



## **AGENDA**

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

**10 JULY 2018 AT 6:30 PM**

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

### **MEMBERS**

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

### **REQUIRED STAFF**

Chief Executive Officer, Mr J Harry  
General Manager Business Excellence, Mr C Mansueto  
Manager Governance, Mr M Petrovski  
Risk and Governance Program Manager, Ms J Crook

### **APOLOGIES**

An apology has been received from Mr C Johnson.

### **LEAVE OF ABSENCE**

### **PRESENTATION OF MINUTES**

Presentation of the Minutes of the Audit Committee Meeting held on 08 May 2018.

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**REPORTS**

*Administration*

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*Reports*

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**OTHER BUSINESS**

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## CONFIDENTIAL ITEMS

### 4.4.1 Business Systems and Solutions Audit - Cyber security

Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if Council so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on that grounds that:

1. *Pursuant to Section 90(2) and (3)(e) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
  - *it relates to matters affecting the security of the council, members or employees of the council, or council property; or the safety of any person.*
2. *In weighing up the factors related to disclosure,*
  - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
  - *Non-disclosure of the matter and discussion of this item in confidence would protect information with respect to Council's security.*

*On that basis the public's interest is best served by not disclosing the **Business Systems and Solutions Audit - Cyber security** item and discussion at this point in time.*

3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

**CLOSE**





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

**8 MAY 2018**

**MEMBERS PRESENT**

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

**STAFF**

Chief Executive Officer, Mr J Harry  
General Manager Business Excellence, Mr C Mansueto  
General Manager Community Development, Ms P Webb  
General Manager City Development, Mr T Sutcliffe  
General Manager City Infrastructure, Mr M van der Pennen  
Manager Governance, Mr M Petrovski  
Risk and Governance Program Manager, Ms J Crook  
Business Analyst - Internal Audit & Risk, Mr G Kendall  
Manager Strategic Development Projects, Ms C Milton  
Manager Business Systems and Solutions, Mr D Bevan

The meeting commenced at 7:36 pm.

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

**APOLOGIES**

An apology was received from Cr G Caruso.

**LEAVE OF ABSENCE**

Nil

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## PRESENTATION OF MINUTES

Moved Ms K Verrall  
Seconded Mr C Johnson

The Minutes of the Audit Committee Meeting held on 13 February 2018,  
be taken and read as confirmed.

**CARRIED**

Moved Mr N Ediriweera  
Seconded Mr C Johnson

The Minutes of the Special Audit Committee Meeting held on 10 April  
2018, be taken and read as confirmed.

**CARRIED**

## PRESENTATIONS

### **PRES1 NAWMA Presentation**

The CEO of NAWMA, Mr A Faulkner, gave a presentation on the  
operations, initiatives and challenges that NAWMA faces in the context  
of services it provides to the City of Salisbury and other member  
Councils.

The Chair thanked Mr Faulkner for his attendance.

## REPORTS

### *Administration*

#### **4.0.1 Actions List**

Moved Ms K Verrall  
Seconded Mr N Ediriweera

1. The information be noted.

**CARRIED**

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

Moved Mr C Johnson  
Seconded Mr N Ediriweera

1. The information be received.

**CARRIED**

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*Reports*

**4.2.1 Strategic Development Projects Audit - Final Report**

Moved Ms K Verrall  
Seconded Mr C Johnson

1. That the information be received.
2. That 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) be noted, and recommend that Council accept the report and endorse the responses of the Administration contained therein.

**CARRIED**

**4.2.2 Business Systems and Solutions Audit - Final Report**

Moved Mr C Johnson  
Seconded Mr N Ediriweera

1. That the information be received.
2. That 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) be noted, and recommend that Council accept the report and endorse the responses of the Administration contained therein.

**CARRIED**

**4.2.3 Strategic Risk Register Workshop**

The Chair, with the consent of the meeting, suspended the meeting procedures at 8:48 pm to enable informal discussion with the Executive Group of Council about the Strategic Risk Register.

Discussion ensued regarding each of the items on the Risk Register.

*Mr C Johnson left the meeting at 9:21 pm.*

*Mr C Johnson returned to the meeting at 9:23 pm.*

At the conclusion of the discussion the meeting procedures were resumed at 9:55 pm.

**BREAK**

In accordance with the Code of Practice for Meeting Procedures, the presiding member provided break to all present. The meeting was suspended at 9:56 pm.

The meeting reconvened at 10:06 pm.

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#### 4.2.4 **Draft Unsolicited Proposal Procedure**

Moved Ms K Verrall

Seconded Mr C Johnson

1. Note and receive the report
2. Recommend the draft attached Unsolicited Proposal Procedure to Council for consideration and approval.

**CARRIED**

#### 4.2.5 **Risk and Governance Program**

Moved Mr C Johnson

Seconded Mr N Ediriweera

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.

**CARRIED**

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

Moved Ms K Verrall

Seconded Mr C Johnson

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. Governance Division give due consideration as to how to address 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.

**CARRIED**



**4.2.7 Update on Internal Audit Plan**

Moved Ms K Verrall  
Seconded Mr C Johnson

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.

**CARRIED**

**OTHER BUSINESS**

Nil

The meeting closed at 10:46 pm.

CHAIRMAN.....

DATE.....



<b>ITEM</b>	4.0.1
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	10 July 2018
<b>HEADING</b>	Future Reports for the Audit Committee of Council
<b>AUTHOR</b>	Michelle Woods, Projects Officer Governance, CEO and Governance
<b>CITY PLAN LINKS</b>	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
<b>SUMMARY</b>	This item details reports to be presented to the Audit Committee of Council as a result of a previous Council resolution. If reports have been deferred to a subsequent meeting, this will be indicated, along with a reason for the deferral.

#### RECOMMENDATION

1. The information be received.

#### ATTACHMENTS

There are no attachments to this report.

#### 1. BACKGROUND

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

#### 2. REPORT

- 2.1 The following table outlines the reports to be presented to the Audit Committee as a result of a Council resolution:

<b>Meeting Item</b>	<b>- Heading and Resolution</b>	<b>Officer</b>
28/05/2018 4.2.5	<b>Risk and Governance Program</b> 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.	Janet Crook
<b>Due:</b>	November 2018	

28/05/2018	<b>Update on the Risk Management and Internal Controls Activities for the 2017-18 financial year and outstanding Internal Audit actions</b>	Janet Crook
4.2.6	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.	
<b>Due:</b>	July 2018	
<b>Deferred to:</b>	October 2018	
<b>Reason:</b>	The administration is formulating it's response.	
28/05/2018	<b>Update on Internal Audit Plan</b>	Janet Crook
4.2.7	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.	
<b>Due:</b>	July 2018	
<b>Deferred to:</b>	October 2018	
<b>Reason:</b>	The administration is formulating it's response in light of the chronological timescales relevant to the audit period.	

### 3. CONCLUSION / PROPOSAL

- 3.1 Future reports for the Audit Committee of Council have been reviewed and are presented to Council for noting.

#### CO-ORDINATION

Officer:	Executive Group	MG	Coordination
Date:		05/07/2018	02/07/2018

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<b>ITEM</b>	4.0.2
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	10 July 2018
<b>HEADING</b>	Actions list
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	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.
<b>SUMMARY</b>	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 previous Audit Committee meetings.
- 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 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.

No	Date	Action	Owner	Due Date	Status
3.	13.2.18	Ensure that an independent assessment of financial sustainability be undertaken. To form part of the Internal Audit Plan for 2019.	Risk & Governance Program Manager	2019	Complete Refer Item on July agenda
4.	8.5.18	Report to Audit Committee on existing processes for segregation of access to business systems.	Risk & Governance Program Manager	Oct 2018	Yet to commence
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	Complete

### 3. CONCLUSION / PROPOSAL

- 3.1 An action list has been developed for the Audit Committee. Actions identified at the meeting on 8 May 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: Coordination  
Date: 02/07/2018

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<b>ITEM</b>	4.2.1
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	10 July 2018
<b>HEADING</b>	Bentley's Interim Report on Audit Findings
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	4.3 Have robust processes that support consistent service delivery and informed decision making.
<b>SUMMARY</b>	City of Salisbury has engaged Bentleys to provide external audit services. The initial phase of that process comprises the conduct of an interim audit. This report attaches the presentation which will be given by Bentleys at the Audit Committee meeting in July 2018.

### RECOMMENDATION

1. The information be received.

### ATTACHMENTS

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

1. Bentleys Interim Report on Audit Findings (2017/2018)

### 1. BACKGROUND

- 1.1 Between 28 and 30 May 2018 Bentleys conducted an interim audit as part of the overall 2017/18 external audit process. The interim audit comprised a review of core financial internal controls.

### 2. REPORT

- 2.1 David Papa, Director Assurance & Advisory at Bentleys will be in attendance at the July 2018 Audit Committee meeting to present the findings of the interim audit.
- 2.2 The internal assessment of the financial internal controls has been completed. Internal control reviews and residual risk assessments are yet to be completed but will be completed prior to the finalisation of Bentley's review. This process has been discussed with Bentleys and they are comfortable with City of Salisbury's progress and approach.

### 3. CONCLUSION / PROPOSAL

- 3.1 Bentleys will complete their work on financial internal controls and the financial statements over the coming months and report their findings to the October 2018 meeting of the Audit Committee.

### CO-ORDINATION

Officer: Coordination  
Date: 02/07/2018







# CITY OF SALISBURY

Report on Audit Findings  
30 JUNE 2018

▶ Advisors    ▶ Accountants    ▶ Auditors

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## Executive summary

We have commenced our audit of the City of Salisbury for the year ended 30 June 2018 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action.

At the conclusion of our interim testing, using the information obtained we determined whether there were any material matters or concerns that would impact the decision making ability of the users of the financial report.

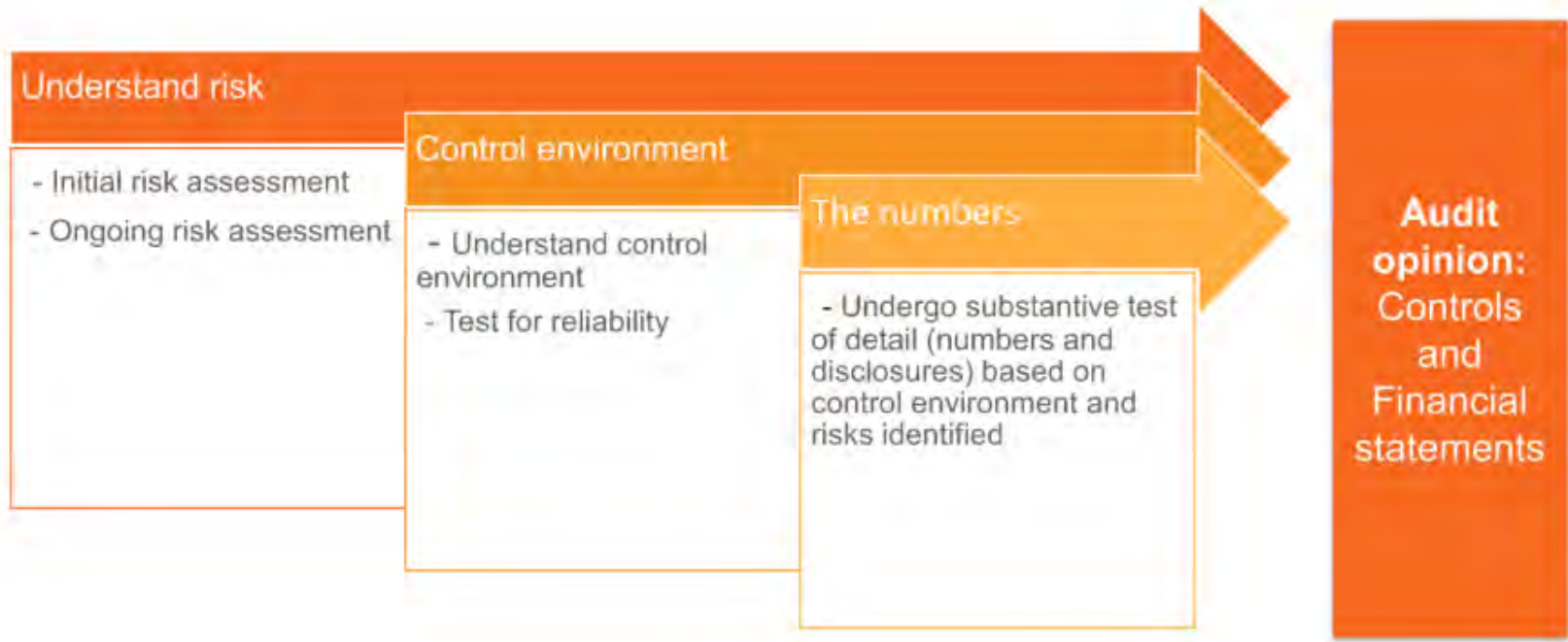
The following matters are reported to management:

Critical	Significant	Not material	Areas for improvement
-	-	-	Control self-assessment

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



# Audit objective & approach



## Key audit risks

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

Area	Risk	Audit Approach	Outcome
Asset Revaluations	The revaluation and useful lives assessment and timing process for buildings and infrastructure assets.	We will be reviewing the Fixed Assets Registers at our year end visit.	Pending
Capital WIP	Accounting treatment of items in the Capital WIP account including the proposed roads programs.	We will be reviewing the treatment of the Capital WIP account at year end. Our testing of Tenders and Contracts which contribute to Capital WIP at our interim visit did not find any issues with the control process.	Pending
Grant Revenue	Completeness, accuracy and compliance with grant agreements.	We performed sample testing of Grant Revenue at our interim visit and did not find any errors in the completeness and accuracy of the balance.	Satisfactory



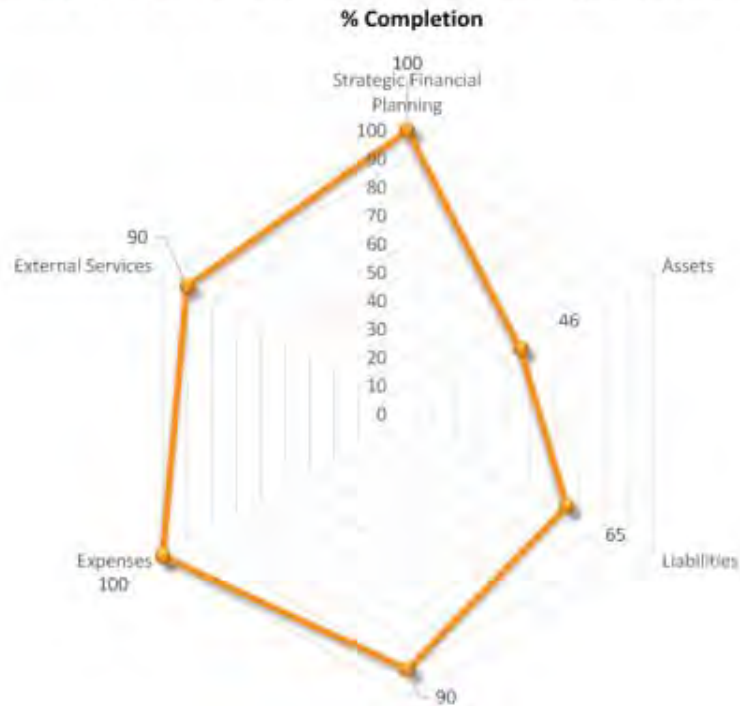
# Key findings

	Points considered	Rating	Reason
 <p>System and technology</p>	<ul style="list-style-type: none"> <li>System integration</li> <li>System knowledge</li> <li>System access</li> </ul>		<p>The General Ledger system has adequate system access. Staff with access are aware of their roles and use the systems appropriately.</p>
 <p>People</p>	<ul style="list-style-type: none"> <li>Attitude</li> <li>Culture</li> <li>Embrace of change/challenge</li> </ul>		<p>The Finance Team appear to work cooperatively and we didn't experience any difficulties with our requests.</p>
 <p>Processes and controls</p>	<ul style="list-style-type: none"> <li>Policies and procedures in place</li> <li>Controls tested and reviewed sufficiently</li> </ul>		<p>The internal control framework appears well established. During our interim audit visit, the assessment for 2018 was still being conducted, therefore, our testing of controls was limited for our first visit. We will review the remainder of controls at year end.</p>
 <p>Financial</p>	<ul style="list-style-type: none"> <li>Compliance with accounting standards</li> </ul>		<p>Based on our interim testing transactions are performed in line with accounting standards and Council's Policies and Procedures.</p>



# Internal controls update

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



# Appendix 1 - Summary of upcoming relevant accounting standards

Pronouncement	Effective date
AASB 15 Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2018 NFP entities – Annual reporting periods beginning on or after 1 January 2019
AASB 1058 Income of NFP Entities	Annual reporting periods beginning on or after 1 January 2019
AASB 16 Leases	Annual reporting period beginning on or after 1 January 2019

Details on AASB 15, 1058 and 16 are on the following Appendices. We encourage you to understand the changes imposed by these standards and to assess the likely impact on future financial reporting.





## Appendix 2 – AASB 15 Revenue from Contracts with Customers

### Purpose of the Standard:

- Replaces AASB 118 *Revenue*, AASB 118 *Construction Contracts* and some revenue related interpretations
- Aims to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
- Allows an entity to recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Effectively, the standard recognises revenue on a 'milestone' basis

### Practical Application of the Standard:

Specifically, the Standard introduces a 5 step approach to revenue recognition:

- Step 1: Identifying contract(s) with customers
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation



## Appendix 3 – AASB 1058 *Income for Not-for-Profit Entities*

### Background:

Previously AASB 1004 *Contributions* was interpreted by the sector as grants could be carried on the balance sheets as 'tied funding'. The Accounting Standards Board released a clarification interpretation in December 2016 explaining the Standard.

Within the interpretation, the key phrase of 'reciprocal' vs 'non-reciprocal' has now been clarified as whether both parties receive a reciprocal benefit from the grant funding provided. Specifically, it clarified that grant funding for local government entities had to be recognized as income within the year received.

We understand that the treatment required by the accounting standard doesn't necessarily align with the practical application of the monies. It would appear that AASB 1058 addresses this matter.



### Treatment of AASB 1058 *Income for Not-for-Profit Entities*:

- Effective as of 1 January 2019, but can early adopt if early adopting AASB 15 *Revenue from Contracts with Customers*
- Replaces AASB 1004 *Contributions* and some NFP revenue related interpretations
- The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation, or a contribution by owners, related to an asset received by an entity
- Effectively, this allows NFP entities to account for grants as 'tied funding'.

We have reviewed the grants reported in prior year and have found no material misstatement. We will need to review the amount of grant funding received during the year to identify if this will be an issue.

## Appendix 4 – AASB 16 Leases

### Purpose of the Standard:

- Introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- Replaces AASB 117 *Leases* and some lease-related interpretations
- Provides new guidance on the application of the definition of lease and on sale and lease back accounting
- Requires new and different disclosures about leases

### Application of the Standard:

- Effective as of 1 January 2019, but can early adopt if early adopting AASB 15 *Revenue from Contracts with Customers*
- Requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value assets
- A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.
- A lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows





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**INFORMATION ONLY** 4.2.2

**AUDIT COMMITTEE**

**DATE** 10 July 2018

**HEADING** Annual Report 2017/2018 - Internal Controls Framework and Audit Committee sections

**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** The City of Salisbury Annual Report refers to the operations and financial activities of Council in the previous financial year. It also contains sections which detail the operations and membership of the Audit Committee of Council and the Financial Internal Controls Framework. This report contains the draft text for these sections of the Annual Report for the information of the Audit Committee.

**RECOMMENDATION**

1. That the proposed inclusions in the annual report relating to the operations and membership of the Audit Committee of Council for the 2017/18 financial year be noted.

**ATTACHMENTS**

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

1. Annual Report 2017/2018 - Internal Controls and Audit Committee sections

**1. BACKGROUND**

- 1.1 Council is required, under Section 131 of the *Local Government Act 1999* to publish an annual report. The annual report must be prepared and adopted by 30 November each year. Contained within the annual report is information regarding Council's operating and financial activities for the previous financial year. It also includes information relating to the operations of the Audit Committee of Council. The annual report is coordinated and published by the Communications and Customer Relations Division.
- 1.2 The full annual report is presented each year to the Resources and Governance Committee for review and recommendation to Council. To allow the Audit Committee to consider sections relevant to its operations prior to inclusion in the Annual Report, the relevant text is presented separately to the Audit Committee.

## **2. REPORT**

- 2.1 The City of Salisbury's annual report is a vehicle for the publication of Council's end of financial year statements and a summary of its operating activities over the previous financial year. Financial statements will be presented to the Audit Committee for review at the October meeting.
- 2.2 The operations of the Audit Committee of Council, together with information regarding the Financial Internal Controls Framework are outlined in the annual report. A draft of the proposed text for inclusion in the annual report on these subjects is provided as Attachment 1.
- 2.3 The proposed text is concise and prepared on the basis that the audience will be a variety of stakeholders including local residents and the Minister for Local Government. It gives a brief explanation of the Financial Internal Controls Framework, the work of the Audit Committee and its membership throughout the year.
- 2.4 The Financial Internal Controls assessment and review process is in progress. Upon that process being completed the relevant information in the section under the heading "Number of internal controls rating 4 or higher" can be completed.
- 2.5 Once the Audit Committee have reviewed the proposed text the next step in the process is to forward it to the Communications and Customer Services division for inclusion in the draft annual report, which will be presented to the Resources and Governance Committee.

## **3. CONCLUSION / PROPOSAL**

- 3.1 The proposed inclusions in the annual report provide information relating to the operations and membership of the Audit Committee of Council in the 2017/18 financial year. The draft text is provided for review, prior to submission for inclusion in the draft annual report.

### **CO-ORDINATION**

Officer: Coordination  
Date: 02/07/2018

## Audit Committee

Mr Peter Brass (Chairman until August 2017)  
 Cr Graham Reynolds (Chairman from September 2017)  
 Mr Craig Johnson (Deputy Chairman)  
 Cr Joe Caruso  
 Ms Kristyn Verrall (Independent Member)  
 Mr Neil Ediriweera (Independent Member – appointed August 2017)

## Financial Internal Controls Framework

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

## Audit Committee of Council

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

The Committee reports to Council and is committed to assuring Council that the governance and risk management frameworks are in place and operating effectively.

This assurance to Council is given through the completion of an Internal Audit Plan, which is linked to the Strategic Risk Register and regularly reviewed by the Committee. Linking the Internal Audit Plan to the Strategic Risk Register ensures that internal audits are focussed on those areas that pose the greatest risk to the achievement of the City's objectives.

The Committee also maintains a close working relationship with the City's external auditor, with a particular focus on the end of year financial statements. External audit provides opinions on the financial statements and the financial internal controls framework. Each year the Committee undertakes a self-assessment, the results of which are reported to Council and used to identify areas for development or improvement in the operations of the Committee.

## Audit Committee Membership

July 2017 – June 2018

- Mr Peter Brass (Chairman & Independent Member until August 2017) – Chief Operating Officer and Company Secretary, Water Research Australia Ltd., attended one of one meetings.
- Cr Graham Reynolds (Chairman from September 2017) Elected Member of Council) – attended four of six meetings.

- Mr Craig Johnson (Deputy Chairman – Independent Member) – Independent Consultant, attended six of six meetings.
- Mr Neil Ediriweera (Independent Member – appointed August 2017) – Director, KPMG, attended five of five meetings.
- Ms Kristyn Verrall (Independent Member) – Legal Counsel / Company Secretary, StatewideSuper, attended five of six meetings.
- Cr Joe Caruso (Elected Member of Council) – attended three of six meetings.

## Number of internal controls rating 4 or higher (CAMS) (AR.04.02.01)

The Control Assessment Management System (CAMS) is a support tool for performing self-assessments on the effectiveness of internal financial controls. City of Salisbury currently utilises 372 controls within the CAMS across 6 classes: Assets, Expenses, External Services, Liabilities, Revenue and Strategic Financial Planning.

The CAMS uses a five point rating scale (1=ineffective, 2=requires significant improvement, 3=partially effective, 4=majority effective and 5=effective). This indicator reports the number of controls assessed as 4 or higher of the controls utilised. The total number of controls assessed in 2017/18 was 372, of these controls XXX were assessed as a 4 or a 5, which represents XX% of controls assessed against a target of 80%. Both Core and Additional controls were assessed and this will be the case in subsequent years.

