



AGENDA

FOR AUDIT COMMITTEE MEETING TO BE HELD ON

12 FEBRUARY 2019 AT 6:30 PM

IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY

MEMBERS

Cr G Reynolds (Chairman)
Cr L Braun (Deputy Chairman)
Mr N Ediriweera
Mr C Johnson
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

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Audit Committee Meeting held on 09 October 2018.

REPORTS*Administration*

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OTHER BUSINESS**CLOSE**



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

9 OCTOBER 2018

MEMBERS PRESENT

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

STAFF

Chief Executive Officer, Mr J Harry
Acting General Manager Business Excellence, Ms G Page
Acting General Manager City Infrastructure, Mr D Roy
Manager Governance, Mr M Petrovski
Risk and Governance Program Manager, Ms J Crook
Manager Financial Services, Ms K George
Senior Accountant, Mr T Aplin

The meeting commenced at 6:33 pm.

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

APOLOGIES

An apology has been received from Ms K Verrall.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr G Caruso
Seconded Mr N Ediriweera

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

CARRIED
UNANIMOUSLY

Moved Mr N Ediriweera
Seconded Cr G Caruso

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

CARRIED
UNANIMOUSLY

REPORTS

Administration

4.0.1 Future Reports for the Audit Committee of Council

Moved Mr C Johnson
Seconded Mr N Ediriweera

1. The information be received.

CARRIED
UNANIMOUSLY

4.0.2 Actions List

Moved Mr C Johnson
Seconded Mr N Ediriweera

1. The information be noted.

CARRIED
UNANIMOUSLY

4.0.3 Proposed Audit Committee meeting schedule for 2019

Moved Mr C Johnson
Seconded Mr N Ediriweera

1. That the information be received.

CARRIED
UNANIMOUSLY

Reports

4.2.1 Report to the Audit Committee for the year ended 30 June 2018, prepared by Bentleys

Mr David Papa, Partner at Bentleys, gave a brief outline of the External Auditor's Report.

Moved Mr N Ediriweera
Seconded Mr C Johnson

1. That:
 - a. The information be received; and
 - b. Bentleys' Final Report on Audit Findings be endorsed for receipt by Council.

CARRIED
UNANIMOUSLY

4.2.2 End of Financial Year Statements and Analysis

Mr N Ediriweera indicated that, while satisfied with the advice and recommendations, he would separately seek some points of clarification on the financial statements from the Administration.

Moved Mr C Johnson
Seconded Mr N Ediriweera

1. The information be received.
2. In accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advises that it has reviewed the annual financial statements of the Council for the year ended 30 June 2018 and is satisfied they present fairly the state of affairs of Council.
3. In accordance with Regulation 22 of the Local Government (Financial Management) Regulations 2011 clauses (3) (a) and (4), that the Chief Executive Officer and the Chair of the City of Salisbury Audit Committee sign the statement to certify the independence of the Council Auditor, Bentleys.

CARRIED
UNANIMOUSLY

4.2.3 Capital Works Projects - Final Report

Moved Mr C Johnson
Seconded Cr G Caruso

1. That the final report for the Capital Works Projects Audit as set out in Attachment 1 to this report (Item 4.2.3, Audit Committee, 9/10/2018) be noted, and the responses of the Administration contained therein, be endorsed.
2. A further audit on Capital Works Projects will be suggested with other internal audits when the Committee discusses its forward plan in July 2019 for 2020.

CARRIED
UNANIMOUSLY

4.2.4 Audit Committee Self-Assessment

Moved Mr C Johnson
Seconded Mr N Ediriweera

1. That the outcomes of the self-assessment questionnaire be accepted and noted.

CARRIED
UNANIMOUSLY

4.2.5 Update on the Risk Management and Internal Controls Activities

Moved Mr N Ediriweera
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 (Item 4.2.5, Audit Committee, 9/10/2018) be endorsed for approval by Council.
3. The Audit Committee notes the update on outstanding actions from completed Internal Audits, as set out in Attachment 5 to this report (Item 4.2.5, Audit Committee, 9/10/2018).

CARRIED
UNANIMOUSLY

4.2.6 Risk and Governance Program

Moved Mr N Ediriweera
Seconded Mr C Johnson

1. That the report be noted and received.

CARRIED
UNANIMOUSLY

OTHER BUSINESS

OB1 Final Audit Committee Meeting – Cr G Caruso

The Chair noted that Cr G Caruso, due to his decision not to run for re-election in the 2018 Local Government Council Elections, had participated in his final Audit Committee meeting.

The Chair, on behalf of the Committee, acknowledged and thanked Cr G Caruso for his contribution to the Audit Committee.

OB2 Senior Management and Elected Member Expenditure Discussion

Mr C Johnson, raised the item of Senior Management and Elected Member Expenditure for discussion.

Discussion ensued.

The meeting closed at 7:38 pm.

CHAIRMAN.....

DATE.....

ITEM	4.0.1
	AUDIT COMMITTEE
DATE	12 February 2019
HEADING	Future Reports for the Audit Committee of Council
AUTHOR	Joy Rowett, Governance Coordinator, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
SUMMARY	This item details reports to be presented to the Audit Committee of Council as a result of a previous Council resolution. If reports have been deferred to a subsequent meeting, this will be indicated, along with a reason for the deferral.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

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

2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 Report authors and General Managers.
- 2.2 External
 - 2.2.1 Nil.

3. REPORT

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

4. CONCLUSION / PROPOSAL

- 4.1 Future reports for the Audit Committee of Council have been reviewed and at this point in time there are none that require a subsequent report to be presented.

CO-ORDINATION

Officer: Executive Group MG
Date:

ITEM	4.0.2
	AUDIT COMMITTEE
DATE	12 February 2019
HEADING	Actions list
AUTHOR	Janet Crook, Risk & Governance Program Manager, CEO and Governance
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.

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

RECOMMENDATION

1. The information be noted.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 The Audit Committee has requested that an action list be maintained and included as an item on the agenda for each meeting. This report contains a list of actions taken from 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.
- 2.3 Actions will remain on the action list until the meeting after they have been completed. Once the action has been completed, and that completion has been reported to the Audit Committee, the item will be removed from the actions list.

No	Date	Action	Owner	Due Date	Status
4.	8.5.18	Report to Audit Committee on existing processes for segregation of access to business systems.	Risk & Governance Program Manager	Complete	Refer item number 4.2.1
5.	9.10.18	When the Committee discusses its forward plan in July 2019 for 2020, suggestion will be made regarding a further audit on Capital Works Projects.	Risk and Governance Program Manager	July 2019	Yet to commence

3. CONCLUSION / PROPOSAL

- 3.1 An action list has been developed for the Audit Committee. 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:

Date:

ITEM	4.2.1
	AUDIT COMMITTEE
DATE	12 February 2019
HEADING	Segregation of access to business systems
AUTHOR	Janet Crook, Risk & Governance Program Manager, CEO and Governance
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	The Audit Committee requested that a report be prepared on existing processes for segregation of access to business systems.

RECOMMENDATION

1. That the information be received and noted.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 The Audit Committee requested that a report be prepared on existing processes for segregation of access to City of Salisbury (CoS) business systems.

2. CONSULTATION / COMMUNICATION

2.1 Internal

- 2.1.1 The Risk and Governance Program Manager met with staff from across the organization who are functional owners of, or have an intimate knowledge of, CoS business systems.

3. REPORT

- 3.1 When reviewing the Business Systems and Solutions audit report in May 2018 the Audit Committee requested that a report be prepared on the existing processes for segregation of access to business systems.
- 3.2 Consideration has been given to the major / critical business systems utilized at CoS. The names of those systems and what they are used for are set out in the below table:

Business System	Used for
Pathway	Land Information Management: Development applications, property and rating, customer requests for service, property licensing, animal management, reserve bookings, debtor management, infringements (parking, bylaw, dogs, etc...), receipting from ePathway and front counter, water billing.
TechnologyOne Financials	Financial Management: accounts payable, purchase orders, budget, new initiative bids.
Empower HR	People Management: positions and employees, learning & development, organization structure, and payment of wages/salaries.
ECM Dataworks	Document Management: corporate record management, corporate document version control.
Confirm	Asset Management: asset register, strategic asset management, mobile asset management.
PCMS	Procurement Management: contract register, tendering process.

3.3 New Employee / Internal Staff Movement

- 3.3.1 When a new employee commences with CoS, or a staff member moves internally, their manager is required to complete a New Employee or Staff Movement System Access Authorisation Form (“the Form”).
- 3.3.2 The Form requires the manager to identify the systems that a new employee or moving employee will need to access as part of their role. Access to the business system will not be granted unless authorisation is supplied. Non-standard access shall be granted on a case by case basis and with authorisation from the relevant General Manager. It is the responsibility of the Manager completing the Form to ensure that the access requested for the new employee or moving employee is required as part of their role.
- 3.3.3 Authorisation for access to a system is provided by the relevant responsible officer for the business system. In some cases the responsible officer for the system resides in the relevant business unit. In other cases the responsible officer resides in Business Systems and Solutions.

3.3.4 Upon completion of the Form, the Form is returned to People & Culture. From there the Form is provided to Service Desk to set the user up. The Form is also provided to the business system owners outlined in the Form for them to provide access to the relevant business systems. This is not necessarily the responsibility of the Business Systems and Solutions department. It is the responsibility of each business system owner to set up a new user within their business system and be satisfied that the Manager has requested the correct access for the user. If the system owner queries the access sought, they should raise it with People & Culture and the requesting manager.

