking water distributed to parks, reserves, schools, industry and some new residential sub-divisions resulting in reduced environmental, economic and social benefits to the CoS

Responsible Managers: GM Business Excellence, GM City Infrastructure, Manager Salisbury Water, Manager Technical Services, Manager Field Services, Manager Communications and Customer Relations

Contributory Factors ("root" causes / how and why the event arises):	Impacts (risks):	
• 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	• 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 reputational damage~~embarrassment~~	• Regulatory censure • Revenue reduction • Brand Impact • Health risk to staff • Health risk to community

Likelihood: Possible	**Consequence:** Catastrophic~~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):

- 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~~ recycled water system (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

2

Strategic Risk Register   **v2.14 May 2018**

3	**Event Description:**	Lack of management of public and environmental health risks

City Plan link: The Liveable City

Description: Failure to deliver public and environmental health and safety outcomes for the community (includes food safety, dog and cat management, by-law enforcement and parking control).

Responsible Managers: GM City Development, Manager Environmental Health and Safety

Contributory Factors ("root" causes / how and why the event arises):	Impacts (risks):
• Inadequate management, monitoring or testing • Failure to respond appropriately in the event of an incident	• Legal cost of failure to prevent a health and safety incident • Political/Public reputational damageembarrassment • 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):

• Public Health Policies and Procedures, 3 • Immunisation Services, 5 • Animal Management Plan, 5 • Regional Health Plan, 5 • General Inspections, 5 • Dog Patrols, 5	• Food Act administration, 4 • 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

3

Strategic Risk Register   v2.14 May 2018

4	**Event Description:**	~~Lack of management~~Inadequate response to ~~of~~ a major incident at a Council sponsored and/or run~~facility and/or an~~ community event, that affects public and staff safety

City Plan link: The Liveable City, Enabling Excellence

Description: Council fails to prepare for and respond to a major incident at a Council sponsored and/or run community event resulting in negative impacts to CoS' brand and image, legal and cost implications, and public & staff safety.

Responsible Managers: GM City Development, GM City Infrastructure, GM Community Development, GM Business Excellence, Manager Development Services, Manager Field Services, Manager Property & Buildings, Manager People and Culture

Contributory Factors ("root" causes / how and why the event arises):	Impacts (risks):
• 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	• Financial cost of clean-up • Legal cost of failure to prevent a health and safety incident • Political/Public reputational damage~~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):

• 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	• 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:**

4

Strategic Risk Register   v2.14 May 2018

5	**Event Description:**	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services

City Plan link: The Sustainable City, The Liveable City

Description: The detrimental effect on Council assets and infrastructure caused by environmental factors is not adequately addressed through Council planning. The detrimental effect on Council assets and infrastructure caused by social factors, such as changes in demographics, is not adequately addressed through Council planning.

Responsible Managers: GM City Development, GM City Infrastructure, GM Community Development, Manager Economic Development & Urban Policy, Manager ~~Technical Services~~Infrastructure Management, Manager Field Services, Manager Communications & Customer Relations, Manager Community Capacity & Learning

Contributory Factors ("root" causes / how and why the event arises):	Impacts (risks):
• Inadequate understanding and planning for ~~events~~ factors 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	• 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):	
• 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 • Asset Management Policy and Plans, 4	• 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	3128 ~~February~~ July 202019
Updating and implementation of the Social Infrastructure Plan for the City	General Manager Community Development	30 June 2018

5

Item 4.2.3 - Attachment 1 - Strategic Risk Register

Strategic Risk Register   **v2.14 May 2018**

| 6 | Event Description: | City of Salisbury financial sustainability is compromised |

City Plan link: Enabling Excellence

Description: Increased pressure on CoS operating surplus due to factors such as rate capping and cost shifting results in Council failing to maintain service standards and invest in assets and infrastructure. Risk of CoS failing to appropriately manage cost and efficiency.

Responsible Managers: GM Business Excellence, GM City Infrastructure, GM City Development

Contributory Factors ("root" causes / how and why the event arises):

Contributory Factors			Impacts (risks):
• Reduction in grant funding • Inadequate revenue and a failure to maximise revenue from all sources • Unplanned spending • Inadequate valuation of assets or inaccurate depreciation • Inadequate planning for infrastructure repairs or upgrades	• Changes to legislation/obligations imposed by other levels of government • Potential new revenue streams are not fully investigated • Inadequate economic development • Changes to roles and responsibilities assigned to City of Salisbury by federal or state government • Short term revenue is maximised at the expense of longer term revenue	• Unknown consequences of new infrastructure provision from other levels of government or private sector investment • Failure to encourage investment in the City • Council business and service delivery doesn't support business needs and expectations	• Council ultimately becomes financially unsustainable • City revenue has to be raised increasingly through more traditional methods (rate rises) • Revenue from the sale of assets (land) is not invested for the longer term benefit of the community • Financial cost associated with falling rates revenue or increasing bad or doubtful debts

| Likelihood: Likely | Consequence: Major | *Inherent* Risk Rating: High |

Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):

• Long term financial planning, 5 • Asset Management Plans, 4 • Quarterly Budget Review, 5 • Annual Plan and Annual Report (reviewed by Audit Committee), 5 • Elected Member Briefings, 5 • Prudential Reviews, 5 • Regular reviews of rating system fairness and equity, 4 • Grant Management Process, 3	• Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, Waste Transfer Station, Salisbury Memorial Park), 5 • Program Review, 4 • Budget Policies and Procedures, 5 • Business Case Modelling, 4 • Growth Action Plan, 4 • Business Support Agenda~~China Strategy~~, 4 • Northern Economic Plan, 3

| Likelihood: Possible | Consequence: Major | *Residual* Risk Rating: High | Is the Residual Risk Rating as low as reasonably practicable? Yes~~No~~ |

Treatment Plan:	Responsibility:	Target Completion Date:
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 November 2018
Review Grant Management Process	General Manager Business Excellence	30 September 2018
Undertake independent assessment of financial sustainability	Manager Governance	30 September 2019

6

Strategic Risk Register   v2.14 May 2018

7	**Event Description:**	Strategic ~~and operational outcomes~~ objectives are not delivered

City Plan link: The Prosperous City, The Sustainable City, The Liveable City, Enabling Excellence

Description: Failure to deliver on strategic objectives as a result of inadequate monitoring and measuring of initiatives, poor planning, lack of resources, and lack of consultation.

Responsible Managers: CEO, All General Managers

Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):
• 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	• 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.	• Organisational performance is not adequately measured and therefore cannot be managed • Organisational plans and strategies are not achieved • Organisational resources are not used effectively • Organisational plans and strategies are not valued or desired by the community • Organisational plans and strategies are not delivered in a way that is consistent with the organisational values • Lack of customer / community engagement • Lack of employee engagement and commitment to City objectives • Poor customer service • Council lacks a coherent direction • Failure to meet legislative obligations • Not meeting community needs • Political and public reputational damage~~embarrassment~~ •

Likelihood: Possible	**Consequence:** Major	***Inherent* Risk Rating: High**

Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):

• 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 • LG Performance reporting, 3

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

7

Strategic Risk Register   v2.14 May 2018

8	Event Description:	Organisation suffers detriment as a result of fraud, misconduct or maladministration

City Plan link: Enabling Excellence

Description: Financial loss and reputational damage sustained due to fraud, misconduct or maladministration

Responsible Managers: GM Business Excellence, Manager Financial Services, Manager Contract & Procurement Services, Manager Governance, CEO, GM City Infrastructure, GM Community Development, GM City Development

Contributory Factors ("root" causes / how and why the event arises):	Impacts (risks):
• 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	• 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):

- Code of Conduct for Council Employees, 5
- Code of Conduct for Elected Members, 4
- Fraud and Corruption Prevention FrameworkStrategy, 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	February 201930 June 2018

8

Strategic Risk Register   v2.14 May 2018

9	Event Description:	Failure to comply with WHS legislative obligations

City Plan link: Enabling Excellence

Description: Failure to meet WHS obligations results in an unsafe workplace and exposes Council to financial penalties, sanctions and reputational damage

Responsible Managers: GM Business Excellence, Manager People and Culture, CEO, GM City Infrastructure, GM Community Development, GM City Development, Elected Members