## High risk outcomes/findings from internal audits/program reviews

Six (6) high risk outcomes / findings from internal audits were identified in the 2017/18 financial year.



<b>ITEM</b>	4.2.3
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	10 July 2018
<b>HEADING</b>	Audit Committee Self-Assessment Questionnaire and Process
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
<b>SUMMARY</b>	Best practice indicates that the performance of the Audit Committee of Council should be reviewed on a regular basis. One method of doing this is through a self-assessment process. This report outlines the proposed methodology for self-assessment of the Audit Committee and seeks endorsement for the conduct of the assessment following the July 2018 Audit Committee Meeting.

#### **RECOMMENDATION**

1. The self-assessment questionnaire, as set out in Attachment 1 to this report (Item No. 4.2.3, Audit Committee, 10/07/2018) be issued to members of the Audit Committee for completion after the July 2018 meeting, with results to be collated and presented at the next Audit Committee meeting.

#### **ATTACHMENTS**

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

1. Audit Committee Self Assessment Questionnaire 2017

#### **1. BACKGROUND**

- 1.1 It is considered best practice to review the performance of an Audit Committee on a periodic basis. One method of conducting this performance review is through a self-assessment questionnaire, completed by the members of the Audit Committee of Council. This is the method that has been used in previous years at the City of Salisbury and it has been shown to be an effective tool.
- 1.2 Self-assessment questionnaires are an efficient method for conducting the performance review because they can be completed at the convenience of the Audit Committee members, without the need to arrange or attend any additional meetings or interviews. The questionnaire also has the advantages of producing a collective Audit Committee response, without recourse to third parties, with the exception of the Risk & Governance Program Manager who will collate and present the results.
- 1.3 A copy of the proposed self-assessment questionnaire is provided as Attachment 1 to this report.

- 1.4 The self-assessment questionnaire is an annual process and was last completed for the 2016 calendar year. Audit Committee members completed the questionnaires for the 2016 calendar year after the Audit Committee meeting in November 2016. The results were collated and presented at the February 2017 Committee meeting.

## **2. REPORT**

- 2.1 It is good practice to have an annual review of the Audit Committee's performance. Since it has been over a year since the last review, which was conducted on the 2016 calendar year, a self-assessment questionnaire has been proposed that would enable the Audit Committee to review their performance for the 2017 calendar year.
- 2.2 The focus of the self-assessment questionnaire is primarily to drive continuous improvement in the performance and effectiveness of the Audit Committee. It is with this in mind that there is considerable space on the attached questionnaire for constructive comments and meaningful suggestions for improvements. In addition, for some of the questions on the questionnaire, a rating system has been introduced rather than a yes/no system. By applying a rating out of four, more accurate responses can be provided thus assisting the Administration to better service the needs of the Audit Committee.
- 2.3 It is proposed that the attached self-assessment questionnaire be circulated to members of the Audit Committee for completion based on the 2017 calendar year, with the results collated and fed back to the Committee by the Risk & Governance Program Manager at the next meeting.
- 2.4 To achieve this timeline, the questionnaire will be circulated to members on 24 July 2018 (the day after the Council meeting which would endorse the Audit Committee's recommendation to undertake the self-assessment). It is requested that completed questionnaires be returned by than 21 September 2018.

## **3. CONCLUSION / PROPOSAL**

- 3.1 The attached self-assessment questionnaire is a useful tool for assessing the performance of the Audit Committee and identifying areas for improvement.
- 3.2 On the basis that it is good practice to conduct a self-assessment annually, it is proposed that the Audit Committee of Council complete the attached self-assessment questionnaire, with the results disseminated to the Audit Committee at the next meeting.

### **CO-ORDINATION**

Officer: Coordination  
Date: 02/07/2018

	2017
<b>Audit Committee of Council Self-Assessment Questionnaire</b>	

Please complete this questionnaire based on your views as a member of the Audit Committee of Council. Where a “No” rating, or a rating of 3 or 4, is provided please include comments/information that quantifies your response. Results from the self-assessment questionnaire will be used to identify areas for development/improvement in the operations of the Audit Committee.

<b>Section A – Establishment of the Committee</b>		<b>Rating</b>	<b>Comments / Suggestions for Improvement</b>
1.	Do the Terms of Reference of the Committee provide clear information on the role and functions of the Committee and its oversight responsibilities on behalf of Council?	Yes / No	
2.	Are Committee Members’ qualities (i.e. financial literacy and skills, understanding of City of Salisbury, industry and capital markets) as a whole, appropriate to discharge the Committee’s oversight responsibilities on behalf of Council?	Please rate: 1. Completely appropriate 2. Mostly appropriate 3. Somewhat appropriate 4. Not appropriate	
3.	Do Committee Members demonstrate the highest level of integrity (including maintaining the utmost confidentiality and identifying, disclosing and managing conflicts of interest and acting appropriately where conflicts or interests arise)?	Yes / No	

	2017
<b>Audit Committee of Council Self-Assessment Questionnaire</b>	

Section B – Meetings		Rating	Comments / Suggestions for Improvement
1.	Are arrangements for Committee meetings appropriate (i.e. frequency, time of day, duration, venue, location and format)?	Please rate: 1. Completely appropriate 2. Mostly appropriate 3. Somewhat appropriate 4. Not appropriate	
2.	Does the Committee ensure that appropriate internal and external stakeholders attend meetings as necessary (e.g. CEO, GM Business Excellence, external audit representative, etc.)?	Yes / No	
3.	Do all members of the Committee participate actively and constructively during meetings (i.e. Members disagree without being disagreeable, assumptions are constructively challenged, views are skilfully explored, differences of opinion are appropriately acknowledged and resolved, and consent is forged)?	Yes / No	

	2017
<b>Audit Committee of Council Self-Assessment Questionnaire</b>	

Section B – Meetings	Rating	Comments / Suggestions for Improvement
4. Is the written documentation (e.g. meeting agendas, reports, minutes and supporting documentation) provided to the Committee appropriate (i.e. clearly explains matters to be dealt with, is aligned to strategic directions and business plans, is distributed and followed up in a timely manner)?	Please rate: 1. Completely appropriate 2. Mostly appropriate 3. Somewhat appropriate 4. Not appropriate	
5. Do separate private meetings without Management contribute to the Committee’s effectiveness (e.g. with Internal Audit, External Auditors, with only committee members or with any external advisor, as needed or appropriate)?	Yes / No	
6. Do you fully understand the meeting procedures and processes in place at the City of Salisbury to ensure the smooth operation of the Audit Committee?	Yes / No	

	2017
<b>Audit Committee of Council Self-Assessment Questionnaire</b>	

Section B – Meetings		Rating	Comments / Suggestions for Improvement
7.	Do you consider meetings to be effective? – if not, please provide details and include how they could be improved.	Please rate: 1. Completely effective 2. Mostly effective 3. Somewhat effective 4. Not effective	

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

	2017
<b>Audit Committee of Council Self-Assessment Questionnaire</b>	

	<b>Section C – Internal Audit</b>	<b>Rating</b>	<b>Comments / Suggestions for Improvement</b>
3.	Do the activities in the internal audit plan address areas of concern and provide assurance to Council?	Please rate: 1. Fully address areas of concern and provide assurance 2. Mostly address areas of concern and provide assurance 3. Somewhat address areas of concern and provide assurance 4. Do not address areas of concern and provide assurance	
4.	Do you receive sufficient information regarding internal audits and activities in the internal audit plan? If not, what further information would you like to receive?	Yes / No	

	<b>Section D – External Audit</b>	<b>Rating</b>	<b>Comments / Suggestions for Improvement</b>
1.	Do you have direct and unrestricted access to the external auditor?	Yes / No	
2.	Do you understand the information being presented to you by the external auditor? If	Yes / No	

	2017
<b>Audit Committee of Council Self-Assessment Questionnaire</b>	

<b>Section D – External Audit</b>		<b>Rating</b>	<b>Comments / Suggestions for Improvement</b>
	not, what further information would assist with your understanding?		
3.	Does the Committee discuss significant findings from the financial and internal controls audits with the external auditor?	Yes / No	

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



	2017
<b>Audit Committee of Council Self-Assessment Questionnaire</b>	

	<b>Section F – Risk Management</b>	<b>Rating</b>	<b>Comments / Suggestions for Improvement</b>
1.	Is the Committee satisfied that there is an effective risk management framework in place at the City of Salisbury? If not, what actions should be taken to address this?	Please rate: 1. Completely satisfied 2. Mostly satisfied 3. Somewhat satisfied 4. Not satisfied	
2.	Does the Committee assure itself that the Chief Executive Officer and General Managers take personal responsibility for risk identification and control?	Yes / No	
3.	Does the Committee understand and discuss issues which present significant risks to the organisation?	Yes / No	

	<b>Section G – Oversight of Other Activities</b>	<b>Rating</b>	<b>Comments / Suggestions for Improvement</b>
1.	Do you believe that the system for reviewing outstanding items arising from external or internal audit reports is efficient and effective? If not, why not and what could be done to improve it?	Please rate: 1. Completely efficient and effective 2. Mostly efficient and effective	

	2017
<b>Audit Committee of Council Self-Assessment Questionnaire</b>	

	Section G – Oversight of Other Activities	Rating	Comments / Suggestions for Improvement
		3. Somewhat efficient and effective 4. Not efficient and effective	
2.	Is there anything further that you believe the Audit Committee should have oversight of in order to fulfil its obligations under the Terms of Reference? If Yes, please be specific regarding your expectations.	Yes / No	

**Name**

**Signature**

**Date**

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<b>ITEM</b>	4.2.4
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	10 July 2018
<b>HEADING</b>	Internal Audit Plan
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	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.
<b>SUMMARY</b>	An Internal Audit Plan outlining the internal audit work to be undertaken in the calendar years 2017-2019 has been developed by analyzing the risks in the Strategic Risk Register and identifying issues that should be the focus of the Internal Audit function for the relevant period. In addition, some updates have been made to the Internal Audit Plan since it was presented to the Audit Committee in May 2018; the changes are highlighted in this report.

## **RECOMMENDATION**

That:

1. the updates made to the 2016-2018 Internal Audit Plan be noted.
2. the 2017-2019 Internal Audit Plan, as set out in Attachment 1 to this report (Item No. 4.2.4, Audit Committee 10 July 2018), be endorsed and adopted.

## **ATTACHMENTS**

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

1. Internal Audit Plan 2017-2019 including links to the Strategic Risk Register
2. Strategic Risk Register June 2018
3. Internal Audit Plan 2016-2018 including links 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 City of Salisbury for the period commencing 1 January 2017 up to and including 31 December 2019. An Internal Audit Plan 2017-2019 has been produced with reference to the Strategic Risk Register, which is reviewed regularly by the Executive Group.

- 1.2 The purpose of this report is to present the Internal Audit Plan for 2019, inform the Audit Committee of the current Internal Audit Plan and the Strategic Risk Register (“the Register”) and to highlight any changes made to these documents since they were last presented to the Committee in May 2018.

## 2. REPORT

### 2.1 Strategic Risk Register

2.1.1 The Audit Committee participated in a workshop with the Executive Group at the meeting on 8 May 2018. Critical discussion was had within the workshop in relation to each risk in the register. The discussion included review of each part of the risk record, including the event descriptions, controls and treatment plans.

2.1.2 As a result of the discussions at the workshop changes to the Register were proposed. Executive considered those changes and attached at Attachment 2 is an updated Register containing track changes. The material changes to the Register are:

- Controls and Treatment plans for the risks were reviewed. Outcomes from recent audits were included in the treatment plans sections and additional controls were included where relevant. It is recognized that some controls have a Control Effectiveness Rating of 5. These controls will receive further assurance review as to their effectiveness rating over the course of the year to ensure the rating is accurate.
- The broadly recorded event description for risk seven (7) was revised and now reads “Governance frameworks are inadequate to ensure robust decision making supported by appropriate systems and processes”.
- The event description for risk nine (9) was updated from “Failure to comply with WHS legislative obligations” to “Failure to ensure a safe working environment”.