3.4 Access within business systems

3.4.1 Access within business systems is segregated and split into groups or modules. When access is approved for a user by a business system owner, the user is assigned to a group or module within the system which provides them with as much access as they need to perform their role.

3.4.2 The segregation of business process duties within the business systems operate as controls to protect CoS. For example, no single staff member within People & Culture is able to set up a new employee within Empower HR and then pay that person. Similarly, no one person can enter a new vendor into TechnologyOne Financials and then pay that vendor.

3.4.3 In some instances, only staff within a certain division have access to a business system. For example, only Strategic Procurement staff have access to PCMS, the procurement management system.

3.4.4 Some of the controls outlining segregation of access are set out within ControlTrack, which is the system used by CoS to monitor and manage its financial risks and controls.

3.4.5 Bentleys, our external auditors, did not raise any issues in relation to segregation of access to business systems in their 2017/2018 audit report.

4. CONCLUSION / PROPOSAL

4.1 This report completes the action on providing a report to the Audit Committee on segregation of access to business systems.

CO-ORDINATION

Officer:

Date:

ITEM	4.2.2
	AUDIT COMMITTEE
DATE	12 February 2019
HEADING	Update on Risk Management and Internal Controls Activities
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	This report provides an update on the risk management and internal controls activities conducted in the 2018/19 financial year. The report also includes an update on the outstanding actions from internal audits.

RECOMMENDATION

1. The information be received.
2. The Update on Risk Management and Internal Controls Activities, as set out in Attachment 1 to this report (Item 4.2.2, Audit Committee, 12/02/2019) be endorsed for approval by Council.
3. The Audit Committee notes the update on outstanding actions from completed Internal Audits, as set out in Attachment 3 to this report (Item 4.2.2, Audit Committee, 12/02/2019).

ATTACHMENTS

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

1. Risk Management and Internal Controls Activities 2018/2019
2. Strategic Risk Register
3. Outstanding Actions from completed internal audits

1. BACKGROUND

- 1.1 This report provides an update on risk management and internal controls activities in the 2018/2019 financial year. The report allows the Audit Committee to monitor and review the activities and the assurance they provide.

2. REPORT

- 2.1 Attachment 1 is a summary of the risk management and internal controls activities to be undertaken in the 2018/2019 financial year. The plan was endorsed at the July 2018 meeting of the Audit Committee.
- 2.2 The following activities in Attachment 1 have been updated since they were last reviewed by the Audit Committee in October 2018:

- 2.2.1 Update to the latest version of the Control Track system has been progressed and a further update is provided below at paragraph 2.2.3.
- 2.2.2 An update is provided on the review of the Fraud and Corruption Strategy item.
- 2.2.3 **Update to the latest version of ControlTrack**
- 2.2.4 The ControlTrack system is used by the City of Salisbury (CoS) to assess and review both financial risks and financial internal controls. A new version of this system has been released and CoS is finalising negotiations with ControlTrack to move onto the new version.
- 2.2.5 The Strategic Procurement team and Business Systems and Solutions Team have been engaged to assist with progressing the necessary tasks to finalise the arrangement.
- 2.2.6 The intention is to have the new version of ControlTrack in place for the 2018/2019 financial internal controls assessment.
- 2.2.7 **Council Ready Program**
- 2.2.8 The LGA is rolling out its Council Ready Program to support councils with their overall emergency management planning. The Program is also designed to clarify the roles and responsibilities of local government in emergency management, facilitate strategic whole-of-council approaches that embed emergency management into regular activities across departments, enable consistent approaches to emergency management and support councils to increase community awareness of risk and build resilience.
- 2.2.9 The first stage of the Program involved the conduct of health checks to identify individual council strengths and gaps with respect to emergency management planning. The outcomes of the workshops would then guide the LGA to provide tailored support to councils with emergency management planning. CoS has participated in an Emergency Management Health Check workshop with representatives from the LGA as part of the Council Ready Program.
- 2.2.10 The workshop was held on 24 October 2018. Representatives from all areas of the organization participated.
- 2.2.11 A draft summary report for CoS has been prepared by the LGA and provided for review.
- 2.2.12 **Risk Management Program**
- 2.2.13 Progress has continued with regard to the Risk Management Program.
- 2.2.14 The Manager Governance and the Risk and Governance Program Manager met with a representative from the LGRS to discuss the next steps with regard to the Scope of Works prepared to assist CoS in delivering an organization-wide, consistent usable risk management framework to encourage and inform risk management.

- 2.2.15 On 14 September 2018 the General Managers and Divisional Managers attended a workshop facilitated by members of the LGRS Strategic Risk Services Team. Topics covered in the workshop included:
- Identifying common challenges in the Local Government Sector;
 - Understanding risk maturity and enterprise risk management;
 - Risk tools and definitions;
 - Learning how to document the risk;
 - Documenting the control properly; and
 - Understanding risk appetite and risk tolerance.
- 2.2.16 Of particular interest was the discussion had in relation to risk maturity, specifically the maturity levels that the group considers CoS to have now and the maturity levels we aspire to have. In order to establish a baseline of risk maturity, CoS will utilize a tool provided by LGRS. The tool asks respondents questions about how risk management is addressed at CoS, specifically whether certain risk management elements are present in the Council or not. The responses can then be scored to provide a baseline of risk maturity at CoS.
- 2.2.17 Follow up sessions have been booked with representatives from City Infrastructure, Strategic Procurement and Community Development to focus on risk identification and documentation and control documentation for operational risks. The outcomes from those meetings will inform the further development of operational risk registers at CoS.
- 2.2.18 **Strategic Risk Register review**
- 2.2.19 The Strategic Risk Register was reviewed by the Executive Group in October/November 2018. A copy of the updated Register, with track changes, is attached as Attachment 2 to this report. Material changes to the Register include:
- *Risk 2 Contamination of the recycled water systems*
 - Further detail regarding the controls was included.
 - It was determined that the Residual Risk is as low as reasonably practicable.
 - An additional treatment plan was included.
 - *Risk 4 Inadequate response to a major incident at a Council run community event, that affects public and staff safety*
 - The Event Description and overall Description have been amended to remove reference to Council sponsored events. It is recognized that the risk relating to an incident occurring at an event sponsored or partnered by Council is still relevant however need not be recorded on the Strategic Risk Register.
 - Additional contributory factors were included relating to the due diligence performed by CoS and the expectations from external agencies.
 - Controls were included regarding permits and performance of risk assessments.

- It was determined that the Residual Risk is not as low as reasonably practicable.
- Several treatment plans have been identified and included with completion dates ranging from February 2019 to June 2019.
- *Risk 5 Failure to manage the impact of environmental and social factors on Council Infrastructure, assets and services.*
 - Clarification of industry terms in contributory factors and controls.
 - Inherent and Residual Likelihood ratings were changed from Possible to Likely and Possible to Unlikely, respectively. This resulted in a change to the Residual Risk Rating from High to Medium.
 - Updated wording of the control related to flood modelling and mapping.
- *Risk 6 City of Salisbury financial sustainability is compromised*
 - Update to contributory factors relating to increased expectations of the community in relation the breadth of services and standards delivered by CoS.
 - Completion of the control in relation to developing a response strategy regarding the impact of NDIS funding changes was pushed out to December 2019.
- *Risk 7 Governance frameworks, systems and processes are inadequate to ensure robust decision making*
 - Additional contributory factors, impacts and controls included.
 - Minor changes to Project Management Improvement Project treatment plan.
- *Risk 8 Organisation suffers detriment as a result of fraud, misconduct or maladministration*
 - Additional contributory factors included and minor changes made to controls.
 - Residual Consequence rating changed from Major to Moderate. This did not result in a change to the overall Residual Risk rating. It remains High.
- *Risk 9 Failure to ensure a safe working environment*
 - Clarification wording included in the Description and minor wording changes in a treatment plan.
- *Risk 10 Lack of alignment and integrity of IT systems and business processes for support of business needs*
 - Residual Likelihood changed from Likely to Possible. This change did not result in a change to the Residual Risk Rating of High.
 - Changes to Treatment Plan dates and amendments to treatment plans to reflect actions to address audit action items.

2.3 Outstanding Actions from Completed Internal Audits

- 2.3.1 Attachment 3 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, with regular updates sought from the relevant divisional managers.

3. CONCLUSION / PROPOSAL

- 3.1 This report has provided a summary of the risk management and internal controls work to be conducted in the 2018/2019 financial year, including the outstanding actions from the Internal Audits. The next update will be provided at the next meeting of the Audit Committee.

CO-ORDINATION

Officer:

Date:

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	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 2018 meeting of the Audit Committee as a separate report.
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.	The petty cash and till float reconciliations were performed in July 2018 for the 2017/2018 period to substantiate the information to be contained within the 2018 Annual Financial Statements. A memo to the GM, Business Excellence was prepared. No significant issues were identified.
Report on the findings of the Audit Committee self-assessments	Internal Controls	Internal	Completed	The annual self-assessment reviews the performance of the Audit Committee.	The Audit Committee members completed the self-assessment questionnaires and the results were presented at the October 2018 Audit Committee meeting as a separate report.

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

v1.2

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
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.	A meeting was held between Manager Governance, Risk and Governance Program Manager and the Product Manager from Control Track on 26 September 2018 to discuss updating to a more recent version of Control Track. Significant progress has been made towards finalising an agreement with Control Track to provide CoS with the latest version of the system.
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.	The <i>Public Interest Disclosure Act 2018</i> has received assent but, as yet, has not commenced. It will repeal the <i>Whistleblowers Protection Act 1993</i> . Review of the Fraud and Corruption Prevention Strategy can now resume. The Whistleblower Protection Policy can also be reviewed as part of this piece of work.

