AGENDA

FOR AUDIT COMMITTEE MEETING TO BE HELD ON

9 JULY 2019 AT 7.30 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
Internal Auditor & Risk Coordinator, Mr R Constance

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Audit Committee Meeting held on 09 April 2019.

REPORTS

Administration

Reports

OTHER BUSINESS

CLOSE

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

9 APRIL 2019

MEMBERS PRESENT

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

OBSERVERS

> Cr Woodman (attendance 6.56pm)

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
> Internal Audit & Risk Coordinator, Mr R Constance
> Financial Services Manager, Mrs K George
> Manager Business Systems and Solutions, Mr D Bevan

The meeting commenced at 6.33 pm.

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

APOLOGIES

Nil

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr L Braun
Seconded Mr C Johnson

The Minutes of the Audit Committee Meeting held on 12 February 2019, be taken and read as confirmed.

CARRIED

REPORTS

Administration

4.0.1   Future Reports for the Audit Committee of Council

Moved Ms K Verrall
Seconded Mr C Johnson

1.   The information be received.

CARRIED

4.0.2   Actions List

Moved Cr L Braun
Seconded Mr C Johnson

1.   The information be noted.

CARRIED

Reports

4.2.1   Update on the use of generic administration accounts within business systems and solutions

Moved Ms K Verrall
Seconded Cr L Braun

1.   That the information be received by the Audit Committee.

2.   That the Audit Committee note that the one generic administration account identified as part of the audit has been removed from the relevant business area. This closes out this aspect of the recommendation.

3.   That the Audit Committee notes:

   a.   Three generic administration accounts have been removed from the same solution, which were only in use within Business Systems and Solutions, and replaced with named user accounts.

b.   Information Technology Services, which is part of Business Systems and Solutions, will complete a review of information technology infrastructure solutions and technical administration accounts within business systems and solutions by June 2019.

c.   Business Systems and Solutions will work with functional administrators of business systems and solutions to understand whether generic administration accounts are within use in these functional areas.

CARRIED

4.2.2   Strategic Risk Register: Update on work to address specific aspects of risk #10 - Lack of alignment and integrity of IT systems and business processes to support business needs

Moved Ms K Verrall
Seconded Mr C Johnson

1.   That the information be received.

2.   That the Audit Committee note various activities relating to recommendations from the program review of the former Information Services and the audit of the information technology areas of Business Systems and Solutions have been completed or are in progress to mitigate specific aspects of risk #10 in the strategic risk register relating to the lack of alignment of IT systems to support business needs.

3.   That the Audit Committee note that the proposed governance approach of the Smart Salisbury Advisory Board and the Smart Technology committee, which are important control measures to mitigate the risk of lack of alignment of IT systems to support business needs, is a reasonable and contemporary approach.

CARRIED

PRESENTATIONS

PRES1   Long Term Financial Plan Presentation

The Manager Financial Services provided a presentation to the Committee on Council's Long-Term Financial Plan.

4.2.3   Draft 2019/20 Annual Plan and Budget

Moved Cr L Braun
Seconded Ms K Verrall

1.   The information be received.

2.   It be noted that the Audit Committee has reviewed the Council's
      Annual Plan and Long Term Financial Plan in accordance with
      s126(4)(ab) of the Local Government Act 1999 and makes the
      following comments for Council consideration when setting its
      rating level for the 2019/2020 budget:

      a)   Recognising that the City of Salisbury is in a strong financial
            position, the rate scenario that enables Council to operate
            within Council endorsed targeted ranges for long term
            financial sustainability, retains Council's capacity to respond
            to emerging community needs and external impacts, and
            provides ongoing financial sustainability applying a
            conservative and prudent approach is a Rate increase of
            CPI+0.6% over the 10 years.

      b)   It is the assessment of the Audit Committee that adopting the
            following rate scenario of a rate increase of CPI+0.6% over
            the 10 years, with a one-off increase of only 2% in 2019/20,
            resulting in $6.7M lower surplus over the life of the plan,
            falls outside of Council's endorsed targeted operating range,
            however could still be considered acceptable noting the
            lower surplus over the life of the plan and that Council
            would need to consider the risk to future new budget
            spending. The Audit Committee also notes that the risks as
            listed in para 2.c below also apply to this rates scenario,
            albeit to a lesser extent.

      c)   It is the assessment of the Audit Committee that the risks of
            adopting any of the following rate scenarios:

            •   Rate increase of CPI+0.6% over the 10 years, with an
                 increase of only 2% in years 1 and 2 (2019/20 and
                 2020/21), resulting in $18.3M lower surplus over the life
                 of the plan;