### 2.2 Internal Audit Plan 2016-2018

2.2.1 The current Internal Audit Plan 2016-2018 appears as Attachment 3 to this report.

2.2.2 The Business Analyst, Internal Audit and Risk has resigned and ceased work at CoS in May 2018. A recruitment process is under way to fill the vacancy. Due to the vacancy and other work programs, little progress has been made on the internal audits scheduled for 2018.

2.2.3 As a result of the strategic risk workshop and the review of the Register, consideration has been given to the remaining audits on the audit plan for 2018. There are four (4) audits remaining on the plan for completion in 2018: Strategic Reporting process, Contract Management, Management of contaminated sites, and Asset Management. A draft version of the scope for the Strategic Reporting process audit has been prepared for discussion with key stakeholders. The remaining audits are yet to be commenced. In light of the time frames remaining for 2018, the resourcing constraints within the Governance Division, and the current status of the Asset Management Improvement Project it has been decided that the Asset Management review will be deferred to a later date.

- 2.2.4 There is an item on the Audit Committee Action List that an independent assessment of financial sustainability be undertaken and included on the 2019 Internal Audit Plan. It has been recommended that the Financial Sustainability Audit be included on the Internal Audit Plan for 2018 to replace the Asset Management Audit. Both audits address risk 6 “City of Salisbury financial sustainability is compromised”.

**2.3 Internal Audit Plan 2017-2019**

- 2.3.1 The Audit Committee discussed the Internal Audit Plan for 2019 at its February 2018 meeting. It was suggested that an independent assessment of financial sustainability form part of the Internal Audit Plan for 2019. This item has been included on the 2018 Plan.
- 2.3.2 The Audit Committee considered the Legislative Compliance Register at its May 2018 meeting and had discussions regarding how to address legislative compliance at the City of Salisbury. This has been included on the 2019 Plan.
- 2.3.3 When developing the Internal Audit Plan for 2019 the Governance Division also gave consideration to the outcomes of the strategic risk workshop, the outcomes of recent audits and recent industry specific information.
- 2.3.4 The audits identified for 2019 are:
- Legislative compliance;
  - Complaint handling;
  - Data Governance; and
  - Incident Management Framework.

**3. CONCLUSION / PROPOSAL**

- 3.1 This report:
- 3.1.1 outlines the progress made towards the completion of the Internal Audit Plan since it was last presented to the Audit Committee in May 2018;
- 3.1.2 updates the changes to the Strategic Risk Register following the workshop held at the Audit Committee meeting in May 2018; and
- 3.1.3 provides a 2019 Internal Audit Plan for endorsement.

**CO-ORDINATION**

Officer:

Date:



Audit Ref	Strategic Risk Number	Risk Description	Inherent Risk	Residual Risk	Key Divisions impacted by the audit											Factors for Potential Inclusion or Exclusion from Internal Audit activity, including Program Review findings	Areas of focus for the audit	Performance, compliance or risk-based audit?	2017	2018	2019	
					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
1	10	Lack of alignment and integrity of IT systems and business processes for support of business needs	Very High	High														<b>Business Systems and Solutions</b> The implementation of the Information Services Strategy mitigating the risk of a lack of alignment between IT and business needs. In addition, assurance on risks regarding loss of a software supplier and loss of data should be included in the scope of the audit.	Risk-Based			
2	3	Lack of management of public and environmental health risks	High	High														<b>Management of public health</b> Assurance that the services provided by City of Salisbury are managing public health risks in the most efficient and effective manner.	Compliance and Risk-Based			
3	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium													The City of Salisbury undertakes approximately 700 capital works projects with an approximate value of \$30-40 million each year.	<b>Capital Works Projects</b> Assurance on the effectiveness of the processes that are in place to manage risks on capital works projects.	Risk-Based			
4	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium														<b>Strategic Development Projects</b> Assurance on the management of risks taken in the development of residential land and buildings.	Risk-Based			
5	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium														<b>Strategic reporting process</b> Assurance on the processes and controls in place, specifically in relation to the City Plan, Business Planning and Annual Planning.	Risk-Based			
6	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium														<b>Contract Management</b> Assurance on the efficiency and effectiveness of the current tools and processes that are used to manage contracts at the City of Salisbury, identifying any areas where outcomes could be improved.	Risk-Based			
7	2	Inadequate response to contamination of the recycled water systems	High	High														<b>Management of contaminated sites</b> Assurance that the controls in place to prevent and manage contamination incidents/sites are robust.	Risk-Based			
	5	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	High																		
8	6	City of Salisbury financial sustainability is compromised	High	High														<b>Financial sustainability</b> Assurance on the financial sustainability of City of Salisbury, for example recognising the possibility of the introduction of rate capping	Risk-based			
9	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium														<b>Legislative compliance</b> Assurance that the policies and processes in place ensure compliance with relevant legislation.	Compliance and Risk-Based			
10	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium														<b>Complaint Handling</b> Assurance that processes provide for comprehensive, organisation wide handling of complaints	Performance			
11	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium														<b>Data Governance</b> Assurance that City of Salisbury data governance processes ensure adequate protection of information	Risk-Based			
	10	Lack of alignment and integrity of IT Systems and business processes for support of business needs	Very High	High																		





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

Audit Ref	Strategic Risk Number	Risk Description	Inherent Risk	Residual Risk	Key Divisions impacted by the audit											Factors for Potential Inclusion or Exclusion from Internal Audit activity, including Program Review findings	Areas of focus for the audit	Performance, compliance or risk-based audit?	2017	2018	2019	
					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
12	4	Inadequate response to a major incident at a Council sponsored and/or run community event, that affects public and staff safety	Very High	High	●	●	●				●							<b>Incident Management Framework</b> Assurance on the adequacy of the City of Salisbury Incident Management Framework	Risk-Based			●
13	6	City of Salisbury financial sustainability is compromised	High	High					●	●	●			●				<b>Asset Management</b> Review of the proposed processes and system changes in asset management operationalisation.	Risk-Based		●	



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

Audit Ref	Strategic Risk Numbers	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2017				Current Status
					Q1	Q2	Q3	Q4	
1	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
2	3	Management of Public and Environmental Health	The City of Salisbury provides many services to the community which aim to reduce the likelihood of an event occurring that affects the health of the residents of the City of Salisbury. This audit should provide assurance that the services provided by City of Salisbury are managing this risk in the most efficient and effective manner.	Co-sourced			●		Completed
3	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 October 2018 Audit Committee meeting
4	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
		<b>Total</b>							



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

Audit Ref	Strategic Risk Numbers	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2018				Current Status
					Q1	Q2	Q3	Q4	
5	7	Strategic reporting process	The risk that Governance frameworks, systems and processes are inadequate to ensure robust decision making. 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.
6	7	Contract Management	There is a risk that Governance frameworks, systems and processes are inadequate to ensure robust decision making. 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				●	
7	2 and 5	Management of contaminated sites	One of the strategic risks that the City of Salisbury faces is contamination of the recycled water systems. This audit should provide assurance that the controls in place to prevent and manage contamination incidents/sites are robust.	Co-sourced			●		
8	6	Financial sustainability	The risk that the City of Salisbury's financial sustainability is compromised. This audit should provide assurance on the financial sustainability of City of Salisbury, for example recognising the possibility of the introduction of rate capping.	Co-sourced				●	
		<b>Total</b>							



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

Audit Ref	Strategic Risk Numbers	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2019				Current Status
					Q1	Q2	Q3	Q4	
9	7	Legislative compliance	There is a risk that City of Salisbury's governance frameworks, systems and processes are inadequate to ensure robust decision making. This review would provide assurance that selected relevant legislation is being complied with.	Internal	●				
10	7	Complaint Handling	There is a risk that City of Salisbury's governance frameworks, systems and processes are inadequate to ensure robust decision making. This review will provide assurance on City of Salisbury's processes for providing comprehensive handling of complaints.	Internal		●			
11	7 and 10	Data Governance	There is a risk that the City of Salisbury's data management processes could result in loss of data or the inability to utilise the data. This review would provide assurance regarding the adequacy of protection of CoS information.	Co-sourced			●		
12	4	Incident Management Framework	City of Salisbury sponsors and runs community events which leads to a risk that inadequate response to a major incident could affect public and staff safety. This review provides assurance on the adequacy of the City of Salisbury Incident Management Framework.	Co-sourced				●	
13	6	Asset Management	The ability of City of Salisbury to effectively manage its assets and infrastructure is integral to the long term financial sustainability of the City of Salisbury and the objective of "The Prosperous City". This review should include the proposed processes and system changes that will be implemented as a part of the asset management operationalisation project.	Co-sourced				●	
		<b>Total</b>							





## Strategic Risk Register

v2.15 ~~June~~May 2018

<b>1</b> <b>Event Description:</b> Inadequate response to a business continuity event			
<b>City Plan link:</b> Enabling Excellence, The Liveable City			
<b>Description:</b> 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.			
<b>Responsible Managers:</b> CEO, All General Managers, Manager Governance, Manager Business Systems and Solutions, Manager Communications & Customer Relations, Manager People and Culture			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>Lack of plans and procedures to inform response strategies when business continuity event occurs</li> <li>Lack of communication/training for relevant staff required to respond to business continuity event</li> <li>Information to facilitate action during business continuity event <u>insufficient or</u> not available</li> </ul>		<ul style="list-style-type: none"> <li>Service delivery to community severely compromised (loss of confidence)</li> <li>Political/Public reputational damage</li> <li>Loss of morale and resources and compromised regulatory decisions</li> </ul>	
<b>Likelihood:</b> Almost Certain	<b>Consequence:</b> Catastrophic	<b>Inherent Risk Rating:</b> Very High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>Business Continuity Framework, 4</li> <li>Business Continuity Plans, 4</li> <li>Business Continuity Plan tests and walkthroughs (alternating annually), 4</li> <li>Incident Management Team identified and trained, 4</li> <li>Systems and processes to support response to BC event (e.g. staff contact information reports), 5</li> </ul>		<ul style="list-style-type: none"> <li>Business Continuity designed into new Community Hub, 4</li> <li>IT Disaster Recovery Plan in place, 2</li> <li>Emergency Management procedures in place, 4</li> <li>Zone Emergency Management Committees – Northern Area, 5</li> </ul> <p><u>Bushfire Management Plan, 3</u></p>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Catastrophic	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk Rating as low as reasonably practicable?</b> <u>Yes</u> <del>No</del>
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
<u>Completion of relevant agreed actions for the finding in the Business Systems and Solutions audit relating to updating of the Disaster Recovery plans.</u>		<u>Manager Business Systems &amp; Solutions</u>	<u>30 April 2019</u>
<u>Review of CoS Business Continuity corporate documentation</u>		<u>Manager Governance</u>	<u>30 June 2019</u>