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

v1.2

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
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	Completed	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 final report was issued. The Administration formulated responses to the considerations identified and those management responses were presented to the Executive Group. The report and responses have formed part of the Risk Management Activities update to the October 2018 Audit Committee meeting.
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.	
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.	

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

v1.2

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
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

Strategic Risk Register

v2.167 July-November 2018

1	Event Description: Inadequate response to a business continuity or emergency event		
City Plan link: Enabling Excellence, The Liveable City			
Description: CoS' continued ability to support essential, critical business activities and access available key business resources is impacted as a result of failure to prepare for, respond to and recover from a disaster (e.g. fire, flood, explosion, earthquake, storm, aircraft crash).			
Responsible Managers: CEO, All General Managers, Manager Governance, Manager Business Systems and Solutions, Manager Communications & Customer Relations, Manager People and Culture			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> Lack of plans and procedures to inform response strategies when a business continuity or emergency event occurs Lack of communication/training for relevant staff required to respond to business continuity and emergency events Information to facilitate action during business continuity or emergency events is insufficient or not available 		<ul style="list-style-type: none"> Service delivery to community severely compromised (loss of confidence) Political/Public reputational damage Loss of morale and resources and compromised regulatory decisions 	
Likelihood: Almost Certain	Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> Business Continuity Framework, 4 Business Continuity Plans, 4 Business Continuity Plan tests and walkthroughs (alternating annually), 4 Incident Management Team identified and trained, 4 Systems and processes to support response to BC event (e.g. staff contact information reports), 5 		<ul style="list-style-type: none"> Business Continuity designed into new Community Hub, 4 IT Disaster Recovery Plan in place, 2 Emergency Management procedures in place, 4 Zone Emergency Management Committees – Northern Area, 5 LG Council Ready Program, 4 	
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk as low as reasonably practicable? No
Treatment Plan:		Responsibility:	Target Completion Date:
Completion of relevant agreed actions for the finding in the Business Systems and Solutions audit relating to updating of the Disaster Recovery plans.		Manager Business Systems & Solutions	30 April 2019
Comprehensive review of CoS Business Continuity corporate documentation including identification of the roles which have the ability to operate remotely and locations where staff can operate from in a loss of building scenario		Manager Governance	30 June 2019
Determine the manner in which the Business Continuity corporate documentation will be stored and continually updated		Manager Governance	30 June 2019
Develop and deliver training on business continuity to relevant staff		Manager Governance	31 December 2019

Strategic Risk Register

v2.167 July-November 2018

2	Event Description: Contamination of the recycled water systems		
City Plan link: The Sustainable City			
Description: CoS experiences reduced environmental, economic and social benefits due to failure 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.			
Responsible Managers: GM Business Excellence, GM City Infrastructure, Manager Salisbury Water, Manager Technical Services, Manager Field Services, Manager Communications and Customer Relations			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> Inadequate monitoring plans and sample testing Failure to respond appropriately in the event of contamination Wet weather could hamper clean-up operations or contribute to a contamination event 		<ul style="list-style-type: none"> Financial cost of replacing supply with SA Water and clean-up costs Legal cost of failure to deliver a water supply in line with contract Political/Public reputational damage Regulatory censure Revenue reduction Brand Impact Health risk to staff Health risk to community 	
Likelihood: Possible	Consequence: Catastrophic	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> Salisbury Water Business Unit – monitoring plan and monitoring matrix, 4 Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced, 4 includes: <ul style="list-style-type: none"> Salisbury Water Business Unit – monitoring plan and monitoring matrix. All water sampling is carried out by National Association of Testing Authorities (NATA) accredited staff. Laboratories performing the testing are NATA accredited. Supervisory Control and Data Acquisition system in place to detect faults and alert CoS staff. 24/7 remote access availability by laptop by CoS staff. Supply contracts to customers contain Force Majeure clauses which limit liability to Council in the event that water cannot be supplied, 5 Rapid Response group Team and Call Out Officers through City Infrastructure (Council staff) in place to manage events that may lead to contamination of recycled water system (e.g. chemical spill) (24/7 support including after hours), 4 Employee Media Policy and Procedure and Elected Member Media Policy, 4 Implementation of the Water Course Management Plan including the renewal of Wetlands and desilting/removal of pollutants in waterways as required, 4 			
Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk as low as reasonably practicable? YesNo
Treatment Plan:		Responsibility:	Target Completion Date:
Conduct the five year review of the Risk Based Management Plan		Manager Salisbury Water	31 December 2018

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3	Event Description: Lack of management of public and environmental health risks		
City Plan link: The Liveable City			
Description: Community experiences illness or injury due to a failure to deliver public and environmental health and safety outcomes for the community (includes food safety, dog and cat management, by-law enforcement and parking control).			
Responsible Managers: GM City Development, Manager Environmental Health and Safety			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> Inadequate management, monitoring or testing Failure to respond appropriately in the event of an incident 		<ul style="list-style-type: none"> Legal cost of failure to prevent a health and safety incident Political/Public reputational damage Regulatory censure Health risk to staff Health risk to the community 	
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> Public Health Policies and Procedures, 4³ Immunisation Services, 5 Animal Management Plan, 5 Regional Health Plan, 5 General Inspections, 5 Dog Patrols, 5 		<ul style="list-style-type: none"> Food Act administration, 4 Employee Media Policy and Procedure and Elected Member Media Policy, 4 SA Public Health Act enforcement, 5 Dog and Cat Management Act enforcement, 5 Infrastructure maintenance activities, 5 Mosquito Control Program, 4 	
Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk as low as reasonably practicable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:
Updating of Environmental Health & Safety Procedures		Manager Environmental Health & Safety	<u>Complete</u>
Completion of agreed actions arising out of the Public and Environmental Health audit		Manager Environmental Health & Safety	Various

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4	Event Description: Inadequate response to a major incident at a Council sponsored and/or run community event, that affects public and staff safety		
City Plan link: The Liveable City, Enabling Excellence			
Description: CoS experiences in negative impacts to CoS' brand and image, legal and cost implications, and public & staff safety as a result of failure to prepare for and respond to a major incident at a Council sponsored and/or run community event. <u>It is recognised that the risk relating to an incident occurring at an event sponsored or partnered by Council is still relevant however need not be recorded on the Strategic Risk Register.</u>			
Responsible Managers: GM City Development, GM City Infrastructure, GM Community Development, GM Business Excellence, Manager Development Services, Manager Field Services, Manager Property & Buildings, Manager People and Culture			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Inadequate procedures and plans in place to prevent incidents • Failure to respond appropriately in the event of an incident • Lack of asset management and maintenance • <u>Inadequate due diligence performed by CoS in order to identify relevant risks related to the management and delivery of community events (internally and externally organised)</u> • <u>Increased expectations regarding the assistance provided in the delivery of events by CoS or by external agencies</u> 		<ul style="list-style-type: none"> • Financial cost of clean-up • Legal cost of failure to prevent a health and safety incident • Political/Public reputational damage • Regulatory censure • Loss of staff • Injury to public 	
Likelihood: Likely	Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> • Building Control and Inspections, 4 • Evacuation procedures and testing, 4 • Building safety systems – e.g. exit signs, fire extinguishers, wardens etc., induction process, 4 • Safety in design is incorporated into planning and delivery of the new Salisbury City Centre Community Hub, 4 • <u>Council grants permits for booking Council assets, 4</u> • <u>Risk assessments performed for community events, 4</u> 		<ul style="list-style-type: none"> • Asset management plans, 4 • Business Continuity Framework, 4 • BCP test/walk through, 4 • Zone Emergency Management Committee – Northern Area, 5 • Event Management Plans, 4 • Event Management Guidelines, 4 • Decision made by Council regarding CoS events calendar and resourcing, 4 	
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk as low as reasonably practicable? <u>No</u> Yes
Treatment Plan:		Responsibility:	Target Completion Date:
<u>Development of a project plan / checklist for each community run event</u>		<u>GM Community Development / Manager Community Planning and Vitality</u>	<u>Completed</u>

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Training for staff and community on risk identification and due diligence assessment documentation.	GM Community Development / Manager Community Planning and Vitality	June 2019
Formal identification of all stakeholders across CoS who are owners of events	GM Community Development / Manager Community Planning and Vitality	February 2019
Delivery of information, advice and coordination to external parties regarding event risks and mitigation	GM Community Development / Manager Community Planning and Vitality	Ongoing
Formalisation of information exchange between City Infrastructure bookings and Events team in order to identify community events involving CoS Assets	GM Community Development / Manager Community Planning and Vitality GM City Infrastructure / Manager Property and Buildings	March 2019
Develop a process for the identification, capture and reporting on the value and benefits realised from the support provided by CoS to community events run by external parties.	GM Community Development / Manager Community Planning and Vitality	June 2019
Review sponsorship agreements	GM Community Development / Manager Community Planning and Vitality	June 2019
Development of a Council policy position which defines the service level supports for the involvement of CoS in events. External and internal policy and procedure components.	GM Community Development / Manager Community Planning and Vitality	June 2019