            •   Rate increase of CPI+0.6% over the 10 years, with an
                 increase of only 2% in years 1, 2 and 3 (2019/20, 2020/21
                 and 2021/22), resulting in $30.0M lower surplus over the
                 life of the plan; and

            •   Rate increases at or below CPI over the 10 years, are
                 significant, and include:

- The compounding effect of lower income over the life of the long term financial plan;

- Increased financial uncertainty created by State Government's policy and continued intention to introduce Council rate capping for future years;

- The uncertainty surrounding State Government policy direction for funding infrastructure, and the implications for councils;

- A one-off low increase at or below CPI makes it likely that at a point during the 10 year Long Term Financial Plan, Council will have to run a deficit budget;

- Placing the burden of restoring financial stability on future Councils, this may involve higher rate increases, and/or reductions in services or service standards; and

- Negatively impact on Council's ability to invest in infrastructure.

CARRIED

4.2.4 Update on Risk Management and Internal Controls Activities

Moved Ms K Verrall
Seconded Mr C Johnson

1. The information be received.

2. The Update on Risk Management and Internal Controls Activities, as set out in Attachment 1 to this report (Item 4.2.4, Audit Committee, 9/04/2019) 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 2 to this report (Item 4.2.4, Audit Committee, 9/04/2019).

CARRIED

4.2.5 **Update on Internal Audit Plan**

The Committee was informed that the proposed Complaint Handling Procedure Audit would be deferred pending the outcomes and implementation of the Customer Service Framework review currently being undertaken.

The Committee discussed and provided suggested project topics to be considered for incorporation into the three year rolling Internal Audit Plan. A draft 3 year Internal Audit Plan will be provided to the Audit Committee at the 9th July 2019 meeting.

Moved Cr L Braun
Seconded Mr C Johnson

That the updates made to the 2017-2019 Internal Audit Plan as set out in Attachment 1 to this report, noting the deferral Complaint Handling Procedure Audit, be endorsed and forwarded to Council for adoption.

CARRIED

OTHER BUSINESS

Nil

The meeting closed at 8.32 pm.

CHAIRMAN………………………………….

DATE………………………………………….

ITEM	4.0.1
	AUDIT COMMITTEE
DATE	09 July 2019
HEADING	Future Reports for the Audit Committee of Council
AUTHOR	Michelle Woods, Projects Officer Governance, 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: 28/06/19

ITEM	4.0.2
	AUDIT COMMITTEE
DATE	09 July 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 identified at 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.

Item 4.0.2

No	Date	Action	Owner	Due Date	Status
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	Complete. Refer item 4.2.6
7.	12.2.19	Report to Audit Committee on the performance of regular reviews of access to business systems	Risk and Governance Program Manager and Manager Business Systems and Solutions	July 2019	Complete. Refer item 4.2.5
8.	9.4.2019	Consideration to be given to conducting analysis on the manner in which segregation of access to business systems is conducted at City of Salisbury	Manager Business Systems and Solutions	July 2019	Complete. The business has performed an assessment and is satisfied that the current process for segregation of access to business systems is appropriate.

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	09 July 2019
HEADING	Bentley's Interim Report on Audit Findings
AUTHORS	Janet Crook, Risk & Governance Program Manager, CEO and Governance Robert Constance, Audit & Risk Coordinator, 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	City of Salisbury has engaged Bentleys to provide external audit services. The initial phase of that process comprises the conduct of an interim audit. This report attaches the presentation which will be given by Bentleys at the Audit Committee meeting in July 2019.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

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

1. Interim Report on Audit Findings 30 June 2019 Bentleys

1. BACKGROUND

1.1 In accordance with section 125 of the *Local Government Act 1999* and the Audit Committee Terms of Reference, the Audit Committee will satisfy itself that appropriate policies, practices and procedures of internal control are implemented and maintained. The Audit Committee will 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.

1.2 In accordance with section 126 of the *Local Government Act 1999* and the Audit Committee Terms of Reference, the Audit Committee will liaise with the Council's external auditor and review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of council on a regular basis.

1.3 Between 13 and 15 May 2019 Bentleys conducted an interim audit as part of the overall 2018/19 external audit process. The interim audit comprised a review of core financial internal controls.

2. REPORT

2.1 Bentleys representatives David Papa, Director Assurance and Advisory and Matthew Brunato, Manager Audit and Assurance will be in attendance at the July 2019 Audit Committee meeting to present the findings of the interim audit.

2.2 The internal assessments and reviews of the financial internal controls have been completed. Residual risk assessments are yet to be completed but will be completed prior to the finalisation of Bentley's review.

2.3 No 'Critical' or 'Significant' findings were identified by Bentleys in the audit.

2.4 One (1) 'Not Material' finding was identified by Bentleys in the audit. This is as follows;

Observation - Whilst the City of Salisbury financial obligation to both the vendor and financier are being complied with and credit card usage is within established delegation, the review process for the allocation of these costs against various projects has lapsed for a number of employees up to four months.