Strategic Risk Register

v2.15 ~~June~~May 2018

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

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

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

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<b>5</b>	<b>Event Description:</b> Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services		
<b>City Plan link:</b> The Sustainable City, The Liveable City			
<b>Description:</b> 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.			
<b>Responsible Managers:</b> GM City Development, GM City Infrastructure, GM Community Development, Manager Economic Development & Urban Policy, Manager Infrastructure Management, Manager Field Services, Manager Communications & Customer Relations, Manager Community Capacity & Learning			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>Inadequate understanding and planning for factors impacting the environment</li> <li>Failure to consider environmental consequences when planning and designing infrastructure</li> <li>Inadequate Q100 &amp; Q300 flood modelling in place at individual house level, using digital terrain modelling</li> <li>Inadequate infrastructure within the City to manage stormwater and sea level rises due to storm events</li> <li>Failure to monitor and forecast demographic changes in the City and adjust objectives and plans accordingly</li> <li>City Plan becomes obsolete or fails to anticipate the financial impact of demographic changes</li> </ul>		<ul style="list-style-type: none"> <li>Financial cost of dealing with the consequences of frequent freak weather related events</li> <li>Long term impact on infrastructure, its maintenance and replacement</li> <li>Organisational plans and strategies are no longer valued or desired by the community</li> <li>Failure to adapt to a changing external environment resulting in some services becoming irrelevant and others insufficient</li> <li>Coastal inundation and impact on biodiversity</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major		<b>Inherent Risk Rating:</b> High
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEWNR, 5</li> <li>Regular monitoring of risk sites e.g. land fill sites, dams, 5</li> <li>Extreme Heat response process (for residents), 4</li> <li>Q100 and Q300 flood modelling including tidal info. in place at individual house level, using digital terrain modelling, 3</li> <li>City Plan/Strategic Plans/Business Plans, 4</li> <li>Bushfire Management Plan, 4</li> <li>Watercourse Management capital program, 4</li> <li>Asset Management Policy and Plans, 4</li> </ul>		<ul style="list-style-type: none"> <li>Undergrowth management procedures, 5</li> <li>Asset Management infrastructure audits, 5</li> <li>Adapting Northern Adelaide Plan, 4</li> <li>Emergency Management Plan, 4</li> <li>Zone Emergency Management Committee – Northern Area, 5</li> <li>Grant funding applications process and reviews, 5</li> <li>Home Care Common Standards – Operating Manual, 5</li> <li>Learning Strategy, Wellbeing Strategy &amp; Intracultural Strategy, 4</li> <li>Social Infrastructure Assessment Framework, 3</li> <li>Planning controls, 4</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major		<b>Residual Risk Rating:</b> High
		<b>Is the Residual Risk Rating as low as reasonably practicable?</b> No	
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Update <del>d</del> flood mapping <del>periodically and developed and</del> communicated <del>as necessary</del>		Manager <del>Infrastructure Management/Technical Services /</del> <del>Manager Communications &amp; Customer Relations</del>	<del>Ongoing</del> 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	31 July 2020
Updating and implementation of the Social Infrastructure Plan for the City		<del>General Manager</del> Community Development	30 <del>1</del> June <del>December</del> 2018

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<b>6</b>		<b>Event Description:</b> City of Salisbury financial sustainability is compromised	
<b>City Plan link:</b> Enabling Excellence			
<b>Description:</b> 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.			
<b>Responsible Managers:</b> GM Business Excellence, GM City Infrastructure, GM City Development			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>			
<ul style="list-style-type: none"> <li>Reduction in grant funding</li> <li>Inadequate revenue and a failure to maximise revenue from all sources</li> <li>Unplanned spending</li> <li>Inadequate valuation of assets or inaccurate depreciation</li> <li>Inadequate planning for infrastructure repairs or upgrades</li> <li><u>Introduction of draft legislation regarding rate capping</u></li> </ul>	<ul style="list-style-type: none"> <li>Changes to legislation/obligations imposed by other levels of government</li> <li>Potential new revenue streams are not fully investigated</li> <li>Inadequate economic development</li> <li>Changes to roles and responsibilities assigned to City of Salisbury by federal or state government</li> <li>Short term revenue is maximised at the expense of longer term revenue</li> </ul>	<ul style="list-style-type: none"> <li>Unknown consequences of new infrastructure provision from other levels of government or private sector investment</li> <li>Failure to encourage investment in the City</li> <li>Council business and service delivery doesn't support business needs and expectations</li> </ul>	<b>Impacts (risks):</b> <ul style="list-style-type: none"> <li>Council ultimately becomes financially unsustainable</li> <li>City revenue has to be raised increasingly through more traditional methods (rate rises)</li> <li>Revenue from the sale of assets (land) is not invested for the longer term benefit of the community</li> <li>Financial cost associated with falling rates revenue or increasing bad or doubtful debts</li> </ul>
<b>Likelihood:</b> Likely	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b> High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>Long term financial planning, 5</li> <li>Asset Management Plans, 4</li> <li>Quarterly Budget Review, 5</li> <li>Annual Plan and Annual Report (reviewed by Audit Committee), 5</li> <li>Elected Member Briefings, 5</li> <li>Prudential Reviews, 5</li> <li>Regular reviews of rating system fairness and equity, 4</li> <li>Grant Management Process, 3</li> <li><u>Budget &amp; Finance Committee, 4</u></li> </ul>	<ul style="list-style-type: none"> <li>Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, Waste Transfer Station, Salisbury Memorial Park), 5</li> <li>Program Review, 4</li> <li>Budget Policies and Procedures, 5</li> <li>Business Case Modelling, 4</li> <li>Growth Action Plan, 4</li> <li>Business Support Agenda, 4</li> <li>Northern Economic Plan, 3</li> <li><u>Project Management Methodology, 3</u></li> </ul>		
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk Rating as low as reasonably practicable? Yes</b>
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Completion of Asset Management Plans to "Mature Status", including function and capacity matrices to inform the LTFP and Sustainability Index		Manager <u>Infrastructure Management</u> <del>Technical Services</del>	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		<del>General Manager</del> Business Excellence	30 September 2018
Undertake independent assessment of financial sustainability		Manager Governance	30 September 2019

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<u>Review of Project Management Methodology</u>	<u>GM City Infrastructure and GM Business Excellence</u>	<u>31 December 2018</u>
<u>Assessment of new rate capping legislation and development of an action plan to address any issues</u>	<u>GM Business Excellence</u>	<u>31 December 2018</u>



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

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Complete Implementation of the Change Management Framework <u>and Program</u>	Manager People and Culture	31 December 2020
<u>Completion of relevant agreed actions arising out of the Business Systems and Solutions audit</u>	<u>Manager, Business Systems and Solutions</u>	<u>Various</u>
<u>Review of Project Management Methodology</u>	<u>GM City Infrastructure and GM Business Excellence</u>	<u>31 December 2018</u>

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

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<p><del>Develop a consistent, usable risk management framework to encourage and inform risk management at the CoS. 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.</del></p>	<p>Manager Governance</p>	<p><del>February 2019</del> <u>Ongoing</u></p>
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<b>9</b> <b>Event Description:</b> Failure to <u>ensure a safe working environment</u> <del>comply with WHS legislative obligations</del>			
<b>City Plan link:</b> Enabling Excellence			
<b>Description:</b> Failure to meet WHS obligations results in an unsafe workplace and exposes Council to financial penalties, sanctions and reputational damage			
<b>Responsible Managers:</b> GM Business Excellence, Manager People and Culture, CEO, GM City Infrastructure, GM Community Development, GM City Development, Elected Members			
<b>Contributory Factors ("root" causes / how and why the event arises):</b> <ul style="list-style-type: none"> <li>Inadequate controls in place to prevent incidents occurring</li> <li>Insufficient reporting of incidents and near misses</li> <li>Safe work practices not documented or communicated to employees</li> <li>Inadequate induction, training and supervision</li> <li>Inadequate hazard management system</li> <li>Organisational safety attitude does not recognise the importance of following WHS policies and procedures</li> </ul>		<b>Impacts (risks):</b> <ul style="list-style-type: none"> <li>An employee, contractor, volunteer or elected member is injured or dies as a result of a preventable incident or accident</li> <li>Potential financial consequences for the City of an incident affecting a member of staff including; medical/rehabilitation expenses, injury compensation claim, legal expenses, fines</li> <li>Regulatory censure including a SafeWork SA Prohibition Notice, Improvement Notice or prosecution/conviction</li> <li>Legal consequences for senior management should policies and procedures be determined as inadequate by SafeWork SA.</li> <li>Organisational reputation is damaged through the failure to prevent an accident or injury occurring at work</li> <li>Scheme losing self-insured status and resultant lack of financial sustainability</li> </ul>	
<b>Likelihood:</b> Almost Certain	<b>Consequence:</b> Catastrophic	<b>Inherent Risk Rating:</b> Very High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b> <ul style="list-style-type: none"> <li>WHS training and e-learning (mandatorily required for all employees on commencement of employment and thereafter <u>routinely as necessary</u>), 5</li> <li>WHS IM Business Plan, 5</li> <li>WHS Reviews, 4</li> <li>Principal WHS Committee, 5</li> <li>City Infrastructure WHS Committee, 5</li> <li>JSA, work instructions and plant risk assessments, 4</li> <li>Code of Conduct, 4</li> <li>Hazard and incident reporting and investigation procedures, 4</li> <li>Members of the Local Government Workers Compensation Scheme, requiring annual external audits, 5</li> <li>Work Health Safety representative team, 5</li> <li>Support from LG Sector/other councils/private sector organisations with development/implementation of WHS policies/procedures (including benchmarking partners), 5</li> <li>Contractual arrangements with external providers to assist compliance with WHS obligations, 4</li> <li>Quarterly Executive Report highlighting trends, outstanding actions and high risk rating incidents or hazards, 4</li> </ul>			
<b>Likelihood:</b> Possible	<b>Consequence:</b> Catastrophic	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk Rating as low as reasonably practicable?</b> No
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Enhance the awareness of reporting obligations across the organisation through the existing Code of Conduct staff awareness sessions.		Manager People and Culture, all General Managers, all Divisional Managers	30 September 2018

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<b>10</b>	<b>Event Description:</b> Lack of alignment and integrity of IT systems and business processes for support of business needs		
<b>City Plan link:</b> Enabling Excellence			
<b>Description:</b> Inability to meet business and community needs due to lack of, ineffective or outdated IT system and business processes			
<b>Responsible Managers:</b> GM Business Excellence, Manager Business Systems and Solutions			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>• Failure to adequately involve IT when developing plans, strategies and projects</li> <li>• Failure to consider all options when improving a system or process</li> <li>• Organisational change is not conducted in a structured and logical manner</li> <li>• Failure to support the skill set of individuals responsible for the delivery of business processes</li> <li>• Lack of business engagement and clarity of roles</li> <li>• External pressure for changes to systems/processes</li> <li>• Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs</li> <li>• Lack of monitoring of cybersecurity threats to organisational assets</li> <li>• Lack of communication/training for all staff regarding information security</li> <li>• Information to facilitate action during a cybersecurity incident is not available</li> </ul>		<ul style="list-style-type: none"> <li>• Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure</li> <li>• Council operations pause resulting in financial loss</li> <li>• Failure to adapt to a changing external environment</li> <li>• Inefficient and ineffective use of organisational resources</li> <li>• Poor service delivery</li> <li>• Political/Public <del>embarrassment</del>reputational damage</li> <li>• Costs of litigation and restoration of services</li> </ul>	
<b>Likelihood:</b> Almost Certain	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b> Very High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>• IT Governance Framework, 3</li> <li>• Programmed testing of systems for security and reliability, 4</li> <li>• Information Security Policies and Procedures, 4</li> <li>• Continuous Improvement Framework, 4</li> </ul>		<ul style="list-style-type: none"> <li>• IT Disaster Recovery Plan, 2</li> <li>• Business Continuity Plans, 4</li> <li>• Incident Management Team identified and trained, 4</li> <li>• Building security and access controls, 4</li> <li>• User access system controls, 4</li> <li>• Patch management and software maintenance procedures, 4</li> <li>• Cyber Security Risk Assessment, 4</li> </ul>	
<b>Likelihood:</b> Likely	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk Rating as low as reasonably practicable? No</b>
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Delivery of IS Strategy 2014-17 and the projects that are a part of it		Manager Business Systems and Solutions	30 <del>November</del> 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 <del>November</del> June 2018
Delivery of the IT component of the Community Hub		Manager Business Systems and Solutions	30 September 2019

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Table 1 – Consequence Ratings

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

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**Table 2 – Likelihood Ratings**

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

**Table 3 - Risk Matrix**

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



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**Table 4 - Residual Risk Descriptors**

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

**Table 5 - Control Effectiveness Ratings**

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

The following defines the meaning of the control effectiveness ratings;