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5	Event Description: Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services		
City Plan link: The Sustainable City, The Liveable City			
Description: The detrimental effect on Council assets and infrastructure caused by environmental factors is not adequately addressed through Council planning. The detrimental effect on Council assets and infrastructure caused by social factors, such as changes in demographics, is not adequately addressed through Council planning.			
Responsible Managers: GM City Development, GM City Infrastructure, GM Community Development, Manager Economic Development & Urban Policy, Manager Infrastructure Management, Manager Field Services, Manager Communications & Customer Relations, Manager Community Capacity & Learning			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Inadequate understanding and planning for factors impacting the environment • Failure to consider environmental consequences when planning and designing infrastructure • Inadequate Q100One in 100 year flood & Probable Maximum FloodQ300-flood modelling in place at individual house level, using digital terrain modelling • Inadequate infrastructure within the City to manage stormwater and sea level rises due to storm events • Failure to monitor and forecast demographic changes in the City and adjust objectives and plans accordingly • City Plan becomes obsolete or fails to anticipate the financial impact of demographic changes • Failure to maintain a social infrastructure plan for the existing and future assets 		<ul style="list-style-type: none"> • Financial cost of dealing with the consequences of frequent freak weather related events • Long term impact on infrastructure, its maintenance and replacement • Organisational plans and strategies are no longer valued or desired by the community • Failure to adapt to a changing external environment resulting in some services becoming irrelevant and others insufficient • Coastal inundation and impact on biodiversity 	
Likelihood: LikelyPossible	Consequence: Major		Inherent Risk Rating: High
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> • Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEWNR, 5 • Regular monitoring of risk sites e.g. land fill sites, dams, 5 • Extreme Heat response process (for residents), 4 • Q100 and Q300One in 100 year flood and Probable Maximum Flood-flood modelling including tidal info. in place at individual house level, using digital terrain modelling, 4 • City Plan/Strategic Plans/Business Plans, 4 • Bushfire Management Plan, 4 • Watercourse Management capital program, 4 • Asset Management Policy and Plans, 4 • Growth Management Plan, 5 		<ul style="list-style-type: none"> • Undergrowth management procedures, 5 • Asset Management infrastructure audits, 5 • Adapting Northern Adelaide Plan, 4 • Emergency Management Plan, 4 • Zone Emergency Management Committee – Northern Area, 5 • Grant funding applications process and reviews, 5 • Home Care Common Standards – Operating Manual, 5 • Learning Strategy, Wellbeing Strategy & Intracultural Strategy, 4 • Social Infrastructure Assessment Framework, 3 • Planning controls, 4 • Strategic Land Review, 5 	
Likelihood: PossibleUnlikely	Consequence: Major		Residual Risk Rating: HighMedium
		Is the Residual Risk as low as reasonably practicable? No	
Treatment Plan:		Responsibility:	Target Completion Date:

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Update flood mapping periodically and communicate as necessary <u>Updated flood modelling and mapping with risk indicators, and preparation of Community Engagement Strategy completed.</u> <u>Other strategies relating to Governance and Executive management responsibilities; floodplain mapping, management and risk mitigation; policy and planning; and provision of information have been initiated or are ongoing (refer Floodplanning Discussion Paper and Update of Council's Flood Management Strategy – Works and Services Committee 16/4/2018)</u>	Manager Infrastructure Management / Manager Communications & Customer Relations	Ongoing
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 (includes the Green Infrastructure Plan, Future Directions for Indoor Facilities, and Future Direction for Libraries and Community Centres)	GM Community Development	31 December 2018

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6	Event Description: City of Salisbury financial sustainability is compromised		
City Plan link: Enabling Excellence			
Description: CoS fails to maintain service standards and invest in assets and infrastructure as a result of increased pressure on CoS operating surplus due to factors such as rate capping and cost shifting. Risk of CoS failing to appropriately manage cost and efficiency.			
Responsible Managers: GM Business Excellence, GM City Infrastructure, GM City Development			
Contributory Factors ("root" causes / how and why the event arises):			
<ul style="list-style-type: none"> Reduction in grant funding Inadequate revenue and a failure to maximise revenue from all sources Unplanned spending Inadequate valuation of assets or inaccurate depreciation Inadequate planning for infrastructure repairs or upgrades Introduction of draft legislation regarding rate capping 		<ul style="list-style-type: none"> Changes to legislation/obligations imposed by other levels of government Potential new revenue streams are not fully investigated Inadequate economic development Changes to roles and responsibilities assigned to City of Salisbury by federal or state government Short term revenue is maximised at the expense of longer term revenue 	
		<ul style="list-style-type: none"> Unknown consequences of new infrastructure provision from other levels of government or private sector investment Failure to encourage investment in the City Council business and service delivery doesn't support business and community needs and expectations Increased expectations of the community in relation to the breadth of services and standards delivered by CoS 	
Impacts (risks):			
<ul style="list-style-type: none"> Council ultimately becomes financially unsustainable City revenue has to be raised increasingly through more traditional methods (rate rises) Revenue from the sale of assets (land) is not invested for the longer term benefit of the community Financial cost associated with falling rates revenue or increasing bad or doubtful debts 			
Likelihood: Likely	Consequence: Major		Inherent Risk Rating: High
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> Long term financial planning, 5 Asset Management Plans, 4 Quarterly Budget Review, 5 Annual Plan and Annual Report (reviewed by Audit Committee), 5 Elected Member Briefings, 5 Prudential Reviews, 5 Regular reviews of rating system fairness and equity, 4 Grant Management Process, 3 Budget & Finance Committee, 4 		<ul style="list-style-type: none"> Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, NAWMA Waste Transfer Station, Salisbury Memorial Park), 5 Program Review, 4 Budget Policies and Procedures, 5 Business Case Modelling, 4 Growth Action Plan, 4 Business Support Agenda, 4 Northern Economic Plan, 3 Project Management Methodology, 3 	
Likelihood: Possible	Consequence: Major		Residual Risk Rating: High
Is the Residual Risk as low as reasonably practicable? Yes			
Treatment Plan:		Responsibility:	Target Completion Date:
Completion of Asset Management Plans to "Mature Status", including function and capacity matrices to inform the LTFP and Sustainability Index		Manager Infrastructure Management	30 June 2019
Completion of the Strategic Procurement Objectives – Road to Excellence		GM Business Excellence, Manager Strategic Procurement	31 October 2019
Assess the impact of NDIS/Home Community Support funding changes and develop response strategy		GM Community Development	310 NovDecember 20198

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Review Grant Management Process	GM Business Excellence	31 March 2019
Undertake independent assessment of financial sustainability	Manager Governance	30 September 2019
Project Management Improvement Project - Reviewing the link between the budget bid project brief and Project Management Methodology	GM City Infrastructure and GM Business Excellence	30 June 2019
Assessment of new rate capping legislation and development of an action plan to address any issues	GM Business Excellence	Complete

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

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Review of staff recognition framework	Manager People and Culture	31 December 2018
Complete Implementation of the Change Management Framework and Program	Manager People and Culture	31 December 2020
Completion of relevant agreed actions arising out of the Business Systems and Solutions audit	Manager, Business Systems and Solutions	Various
Project Management Improvement Project – Reviewing the link between the budget bid project brief and Project Management Methodology	GM City Infrastructure and GM Business Excellence	30 September June 2019
Delivery of relevant links to the Smart Salisbury Steering Group framework	GM Business Excellence	TBC

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8	Event Description: Organisation suffers detriment as a result of fraud, misconduct or maladministration		
City Plan link: Enabling Excellence			
Description: Financial loss and reputational damage sustained due to fraud, misconduct or maladministration			
Responsible Managers: GM Business Excellence, Manager Financial Services, Manager Contract & Procurement Services, Manager Governance, CEO, GM City Infrastructure, GM Community Development, GM City Development			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Inadequate financial internal controls preventing or detecting fraud, misconduct and maladministration • Leadership fails to demonstrate, reinforce and address non ethical behaviours and conductOrganisational culture fails to deter employees, contractors, volunteers or elected members from committing acts of fraud, misconduct or maladministration • Inadequate due diligence conducted on suppliers to the City of Salisbury • Decision making processes that are not open and transparent • Failure to clearly articulate the employee expected behaviour and conduct related to fraud, misconduct and maladministration 		<ul style="list-style-type: none"> • An individual either inside or outside Council defrauds the organisation • An employee, contractor, volunteer or elected member uses their position or knowledge inappropriately for financial gain • Regulatory censure including an OPI / ICAC investigation • Organisational reputation is damaged through the failure to prevent fraud • Ombudsman investigation results in negative findings for City of Salisbury • Political/Public reputational damage 	
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> • Employee Code ofConduct for Council Employees, 5 • Code of Conduct for Elected Members, 4 • Fraud and Corruption Prevention Strategy, 5 • Gifts and Benefits Policy and Register, 5 • Procurement Policy and procedures (including Financial Delegations, Corporate Purchase Card Guidelines, Purchase Order Guidelines), 4 • Financial Internal Controls Annual Assessments and Reviews (in Control Track), 5 • Quality Assurance processes, 5 • Policy for Assessment of Council Development, 5 • Financial Internal Controls Framework, 5 • Staff training, leadership program and induction processes, 4 • EmployeeCode of Conduct Awareness Training (Annual), 4 • Recruitment processes including employee sign off on Employee Conduct Policy, 4 • Online Accounts Payable processes, 4 • Employee investigation processes, 5 • 			
Likelihood: Possible	Consequence: Moderate Major	Residual Risk Rating: High	Is the Residual Risk as low as reasonably practicable? Yes

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Treatment Plan:	Responsibility:	Target Completion Date:
Develop a consistent , usable risk management framework to encourage and inform risk management at the CoS	Manager Governance	Ongoing
Implement updated version of Control Track	Manager Governance	30 June 2019