Contributory Factors ("root" causes / how and why the event arises):	Impacts (risks):	
• 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	• 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):

• 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 • Code of Conduct, 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

9

Strategic Risk Register   **v2.14 May 2018**

10	**Event Description:**	Lack of alignment and integrity of IT systems and business processes for support of business needs

City Plan link: Enabling Excellence

Description: Inability to meet business and community needs due to lack of, ineffective or outdated IT system and business processes

Responsible Managers: GM Business Excellence, Manager Business Systems and Solutions

Contributory Factors ("root" causes / how and why the event arises):	Impacts (risks):
• 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	• 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):

• ~~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, ~~2~~3 • Business Continuity Plans, 4 • Incident Management Team identified and trained, 4 • Building security and access controls, ~~5~~4 • 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	30 June 2018
Delivery of the IT component of the Community Hub	Manager Business Systems and Solutions	30 September 2019

10

Strategic Risk Register   **v2.14 May 2018**

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.	• 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.	• Unexpected/unplanned absence of a key staff member. • Medical treatment required.	Some disruption to service provision capability requiring altered operational arrangements, e.g. between 1 day and 1 week.
4 Major	Medium-term issue with major environment, conservation, political or community impact.	High media interest	$500,000 - $1 million	Major legal, regulatory or internal policy failure.	• Unexpected/unplanned absence of several key staff members from a single area. • Significant injury to staff disabling them/dangerous near miss.	Significant impairment of service provision (capability or period), e.g. between 1 week and 1 month.
5 Catastrophic	Long-term issue with major environment, conservation, political or community impact.	Public censure or government inquiry	More than $1 million	Critical legal, regulatory or internal policy failure.	• Unexpected/unplanned absence of a significant number of staff, e.g. during a pandemic. • Death / critical injury to staff.	Total loss of service provision capability for extended period, e.g. more than 1 month.

11

Strategic Risk Register　　　　　　　　　　　　　　　　　　　　　**v2.14 May 2018**

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		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
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

Consequence

12

Strategic Risk Register   **v2.14 May 2018**

Table 4 - Residual Risk Descriptors

Very High	• Risk mitigation plans required to immediately reduce current residual risk level (or where unable to reduce rating consider cessation of activity).
High	• 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	• 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	• 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®

13

Strategic Risk Register   v2.14 May 2018

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

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

14

ITEM	4.2.4
	AUDIT COMMITTEE
DATE	08 May 2018
HEADING	Draft Unsolicited Proposal Procedure
AUTHOR	Charles Mansueto, General Manager Business Excellence, Business Excellence
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	A draft Unsolicited Proposal Procedure has been developed by Strategic Procurement and reviewed internally through the Procurement Steering Group. The procedure is based on the State government and LGA model amended to reflect the City Of Salisbury environment.

RECOMMENDATION

1.   Note and receive the report

2.   Subject to any changes, recommend the draft attached Unsolicited Proposal Procedure for Council consideration and approval.

ATTACHMENTS

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

1.   Draft Unsolicited Proposal Procedure

1.   BACKGROUND

1.1   In 2015 the State Government issued the "Guidelines for Assessment of Unsolicited Proposals" to assist in the consideration of unsolicited proposals.

1.2   Through the Procurement Steering Group staff have been considering a similar document to assist in any unsolicited proposals being received.

1.3   Further the LGA have also issued a version of the guidelines in 2016 which is in line with the State Government's version amended to reflect better the local government context.

1.4   This report is seeking the Audit Committee's consideration of the draft Unsolicited Proposal Procedure which has been developed using the LGA template, prior to presenting to Council.

2.   CITY PLAN CRITICAL ACTION

2.1   Not applicable

Item 4.2.4

3. CONSULTATION / COMMUNICATION

3.1 Internal

    3.1.1   Procurement Steering Group

3.2 External

    3.2.1   Consideration of the LGA model

4. REPORT

4.1 As noted in the background staff have been considering the adoption of a procedure to assist Council in responding to unsolicited proposals.

4.2 The intention of the Unsolicited Proposal Procedure is to promote and encourage innovation and to provide a mechanism for organisations to approach the City of Salisbury, while ensuring the process to be followed is clear to both the applicant and Council in assessing any applications.

4.3 Guidance has been provided through the State Government's model through to the more recent LGA model.

5. CONCLUSION / PROPOSAL

5.1 On occasions external parties have approached Council with an initiative or project that is not initiated by Council.

5.2 In the past these projects approaches have been dealt with in a manner not too different from the proposed procedure.

5.3 A documented and agreed process is preferred which provides a clear process to staff and Council on how such proposal will be managed.

5.4 The Audit Committee are asked to consider the draft procedure and seek their input prior to presenting to Council for formal endorsement.

CO-ORDINATION

Officer: GMBE
Date: 03/05/2018

**PROCEDURE FOR RECEIPT
AND ASSESSMENT OF
UNSOLICITED PROPOSALS**

June 2017

Page | 1

Contents

1. Introductory Statement

In alignment with 'The Receipt & Assessment of Unsolicited Proposals – May 2016' developed by the LGA, the City of Salisbury (CoS) has developed this procedure on how to manage Unsolicited Proposals, to ensure value for money, support creation of jobs, contribute to the best use of public assets and deliver a high quality of service to communities.

This procedure creates a framework for new and innovative ideas to be brought forward. This procedure also gives confidence to investors and their community that unsolicited proposals will be considered in a consistent, transparent and lawful manner to deliver the highest standards of public value.

2. What is an Unsolicited Proposal?

An unsolicited proposal originates from a private entity (either for profit or not-for-profit) which is submitted without formally being requested by the City of Salisbury.

The nature of the proposal can cover a wide range of areas and may include:

- Delivery of goods and services to or on behalf of City of Salisbury;
- Provision of infrastructure;
- Access to City of Salisbury assets, including land and buildings;
- Seeking City of Salisbury support (financial, regulatory or other support) to undertake a specific activity; or
- Financing arrangements.

This procedure excludes Sponsorships (refer to the Sponsorship Policy).

There is an applicable minimum financial threshold in the application of this Procedure. This will ensure low cost, low risk unsolicited proposals are handled directly by the relevant Manager. Proposals of a higher value will need consideration by the Executive.

All unsolicited proposals are to be treated in line with the City of Salisbury's Procurement Matrix thresholds:

1. A $150,000 threshold for unsolicited proposals may be considered by the Manager Strategic Procurement or relevant General Manager subject to a Risk Assessment;

2. Unsolicited proposals above this threshold will be endorsed by the Manager Strategic Procurement and approved by the Executive.

In addition, irrespective of the value of an unsolicited proposal, a Risk Assessment shall be undertaken in relation to the proposal, and should a significant risk to Council be identified the Proposal shall be referred to the CEO for determination of an appropriate course of action.   In addition, while dollar limits apply, the Chief Executive Officer can also elect to review any proposal.

3. Objectives

The following objectives will guide the City of Salisbury's process for considering unsolicited proposals:

Page | 3

- Value for Money;
- Promoting the development of innovative ideas by the private and community sector to support economic development, job creation and meeting strategic actions identified in the City Plan;
- Ensuring an open, transparent and fair process that involves a high standard of probity and public accountability;
- Ensuring the benefits of the project for our community are maximised; and
- Ensuring that the Intellectual Property (IP) of the proponent is respected.

4. Exclusive Negotiations

The City of Salisbury's default position is to request a proposal via its standard procurement process to ensure that the best value for money and community benefit solution can be competitively identified.

However, the City of Salisbury recognises that circumstances arise where it may be beneficial in dealing exclusively with one party.

The City of Salisbury may, in its absolute discretion, negotiate with a party that presents an unsolicited proposal where the City of Salisbury considers circumstances warrant such an approach (in accordance with the criteria contained in this guideline).

An exclusive and confidential negotiation with a proponent will be solely limited to the proponent for the purposes of developing the specific unsolicited proposal. Moreover, exclusivity will only be granted by the City of Salisbury for a specified period.

During a period of exclusive negotiation, the City of Salisbury will not grant similar rights to the proponent of another proposal relating to substantially the same subject matter of the negotiations. The City of Salisbury may do so, however, if it has received multiple unsolicited proposals before engaging in any negotiations and wishes to negotiate on two or more such proposals. Where early interest has been shown by multiple providers, consideration should be given as to whether a formal Expression of Interest approach may ensure a better outcome for the City of Salisbury.