Recommendation is acknowledged. Management response is to review the reconciliation and allocation process for credit cards and provide refresher training and support materials to ensure cost allocation and review is undertaken in a timely manner.

2.5 One (1) 'Area for Improvement' was identified by Bentleys in the audit. This is as follows;

Observation – From December 2018 onwards administration decided to amend the frequency of general ledger reconciliation to reflect the risk of the balance.

Recommendation is acknowledged. Management response is to implement a defined schedule and frequency for reconciliation.

3. CONCLUSION / PROPOSAL

3.1 Bentleys will complete their work on financial internal controls and the financial statements over the coming months and report their findings to the October 2019 meeting of the Audit Committee.

3.2 Actions arising from this audit will be followed up by Internal Audit & Risk Coordinator and progress on completion will be reported to the Audit Committee.
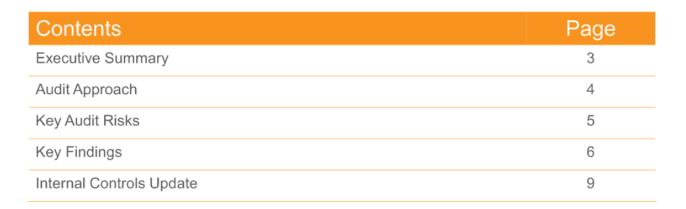
CO-ORDINATION

Officer:
Date:

CITY OF SALISBURY

Interim Report on Audit Findings
30 JUNE 2019

Advisors   Accountants   Auditors

Contents

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Executive summary

We have commenced our audit of the City of Salisbury for the year ended 30 June 2019 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action.

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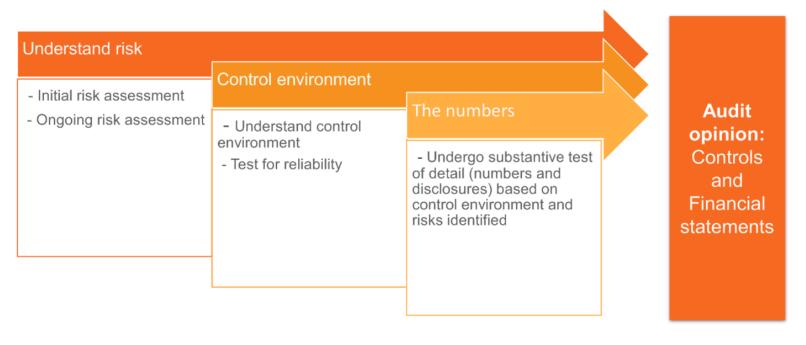
The following matters are reported to management:

Critical	Significant	Not material	Areas for improvement
-	-	Credit Card Reconciliations	Reconciliations

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

Bentleys
THINKING AHEAD

3

Key audit risks

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

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

Bentleys
THINKING AHEAD

5

Key findings

		Points considered	Rating	Reason
	System and technology	• System integration • System knowledge • System access	✔	The General Ledger system has adequate system access. Staff with access are aware of their roles and use the systems appropriately.
	People	• Attitude • Culture • Embrace of change/challenge	✔	The Finance Team appear to work cooperatively, and we didn't experience any difficulties with our requests.
	Processes and controls	• Policies and procedures in place • Controls tested and reviewed sufficiently	⚠	The internal control framework appears well established. An issue for credit card reviews and an area for improvement for general ledger reconciliations is raised below.
	Financial	• Compliance with accounting standards	✔	Based on our interim testing transactions are performed in line with accounting standards and Council's Policies and Procedures.

Bentleys
THINKING AHEAD

6

Internal Control Issue

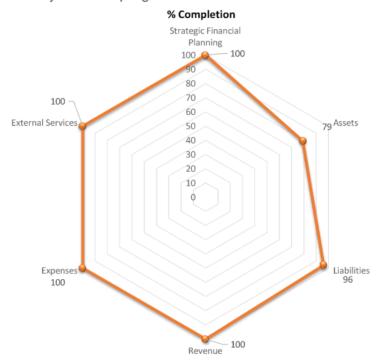|	
Issue	Credit card approvals
Observation	Whilst the City of Salisbury financial obligation to both the vendor and financier are being complied with and credit card usage is within established delegations, the review process for the allocation of these costs against various projects has lapsed for a number of employees up to four months.
Risk	The review of the monthly management reports for the various managers may not reflect the most up to date expenditure, in turn impacting timely accurate reporting.
Significance	The value of credit cards on a monthly basis is low and within established delegations, therefore, not considered a material weakness.
Recommendation	Outstanding credit card reconciliations are conducted and reviewed promptly to ensure reporting is accurate and timely.
Management Response	Whilst the observation is noted not a material weakness, Management will review the reconciliation and allocation process for credit card holders and provide refresher training and support materials to ensure that cost allocation and review is undertaken in a timely manner.