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9	Event Description: Failure to ensure a safe working environment		
City Plan link: Enabling Excellence			
Description: CoS staff and volunteers experience illness or injury. Failure to meet WHS obligations which result in an unsafe workplace. <i>- CoS recognises that this risk is included on the Strategic Risk Register due to the seriousness with which CoS takes its obligations in relation to Work Health and Safety, and exposes Council to financial penalties, sanctions and reputational damage</i>			
Responsible Managers: GM Business Excellence, Manager People and Culture, CEO, GM City Infrastructure, GM Community Development, GM City Development, Elected Members			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Inadequate controls in place to prevent incidents occurring • Insufficient reporting of incidents and near misses • Safe work practices not documented or communicated to employees • Inadequate induction, training and supervision • Inadequate hazard management system • Organisational safety attitude does not recognise the importance of following WHS policies and procedures 		<ul style="list-style-type: none"> • An employee, contractor, volunteer or elected member is injured or dies as a result of a preventable incident or accident • Potential financial consequences for the City of an incident affecting a member of staff including; medical/rehabilitation expenses, injury compensation claim, legal expenses, fines • Regulatory censure including a SafeWork SA Prohibition Notice, Improvement Notice or prosecution/conviction • Legal consequences for senior management should policies and procedures be determined as inadequate by SafeWork SA. • Organisational reputation is damaged through the failure to prevent an accident or injury occurring at work • Scheme losing self-insured status and resultant lack of financial sustainability 	
Likelihood: Almost Certain	Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> • WHS training and e-learning (mandatorily required for all employees on commencement of employment and thereafter routinely), 5 • Licensing qualifications checks, 5 • Training in WHS Procedures, 3 • WHS IM Business Plan, 5 • WHS Reviews, 4 • Principal WHS Committee, 5 • City Infrastructure WHS Committee, 5 • JSA, work instructions and plant risk assessments, 4 • Code of Conduct, 4 		<ul style="list-style-type: none"> • Hazard and incident reporting and investigation procedures, 4 • Members of the Local Government Workers Compensation Scheme, requiring annual external audits, 5 • Work Health Safety representative team, 5 • Support from LG Sector/other councils/private sector organisations with development/implementation of WHS policies/procedures (including benchmarking partners), 5 • Contractual arrangements with external providers to assist compliance with WHS obligations, 4 • Quarterly Executive Report highlighting trends, outstanding actions and high risk rating incidents or hazards, 4 	
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk as low as reasonably practicable? No
Treatment Plan:		Responsibility:	Target Completion Date:

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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	31 December 2018
Completion of WHS and IM Business Plan- Program 2 <u>Includes: Program 1 Commitment & Policy, Program 3 Implementation (Hazard Management), Program 4 Implementation (WHS Training)</u>	Manager People and Culture	<u>Various</u> 31 March 2019

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10	Event Description: Lack of alignment and integrity of IT systems and business processes for support of business needs		
City Plan link: Enabling Excellence			
Description: Business and community needs are not met due to lack of, ineffective or outdated IT system and business processes			
Responsible Managers: GM Business Excellence, Manager Business Systems and Solutions			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Failure to adequately involve IT when developing plans, strategies and projects • Failure to consider all options when improving a system or process • Organisational change is not conducted in a structured and logical manner • Failure to support the skill set of individuals responsible for the delivery of business processes • Lack of business engagement and clarity of roles • External pressure for changes to systems/processes • Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs • Lack of monitoring of cybersecurity threats to organisational assets • Lack of communication/training for all staff regarding information security • Information to facilitate action during a cybersecurity incident is not available 		<ul style="list-style-type: none"> • Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure • Council operations pause resulting in financial loss • Failure to adapt to a changing external environment • Inefficient and ineffective use of organisational resources • Poor service delivery • Political/Public reputational damage • Costs of litigation and restoration of services 	
Likelihood: Almost Certain	Consequence: Major	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> • IT Governance Framework, 3 • Programmed testing of systems for security and reliability, 4 • Information Security Policies and Procedures, 4 • Continuous Improvement Framework, 4 		<ul style="list-style-type: none"> • IT Disaster Recovery Plan, 2 • Business Continuity Plans, 4 • Incident Management Team identified and trained, 4 • Building security and access controls, 4 • User access system controls, 4 • Patch management and software maintenance procedures, 4 • Cyber Security Risk Assessment, 4 	
Likelihood: <u>LikelyPossible</u>	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk as low as reasonably practicable? No
Treatment Plan:		Responsibility:	Target Completion Date:
Delivery of IS Strategy 2014-17 and the projects that are a part of it		Manager Business Systems and Solutions	<u>30-November-2018</u> <u>31 March 2019</u>
<u>Review of IT Governance Framework including the Applications Committees</u>		<u>Manager Business Systems and Solutions</u>	<u>30-September-2018</u>
Develop digital strategy to enhance engagement with community and customer service		Manager Business Systems and Solutions	<u>30-November-2018</u> <u>31 March 2019</u>
Delivery of the IT component of the Community Hub		Manager Business Systems and Solutions	31 July 2019

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Delivery of relevant aspects of the Smart Salisbury governance structure	Manager Business Systems and Solutions	31 March 2019
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Table 1 – Consequence Ratings

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

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Table 2 – Likelihood Ratings

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

Table 3 - Risk Matrix

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

Strategic Risk Register

Table 4 - Residual Risk Descriptors

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

Table 5 - Control Effectiveness Ratings

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

The following defines the meaning of the control effectiveness ratings;

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

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

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

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

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

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

Source: Control Activity Owner Instruction Manual, ControlTrack®

Strategic Risk Register

v2.167 July-November 2018

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

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

No.	Risk Description	Inherent Risk Rating	Residual Risk Rating	Rating as low as reasonably practicable	Treatment Plan/s
1	Inadequate response to a business continuity or emergency event	Very High	High	No	Yes
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	No/Yes	Yes/No
9	Failure to ensure a safe working environment	Very High	High	No	Yes
10	Lack of alignment and integrity of IT systems and business processes for support of business needs	Very High	High	No	Yes
2	Contamination of the recycled water systems	High	High	Yes/No	Yes/No
3	Lack of management of public and environmental health risks	High	High	Yes	Yes
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	Yes	Yes
8	Organisation suffers detriment as a result of fraud, misconduct or maladministration	High	High	Yes	Yes
7	Governance frameworks, systems and processes are inadequate to ensure robust decision making	High	Medium	No	Yes
5	Failure to manage the impact of environmental and	High	Medium	No	Yes

Strategic Risk Register

v2.167 July-November 2018

	social factors on Council infrastructure, assets and services				
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OUTSTANDING ACTIONS ARISING OUT OF COMPLETED INTERNAL AUDITS

<i>Audit: Payroll</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
2.3 IT Access Controls - review Access rights are reviewed by Management. Agreed Action; The overall transition of system administration of the Empower system will be signed off by the Manager People and Culture, the Manager Business Systems and Solutions and the General Manager Business Excellence.	Manager People and Culture / Manager Business Systems and Solutions	30 June 2017	31 October 2018 28 February 2019	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 October 2018 28 February 2019	Part of the Empower transition project. Awaiting formal sign off on the complete transition.

<i>Audit: Public and Environmental Health Management</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>3. Lack of updated and maintained procedures</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;</p> <p>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>	<p>Manager Environmental Health & Safety (MEHS)</p>	<p>31 December 2018</p>		<p>Completed</p> <p>All major environmental health activities, namely food safety inspections, audits and general customer requests, have had procedural documentation reviewed and implemented with staff.</p> <p>Each customer requests has questionnaires associated with complaint received to gather required information and all major food safety inspections and audits have questionnaires developed with the mobile inspections module. Pathways workflows have not been considered at this time due to changes occurring with Pathways upgrades and potential for web based version becoming available in 2019. This will be reviewed at that time.</p>

<i>Audit: Strategic Development Projects</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>1. Quick decision emergency response process be formally documented, to address unforeseen/emergency issues arising</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 March 2019	<p>In Progress.</p> <p>An emergency response process exists informally. Review of the process and formal documentation is to occur prior to 31 March 2019, for endorsement at Executive Committee and implementation by SDP Staff.</p>

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>1. IT Steering governance committees require implementation</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></p> <p>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>	<p>20/03/2019</p>	<p>25/01/2019 1.a and b) – Report to the Executive on 4/12/2018 recommended <i>“That the revised governance structure recommended in this report reviews the charter and membership of application steering committees; noting that any existing committees continue in the interim.”</i></p> <p>25/01/2019 1.c) Report to the Executive on 4/12/2018 recommended: <i>“That a multi-layered governance model, which includes information technology and other organisational enablers, is implemented rather than a more traditional IT steering committee - the Executive should note that the recommendations were to update the charter and procedures for the IT steering committee”</i></p>

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>2. The current Disaster Recovery plans require updating to increase the likelihood of managing a disaster event</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	30/09/2019	<p>25/01/19 - Team Leader, Information Technology Services has been vacant since November 2019 and currently recruiting.</p> <p>Also recruiting an IT Service Delivery Manager and these two roles will oversee the delivery of this action.</p>
<p>3. Review of the use of generic admin accounts for applications</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	30/06/2019	<p>25/01/19 - The generic admin account noted during the audit is being addressed and will be resolved by 01/02/2019.</p> <p>Further work is required to review whether there are other generic admin accounts and this will be led by the Team Leader, Information Technology Services – see comment in section 2 above.</p>