Where the City of Salisbury enters into an exclusive negotiation with a proponent, it retains the right to withdraw its interest or offer at any stage with suitable notice.

Key features of an exclusive negotiation may include:

- Maximising value for money optimizing community benefit and managing risk will always be prioritised when assessing and dealing with such proposals;
- It being granted at the City of Salisbury's sole discretion, subject to specific terms and conditions, having regard to the particular characteristics of the proposal;
- The proponent will be responsible for its own costs in developing and lodging the proposal;
- All correspondence and communication with the respondent will be kept confidential, subject to the City of Salisbury's legislative obligations.
- Exclusivity may be given on a stage by stage basis. City of Salisbury may enter into exclusive negotiations with the proponent to develop a proposal for the following stage.

During the assessment process the City of Salisbury will not be precluded from engaging with other parties during the stage one assessment of initial proposals. This will enable the City of Salisbury to ascertain whether there are competing proposals and the potential for alternative

Page | 4

value for money propositions.

This Procedure does not negate or vary the need for proposals to comply with other relevant City of Salisbury policies.

5. Criteria for Assessing Whether to Enter Into Exclusive Negotiations for an Unsolicited Proposal

In order for the City of Salisbury to enter into exclusive negotiations, the proponent's proposal must satisfactorily meet the following criteria.

5.1   Value for money

The City of Salisbury will seek to assess whether the proposal represents value for money when the proponent is seeking any form of financial contribution or risk sharing from City of Salisbury.

The proponent should:

- Identify what is being sought from City of Salisbury to facilitate the project (which may include financial support, assets, legislative/regulatory amendments or other support);
- Demonstrate that the proposal is fairly and sustainably priced relative to comparable projects;
- Demonstrate that the proposal involves an acceptable and optimal sharing of costs and risks between the City of Salisbury and the proponent.
- Demonstrate that the proposal will meet acceptable commercial and industry standards.

The City of Salisbury will also consider whether the benefits of the proposal will outweigh the costs of any City of Salisbury support. The proponent should articulate what they consider to be the benefits to the community of the proposal.

5.2   No Competing Proposals

The City of Salisbury will assess the unsolicited proposal against any existing proposals or procurement processes to ensure the same or similar issues are not already under consideration by the City of Salisbury or under active and advanced consideration by another proponent.

If these conditions are not satisfied, the proponent should clearly demonstrate that their proposal has a distinct advantage over any other similar proposal and why the proponent's proposal was not submitted as part of that process.

If the above circumstances cannot be adequately addressed, it is likely that the City of Salisbury will not accept an unsolicited proposal.

5.3   Community Need/City of Salisbury Priority

The unsolicited proposal must promote economic, social and/or environmental outcomes for the community and be consistent with the achievement of the City of Salisbury's strategic priorities identified in the City Plan.

Proponents should demonstrate how their proposal will create additional economic activity and jobs, or meet unmet community needs, and how it assists with the achievement of the City of Salisbury's strategic priorities.

Page | 5

5.4   Uniqueness of the proposal

Uniqueness may be established by the proponent possessing strategic assets, innovative ideas or other unique attributes that meet City of Salisbury priorities and could not be delivered by another party within acceptable timeframes.

The proponent will need to demonstrate the unique aspects of their proposal – for example:

- Can this proposal be readily delivered by competitors? – if so, what advantage is to be gained from the City of Salisbury entering into exclusive negotiations with the proponent?

- Are there genuine intellectual property rights, without which the proposal could not proceed to implementation (e.g. software or technology)?

- Does the proponent have ownership of strategic assets such as contractual rights or real property that would place it in a unique position to deliver the aims of the proposal, and which other parties could not deliver?

- Are there unique financial arrangements that support the delivery of the project?

- Does the proponent have a unique ability to deliver outcomes which support the achievement of the City of Salisbury's strategic priorities; or

- Does the proponent's proposal have other demonstrably unique elements or innovative ideas that are not able to be delivered by another party within acceptable timeframes?

5.5   Capacity and Capability of proponent

The City of Salisbury must ensure that the proponent has the skills and experience required to deliver the project as specified in the proposal.

The proponent will need to demonstrate it has the capacity and capability to deliver the proposal. Information will need to be provided regarding the proponents' relevant commercial and trading history, financial capacity, prior dealing with City of Salisbury and its experience in delivering similar projects. The proponent must also demonstrate that it has the financial and technical competencies to successfully deliver the project. The proponent should provide information regarding any reliance on third parties.

5.6   Risk Assessment

A Risk Assessment shall be conducted on each proposal, in accordance with the Risk Management Guide to determine the overall risk.

6. Probity Framework

Probity principles and protocols will be established when dealing with proponents to ensure:

- That decisions are made through the approved frameworks and are capable of withstanding objective and independent scrutiny;

- That decisions deliver the best outcomes for City of Salisbury;

- That public service integrity is maintained;

- Commercially sensitive and confidential information is protected;

- That any perceived conflict of interest, bias and/or misconduct is eliminated

- The process identified in Appendix 2 will be followed.

Page | 6

Appendix 1 – General Terms and Conditions

The City of Salisbury may take into account any other factors or considerations that it considers relevant to the assessment of an unsolicited proposal, including any that may arise as a consequence of the nature and content of the proposal, of applicable City of Salisbury policy or strategy and of pertaining economic, social, legal or other events or states of affairs.

No Legal Relationship

By making an unsolicited proposal, a proponent acknowledges as follows.

- No contract exists or will be implied between the City of Salisbury and a proponent unless and until suitable documentation is executed with the City of Salisbury;

- The City of Salisbury has no contractual or other legal obligation to the proponent with respect to the consideration, the evaluation, the acceptance or the rejection of any submission or the failure to consider, evaluate or accept any submission.

Freedom of Information

The Freedom of Information Act 1991 (FOI Act) applies to the information provided by a proponent in its submission. Proponents should note that the FOI Act allows members of the public rights of access to documents of the City of Salisbury and any participants. Any information that is commercially sensitive or confidential must be marked "commercial and confidential". This special notation must not be used unless the information is genuinely confidential.

Probity

A proponent must not offer any incentive to, or otherwise attempt to, influence any person who is either directly or indirectly involved in an assessment or negotiation process. If the City of Salisbury considers that a proponent has violated this condition, then an evidence based investigation may be undertaken. The City of Salisbury may, in its sole and absolute discretion, disqualify the relevant proponent's submission from further consideration, subject to the outcome of any investigation.

Change in Circumstance

Proponents must inform the City of Salisbury promptly in writing of any material change to any of the information contained in the proponent's submission, and of any material change in circumstance that may affect the truth, completeness or accuracy of any information provided in, or in connection with, the submission.

Costs

All risk and costs of preparing, lodging, developing and negotiating a proposal are to be borne by the proponent.

No proponent will have any recourse against the City of Salisbury in relation to the decision to not proceed with a proposal under this Procedure.

Reliance on Information

By lodging a submission, the proponent warrants and represents to the City of Salisbury that the information contained in its submission is true, accurate and complete as at the date on which it is lodged, and may be relied upon by the City of Salisbury in its assessment.

Conflict of Interest

The proponents shall:

- Declare any actual or potential conflict of interest of any proponent participant;

Page | 7

- Comply with all laws in force in South Australia, including the *Australian Competition and Consumer Act 2010*;
- Not make any news releases or responses to media enquiries and questions pertaining to this process without the City of Salisbury's written approval.

Other Rights

The City of Salisbury reserves the right, in its sole and absolute discretion, at any time during the process to:

- Require additional information from a proponent;
- Perform security and/or financial checks and procedures in relation to each proponent and each party with an interest in the proponent;
- Change its requirements, including, at any stage, adding to or amending the information, terms, procedures, evaluation process and protocols set out in this Procedure;
- Change the basis on which proponents may, or are required to, participate in the process;
- Publish the names of proponents;
- Clarify any aspect of a proposal;
- Discontinue negotiations at any time with any proponent;
- Subsequently initiate any other procurement process for the same or similar requirements;
- Seek the advice of external consultants to assist the City of Salisbury in the evaluation or review of responses;
- Make enquiries of any person, company, organisation or consortium to ascertain information about the proposal, the proponent and any matter related to the response;
- Revert to public sector delivery of the project; or
- Allow a proponent to change its submission.