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

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

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

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

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

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

Source: Control Activity Owner Instruction Manual, ControlTrack®

Strategic Risk Register

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

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

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

Audit Ref	Strategic Risk Number	Risk Description	Inherent Risk	Residual Risk	Key Divisions impacted by the audit												Factors for Potential Inclusion or Exclusion from Internal Audit activity, including Program Review findings	Areas of focus for the audit	Performance, compliance or risk-based audit?	2016	2017	2018		
					People & Culture	Community Planning & Vitality	Community Capacity & Learning	Governance	Technical Services	Business Systems and Solution	Business Support	Environmental Health & Safety	Projects	Strategic Development Projects	Financial Services	Communications & Customer R							Salisbury Water	
1	N/A	N/A																It is a requirement of the Institute of Internal Auditors that internal audit functions are externally assessed at least once every five years by a qualified, independent assessor or assessment team from outside the organisation (Attribute Standard 1312 "External Assessments").	<b>External Review of Internal Audit</b> The internal audit function, its processes and interactions with the Audit Committee and the Executive.	Compliance	●			
2	9	Failure to ensure a safe working environment	Very High	High	●	●	●										●		<b>Event Management</b> The application of WHS processes at major events organised by the City of Salisbury.	Compliance and Risk-Based	●			
	4	Inadequate response to a major incident at a Council sponsored and/or run community event, that affects public and staff safety	Very High	High																				
3	8	Organisation suffers detriment as a result of fraud, misconduct or maladministration	High	High	●					●								Payroll has more applicable financial internal controls under the Better Practice Model - Financial Internal Controls for South Australian Councils than any other process.	<b>Payroll</b> Payroll processes and systems covering the 35 financial internal controls associated with payroll.	Compliance and Risk-Based	●			
4	10	Lack of alignment and integrity of IT systems and business processes for support of business needs	Very High	High						●									<b>Business Systems and Solutions</b> The implementation of the Information Services Strategy mitigating the risk of a lack of alignment between IT and business needs. In addition, assurance on risks regarding loss of a software supplier and loss of data should be included in the scope of the audit.	Risk-Based			●	
5	3	Lack of management of public and environmental health risks	High	High										●					<b>Management of public health</b> Assurance that the services provided by City of Salisbury are managing public health risks in the most efficient and effective manner.	Compliance and Risk-Based			●	
6	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium										●				The City of Salisbury undertakes approximately 700 capital works projects with an approximate value of \$30-40 million each year.	<b>Capital Works Projects</b> Assurance on the effectiveness of the processes that are in place to manage risks on capital works projects.	Risk-Based			●	
7	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making	High	Medium										●					<b>Strategic Development Projects</b> Assurance on the management of risks taken in the development of residential land and buildings.	Risk-Based			●	
8	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making	High	Medium											●	●			<b>Strategic reporting process</b> Assurance on the processes and controls in place, specifically in relation to the City Plan, Business Planning and Annual Planning.					●
9	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium										●	●				<b>Contract Management</b> Assurance on the efficiency and effectiveness of the current tools and processes that are used to manage contracts at the City of Salisbury, identifying any areas where outcomes could be improved.	Risk-Based				●
10	2	Inadequate response to contamination of the recycled water systems	High	High						●							●		<b>Management of contaminated sites</b> Assurance that the controls in place to prevent and manage contamination incidents/sites are robust.	Risk-Based				●
	5	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	High																				●
11	6	City of Salisbury financial sustainability is compromised	High	High												●			<b>Financial sustainability</b> Assurance on the financial sustainability of City of Salisbury, for example recognising the possibility of the introduction of rate capping	Risk-Based				●



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

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



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

Audit Ref	Strategic Risk Number	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2017				Current Status
					Q1	Q2	Q3	Q4	
4	10	Business Systems and Solutions	The risk that there is a lack of alignment of IT systems and support with business needs is one of the strategic risks of the City of Salisbury. The crystallisation of this risk and other operational risks associated with Business Systems and Solutions such as the loss of a software supplier or loss of data would also have significant implications for the entire organisation. This audit should provide assurance on the controls in place within Business Systems and Solutions to mitigate these risks.	Co-sourced	●				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 occurring that affects the health of the residents of the City of Salisbury. This audit should provide assurance that the services provided by City of Salisbury are managing this risk in the most efficient and effective manner.	Co-sourced			●		Completed
6	7	Capital Works Projects	The City of Salisbury undertakes approximately 700 capital works projects with an approximate value of \$30-40 million each year. Processes are in place to manage risks in projects and this audit should provide assurance that risks are being managed in capital projects.	Co-sourced			●		The draft report from this audit is currently being reviewed by management and will be presented at the October 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
		<b>Total</b>							





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

Audit Ref	Strategic Risk Number	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2018				Current Status
					Q1	Q2	Q3	Q4	
8	7	Strategic reporting process	The risk that Governance frameworks, systems and processes are inadequate to ensure robust decision making. 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 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	Financial sustainability	The risk that the City of Salisbury's financial sustainability is compromised. This audit should provide assurance on the financial sustainability of City of Salisbury, for example recognising the possibility of the introduction of rate capping.	Co-sourced				●	
		<b>Total</b>							



<b>ITEM</b>	4.2.5
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	10 July 2018
<b>HEADING</b>	Update on the Risk Management and Internal Controls Activities for the 2017/18 financial year and outstanding Internal Audit actions. Schedule of Risk Management and Internal Controls Activities for the 2018/2019 financial year.
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	4.3 Have robust processes that support consistent service delivery and informed decision making.
<b>SUMMARY</b>	This report provides a summary of the planned risk management and internal controls activities completed in the 2017/2018 financial year and those proposed for the 2018/2019 financial year. The report also includes an update on the outstanding actions from internal audits.

## **RECOMMENDATION**

1. The Update on Risk Management and Internal Controls Activities, as set out in Attachment 1 to this report (Item No. 4.2.5, Audit Committee 10/07/2018) be endorsed for approval by Council.
2. The schedule of Risk Management and Internal Controls Activities 2018/2019, as set out in Attachment 2 to this report (Item No. 4.2.5, Audit Committee 10/07/2018), be endorsed.

## **ATTACHMENTS**

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

1. Risk Management and Internal Controls Activities update for 2017/2018
2. Observations and Recommendations from Business Continuity Test Report
3. Scope of Works with LGRS Strategic Risk Services Team
4. Risk Management and Internal Controls Activities for 2018/2019
5. Outstanding Actions arising out of completed internal audits

### **1. BACKGROUND**

- 1.1 This report provides an annual review of the risk management and internal controls activities completed in the 2017/2018 financial year. It also proposes a schedule of risk management and internal controls activities for the 2018/2019 financial year and gives an update on the actions outstanding from internal audits. 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 2017/2018

- 2.1.1 Attachment 1 is a summary of the risk management and internal controls activities completed in the 2017/2018 financial year.
- 2.1.2 The following activities have been updated since they were last reviewed by the Audit Committee in May 2018:
- On 30 May 2018 the Business Continuity Plan was tested by way of a scenario exercise. The LGRS (Mr Paul Kerrish) was selected as the service provider for the exercise. The exercise was designed to validate the Business Continuity Framework and provide assurance on the strategic risk “inadequate preparation of and response to a business continuity event”. An appropriate exercise, made up of a number of scenarios, was constructed by Mr Kerrish, in conjunction with the CoS, to test the Incident Management Team’s ability to respond to a business continuity event. A report has been issued by the LGRS setting out a summary of the exercise, some observations and a list of recommendations for review by CoS. Overall, the outcomes from the report were positive. An extract of the Observations and Recommendations from the report appear as Attachment 2 to this report, for the Committee’s information. Those recommendations will be considered by the Executive, and relevant action identified and taken. An action has been identified in the Risk Management and Internal Controls Activities report 2018-2019 (Attachment 4) that a review of the organisation’s Business Continuity documentation will be performed. A further update will be provided to the Audit Committee.
  - The assessment and review of CoS’ Financial Internal Controls is well progressed. Staff members responsible for the assessment of the controls have performed their control assessments. Risk owners have performed the inherent risk ratings. The control assessments are in the process now of being reviewed and the risk owners will perform the residual risk assessments. The process will be completed in time for the external auditor’s end of year visit.
  - As reported in item 4.2.5 of the agenda for the May 2018 Audit Committee meeting, consideration is being given to the deliverables for the risk management framework. It was identified that the first steps will include establishment of a baseline of risk culture, documentation of the risk management framework, and development of the operational risk register. Engagement has commenced with the LGRS’ Strategic Risk Services Team to develop a scope of work to assist CoS in delivering an organization wide, consistent, usable risk management framework to encourage and inform risk management. The scope of work is attached as Attachment 3.

2.1.3 Several activities that were scheduled for 2017/2018 but have not been completed have been carried forward into the 2018/2019 plan. These activities are:

- develop an operational risk register – this forms part of the risk management program which has been previously reported on to the Audit Committee. Work regarding the development of the operational risk register forms part of the Scope of Works appearing as Attachment 3;
- testing (and implementation of) the Control Track system – CoS is not using the latest version of the Control Track system. Work will be done to upgrade to the next version during 2018/2019;
- review of the Fraud and Corruption Prevention Strategy – Awaiting the outcome of the *Public Interest Disclosure Bill*; and
- Local Government Association Mutual Liability Scheme risk assessment – The LGA MLS Risk Evaluation report has been issued. Administration will formulate responses to the considerations identified and report to the Audit Committee.
- Development of a risk appetite statement will likely be deferred to the 2019/2020 plan, following the implementation of the risk management framework.

2.1.4 Updates to the risk management and internal control activities will continue to be provided at each Audit Committee meeting.

## 2.2 Proposed Risk Management and Internal Controls Activities 2018/2019

2.2.1 The activities proposed for 2018/2019 and set out in Attachment 4 seek to improve the overall effectiveness and efficiency of both the risk management and internal controls activities undertaken at the City of Salisbury.

2.2.2 A rationale for conducting each piece of work is provided. In addition to the activities carried forward, the following activities have been included:

- External Audit of financial internal controls;
- Cash Management;
- Report on the findings of the Audit Committee self-assessments;
- Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation;
- Review of Business Continuity documentation
- Development of documented risk management framework

## 2.3 Outstanding Actions from Completed Internal Audits

2.3.1 Attachment 5 to this report provides an update on the status of all agreed action items arising from completed internal audits.

2.3.2 Progress against all outstanding actions is monitored by the Risk & Governance Program Manager, 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 completed in the 2017/18 financial year including the outstanding actions from Internal Audits. It has also proposed a schedule of risk management and internal controls activities to be completed in the 2018/2019 financial year. The next update will be provided at the next meeting of the Audit Committee

**CO-ORDINATION**

Officer: Coordination  
Date: 02/07/2018

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 <i>Local Government Act 1999</i> , which concerns compliance with statutory requirements.	A List of Legislative Reporting obligations has been developed as a part of a Legislative Compliance Register. The Register has been completed and 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.

Item 4.2.5 - Attachment 1 - Risk Management and Internal Controls Activities update for 2017/2018

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

v1.5

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 and will form part of the schedule of activities for 2018-2019. Scoping work has commenced with the Strategic Risk Team from the LGA on the deliverables.
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.



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 it needs to reflect the act that will arise from the South Australia <i>Public Interest Disclosure Bill 2018</i> .

Item 4.2.5 - Attachment 1 - Risk Management and Internal Controls Activities update for 2017/2018

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

v1.5

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 Evaluation 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, and Administration is formulating responses to the considerations identified. It will be presented to the Executive Group and the Audit Committee.
Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation	Internal Controls	Internal	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.	The internal assessment of the financial internal controls has been completed. Internal control reviews and residual risk assessments are yet to be completed but will be completed prior to the finalisation of the External Auditor's review. This process has been discussed with Bentleys and they are comfortable with City of Salisbury's progress and approach.

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

v1.5

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
Business Continuity Plans Test	Internal Controls	External	Completed	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 was undertaken on 30 May 2018. LGRS performed a role play exercise with the Incident Management Command Team. A report on the exercise has been issued by LGRS. An update will be provided to the Audit Committee.

Item 4.2.5 - Attachment 1 - Risk Management and Internal Controls Activities update for 2017/2018





### Observations

1. Excellent participaton from all IMT members.
2. As each new scenario emerged there was some opportunity for the IMT to ask follow up questions to ensure as many 'facts' were gained as possible and as 'clear a picture as possible' was formed on the incident details before moving to response mode.
3. Excellent delegation from IMT Lead to team members during the scenarios which allowed him to maintain perspective and avoid getting bogged down in the 'doing'.
4. A better 'working knowledge' of the various BC plans would make it easier for relevant IMT members to refer to them (not rely) in a crisis; ensuring nothing is missed or forgotten as response strategies are developed.
5. Excellent consideration for periodically reassessing/recapping where the IMT was up to in terms of actions identified, closed out and identification of any further open actions.
6. IMT members predominantly received and held phone conversations within the EOC room. This may be more challenging in a real event with multiple conversations occurring at once but would likely be addressed by the IMT if the situation became untenable (ie all phone calls to be conducted out fo the room).
7. Excellent collaboration within the team – sharing ideas and challenging many of the assumptions made.