<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>	<p>30/09/2019</p>	
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<p>6. Continued focus is required on aligning business applications to business needs</p> <p>6.a) Improve resource management and the visibility of allocated BSS resources to manage business expectations. <i>Action: Resource planning and demand management framework under development by Team Leader, Planning and Business Engagement. Relevant to Planning and Business Engagement Services and Information Technology Services teams.</i></p> <p>6.b) Consider the use of a Business Impact Assessment as an objective method of assessing the requested changes to systems by the business to enable clear and agreed understanding by all parties. <i>Action: Noted. This will be reviewed and considered.</i></p> <p>6.c) Ensure a consistent structure and Terms of Reference are in place to support any Application Steering Committees, as required, including the process for documenting how a decision not to have a Committee was arrived at. (The decision and responsibility for forming and running Application Steering Committees rests with the relevant business areas). <i>Action: Noted and agreed.</i></p> <p>6.d) Develop a BSS Service Catalogue and promote throughout the organisation. <i>Action: Noted. Refer section 4. Service Catalogue will cover the information technology-related aspects of BSS</i></p> <p>6.e) Following the release of the digital strategy, ensure the BSS assessments from the Bid System include an assessment of the alignment of the proposal to the digital strategy. <i>Action: Noted and agreed. This will be discussed and agreed with the relevant divisional manager responsible for the bid system.</i></p>	6a.)-c.) Team Leader, Planning and Business Engagement Services	30/6/2018	30/11/2018 30/05/2019	25/01/2018 – This is a general update on activities relating to this action. In November 2018, the Planning and Business Engagement team launched the new business engagement model, with Business Engagement Analysts assigned to meet Divisional Managers and their key stakeholders once a month to discuss technology-related matters.
	6d.) Team Leader Service Desk	30/11/2018	28/02/2019	
	6.e) Manager Business Systems and Solutions	28/02/2019		

<p>6.f) Review the success of the Business Engagement Group over time and realign the Terms of Reference, if required.</p> <p><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>7. Greater awareness is required of the ownership of systems and roles and responsibilities for applications</p> <p>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.</p> <p><i>Action: Noted. This process will be done for all major corporate applications. Follow the example of management and support structure for Empower.</i></p> <p>7.b) Ensure there is clear ownership of applications.</p> <p><i>Action: Refer comments for 7.a).</i></p> <p>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.</p> <p><i>Action: Noted and agreed.</i></p>	<p>7a.)-b.) Team Leader Information Technology Services</p> <p>7.c) –Team Leader Planning and Business Engagement Services</p>	<p>28/2/2019</p> <p>28/2/2019</p> <p>30/4/2019</p>		<p>25/01/2019 7.a and b) – Divisional managers engaged in December 2018 in a process to formally identify/confirm functional owners for applications</p>

<p>8. Continued alignment of the Digital Strategy to the Business Strategy is required</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>	<p>30/03/2019</p>	
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<p>9. Improve project management rigour</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>25/01/2019: 9.a) – Report to the Executive group on 4 December 2018 recommended: “That IT projects are managed in the same way as other projects and that a separate IT governance process is not warranted, which is not in line with the recommendations of the program review of Information Services and the independent audit of the information technology areas of Business Systems and Solutions.” The recommendation was accepted and the report noted:</p> <p>“It is also proposed that the Planning and Business Engagement Services function within the Business Systems and Solutions division works with the project management improvement program to assist with defining what constitutes an IT project and what constitutes a business change project with an information technology element.</p> <p>In short, IT projects will follow the organisational project management governance framework and findings 9.a) and 9.b) have been addressed and closed out</p> <p>29/01/2019: 9.c) In progress as the Team Leader Planning and Business Engagement is working with the Project Management Improvement Program Manager to ensure relevant information technology-related documentation is aligned with the wider approach to project/program management.</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>10. A formal change framework is required</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>30/09/2019</p> <p>30/09/2018 30/11/2018</p>	<p>07/02/19 – 10.d) This has for some time been included in the weekly operational IT meetings, were future releases are discussed, and also the release schedule for major corporate applications is listed on the City of Salisbury intranet. Notifications to affected individuals are issued by the Service Desk.</p>
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<i>Audit: Capital Works Project Audit</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>1. Full Project Management Methodology for Major Projects</p> <p><i>Recommendation:</i> CoS management should immediately adopt the full project management methodology for Major Projects as stipulated in the Project Management Manual (Release 3).</p> <p><i>Agreed Actions:</i> Revise Project Management Manual (PMM) following implementation of the Program Review recommendations. Conduct staff training on the PMM with Divisions in other Departments where responsibility has historically rested for Project Briefs for Master Planned/Critical Projects.</p>	<p>Manager Infrastructure Delivery</p>	<p>December 2018</p>		<p>Complete</p> <p>Staff training has been provided, to the immediate users and on an as required basis across the organisation, where major projects are identified. The PMIP (Project Management Improvement Project) is tasked with a review and redeploy of the Project Management Manual.</p>

<i>Audit: Capital Works Project Audit</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>2. Inadequate Risk Assessments and Risk Management</p> <p><i>Recommendation:</i></p> <p>CoS management should adopt use of the Project Risk Matrix and/or Project Risk Management Plan for all projects as required.</p> <p><i>Agreed Actions:</i></p> <p>Develop and implement new Project Brief and work process.</p> <p>Develop and implement new fit for purpose detailed design package handover document and work process.</p> <p>Conduct staff training on the PMM with Divisions in other Departments where responsibility has historically rested for Project Briefs for Master Planned/Critical Projects.</p>	<p>Manager Infrastructure Management</p> <p>Manager Infrastructure Delivery</p>	December 2018		<p>Complete</p> <p>New brief and process flows documented and on web. Staff training has been provided, to the immediate users and on an as required basis across the organisation, The PMIP (Project Management Improvement Project) is tasked with a review and redeploy of the Project Management Manual which incorporates risk.</p>

<i>Audit: Capital Works Project Audit</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>3. Incomplete and Unapproved Project Briefs</p> <p><i>Recommendation:</i></p> <p>CoS management should ensure that all sections of Project Briefs are completed and that they are approved on a consistent basis.</p> <p><i>Agreed Actions:</i></p> <p>Implement the associated Program Review recommendation.</p> <p>Develop and implement a new Project Brief and associated work process.</p> <p>Conduct staff training on the PMM with Divisions in other Departments where responsibility has historically rested for Project Briefs for Master Planned/Critical Projects.</p>	<p>Manager Infrastructure Management</p> <p>Manager Infrastructure Delivery</p>	September 2018		<p>Complete</p> <p>New brief and process flows documented and on web. Staff training has been provided, to the immediate users and on an as required basis across the organisation, The PMIP (Project Management Improvement Project) is tasked with a review and redeploy of the Project Management Manual.</p>
<p>4. Project Issue Memo Package Testing Anomalies</p> <p><i>Recommendation:</i></p> <p>CoS management should ensure that a complete Project Issue Memo Package is prepared for all projects.</p> <p><i>Agreed Actions:</i></p> <p>Develop and implement a new fit for purpose detailed design package handover document and work process.</p>	<p>Manager Infrastructure Delivery</p>	December 2018		<p>Complete</p> <p>Workflows are on the web and currently being used.</p>

<i>Audit: Capital Works Project Audit</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>5. Outdated Contractor Induction Form</p> <p><i>Recommendations:</i></p> <ul style="list-style-type: none"> a. CoS management should ensure Contractor Induction Forms are completed and signed for all projects. b. CoS management should consider completion of a Contractor Induction Form on an annual basis for vendors under panel contract arrangements. <p><i>Agreed Actions:</i></p> <ul style="list-style-type: none"> a. Agreed b. Instead of completing Contractor Induction Forms annually for vendors under panel contract arrangements, CoS will ensure that induction forms a part of the engagement process of a contractor, and that subsequent inductions occur each time the contractor works on a new site. 	<p>Manager Infrastructure Delivery</p>	<p>September 2018</p>		<p>Complete</p> <p>Contractors inductions are being undertaken on every site, regardless of the panel or contractual arrangement.</p>
<p>6. Incomplete Practical Completion Documentation</p> <p><i>Recommendation:</i></p> <p>CoS management should ensure that a signed Practical Completion and Asset Handover Form and a Practical Completion Certificate are prepared for all projects.</p> <p><i>Agreed Action:</i></p> <p>CoS management will reinforce to staff the importance of adhering to this work process.</p>	<p>Manager Infrastructure Delivery</p>	<p>June 2018</p>		<p>Complete</p> <p>Reinforcement with staff has been completed.</p>

<i>Audit: Capital Works Project Audit</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>7. Incomplete Final Completion Certificates</p> <p><i>Recommendation:</i></p> <p>CoS management should ensure that a signed Final Completion Certificate is issued for all projects.</p> <p><i>Agreed Action:</i></p> <p>CoS management will reinforce to staff the importance of adhering to this work process.</p>	<p>Manager Infrastructure Delivery</p>	<p>June 2018</p>		<p>Complete</p> <p>Reinforcement with staff has been completed.</p>
<p>8. Lack of Variation Approval Evidence</p> <p><i>Recommendation:</i></p> <p>CoS management should ensure that all variation approvals are adequately documented.</p> <p><i>Agreed Action:</i></p> <p>CoS management will reinforce to staff the importance of adhering to this work process.</p>	<p>Manager Infrastructure Delivery</p>	<p>June 2018</p>		<p>Complete</p> <p>Reinforcement with staff has been completed</p>

ITEM	4.2.3
	AUDIT COMMITTEE
DATE	12 February 2019
HEADING	Audit Committee Work Program for 2019
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	<p>The purpose of this report is to link the responsibilities of the Audit Committee of Council, as defined in the Terms of Reference for the Committee; to the schedule of Committee meetings to identify in advance which matters will be considered and when, by the Committee.</p> <p>The Audit Committee Work Plan for 2019 shows that each meeting of the Audit Committee considers a number of responsibilities required by the Terms of Reference. The October Audit Committee meeting deals with the majority of the Committee's responsibilities, in particular the review of the audited Financial Statements and Financial Internal Controls.</p>

RECOMMENDATION

1. The information be noted.

ATTACHMENTS

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

1. Audit Committee Terms of Reference
2. Audit Committee Work Program 2019

1. BACKGROUND

- 1.1 The City of Salisbury Audit Committee Terms of Reference (ToR) are approved by Council at the beginning of each Council term. The ToR were put to the Council in November 2018 as part of item number 6.5 Council and Committee Structure. It was decided that the ToR for all Standing Committees and sub committees continue and be reviewed after the first 12 months of the Council term. The ToR are attached as Attachment 1.
- 1.2 The contents of the ToR are based on a combination of legislative responsibilities, best practice and practical arrangements for City of Salisbury Committees of Council. The responsibilities of the Audit Committee are detailed in section 6 of the attached ToR. Section 6.1 of the ToR reflects the requirements of section 126(4) of the *Local Government Act 1999*. Section 6.2 of the ToR lists additional responsibilities of the Audit Committee as determined by Council and Section 6.3 of the ToR contains practical considerations which assist the Committee in discharging its other responsibilities.