Acceptance of a Proposal

The City of Salisbury is not obliged to accept any proposal.

No acceptance of a response or any invitation to negotiate or to make an offer will be effective to constitute a contract or to create any legitimate expectation on the part of the proponent unless a formal written contract is executed by both parties.

No Contract or Estoppel

No contracts, contractual rights, estoppels or expectations, express or implied, shall arise, or be deemed to arise, out of the lodgment process for consideration of an Unsolicited Proposal, as set out in this Procedure.

Page | 8

Appendix 2 – Unsolicited Proposal Process Workflow

Stage One – Initial Proposal

Actions	Outcomes
Proponent • Submit proposal electronically to: purchasing@salisbury.sa.gov.au **City of Salisbury** • Determine if sufficient information has been provided by the proponent. • Refer approvals in 2.1 & 2.2. • Evaluate proposal against the Criteria (refer section 5). • Advise proponent of decision.	• Proceed with proposal to progress to Stage 2. or • Not suitable for further consideration and is now closed. or • Proposal may form the basis of a competitive bidding process. or • Low risk proposals may be referred to relevant departments within CoS

Stage Two - Detailed Proposal

Actions	Outcomes
Proponent • Submit detailed proposal including business case. • Provide additional information as requested. • Be available to meet and liaise with CoS. **City of Salisbury** • Develop key terms and information requirements of the arrangement. • Advise proponent of process, governance arrangements, limitations (price, scope, risk) for strategic negotiations. • Request any additional information from the proponent. Follow the applicable CoS Procurement / approval process. • Advise proponent of outcome.	• Proceed with proposal to Stage 3 and enter into exclusive negotiation to negotiate final legal and commercial terms or • That all or part of the proposal is considered unsuitable for further consideration and is now closed. or • Proposal may form the basis of a competitive bidding process.

Stage Three - Contract Negotiation

Actions	Outcomes
Proponent • Negotiate legal and commercial terms. **City of Salisbury** • Develop process and protocols with proponent for negotiations. • Follow the applicable CoS Procurement / approval process. Advise proponent of City of Salisbury's final decision.	• Parties accept the final binding offer. or • Parties accept the final binding offer with specific conditions. or • Do not accept the final binding offer but pursue the unsolicited proposal through an alternative arrangement, e.g. competitive tender process. or • Do not accept the final binding offer and conclude the assessment

Note: The City of Salisbury retains the right to terminate exclusive negotiations in order to either go to market, or to withdraw its interest or offer at any stage with notice

Item 4.2.4 - Attachment 1 - Draft Unsolicited Proposal Procedure

Page | 9

ITEM	4.2.5
	AUDIT COMMITTEE
DATE	08 May 2018
HEADING	Risk and Governance Program
AUTHOR	Janet Crook, Risk & Governance Program Manager, 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. A report was provided to the Audit Committee in February 2018 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. This report provides an update to the Audit Committee on the progress of developing the risk management and governance framework.

RECOMMENDATION

1. That the report be received.

2. That the intention to provide the Audit Committee with an update on the progress of developing the risk management and governance framework at the 13 November 2018 meeting be noted.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

1.1 The Governance and Executive Office Program Review Brief and Background Paper were endorsed by Council in May 2017. The conduct of the review included:

1.1.1 Review of current service delivery;

1.1.2 Assessment of customer satisfaction with current service;

1.1.3 Legislative compliance check

1.2 Reviews of this nature are generally intended to ensure that the organization is well positioned to respond to current and future operating requirements and to aid in the development of a sustainable/responsive organization.

1.3   With regard to our opportunities for improvement, it was agreed by Council at its meeting in November 2017 that the Governance Division play an expanded role in the organization; to provide enhanced leadership and support on an organization-wide basis to promote a corporate approach to governance matters so as to enable and ensure that the organization is innovative – making decisions that are predicted on sound risk management principles for achieving desired outcomes.

1.4   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.

1.5   One of the outcomes from the Governance and Executive Office program review was to further improve the processes for Council's (and the Administration's) informed decision making, so that they are contemporary. In particular:

   1.5.1   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.

   1.5.2   Leading the transformation and embedding process of the risk and governance functions of the Division, consistently through the organisation.

2.   CITY PLAN CRITICAL ACTION

2.1   The ongoing development and maintenance of the Risk & Governance program links to the following Enabling Excellence Critical Actions in the City Plan 2030:

   2.1.1   Increase the flexibility, and build capacity and capability, of our workforce to quickly respond to emerging opportunities and needs;

   2.1.2   Improve communication within the organization and with our community to ensure integrated programs, projects and processes that meet community expectations, and delivers good customer service;

   2.1.3   Better use our data and the research of others to support evidence-based decision-making and policy;

   2.1.4   Continue to develop the capability of our people to deliver transformative projects, innovate and engage with the community.

3.   REPORT

3.1   A report was put to the Audit Committee at its February 2018 meeting updating the Audit Committee on the aspects of the program review that focused on the Governance Division and the approach to the risk and governance component of the review. A commitment was made to the Audit Committee that a further report would be provided to the next Audit Committee meeting updating on the progress of the development of the risk management and governance framework.

Engagement with internal and external stakeholders

3.2   In order to develop the risk management framework, it will be critical to engage with relevant stakeholders both internal and external to the organisation.

3.3 Informal engagement with internal stakeholders has continued, for example by way of:

    3.3.1   liaison with key stakeholders in relation to the outcomes of the Legislative Compliance Audit regarding the completion of recommendations;

    3.3.2   working with the Executive to review the Strategic Risk Register;

    3.3.3   increased inclusion of risk staff into some stakeholder discussions and meetings;

    3.3.4   informal introduction of Risk & Governance Program Manager to organization leaders.

3.4 Engagement has commenced with representatives from Local Government Risk Services (LGRS) in relation to the risk management framework at CoS and the services they can offer to assist with its development.

3.5 The LGRS have recently commenced a new offering to councils via their Strategic Risk Services Team. A summary of the core services that the Strategic Risk Team can offer to Councils is:

    3.5.1   Design and assist with implementation of programs to systematically change decision making process, promote a proactive risk management approach;

    3.5.2   Work with Councils to develop better understanding by all staff on the importance of the risk management framework and how it supports and enables them in discharging their responsibilities;

    3.5.3   Develop programs to guide Councils to respond strategically and constructively to corporate and strategic development opportunities to ensure the organisation's implementation and delivery of projects and programs are underpinned by a risk management framework;

    3.5.4   Conduct risk maturity assessment and assist in documenting a road map;

    3.5.5   Review (or assist with development) of risk management policy, framework and supporting tools; and

    3.5.6   Conduct workshops to identify and help monitor strategic risks, operational risks, legislative compliance.

3.6 The core services provided by the Strategic Risk Services Team form part of value add services to councils and there are no additional fees attached unless the services sought are beyond the core services.

High level deliverables for the risk management framework

3.7 The intention is for the Governance Division to develop a consistent, usable risk management framework to encourage and inform risk management at the CoS. Progression of the vision and objectives for risk management may include:

    3.7.1   First 12 months (to approximately early to mid 2019) –

- Establishment of a baseline of risk culture at the CoS, for example, by workshopping with Divisional Managers and Executive;
- Documentation of the CoS risk management framework;

- Ongoing updating and review of the Strategic Risk Register;

- Development of the Operational Risk Register; and

- Improved reporting to the Executive Group, Audit Committee and other Committees.

3.7.2   12 months to 3 years-

- Development of a risk appetite statement;

- Consider the establishment of a governance framework for risk management; and

- Development of risk monitoring and reporting.

3.7.3   3 years to 5 years –

- Further development and embedding of risk culture within CoS processes.

4.   CONCLUSION / PROPOSAL

4.1   This report to the Audit Committee provides an update to the Audit Committee on the progress of the development of the risk management and governance framework.

4.2   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.

4.3   A further report on the matter will be brought to the Audit Committee at its meeting scheduled for 13 November 2018.