### Recommendations

Listed in order of priority as determined by Risk Consultant (LGRS) but this should be reviewed by the CoS.

1. Consider diagrammatically representing the relationship of the various plans which make up the BCM Framework (in the IMT Command Plan) to ensure people are quickly able to undertand where each document fits in relation to the others, its purpose and who is responsible for referring to the plan in response (*Relates to Obs. 2, 3,4*).
2. Consider aligning the Escalation Model in Section 2 of the Communications BCP Response with the CoS Consequence Ratings Table in the Audit Report Template (pg. 3). Have one Consequence table for all of CoS and include modified table in the IMT Command Plan and as part of any BC/risk/safety training (*Relates in part to Obs. 2*).
3. Consider reviewing with NAWMA their contingencies for business interruption events which may impact on the CoSs business objectives.
4. Consider defining as far as practicable – which personnel within each department are able to operate remotely (ie have laptops or remote log in capability to perform their roles), or other locations where other staff can operate from (for a loss of building scenario) and include this in the existing appendix to the 'Loss of Facilities' sub plan to help guide this type of scenario.
5. Move Appendix 7 (Current Business Continuity Plan Heat Map) to the front of the IMT plan where it is more visible, as this will help the IMT to identify priorities early (*Relates to Obs 4*).
6. Consider removing much of the 'contextual/preamble' information at the start of each BCP and IMT Command Plan. This could either be placed at the back of each of the documents or used in a PowerPoint presentation as part of an annual planned training session for relevant staff; (as one example, elements within pages 1-5 of Communications BCP (as well as others). (*Relates to Obs. 4*).



7. Consider any opportunity to reduce the word/page count in each of the plans to be purely a response document and easier to refer to in a crisis (*Relates to Obs 4*).
8. As there appeared to be a number of assumptions made about the capability of IT processes to recover quickly etc in the scenario; if not already done, consider an independent review/test of Council's ITDR plan.
9. Consider the ability to document 'actions' from IMT discussions on a whiteboard or A1 posters (within a predefined template – *ie what is the action, who, complete?*) so all IMT members can keep on top of current and completed actions at once – include in relevant responsibility statement (*Relates to Obs 3,5*).

 <p>Mutual Liability Scheme Workers Compensation Scheme <b>Local Government Association</b> of South Australia</p>	<b>Scope – Strategic Risk Services</b>	<b>Council:</b> City of Salisbury
		<b>Date:</b> 06/06/2018
		<b>Key Contact:</b> Janet Crook, Risk and Governance Program Manager

<b>Scope: Strategic Risk Service Program</b>	
<b>Background</b>	The senior management of the City of Salisbury has recognised the importance and need to have an organisation wide, consistent, usable risk management framework to encourage and inform risk management within their Council. As a part of the initiative, they are keen to operationalise their current risk framework by undertaking a review and update of their existing strategic risk register and corporate documentation as well as continue the development of an operational risk register in order to manage and monitor key risks. They are also taking the opportunity to review their monitoring and reporting mechanisms. The City of Salisbury is seeking to engage the services of the MLS to facilitate this requirement and the Strategic Risk Consulting Team has been engaged to create a customised program to meet the Council’s needs and structure the work to evolve Council’s risk system to a point where the expectations of their Audit Committee and Senior Management Team can be met.
<b>Objectives:</b>	<ul style="list-style-type: none"> <li>• Support the development of a customised program for City of Salisbury’s risk framework implementation</li> <li>• To support and mentor on an “as needs” basis as requested by the City of Salisbury and within the Scheme’s resource capacity</li> <li>• That the City of Salisbury’s Senior Management Team understand Council’s Risk Management Framework, their role and responsibility and can implement it across the organisation</li> <li>• That a formal process is available and understood by the Council staff and is implemented within the City of Salisbury resulting in a proactive approach to risk management following the delivery of the services by the Scheme</li> </ul>
<b>Scope of Services:</b>	<ul style="list-style-type: none"> <li>• Create training materials for presentation to senior management. Provide materials to Risk &amp; Governance Program Manager for review prior to presentation. Facilitate workshop to review Councils existing Strategic Risks, risk maturity as well as identify and assess any additional strategic risk. Include back to basics risk management training in order to establish a baseline of risk culture at the City of Salisbury</li> <li>• Provide template documentation for risk register, policy, framework and implementation plan</li> <li>• Review and provide feedback for roadmap for risk implementation as provided by the Council</li> <li>• Create materials for presentation to management in relation to operational risks. Facilitate workshops to identify and assess some of Council’s Operational Risks</li> <li>• Provide support and guidance to the Governance department to enable them to review and update the Council’s Risk Management Framework</li> <li>• Provide guidance material on the revised Risk Management Framework including information about roles and responsibilities Provide deliverables such as completed documentation for Council’s strategic risk register, operational risk register, policy and framework documentation, training materials (needs to be agreed with the City of Salisbury during the planning process), list of terminology and definitions</li> <li>• Provide mentoring as requested by the Council (this will depend on capacity of resources and would require prior planning) as a part of post program</li> </ul>

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 Mutual Liability Scheme Workers Compensation Scheme <b>Local Government Association</b> of South Australia	<b>Scope – Strategic Risk Services</b>	<b>Council:</b> City of Salisbury
		<b>Date:</b> 06/06/2018
		<b>Key Contact:</b> Janet Crook, Risk and Governance Program Manager

	support
<b>Out of Scope:</b>	The Strategic Risk team will not be responsible for design and implementation of controls for each risks identified. Testing and assessment of controls will not be performed.
<b>Timelines:</b>	The project will be delivered in phases from July 2018 – March 2019. Key dates will be agreed with Salisbury management with the commencement of the project.
<b>Sponsor:</b>	Mick Petrovski – Manager Governance

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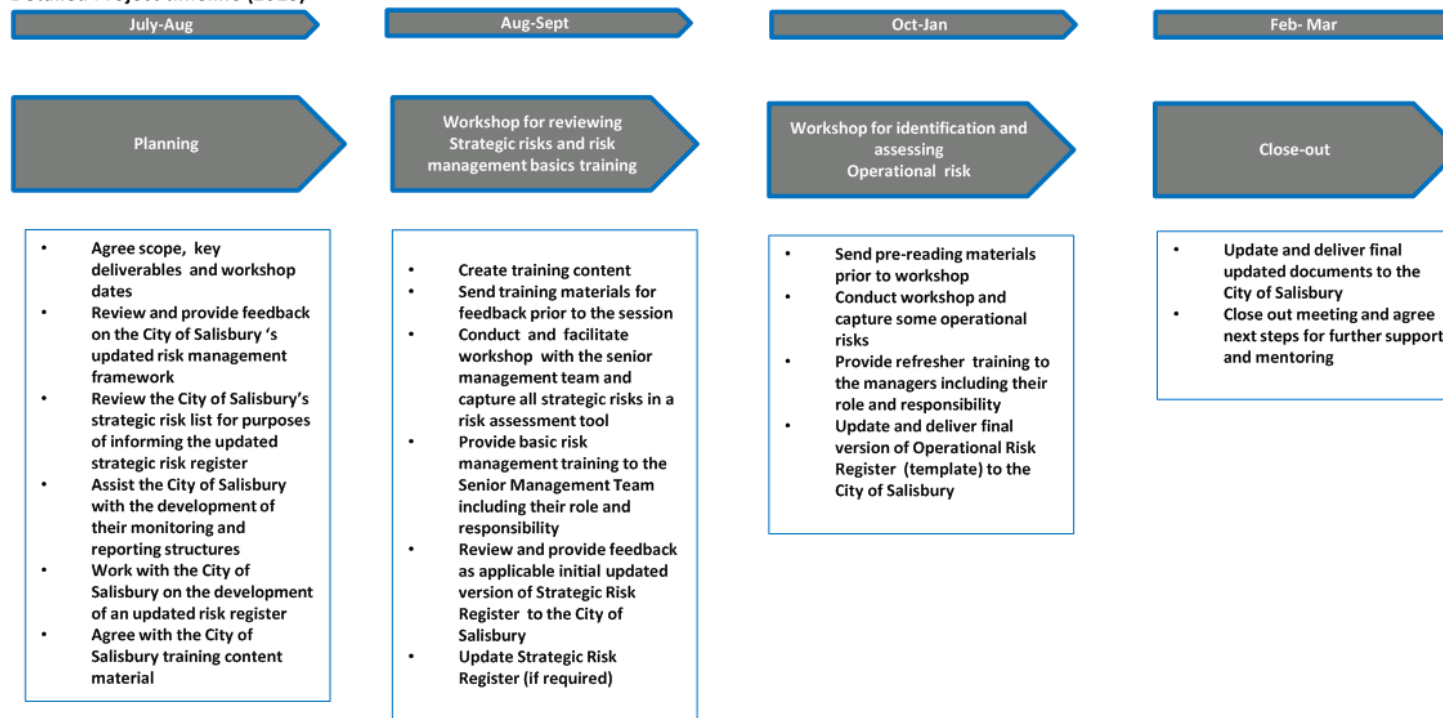
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 <p>Mutual Liability Scheme Workers Compensation Scheme <b>Local Government Association</b> of South Australia</p>	<b>Scope – Strategic Risk Services</b>	<b>Council:</b> City of Salisbury
		<b>Date:</b> 06/06/2018
		<b>Key Contact:</b> Janet Crook, Risk and Governance Program Manager

**Detailed Project timeline (2018)**



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 <p>Mutual Liability Scheme Workers Compensation Scheme <b>Local Government Association</b> of South Australia</p>	<p><b>Scope – Strategic Risk Services</b></p>	<p><b>Council:</b> City of Salisbury</p>
		<p><b>Date:</b> 06/06/2018</p>
		<p><b>Key Contact:</b> Janet Crook, Risk and Governance Program Manager</p>

<b>Prepared by:</b>	Adity Roy Chowdhury (Strategic Risk Consultant - LGAWCS)	<b>Date:</b>	08/05/2018
<b>Reviewed by:</b>	Stevie Sanders (WHS & Risk Manager -LGAWCS)	<b>Date:</b>	09/05/18
<b>Approved by:</b>	Mick Petrovski – Manager Governance	<b>Date:</b>	30/05/18

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Annual Plan - July 2018 to June 2019					
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
External Audit of financial internal controls	Internal Controls	External	In progress	This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work.	
Cash Management	Internal Controls	Internal	In progress	This work needs to be completed annually as a part of the financial internal controls framework; it includes the end of year reconciliations of petty cash and till floats.	
Report on the findings of the Audit Committee self-assessments	Internal Controls	Internal	In progress	The annual self-assessment reviews the performance of the Audit Committee.	The Audit Committee have been provided a report at the July 2018 meeting recommending that self-assessment questionnaires for the 2017 year be issued and completed.
Update to 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 last financial year.	

Item 4.2.5 - Attachment 4 - Risk Management and Internal Controls Activities for 2018/2019

Risk Management and Internal Controls Activities – July 2018 to June 2019

v1.0

Annual Plan - July 2018 to June 2019					
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 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 it needs to reflect the act that will arise from the South Australia <i>Public Interest Disclosure Bill 2018</i> .
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, and Administration is formulating responses to the considerations identified. It will be presented to the Executive Group and the Audit Committee.
Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation	Internal Controls	Internal	Not yet commenced	The external auditor's expectations are that at least one control self-assessment will be conducted annually and a risk assessment should also be conducted on financial internal controls.	

Risk Management and Internal Controls Activities – July 2018 to June 2019

v1.0

Annual Plan - July 2018 to June 2019					
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 Business Continuity corporate documentation	Risk Management	External	Not yet commenced	Following the BCP Test conducted in May-June 2018 it has been determined that a comprehensive review of City of Salisbury's business continuity documentation should be conducted.	
Develop documented risk management framework	Risk Management	Internal	In progress	Contributes to the vision of having an organisation wide, consistent, usable risk management framework to encourage and inform risk management.	Scope of Work developed with LGRS Strategic Risk Services Team
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.	Forms part of the Scope of Work developed with LGRS Strategic Risk Services Team



<b>Audit: Payroll</b>				
<b>Opportunity for Improvement</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
2.3 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 July 2018	Part of the Empower transition project. Awaiting formal sign off on the complete transition.
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 July 2018	Part of the Empower transition project. Awaiting formal sign off on the complete transition.