2. REPORT

- 2.1 Attachment 2 of this report sets out the responsibilities of the Audit Committee mapped against the meetings of the Committee. The majority of those (16 responsibilities out of 24), are addressed at the October meeting of the Audit Committee, which deals entirely with the externally audited Financial Statements and Financial Internal Controls information. The October meeting of the Committee is a particularly important meeting because not only does it address the majority of the responsibilities of the Committee, it is also necessary to enable the audited Financial Statements to be endorsed within the regulatory timeframes for submission of the statements to the Minister, and the Presiding Member of the South Australian Local Government Grants Commission.
- 2.2 Several other responsibilities are addressed at each Audit Committee meeting or as and when necessary. The ToR includes a provision whereby the Audit Committee of Council may undertake the functions of a subsidiary's audit committee in circumstances where the City of Salisbury has exempted that subsidiary from having its own Audit Committee.
- 2.3 Currently the City of Salisbury has an interest in two regional subsidiaries;
 - 2.3.1 Northern Adelaide Waste Management Authority (NAWMA), and
 - 2.3.2 Council Solutions.Both of these entities have their own Audit Committees, so there is currently no requirement for the Audit Committee of Council to act in that capacity.

3. CONCLUSION / PROPOSAL

- 3.1 The responsibilities of the Audit Committee, as set out in the ToR, are capable of being addressed over the scheduled Committee meetings throughout the year. Each meeting of the Audit Committee provides the opportunity to address several responsibilities, with the October meeting addressing the majority, due to the fact that it deals with the audited Financial Statements and Financial Internal Controls.
- 3.2 Based on the current Audit Committee meeting schedule, and the allocation of consideration of responsibilities from the ToR to those meetings, the Audit Committee is provided with the necessary opportunities to address the responsibilities as detailed in the Tor, subject to each scheduled meeting of the committee occurring as planned.

CO-ORDINATION

Officer:

Date:



Audit Committee of Council

- Terms of Reference -

Endorsed by Council: 26 November 2018
(Resolution No. 0006/2018)

Review Date: November 2019

1. Purpose

- 1.1 In line with section 125 of the *Local Government Act 1999* (the Act) the committee will, with the adoption of a strategic risk outlook:
- Satisfy itself that appropriate policies, practices and procedures of internal control are implemented and maintained.
 - Ensure that these controls are appropriate for achieving the council's goals and objectives, safeguarding the council's assets and as far as possible maintaining the accuracy and reliability of council records.
 - Satisfy itself that the organisation is meeting its fiduciary and legislative responsibilities.

2. Status and Term of the Committee

- 2.1 The Committee is mandated under section 126 of the Act.
- 2.2 This Committee will exist for the term of the Council.

3. Authority

- 3.1 The Audit Committee can request the conduct of investigations into any matters within the scope of its responsibility. It is empowered to:
- Recommend to Council the appointment and oversee the work of any external auditor appointed by the City of Salisbury.
 - Resolve any disagreements between management and the external auditor regarding financial reporting.
 - Pre-approve all auditing and non-audit services.
 - Request through the Chief Executive Officer (CEO) the right to retain independent counsel, accountants or others to advise the committee or assist in the conduct of an investigation.
 - Seek any information it requires from anyone employed by City of Salisbury, all of whom are directed to cooperate with the committee's requests or those of external parties acting on behalf of the committee.
 - Meet with City of Salisbury employees or the appointed external auditors as necessary.



Audit Committee of Council

- Terms of Reference -

Endorsed by Council: 26 November 2018
(Resolution No. 0006/2018)

Review Date: November 2019

4. Meeting Details

- 4.1 The committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require.
- 4.2 Meetings will be scheduled on a day of the week convenient to the committee members, but will commence no earlier than 5pm on the day of the meeting.
- 4.3 Meetings of the committee will be held in the Council Offices at 12 James Street, Salisbury, under normal circumstances.
- 4.4 In accordance with Section 87 of the Act, a minimum of three clear days notice of an ordinary meeting, together with an agenda and supporting papers will be provided to members of the committee.
- 4.5 The attendance of the following City of Salisbury staff will be required at each committee meeting, together with any staff member deemed appropriate by the committee:
 - CEO
 - General Manager Business Excellence
 - Manager Governance
 - Internal Auditor
- 4.6 Administrative support for the committee will be resourced by City of Salisbury.
- 4.7 Public notice of meetings will be given through publication of the annual meeting schedule on the City of Salisbury website.
- 4.8 A copy of the Notice of Meeting and Committee Agenda will also be displayed on a monthly basis at 12 James Street, Salisbury.
- 4.9 Members of the public are able to attend all meetings of the committee, unless prohibited by resolution of the committee under the confidentiality provisions of section 90 of the Act.



Audit Committee of Council

- Terms of Reference -

Endorsed by Council: 26 November 2018
(Resolution No. 0006/2018)

Review Date: November 2019

5. Membership

- 5.1 Section 126(2) of the Act and s.17(1) of the Local Government (Financial Management) Regulations 2011, (the Regulations), state that the membership of the Audit Committee;
- May include persons who are not members of the council.
 - May not include an employee of the council (although an employee may attend if appropriate).
 - May include or be comprised of Audit Committee members from another council.
 - Must be between three and five members.
 - Must include at least one person who is not a member of the council and who is determined by the council to have financial experience relevant to the functions of the audit committee.
 - Must not include, as a member, the council's external auditor.
- 5.2 In line with the requirements of the Act and the Regulations, the Audit Committee of Council;
- Will consist of five members, three of whom will be independent of the council and City of Salisbury and will have the necessary skills, knowledge and experience (including recent, relevant financial experience), to ensure the effective discharge of the responsibilities of the committee.
 - The other members of the committee will come from the elected members of the council, they will be selected by the council and will possess the necessary understanding of the role of the committee and such skills, knowledge and experience to enable them to function effectively as a member of the committee.
 - Two Elected Members will be appointed to the Audit Committee for the term of council. Independent Members will be appointed for a four year term (or part thereof) concluding two years after a general election. Independent Members may, at the discretion of the council, be appointed for subsequent terms.
 - Independent members of the Audit Committee will be paid suitable remuneration for the provision of their services; this will be set by council and reviewed by council at the time of establishment of each new committee term.
 - All members must attend the meeting and where unable to do so, must provide an apology prior to the meeting.



Audit Committee of Council

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(Resolution No. 0006/2018)

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- Members of the committee must comply with the conduct and conflict of interest provisions of the Local Government Act. In particular, Sections 62 (general duties), 63 (code of conduct) and 73-74 (conflict of interest, members to disclose interests) must be adhered to.
- The appointment of the Chairman will be made by the Council for a term determined by the Council.
- The Deputy Chairman will be appointed by the Council for a term determined by the Council following a recommendation from the Audit Committee made at the April Committee meeting in the year following a General Election, or as required.

6. Responsibilities

- 6.1 Section 126(4) of the Act articulates the role of the Audit Committee, which includes:
- Reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and
 - Proposing and providing information relevant to, a review of the council's strategic management plans or annual business plan; and
 - Proposing and reviewing the exercise of powers under section 130A of the Act; and
 - If the council has exempted a subsidiary from the requirement to have an audit committee, undertake the functions that would, apart from the exemption, have been performed by the subsidiary's audit committee; and
 - Liaising with the council's external auditor; and
 - Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of council on a regular basis.
- 6.2 City of Salisbury also considers the following to be critical components of the role of the Audit Committee:
- Reviewing significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, significant changes in accounting policies or their application, recent professional and regulatory pronouncements and their corresponding impact on the financial statements.



Audit Committee of Council

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Endorsed by Council: 26 November 2018
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- Reviewing all reports on the council's operations from the external auditor and monitoring management responsiveness to the external auditor's findings and recommendations.
- Reviewing the annual financial statements and considering whether they are complete and consistent with information known to committee members and that they reflect appropriate accounting principles.
- Reviewing other sections of the annual report and related regulatory filings before approval and considering the accuracy and completeness of the information.
- Understanding how management develops interim financial information and the nature and extent of internal and external audit involvement in this process.
- Reviewing council arrangements for dealing with public information provided under the whistle-blower legislation; and
- Considering and making recommendations on the program of internal audits; and
- Reviewing the operation and effectiveness of the internal audit function and all reports on the council's operations from the Internal Auditor, including the monitoring of management responses to the Internal Auditor's findings and recommendations; and
- Providing guidance and overseeing the supply of non-audit services by the external auditor; and
- Reviewing the appropriateness and effectiveness of the council's internal controls and risk management frameworks.
- Instituting and overseeing special investigations as and when necessary.