CO-ORDINATION

Officer: EXEC
Date: 01/05/2018

ITEM	4.2.6
	AUDIT COMMITTEE
DATE	08 May 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.

2. The Update on Risk Management and Internal Controls Activities, as set out in Attachment 1 to this report (Audit Committee 4.2.6, 8/05/2018) be endorsed for approval by Council.

3. The Internal Audit Plan for 2019 incorporate within its activities a risk based audit of legislative compliance.

4. The Local Government Association Mutual Liability Scheme (LGA MLS) Risk Evaluation Report be presented to the Audit Committee of Council at the meeting on 10 July 2018.

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. Legislative Compliance Register

3. Business Continuity Plan Test - Final Scope

4. 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 following activities have been updated since they were last reviewed by the Audit Committee in February 2018:

- The Review of Legislative Reporting Obligations has been completed and as a result the Legislative Compliance Register (LCR) has been created and appears as Attachment 2 to this report. This piece of work was necessary to demonstrate compliance with section 132A of the *Local Government Act 1999*, which concerns compliance with statutory requirements. The LCR contains all the laws, regulations and instruments that the City of Salisbury must comply with, listed by the divisional manager responsible for compliance. The BA Internal Audit & Risk will monitor for incoming legislation in addition to regularly liaising with divisional managers and the receipt of notifications from the Local Government Association (LGA), regarding new legislation affecting local government in South Australia. Confirmation has been received from each divisional manager that City of Salisbury either complies with each piece of legislation for which the divisional manager has responsibility, or that action is being taken to bring the organisation into compliance. A self-certification process of the LCR will be performed by divisional managers at least annually. Assurance will be provided on this self-certification through the incorporation of legislative compliance into the Internal Audit Plan for 2019. A recommendation to this effect has been made in this report.

- The Local Government Association Mutual Liability Scheme (LGA MLS) Risk Evaluation has been completed. The final report has been received and it will be presented to the Executive Group and the Audit Committee. A recommendation has been made that this report be presented to the Audit Committee at the July 2018 meeting.

- The Business Continuity Plan will be tested by way of a scenario exercise on 30 May 2018. Attachment 3 to this report details the scope for this piece of work, which has been issued to a select panel of service providers with a request for quote, in line with City of Salisbury procurement procedures.

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 4 to 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 regular updates sought from the relevant divisional managers.

3.   CONCLUSION / PROPOSAL

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

CO-ORDINATION

Officer:	RGPM	MG
Date:	20/04/2018	20/04/2018

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	Completed	This piece of work is necessary to demonstrate compliance with section 132A of the *Local Government Act 1999*, 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 confirmation has been received from all divisional managers that it accurately reflects the relevant Acts and Regulations under which their division has responsibilities. The register has subsequently been presented and approved by the Executive Group. It will also be presented for information to the Audit Committee in May.
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

Item 4.2.6 - Attachment 1 - Update on Risk Management and Internal Controls Activities 2017-18 Financial Year

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.	The scope of this work will be considered by the Risk and Governance Program Manager as part of the risk and governance program.
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.	
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 have accepted the approach of using the existing Control Track system for the completion of 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 *Public Interest Disclosure Bill 2016*, which will replace the *Whistleblowers Protection Act 1993*.

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. The final report has been issued, it will be presented to the Executive Group in May and the Audit Committee in July.
Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation	Internal Controls	Internal	In progress	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.	Preparation has started in updating the Control Track system and preparing it for the 2017-18 financial risk assessment and financial internal controls assessment, and coordinating the assessments.
Business Continuity Plans Test	Internal Controls	External	In progress	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 30 May 2018, a scope for this piece of work has been approved and issued to a select panel with a request for quote, in line with City of Salisbury procurement procedures.

Legislative Compliance Register

The purpose of this register is to summarise the legislation applicable to the City of Salisbury, identify the corresponding regulatory reporting obligations and the managers responsible for compliance.

Legislation	Leg Type State or C'wealth (S or C)	Applicable Regulations or Compliance Requirements	Reporting Required (Y/N)	Details of Regulatory Reporting Required	Manager(s) Responsible
Aboriginal Heritage Act, 1988	S	Nil	N		• Manager Infrastructure Delivery • Manager Strategic Development Projects • Manager Technical Services
Aged Care Act, 1997	C	Nil	N		• Manager Community Health & Wellbeing
Aged Care Legislation Amendment (Increasing Consumer Choice) Act 2016 (the Amendment Act)	C	Aged Care Legislation Amendment (Increasing Consumer Choice) Principles 2016	N		• Manager Community Health & Wellbeing
Aged Care (Living Longer Living Better) Act 2013	C	Nil	N		• Manager Community Health & Wellbeing
Aged Care (Transitional Provisions) Act 1997	C	Aged Care (Transitional Provisions) Principles 2014	N		• Manager Community Health & Wellbeing
Age Discrimination Act 2004	C	Nil	N		• Manager People and Culture
A New Tax System (Goods and Services Tax) Act 1999	C	A New Tax System (Goods and Services Tax) Regulations 1999	Y	Monthly Business Activity Statement (BAS) submitted to the ATO confirming incoming and outgoing GST.	• Manager Financial Services
Australian Bureau of Statistics Act 1975	C	Nil	Y	Monthly statistical reporting of development statistics including values, costs and decisions.	• Manager Development Services
				Annual water survey including; how much recycled water is used and sold on an annual basis.	• Manager Salisbury Water
Australian Citizenship Act 2007	C	Australian Citizenship Regulation 2016	N		• CEO
Building Act 1993	S	Building Regulations 2006	N		• Manager Property and Buildings
Building and Construction Industry Security of Payment Act 2009	S	Building and Construction Industry Security of Payment Regulations 2011	N		• Manager Infrastructure Delivery • Manager Strategic Development Projects • Manager Strategic Procurement
Burial and Cremation Act 1993	S	Burial and Cremation Regulations 2014	N		• Manager Property and Buildings • Manager Community Planning & Vitality • GM Business Excellence
Children's Protection Act 1993	S	Children's Protection Regulations 2010	N		• All General Managers • All Divisional Managers
Civil Aviation Act 1988	C	Nil	N		• Manager Technical Services
Coast Protection Act 1972	S	Coast Protection Regulations 2015	N		• Manager Technical Services
Community Titles Act, 1996	S	Community Titles Regulations 1996	N		• Manager Development Services
Competition and Consumer Act 2010	C	Competition and Consumer Regulations 2010	N		• Manager Strategic Procurement
Construction Industry Training Fund Act, 1993	S	Construction Industry Training Fund Regulations 2008	Y	As and when a new construction project with a project cost over $40,000 including GST is established it has to be reported to the Construction Industry Training Board and a 0.25% levy paid to them.	• Manager Infrastructure Delivery • Manager Strategic Development Projects
			N		• Manager Development Services
Copyright Act, 1968	C	Copyright Regulations 1969	Y	Annual licenses for each library to allow background music to be played in them.	• Manager Community Capacity and Learning