Item 4.2.5 - Attachment 5 - Outstanding Actions arising out of completed internal audits

<i>Audit: Public and Environmental Health Management</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p><b>1. Inconsistency in the application of Enforcement Policy</b></p> <p>EHOs should be reminded of their obligations to consistently apply Council's Enforcement Policy and be prompted to bring forward all repeat non-conformances and/or high risk issues to the weekly Team Meetings for peer discussion and review.</p> <p>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.</p>	Manager Environmental Health & Safety (MEHS)	30 June 2018	<b>Completed</b>	<p>Enforcement Decisions are a standing agenda item on weekly team meetings.</p> <p>Guidelines developed for criteria for decisions to be brought to Environmental Health Assessment Unit and implemented</p>
<p><b>3. Lack of updated and maintained procedures</b></p> <p>Council should develop procedure documentation, including checklists for its key environmental health activities, in particular food safety inspections, audits and general customer requests.</p> <p>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.</p>	Manager Environmental Health & Safety (MEHS)	31 December 2018		In Progress



<b>Audit: Public and Environmental Health Management</b>				
<b>Opportunity for Improvement</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>4. Complainants Not Advised of Investigation Outcomes</b></p> <p>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.</p>	<p>Manager Environmental Health &amp; Safety (MEHS) City Watch Project Team</p>	<p>31 December 2018</p>		<p>In progress</p> <p>Staff reminded of their responsibilities, procedure review in progress</p> <p>City watch in progress</p>
<p><b>5. Food Safety Audit Process Anomalies</b></p> <p>Agreed Actions; Council should ensure that EHOs are reminded of their obligations regarding Food Safety audits as follows:</p> <ul style="list-style-type: none"> <li>Engagement Letters are required to be issued and signed by the premises prior to audit commencement.</li> <li>Documented follow-up is required for all audit non-conformances.</li> </ul>	<p>Manager Environmental Health &amp; Safety (MEHS)</p>	<p>30 June 2018</p>	<b>Completed</b>	<p>Staff reminded of their responsibilities via email and at team meeting.</p> <p>Actions implemented</p>
<p><b>9. Supported Residential Facilities Management Process Improvements</b></p> <p>Agreed Action; Council should consider and adopt the suggested improvements to the SRF process as soon as practicable.</p>	<p>Manager Environmental Health &amp; Safety (MEHS)</p>	<p>30 June 2018</p>	<b>Completed</b>	<p>All items completed except for electronic inspections checklist. As we only have 2 facilities this is being implemented upon completion of other inspection checklists</p>

<i>Audit: Strategic Development Projects</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p><b>1. Quick decision emergency response process be formally documented, to address unforeseen/emergency issues arising</b></p> <p>Agreed Action: A Strategic Development Project Emergency Response Process be prepared and presented through Council Executive Group for endorsement and distributed to all Strategic Development Project staff and key contractors.</p>	Manager Strategic Development Projects	30 June 2018	31 December 2018	An emergency response process exists informally. Documentation of the process is to occur.

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p><b>1. IT Steering governance committees require implementation</b></p> <p>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;  <i>Action: Agreed, in line with recommendations from the Program review and will be informed by the outcome of the digital strategy. A revised model for the governance of information technology and information management at operational, tactical and strategic levels will be developed based on stakeholder engagement and feedback.</i></p> <p>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;  <i>Action: Noted – see agreed action. Application and IT Steering committees will be based on the outcome of the agreed program review actions.</i>                      and</p> <p>1.c) Ensure the membership of the IT Steering Committee includes a relevant selection of City of Salisbury Executives  <i>Action: Noted – see agreed action</i></p>	<p>Manager, Business Systems and Solutions</p>	<p>30/11/2018</p>		

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p><b>2. The current Disaster Recovery plans require updating to increase the likelihood of managing a disaster event</b></p> <p>2.a) Fully document the DR plans. Consider the use of an external party with experience in the development of technology DR plans if there are no in-house parties with this experience; <i>Action: Noted and agreed as recommended.</i></p> <p>2.b) Create a DR testing regime for major systems, that supports the business's documented MAO, RPO and RTO; <i>Action: Noted and agreed as recommended.</i></p> <p>2.c) Align back-up regimes of all systems to Business Continuity plan MAO, RPO and RTO requirements. <i>Action: Back up regimes will be reviewed and modified, if required.</i></p>	Team Leader, Information Technology Services	30/4/2019		
<p><b>3. Review of the use of generic admin accounts for applications</b></p> <p>3.a) Replace all generic admin accounts where they are used, with named admin accounts for all systems; <i>Action: Noted. A review will be performed and implemented where feasible to do so.</i></p>	Team Leader, Information Technology Services	30/11/2018		

<p><b>4. No Service Level Agreements, and/or Key Performance Indicator's for Business Systems and Solutions</b></p> <p>4.a) Develop a Service Catalogue. <i>Action: Noted and agreed. Will be done as part of the work in 4.c.</i></p> <p>4.b) Define SLAs with vendors, where appropriate – agreed actions from Program Review will be implemented. <i>Action: Agreed actions from the Program Review will be implemented. Service levels with vendors are articulated in relevant contract documents.</i></p> <p>4.c) Obtain business endorsement of the Helpdesk metrics to enable the business to view the service levels provided. <i>Action: Noted and agreed.</i></p> <p>4.d) Implement KPIs as documented in the Program Review, in consultation with key application owners, and other stakeholders in the business. <i>Action: Noted and agreed. See response to recommendations in 1.a.</i></p> <p>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</p> <p>3.1 IT Principles, - <i>Agreed. The document will be updated</i></p> <p>3.4 IT Metrics, - <i>Agreed. The document will be updated as part of section 14 below.</i></p> <p>6.4 Governance Framework, - <i>Noted. Will be considered as part of the action detailed in 1.a.</i></p> <p>6.5 Application portfolio and support matrix, – <i>Noted and agreed. Will be delivered as part of related actions in this section</i></p> <p>Technical Support Responsibility Matrix – <i>Noted and agreed.</i></p>	<p>4.a) –c.) Team Leader Service Desk</p> <p>4.d) Manager Business Systems and Solutions</p> <p>4.e) Team Leader, Information Technology Services</p>	<p>30/11/2018</p> <p>28/2/2019</p> <p>28/2/2019</p> <p>30/11/2018</p> <p>30/6/2018</p>	<p>30/11/2018</p>	<p>6.5 – Complete</p> <p>Technical Support Responsibility Matrix - Complete</p>
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<p>4.f) Build the reporting of KPI's and other operational controls into the Terms of Reference of the Steering Committees  <i>Action: Noted. Regular surveys of the performance of the IT functions will fall in line with program of Business Excellence surveys across the organisation. Refer action at 1.a.</i></p> <p>4.g) Promote and display the level of service provided by the Helpdesk against the agreed business metrics  <i>Action. Noted and agreed. As above at 4.f.</i></p> <p>4.h) Collate regular surveys as a standard measurement of Business Systems and Solutions performance, at least every 18 months  <i>Action: Noted. As above at 4.f.</i></p> <p>4.i) Include checkpoint surveys periodically for Helpdesk calls to trace ongoing customer satisfaction.  <i>Action: Noted and agreed. As above at 4.f.</i></p>	<p>4.f) - .i)  Team Leader Service Desk</p>	<p>4.f) - .i)  28/2/2019</p>		
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<p><b>5. Maintain an up to date application register to reduce security risk and upgrade costs</b></p> <p>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.</p> <p><i>Action: Noted and agreed. These documents are in use and will be updated. This will form part of the information contained in the Service Catalogue</i></p> <p>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) - A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.</p> <p><i>Action: A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.</i></p> <p>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.</p> <p><i>Action: Noted and agreed. A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.</i></p>	5a.) Team Leader Service Desk	30/6/2018	30/09/2018	
	5.b) Manager Business Systems and Solutions	30/9/2018		
	5.c) Manager Business Systems and Solutions	30/9/2018		





<p>6.f) Review the success of the Business Engagement Group over time and realign the Terms of Reference, if required. <i>Action: Noted and agreed. An internal assessment will be performed with the independent assessment performed by the next external audit of the information technology areas of the BSS division.</i></p>	<p>6f.) Team Leader Planning and Business Engagement</p>	<p>30/6/2018</p>	<p>30/06/2019</p>	
<p><b>7. Greater awareness is required of the ownership of systems and roles and responsibilities for applications</b> 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. <i>Action: Noted. This process will be done for all major corporate applications. Follow the example of management and support structure for Empower.</i> 7.b) Ensure there is clear ownership of applications. <i>Action: Refer comments for 7.a).</i> 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. <i>Action: Noted and agreed.</i></p>	<p>7a.)-b.) Team Leader Information Technology Services  7.c) –Team Leader Planning and Business Engagement Services</p>	<p>28/2/2019  28/2/2019  30/4/2019</p>		

<p><b>8. Continued alignment of the Digital Strategy to the Business Strategy is required</b></p> <p>8.a) Ensure that the Digital Strategy is able to achieve the City of Salisbury’s City Plan 2030 overarching strategy and vision. <i>Action: Noted and agreed. Action to be passed on to the digital strategy working group.</i></p> <p>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. <i>Action: Noted and agreed.</i></p> <p>8.c) Ensure the IT strategy contains roadmaps and an execution plan for each system within the City of Salisbury portfolio. <i>Action: Noted and agreed. Information to be included in updated ICT Strategy.</i></p> <p>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; <i>Action: Noted and agreed. Broader than responsibility of IT function within BSS.</i></p> <p>and</p> <p>8.e) Define a program of work to deliver the Digital Strategy. <i>Action: Noted and agreed. Broader than responsibility of IT function within BSS.</i></p>	<p>8.a)-.e) Manager Business Systems and Solutions</p>	<p>30/11/2018</p>		
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<p><b>9. Improve project management rigour</b></p> <p>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.</p> <p><i>Action: Noted. Work to ensure there is clarity on what is a significant IT project and whether a different approach to report on IT projects is required over and above that required for the organisational approach to project reporting.</i></p> <p>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 progress and delivery of these projects.</p> <p><i>Action: Noted. Subject to the outcome of 9.a).</i></p> <p>9.c) Ensure there are templates for use by BSS for projects, developed in alignment with the overall Project Management methodology of the Council</p> <p><i>Action: Noted. Already in use - for example, vision and scope documents have been created for projects involving IT aspects. Work to continue on this part of the maturing of the Planning and Business Engagement function.</i></p> <p>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.</p> <p><i>Action: Noted. This will be reviewed in consultation with relevant internal stakeholder.</i></p>	<p>9.a) Manager Business Systems and Solutions</p> <p>9.b) Manager Business Systems and Solutions</p> <p>9.c) Team Leader Planning and Business Engagement</p> <p>9.d) Manager Business Systems and Solutions</p>	<p>30/6/2018</p> <p>30/9/2018</p> <p>30/6/2018</p>	<p>30/11/2018</p> <p>30/11/2018</p> <p>30/11/2018</p>	<p>9.d) Complete – Currently in operation – for example on the Asset Improvement Project the project manager has the required skill set, went to market.</p>
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<p><b>10. A formal change framework is required</b></p> <p>10.a) Implement a formal CAB – recommendation to be raised with the Change Management Group.</p> <p><i>Action: Noted. This recommendation will be raised with the Change Management Group.</i></p> <p>10.b) Document the CAB processes – Subject to the outcome of 10a.</p> <p><i>Action: Noted. Subject to the outcome of 10.a)</i></p> <p>10.c) Provide awareness to the relevant business areas of the CAB processes and how the business outcomes are met – Subject to the outcome of 10a.</p> <p><i>Action: Noted. Subject to the outcome of 10.a)</i></p> <p>10.d) Develop and publish a forward schedule of change.</p> <p><i>Action: Noted and agreed. For applications and infrastructure – related work this action can be unilaterally implemented by the information technology function within BSS as it does not depend on the implementation of a formal change advisory board.</i></p>	<p>10.a) - .c) Manager Business Systems and Solutions</p> <p>10.d) Team Leader Information Technology Services</p>	<p>30/11/2018</p> <p>30/6/2018</p>	<p>30/09/2018</p>	
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