6.3 The committee will also:

- Review the statements to be included in the annual report concerning internal audit and risk management.
- Review the internal audit plan and all significant changes to the plan.
- Monitor the external auditor's rotation of audit partners.
- Meet with the external auditor, in camera, once per year.
- Meet with the Internal Auditor, in camera, when necessary to



Audit Committee of Council

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discuss confidential issues.

- Have access to reasonable resources in order to carry out its duties.
- Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

7. Voting Rights

- 7.1 All members have equal voting rights.
- 7.2 A question arising for a decision will be decided by a majority of votes cast by all members present.
- 7.3 Each member must vote on a question arising for a decision.
- 7.4 The Chairman has a deliberative vote, but does not have a casting vote in the event of an equality of votes.
- 7.5 In the event of an equality of votes, the matter must be referred to council for decision.

8. Meeting Procedures, Minutes and Documents

- 8.1 All meetings of the committee will be held in accordance with the Act (and relevant Regulations), the City of Salisbury Code of Practice for Meeting Procedures and the City of Salisbury Code of Practice for Access to Meetings and Documents.
- 8.2 Minutes will be kept of the proceedings at each committee meeting.
- 8.3 Members of council will be provided with a copy of all minutes of the proceedings of this committee within five days after a meeting.
- 8.4 Members of the public have access to all documents relating to the committee and committee meetings unless prohibited by resolution of the committee under the confidentiality provisions of section 91 of the Act.



Audit Committee of Council

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(Resolution No. 0006/2018)

Review Date: November 2019

9. Quorum

- 9.1 A quorum shall consist of three members, at least two of whom will be independent members.
- 9.2 Meetings are to be rescheduled where there is no quorum.

10. Reporting Requirements

- 10.1 The Audit Committee reports directly to council and shall make whatever recommendations to the council it deems appropriate on any area within its Terms of Reference where in its view action or improvement is needed.
- 10.2 Recommendations made by the committee will be referred to the next council meeting, through the presentation of minutes, for final resolution.
- 10.3 The Audit Committee will provide to council an annual report on its activities, performance and achievements, as well as any other reports it deems necessary.

City of Salisbury Audit Committee Work Program 2019

The document lists the Audit Committee of Council's responsibilities, as defined in section 6 of the Terms of Reference, together with the Committee meeting that the activity occurs in. Each X in the table below denotes which meeting a responsibility of the Audit Committee is addressed in.

Activity – Audit Committee Terms of Reference section:	Audit Committee Meeting				Comments
	Feb	Apr	July	Oct	
6.1 Section 126(4) of the Local Government Act (the Act) articulates the role of the Audit Committee, which includes the following:					
• Reviewing annual financial statements to ensure that they present fairly the state of affairs of the council				X	
• Proposing and providing information relevant to, a review of the council's strategic management plans or annual business plan	X	X	X	X	Changes to strategic management plans are presented to the Committee when they are made.
• Proposing and reviewing the exercise of powers under section 130A of the Act				X	A Council may request its auditor, or some other person determined by the council to be suitably qualified, to examine and report on any matter relating to financial management, or the efficiency and economy with which the council manages or uses its resources to achieve its objectives that would not otherwise be addressed or included as part of an annual audit under Division 4 and that is considered by the council to be of such significance as to justify an examination.
• If the council has exempted a subsidiary from the requirement to have an audit committee, undertake the functions that would, apart from the exemption, have been performed by the subsidiary's audit committee	N/A	N/A	N/A	N/A	Council has not currently exempted a subsidiary from the requirement to have an audit committee, this is therefore not applicable at present.
• Liaising with the council's external auditor				X	

• Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of council on a regular basis				X	
6.2 City of Salisbury also considers the following to be critical components of the role of the Audit Committee:					
• Reviewing significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, significant changes in accounting policies or their application, recent professional and regulatory pronouncements and their corresponding impact on the financial statements				X	
• Reviewing all reports on the council's operations from the external auditor and monitoring management responsiveness to the external auditor's findings and recommendations				X	
• Reviewing the annual financial statements and considering whether they are complete and consistent with information known to committee members and that they reflect appropriate accounting principles				X	
• Reviewing other sections of the annual report and related regulatory filings before approval and considering the accuracy and completeness of the information				X	
• Understanding how management develops interim financial information and the nature and extent of internal and external audit involvement in this process				X	
• Reviewing council arrangements for dealing with public information provided under the whistle-blower legislation				X	The Whistleblowers Protection Act 1993 is to be repealed and replaced by the Public Interest Disclosure Act 2018
• Considering and making recommendations on the program of internal audits	X	X	X	X	
• Reviewing the operation and effectiveness of the internal audit function and all reports on the council's operations from the Internal Auditor, including the monitoring of management responses to the Internal Auditor's findings and recommendations	X	X	X	X	
• Providing guidance and overseeing the supply of non-audit services by the external auditor				X	Letter of independence is presented by the external auditor to the Audit Committee.

• Reviewing the appropriateness and effectiveness of the council's internal controls and risk management frameworks	X	X	X	X	
• Instituting and overseeing special investigations as and when necessary					The nature of this task is "when necessary".
6.3 The committee will also:					
• Review the statements to be included in the annual report concerning internal audit and risk management			X		The timing of this item is dependent upon when the annual report is produced and whether or not the report includes any statements on internal audit and risk management.
• Review the internal audit plan and all significant changes to the plan	X	X	X	X	
• Monitor the external auditor's rotation of audit partners				X	
• Meet with the external auditor, in camera, once per year				X	This is usually arranged for a timeslot quarter of an hour before the Audit Committee meeting.
• Meet with the Internal Auditor, in camera, when necessary to discuss confidential issues				X	This is usually arranged for a timeslot half an hour before the Audit Committee meeting.
• Have access to reasonable resources in order to carry out its duties	X	X	X	X	
• Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members					Training is provided as and when necessary.

ITEM	4.2.4
	AUDIT COMMITTEE
DATE	12 February 2019
HEADING	Update on Internal Audit Plan
AUTHOR	Janet Crook, Risk & Governance Program Manager, CEO and Governance
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	The purpose of this report is to inform the Audit Committee of the Internal Audit Plan, and to highlight any changes made to it since it was last presented to the Committee in July 2018.

RECOMMENDATION

1. That the updates made to the 2017-2019 Internal Audit Plan as set out in Attachment 1 to this report (Audit Committee, 12 February 2019) be endorsed and forwarded to Council for adoption.

ATTACHMENTS

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

1. 2017-2019 Internal Audit Plan

1. BACKGROUND

- 1.1 Attachment 1 to this report details the internal audit work to be undertaken for the period commencing 1 January 2017 up to and including 31 December 2019. The City of Salisbury operates a risk-based Internal Audit Plan, where audits are conducted in order to provide assurance on the risks identified in the Strategic Risk Register. Therefore, each of the audits outlined in the Internal Audit Plan is cross referenced to the relevant risk in the Strategic Risk Register on which it provides assurance.
- 1.2 This report provides progress updates to the Internal Audit Plan since it was last presented to the Audit Committee in July 2018.

2. REPORT

2.1 The Internal Audit Plan

- 2.1.1 The final report for the Capital Works Projects audit has been completed and was presented to the Audit Committee at its meeting in October 2018.
- 2.1.2 It is recommended that the Strategic Reporting Process audit be deferred until the second half of the 2019 calendar year.

- 2.1.3 It is recommended that the Contract Management audit become a co-sourced audit rather than an internally performed audit. This audit will be performed in the first half of 2019.
- 2.1.4 The Management of Contaminated Sites and Financial Sustainability audits will be performed in the first half of 2019.
- 2.1.5 It is recommended that the Legislative Compliance and Complaint Handling audits be carried out in the third quarter of the 2019 calendar year.
- 2.1.6 It is recommended that the Data Governance, Incident Management Framework and Asset Management audits be carried out in the fourth quarter of the 2019 calendar year.

3. CONCLUSION / PROPOSAL

- 3.1 This report outlines the progress made towards the completion of the Internal Audit Plan since it was last presented to the Audit Committee in July 2018.

CO-ORDINATION

Officer:

Date:

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

Strategic Audit Ref	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							Salisbury Water
1	10	Lack of alignment and integrity of IT systems and business processes for support of business needs	Very High	High														Business Systems and Solutions The implementation of the Information Services Strategy mitigating the risk of a lack of alignment between IT and business needs. In addition, assurance on risks regarding loss of a software supplier and loss of data should be included in the scope of the audit.	Risk-Based	●		
2	3	Lack of management of public and environmental health risks	High	High														Management of public health Assurance that the services provided by City of Salisbury are managing public health risks in the most efficient and effective manner.	Compliance and Risk-Based	●		
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. Capital Works Projects 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														Strategic Development Projects 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														Strategic reporting process 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														Contract Management Assurance on the efficiency and effectiveness of the current tools and processes that are used to manage contracts at the City of Salisbury, identifying any areas where outcomes could be improved.	Risk-Based		●	
7	2	Inadequate response to contamination of the recycled water systems	High	High														Management of contaminated sites Assurance that the controls in place to prevent and manage contamination incidents/sites are robust.	Risk-Based		●	
	5	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	Medium																		
8	6	City of Salisbury financial sustainability is compromised	High	High														Financial sustainability 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	●			●										Legislative compliance 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														Complaint Handling 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	●			●	●									Data Governance 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, 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				●	Completed. The report from this audit was 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
		Total							

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			●		Deferred until late 2019 or early 2020
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.	Co-sourced				●	To be performed in the first half of 2019
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			●		To be performed in the first half of 2019
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				●	To be performed in the first half of 2019
		Total							

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				●	
		Total							