Legislative Compliance Register

Legislation	Leg Type State or C'wealth (S or C)	Applicable Regulations or Compliance Requirements	Reporting Required (Y/N)	Details of Regulatory Reporting Required	Manager(s) Responsible
Dangerous Substances Act, 1979	S	Dangerous Substances Regulations 2002	N		• Manager People and Culture • Manager Field Services • Manager Salisbury Water
Defence Reserve Service (Protection) Act 2001	C	Nil	N		• Manager People and Culture
Development Act, 1993	S	• Development Regulations 2008 • Building Code of Australia	Y	Quarterly reporting of development activity, from the City of Salisbury perspective and as a private certifier.	• Manager Development Services
			N		• Manager Economic Development & Urban Policy • Manager Strategic Development Projects • Manager Technical Services
Development (Development Plans) Amendment Act 2006	S	Nil	N		• Manager Development Services
Disability Discrimination Act, 1992	C	Nil	N		• Manager People and Culture • Manager Property and Buildings • Manager Community Health & Wellbeing • Manager Strategic Development Projects • Manager Technical Services
Disability Services Act, 1993	S	Disability Services (Assessment of Relevant History) Regulations 2014	N		• Manager People and Culture
Dog and Cat Management Act, 1995	S	Dog & Cat Management Regulations 2010	Y	Annual reporting after the end of the financial year of registrations information in forms 26 and 28.	• Manager Environmental Health & Safety
Electronic Transactions Act 2000	S	Electronic Transactions Regulations 2002	N		• Manager Business Systems and Solutions
Emergency Management Act 2004	S	Emergency Management Regulations 2009	N		• Manager Field Services
Environment Protection Act, 1993	S	• Environment Protection Regulations 2009 • Environment Protection (Air Quality) Policy 2016 • Environment Protection (Movement of Controlled Waste) Policy 2014 • Environment Protection (National Pollutant Inventory) Policy 2008 • Environment Protection (Noise) Policy 2007 • Environment Protection (Used Packaging Materials) Policy 2012 • Environment Protection (Waste to Resources) Policy 2010 • Environment Protection (Water Quality) Policy 2015	Y	Annually (each November) City of Salisbury apply for a license to operate the Waste Transfer Station and for a post-closure license regarding the Coleman Road Landfill site.	• GM City Infrastructure
				Annual return to the Environmental Protection Authority including; monitoring data and annual compliance. Required in order to maintain licence for the environmental impact of water injections.	• Manager Salisbury Water
			N		• Manager Environmental Health & Safety • Manager Field Services • Manager Infrastructure Delivery • Manager Strategic Development Projects
Environment Protection and Biodiversity Conservation Act, 1999	C	Nil	Y	Annual reporting of surface water flows and quality of water to DEWNR (not currently legislative but it is likely to be and may ultimately become a requirement for a discharge quality licence).	• Manager Technical Services
				Stormwater Management Plans reported to DEWNR once every 5 years.	• Manager Technical Services
Equal Opportunity Act, 1984	S	Nil	N		• Manager People and Culture
Evidence Act 1929	S	Nil	N		• Manager Business Systems and Solutions

Legislative Compliance Register

Legislation	Leg Type State or C'wealth (S or C)	Applicable Regulations or Compliance Requirements	Reporting Required (Y/N)	Details of Regulatory Reporting Required	Manager(s) Responsible
Excise Act 1901	C	Excise Regulation 2015	Y	Weekly excise return submitted to the Australian Tax Office (ATO).	• Manager Financial Services
Excise Tariff Amendment (Taxation of Alternative Fuels) Act 2011	C	Nil	Y	Weekly submission to the Australian Tax Office (ATO) of compressed natural gas usage.	• Manager Financial Services
Expiation of Offences Act, 1996	S	• Expiation of Offences Regulations 2011 • Regulations Variation (Common Expiation Scheme) Regulations 1996	N		• Manager Environmental Health & Safety • Manager Property and Buildings • Manager Development Services
Fair Work Act 1994	S	• Fair Work (Clothing Outworker Code of Practice) Regulations 2007 • Fair Work (General) Regulations 2009 • Fair Work (Representation) Regulations 2009 • Industrial Proceedings Rules 2010	N		• Manager People and Culture
Fair Work Act 2009	C	Nil	Y	Payment summaries provided annually to employees and access to payslips provided to employees.	• Manager People and Culture
Fences Act 1975	S	Fences Regulations 2003	N		• Manager Field Services
Fire and Emergency Services Act 2005	S	Fire and Emergency Services Regulations 2005	N		• Manager Environmental Health & Safety • Manager Field Services
Food Act 2001	S	Food Regulations 2002 and Food Safety Standards	Y	Annual report on inspection activities submitted after the end of each financial year.	• Manager Environmental Health & Safety
			N		• Manager Community Health & Wellbeing
Freedom of Information Act 1991	S	• Freedom of Information (Fees and Charges) Regulations 2003 • Freedom of Information (General) Regulations 2002	Y	• Annual report to State Records. • Completion of the Freedom of Information Management System (FOIMS) each time a request is received under the Act. • City of Salisbury annual report to contain details of Freedom of Information Act requests.	• Manager Business Systems and Solutions
Fringe Benefits Tax Act 1986	C	Nil	N		• Manager Financial Services • Manager People and Culture
Fringe Benefits Tax Assessment Act 1986	C	Nil	Y	Annual fringe benefits tax details provided to the Australian Tax Office (ATO).	• Manager Financial Services
			N		• Manager People and Culture
Fuel Tax Act 2006	C	Nil	N		• Manager Financial Services
Heavy Vehicle National Law (SA) Act 2013	S	Nil	N		• GM City Infrastructure
Highways Act 1926	S	Nil	N		• Manager Technical Services
Holidays Act 1910	S	Nil	N		• Manager People and Culture
Housing Improvement Act 1940	S	Nil	N		• Manager Environmental Health & Safety
Income Tax Assessment Act 1936	C	Nil	N		• Manager People and Culture
Income Tax Assessment Act 1997	C	Nil	N		• Manager People and Culture
Independent Commissioner Against Corruption Act 2012	S	Independent Commissioner Against Corruption Regulations 2013	Possible	All public officers (staff, volunteers, contractors and elected members) must report to the Office for Public Integrity (OPI), any reasonable suspicion of corruption, misconduct or maladministration in public administration.	• All General Managers • All Divisional Managers

Legislative Compliance Register

Legislation	Leg Type State or C'wealth (S or C)	Applicable Regulations or Compliance Requirements	Reporting Required (Y/N)	Details of Regulatory Reporting Required	Manager(s) Responsible
Land Acquisition Act 1969	S	Land Acquisition Regulations 2004	N		• Manager Property and Buildings
Land and Business (Sale and Conveyancing) Act, 1994	S	Land and Business (Sale and Conveyancing) Regulations 2010	N		• Manager Development Services
Libraries Act, 1982	S	Libraries Regulations 2013	Y	Annual statistical reporting to the Libraries Board which is established under the Act.	• Manager Community Capacity and Learning
Liquor Licensing Act, 1997	S	• Liquor Licensing (Declared Criminal Organisations) Regulations 2015 • Liquor Licensing (General) Regulations 2012 • Licensing Court Rules 2012	N		• Manager Development Services
Local Government (Elections) Act, 1999	S	Local Government (Elections) Regulations 2010	N		• Manager Governance
Local Government Act, 1999	S	• Local Government (General) Regulations 2013 • Local Government (Procedures at Meetings) Regulations 2013	Y	City of Salisbury Annual Report submitted to the Minister and published	• Manager Communications & Customer Relations
		• Local Government (Financial Management) Regulations 2011 • Model Financial Statements • Accounting Standards (Multiple) • Local Government (Members Allowances and Benefits) Regulations 2010	N		• All General Managers • All Divisional Managers
Local Nuisance and Litter Control Act 2016	S	Local Nuisance and Litter Control Regulations 2016	Y	The City of Salisbury Annual Report must include details of the performance by the City during the financial year of functions conferred on it under this Act.	• Manager Environmental Health & Safety
Long Service Leave Act, 1987	S	Long Service Leave Regulations 2002	N		• Manager People and Culture
Long Service Leave (Calculation of Average Weekly Earnings) Amendment Act 2015	S	Nil	N		• Manager People and Culture
Motor Vehicles Act 1959	S	Motor Vehicles (National Heavy Vehicles Registration Fees) Regulations 2008	N		• Manager Property and Buildings
National Carers Recognition Act 2010	C	National Carers Recognition Act 2010 Guidelines	N		• Manager Community Health & Wellbeing
National Disability Insurance Scheme Act 2013	C	Nil	N		• Manager Community Health & Wellbeing
Native Title Act 1993	C	Nil	N		• Manager Technical Services • Manager Property and Buildings
Native Vegetation Act 1991	S	• Native Vegetation (Credit for Environmental Benefits) Regulations 2015 • Native Vegetation Regulations 2017 • Native Vegetation Regulations 2003	N		• Manager Technical Services • Manager Field Services
Natural Resources Management Act 2004	S	Natural Resources Management (General) Regulations 2005	Y	Annual report submitted to DEWNR including; volumes of water injected and extracted. Required in order to maintain licence for injecting and extracting water.	• Manager Salisbury Water
			Y	Ad hoc reporting to the local Natural Resource Management Officer; any proclaimed pest plants and noxious insects found in the City of Salisbury.	• Manager Environmental Health & Safety
			N		• Manager Field Services

Legislative Compliance Register

Legislation	Leg Type State or C'wealth (S or C)	Applicable Regulations or Compliance Requirements	Reporting Required (Y/N)	Details of Regulatory Reporting Required	Manager(s) Responsible
			N		• Manager Technical Services
Ombudsman Act 1972	S	Nil	N		• All General Managers • All Divisional Managers
Payroll Tax Act 2009	S	Pay-roll Tax Regulations 2001	N		• Manager People and Culture
Planning, Development and Infrastructure Act 2016	S	• Planning, Development and Infrastructure (General) Regulations 2017 • Planning, Development and Infrastructure (Transitional Provisions) Regulations 2017	N		• Manager Development Services • Manager Economic Development & Urban Policy • Manager Strategic Development Projects • Manager Technical Services
Plant Health Act 2009	C	Plant Health Regulations 2009	Y	Ad hoc reporting to the local Natural Resource Management Officer; any proclaimed pest plants and noxious insects found in the City of Salisbury.	• Manager Environmental Health & Safety
Private Parking Areas Act, 1986	S	Private Parking Areas Regulations 2001	N		• Manager Environmental Health & Safety
Racial Discrimination Act, 1975	S	Nil	N		• Manager People and Culture
Rail Safety National Law Act 2012	S	Nil	N		• Manager Technical Services
Real Property Act, 1886	S	Real Property Regulations 2009	N		• Manager Property and Buildings • GM City Development
Road Traffic Act, 1961	S	• Road Traffic (Light Vehicle Mass and Loading Requirements) Regulations 2013 • Road Traffic (Miscellaneous) Regulations 2014 • Road Traffic (Road Rules—Ancillary and Miscellaneous Provisions) Regulations 2014	N		• Manager Field Services • Manager Environmental Health & Safety • Manager Technical Services
Roads (Opening and Closing) Act, 1991	S	• Roads (Opening and Closing) (Fees) Regulations 2006 • Roads (Opening and Closing) Regulations 2006	N		• Manager Property and Buildings • Manager Technical Services
Safe Drinking Water Act 2011	S	Safe Drinking Water Regulations 2012	N		• Manager Environmental Health & Safety • GM City Infrastructure
Sex Discrimination Act, 1984	S	Nil	N		• Manager People and Culture
South Australian Carers Recognition Act 2005	S	Nil	N		• Manager Community Health & Wellbeing
South Australian Local Government Grants Commission Act, 1992	S	South Australian Local Government Grants Commission Regulations 2004	Y	Annual submission of general information and supplementary return.	• Manager Financial Services
South Australian Public Health Act 2011	S	• South Australian Public Health (General) Regulations 2013 • South Australian Public Health (Legionella) Regulations 2013 • South Australian Public Health (Notifiable and Controlled Notifiable Conditions) Regulations 2012 • South Australian Public Health (Wastewater) Regulations 2013	Y	Biennial report to the Chief Public Health Officer providing a comprehensive assessment of the extent to which the Council has succeeded in implementing its Regional Public Health Plan.	• Manager Community Health & Wellbeing
			Y	Financial Year Annual Environmental Health Report submitted each September to the Chief Public Health Officer. The report must include actions taken to preserve, protect or promote public health within the State, and measures taken to comply with the South Australian Public Health Act 2011.	• Manager Environmental Health & Safety
State Records Act 1997	S	State Records Regulations 1998	N		• Manager Business Systems and Solutions

Item 4.2.6 - Attachment 2 - Legislative Compliance Register

Legislative Compliance Register

Legislation	Leg Type State or C'wealth (S or C)	Applicable Regulations or Compliance Requirements	Reporting Required (Y/N)	Details of Regulatory Reporting Required	Manager(s) Responsible
Statutes Amendment (Gender Identity and Equity) Act 2016	S	Nil	N		• Manager People and Culture
Statutes Amendment (South Australian Employment Tribunal) Act 2016	S	Nil	N		• Manager People and Culture
Strata Titles Act, 1988	S	• Strata Titles (Fees) Regulations 2016 • Strata Titles Regulations 2003	N		• Manager Property and Buildings
Superannuation Guarantee (Administration) Act 1992	S	Nil	N		• Manager People and Culture
Supported Residential Facilities Act, 1992	C	Supported Residential Facilities Regulations 2009	N		• Manager Environmental Health & Safety
Surveillance Devices Act 2016	S	Nil	N		• Manager People and Culture • Manager Property and Buildings
Taxation Administration Act 1953	C	Nil	N		• Manager People and Culture
Taxation Administration Act 1996	S	Taxation Administration Regulations 2008	N		• Manager People and Culture
Unclaimed Goods Act 1987	S	Unclaimed Goods Regulations 1998	N		• Manager Environmental Health & Safety
Volunteers Protection Act 2001	S	• Volunteer Protection Regulations 2004 • National Standards for Volunteer Involvement	N		• Manager Community Health & Wellbeing
Water Industry Act 2012	S	Water Industry Regulations 2012	Y	• ESCOSA annual compliance report including; financial and operational monitoring and price monitoring. • Office of the Technical Regulator - requirement to report if a breach occurs.	• Manager Salisbury Water
			N		• Manager Field Services
Water Resources Act, 1997	S	Water Resources (Northern Adelaide Plains Prescribed Wells Area) Regulations 2004	Y	6 monthly reporting of the results of water monitoring at the Coleman Road Landfill site.	• GM City Infrastructure
Whistleblowers Protection Act, 1993	S	Nil	Possible	Responsible Officer (as defined in the Policy), determines whether to refer a disclosure to an Appropriate Authority (as defined in the Policy).	• Manager Governance
Workplace Health and Safety Act 2012	S	Work Health and Safety Regulations 2012	Y	6 monthly declaration to SafeWork SA that pressure vessels have been maintained.	• Manager Property and Buildings
			N		• All General Managers • All Divisional Managers

BUSINESS CONTINUITY PLAN TEST

Scope

OVERALL OBJECTIVE

To test the City of Salisbury's (CoS) ability to respond to a business continuity event that invokes the Incident Management Team (IMT) Command Plan. The need for the audit is derived from Risk 1 on the City of Salisbury's Strategic Risk Register, "Inadequate preparation and response to a business continuity event".

This test will provide assurance on the Business Continuity Management (BCM) Framework and the measures in place to ensure that, in the event of a disruption, critical business operations can be maintained, or restored in a timely manner, with minimal impact to the CoS and its stakeholders.

BACKGROUND AND RISKS

The CoS has various plans in place under the umbrella of the BCM Framework to ensure that critical operations and services are maintained in the event of a major incident. It is important to test the viability of these plans to ensure that they work as intended, to ensure that key staff members are familiar with them, and to identify areas where further improvement may be necessary.

The BCM Framework consists of:
- Business Continuity Policy;
- BCM Procedure;
- IMT Command Plan;
- Disaster Recovery Plan; and
- Business Continuity Plans for business critical areas.

The Business Continuity Policy sets out the objectives, accountability, minimum requirements and responsibilities for BCM within CoS. The BCM Procedure describes the relationships between the documents in the BCM Framework and also details the management processes that CoS has developed and put in place to ensure that adequate planning has been undertaken. The IMT Command Plan establishes the IMT to enable coordination of CoS resources to assist in response and recovery activities in the event of a business continuity event.

Assessments have been conducted to identify those areas of the business which are critical and separate business continuity plans have been established for each of those business areas to follow in the case of an event.

SPECIFIC OBJECTIVES

In addressing the Overall Objective, the test will include within its scope, but not necessarily be limited to, the IMT Command Plan. Consideration should also be given to incorporating some of the following documents:

Page 1 of 3

- Business Continuity Plans for specific areas identified as critical to the continued operations of the CoS.
- The Disaster Recovery Plan.
- CoS Media Policy.

BOUNDARIES

It will not be possible to test every different type of event that may befall the CoS, as such the parameters of what will and will not be tested need to be clearly defined. The limitations of the business continuity test also need to be clear in the outputs and outcomes of this piece of work. This piece of work will involve a roleplay exercise. Every attempt will be made to devise a realistic role play; however the test will be confined primarily to the CoS IMT, with additional input and support of other members of staff where necessary.

The involvement of outside agencies such as SAPOL, SAMFS and the Elected Members will not be within the scope of this test.

This test will not specifically review the BCM Framework documentation because the entire suite of documentation was the subject of a health check in July 2017, which was conducted by the Local Government Risk Services.

CONDUCT OF THE REVIEW

The nature of the test will be a roleplay exercise designed to test the IMT Command Plan. It will not specifically test the WHS Site Specific Emergency Procedures, however it will cover off the interface with them. The exercise will be written and implemented by a consultant under the supervision of the BA Internal Audit & Risk.

A review of the lessons learned and the results from the roleplay exercise will be conducted by the consultant who writes the roleplay.

LOCATION

The test will be conducted at CoS offices (12 James Street, Salisbury, SA 5108).

RESOURCING

Suggested Resourcing	The roleplay exercise and the review of lessons learned from the test will be conducted by the external consultants selected through the procurement process, under the supervision of the BA Internal Audit & Risk. The test will require the participation of the Incident Management Team, who are; the CEO, all the General Managers, Manager Governance, Manager People and Culture, Manager Business Systems and Solutions, Manager Communications and Customer Relations, EA to the CEO and the Chief Warden. Staff in the Business Systems and Solutions division involved in disaster recovery may also be required that for the test.

TIMING

The test will be conducted on 30 May 2018.

REVIEW OUTPUT

The output of the review will be a business continuity roleplay exercise and a report that is agreed and accepted by the Executive containing:

- A one or two page Executive Summary.
- Context under which this roleplay was undertaken.
- An opinion on the management by CoS of Strategic Risk 1; "Inadequate preparation and response to a business continuity event".
- Detailed lessons learned.

REVIEW OUTCOMES

The primary outcome of the review will be an opinion(s) on the management of risks associated with business continuity and the ability of the organisation to cope with a major incident. Any lessons learned should be categorised in line with the CoS Risk Management terminology.

APPROVED, DATE   APPROVED, DATE

Manager Governance   **Chief Executive Officer**

16/4/18   11/4/18 .

Page 3 of 3

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 May 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 May 2018	Part of the Empower transition project.

Item 4.2.6 - Attachment 4 - Outstanding Actions from completed Internal Audits

Audit: Public and Environmental Health Management

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
1. **Inconsistency in the application of Enforcement Policy** 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. Agreed Actions; As recommended and 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.	Manager Environmental Health & Safety (MEHS)	30 June 2018		Enforcement Decisions are a standing agenda item on weekly team meetings. Draft guidelines developed for criteria for decisions to be brought to Environmental Health Assessment Unit and currently under review and testing.
2. **Ineffective Induction and Training for New Graduate level/Inexperienced Environmental Health Officers (EHOs)** Agreed Actions; Review induction and training processes and incorporate the recently published EHA Environmental Health Officer Training and Induction Program as a guide. 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.	Manager Environmental Health & Safety (MEHS)	30 September 2018	**Completed**	

Audit: Public and Environmental Health Management

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
3. Lack of updated and maintained procedures Council should develop procedure documentation, including checklists for its key environmental health activities, in particular food safety inspections, audits and general customer requests. Agreed Actions; As recommended and review the use of workflows in Pathways and opportunity to reintroduce with the transition to full mobility as a result of the Hub development.	Manager Environmental Health & Safety (MEHS)	31 December 2018		In Progress
4. Complainants Not Advised of Investigation Outcomes Agreed Actions; 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 Support the introduction and development of City Watch.	Manager Environmental Health & Safety (MEHS) City Watch Project Team	31 December 2018		Staff reminded of their responsibilities, procedure review in progress City watch in progress

Audit: Public and Environmental Health Management

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
5. Food Safety Audit Process Anomalies Agreed Actions; Council should ensure that EHOs are reminded of their obligations regarding Food Safety audits as follows: • 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.	Manager Environmental Health & Safety (MEHS)	30 June 2018		Staff reminded of their responsibilities via email and at team meeting.
6. Incomplete Pathways Records and Document Control Agreed Actions; 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 Recommendation 3.	Manager Environmental Health & Safety (MEHS)	30 June 2018	**Completed**	
9. Supported Residential Facilities Management Process Improvements Agreed Action; Council should consider and adopt the suggested improvements to the SRF process as soon as practicable.	Manager Environmental Health & Safety (MEHS)	30 June 2018		

Item 4.2.6 - Attachment 4 - Outstanding Actions from completed Internal Audits

Audit: Public and Environmental Health Management				
Opportunity for Improvement	**Responsible Officer**	**Target Date**	**Revised Date**	**Comments**
10. Market Vendor Food Safety Inspection Improvements Council should consider adopting an abridged food safety inspection checklist for market vendors. Agreed Action; As recommended and investigating the development of electronic inspection checklist for market inspections, however paper based assessments checklist will be utilised in the interim.	Manager Environmental Health & Safety (MEHS)	30 June 2018	**Completed**	

ITEM	4.2.7
	AUDIT COMMITTEE
DATE	08 May 2018
HEADING	Update on 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 to highlight any changes made to it since it was last presented to the Committee in February 2018.

RECOMMENDATION

1. The information be received.

2. The updated Internal Audit Plan, for the period commencing 1 January 2016 up to and including 31 December 2018, as set out in Attachment 1 to this report (Audit Committee, 8/05/2018), be endorsed and forwarded to Council for adoption.

3. The Capital Works Projects Audit – Final Report be presented to the Audit Committee meeting on 10 July 2018 for endorsement, and subsequently to Council for approval.

4. The Internal Audit Plan for 2019 be presented to the Audit Committee meeting on 10 July 2018 for endorsement, and subsequently 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

1. BACKGROUND

1.1 Attachment 1 to this report details the internal audit work to be undertaken by, or on behalf of, the Business Analyst, Internal Audit & Risk for the period commencing 1 January 2016 up to and including 31 December 2018. The City of Salisbury operates a risk-based Internal Audit Plan, where audits are conducted in order to provide assurance on the risks identified in the Strategic Risk Register. Therefore, each of the audits outlined in the Internal Audit Plan is cross referenced to the relevant risk in the Strategic Risk Register on which it provides assurance.

1.2 The Strategic Risk Register will be critically reviewed by the Audit Committee and the Executive Group during a workshop at this Audit Committee meeting ("the Strategic Risk Register workshop"). The Strategic Risk Register workshop forms a separate item on the agenda for this Audit Committee meeting.

1.3   This report provides progress updates to the Internal Audit Plan since it was last presented to the Audit Committee in February 2018.

2.   REPORT

2.1   The Internal Audit Plan

2.1.1   The final report for the Business Systems and Solutions audit has been produced and is a separate item on the agenda for this Audit Committee meeting.

2.1.2   The draft report for the Capital Works Projects audit has been produced and is currently being discussed with management. The final report from this audit will be presented at the next Audit Committee meeting, (scheduled for 10 July 2018). A recommendation has been made to this effect.

2.1.3   The final report for the Strategic Development Projects audit has been produced and is a separate item on the agenda for this Audit Committee meeting.

2.1.4   Some changes to the Strategic Risk Register may be recommended as a result of the Strategic Risk Register workshop. The Audit Committee will be advised at the next Audit Committee meeting, should any of those changes impact on the current Internal Audit Plan.

2.1.5   It is prudent to await the outcomes from the Strategic Risk Register workshop before presenting the 2019 Internal Audit Plan to the Audit Committee for endorsement, and for subsequent approval by Council. Therefore, a recommendation has been made that the Internal Audit Plan for 2019 be presented at the July 2018 meeting of the Audit Committee.

3.   CONCLUSION / PROPOSAL

3.1   This report outlines the progress made towards the completion of the Internal Audit Plan since it was last presented to the Audit Committee in February 2018. The Internal Audit Plan for 2019 will be presented at the next Audit Committee meeting in July 2018.

CO-ORDINATION

Officer: RGPM   MG
Date: 20/04/2018 20/04/2018

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

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

Item 4.2.7 - Attachment 1 - Internal Audit Plan including references to the Strategic Risk Register

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, indpendent 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	●				Completed
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 occuring 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 draft report from this audit is currently being reviewed by management and will be presented at the July Audit Committee meeting.
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				●	Completed
		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							