Bentleys
THINKING AHEAD

7

Area for Improvement

Issue	General Ledger Reconciliations
Observation	From December 2018 onwards administration decided to amend the frequency of general ledger reconciliation to reflect the risk of the balance.
Recommendation	We support this pragmatic approach, however, we believe there should be a defined schedule risk rating ledger accounts, determining frequency of reconciliation and the months/periods those reconciliation should be conducted for.
Management Response	Administration is in agreement with the observation and will implement.

Bentleys
THINKING AHEAD

8

Internal controls update

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

% Completion

Strategic Financial Planning 100 — 100
External Services 100
Assets 79
Liabilities 96
Revenue 100
Expenses 100

Bentleys
THINKING AHEAD

9

ITEM	4.2.2

AUDIT COMMITTEE

DATE	09 July 2019
HEADING	Asset Policy Review
AUTHOR	Matthew Coldwell, Senior Accountant Projects & Assets, Business Excellence
CITY PLAN LINKS	4.5 To apply business and resource management that enables excellent service delivery and financial sustainability
SUMMARY	This report seeks consideration by the Audit Committee prior to submitting to Council the opportunity to review our Asset Depreciation Policy within the statutory required review period.

RECOMMENDATION

1. The information be received.

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

ATTACHMENTS

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

1. Asset Depreciation Policy

1. BACKGROUND

1.1 The development and adoption of accounting policies and procedures with regard to assets, is an essential component of the long term financial management and asset management planning of Council. It is an important step in ensuring the consistency of the financial information being presented to its users, especially within the context of Council assets worth approximately $1.9 billion in total.

2. CONSULTATION / COMMUNICATION

2.1 Nil

3. REPORT

3.1 The requirements for treatment of infrastructure assets are governed by Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011* and consequently require a limited amount of policy decisions to be made by the Council with respect to infrastructure assets.

3.2 However, the Asset Depreciation Policy is tabled to Council, as it states the Depreciation Method to be applied in calculating the depreciation on Council infrastructure assets, enabling Council to appropriately consider its policy position via the stand alone policy attached.

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

4. CONCLUSION / PROPOSAL

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

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

CO-ORDINATION

Officer:
Date:

Salisbury

CITY OF

Asset Depreciation Policy

Policy Type:	Policy		
Approved By:	Council	**Decision No:**	2172/2017
Approval Date:	27/11/17	**Commencement Date:**	1 July 2015
Review Date:	13/06/19	**Internal Reference No.:**	
Department:	Business Excellence	**Division:**	Financial Services
Function:	7 – Financial Management	**Responsible Officer:**	Manager Financial Services

A – PREAMBLE

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

B - SCOPE

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

C – POLICY PURPOSE/OBJECTIVES

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

D - DEFINITIONS

1. *Property, plant and equipment* – Tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one accounting period.

2. *Recognition* – The cost of an item of property, plant & equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

3. *Fair Value* – The price that would be received to sell an asset in an orderly transaction between market participants at the measurement date"[1].

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[1] AASB 0013 Fair Value Measurement; paragraph 9

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4. *Cost* - The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

5. *Depreciation* – The systematic allocation of the depreciable amount of an asset over its useful life

6. *Depreciable Amount* – The cost / fair value of an asset, or other amount substituted for cost / fair value, less its residual value.

7. *Residual Value* – The amount that the Council would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

8. *Useful Life* – The period over which an asset is expected to be available for use by the Council; or the number of production or similar units expected to be obtained from the asset.

E - POLICY STATEMENT

1. AASB 116 Property, Plant and Equipment, states that the depreciation method used by an organisation to depreciate an item of Property, plant and equipment shall reflect the pattern in which the assets future economic benefits are expected to be consumed.
As such, Council has elected to use the straight line depreciation methodology for all its assets on the basis that the economic benefits provided by the assets (the service provided), are generally used in a consistent manner throughout the useful life of the asset. This methodology results in a constant depreciation charge over the useful life of the asset, provided that the asset's useful life or residual values do not change.

2. Estimates for useful lives, asset measurements, conditions and residuals used to calculate depreciation charges are based on information derived from the prior knowledge and experience of asset managers and the audit and inspection of assets conducted by both officers of Council and appropriately experienced external parties.

3. Councils applied depreciation methods and estimates for asset useful lives and residual values are reviewed on an annual basis to ensure their continued relevance and appropriateness in accordance with Australian Accounting Standards.

F - LEGISLATION

1. Local Government Act 1999

2. Local Government (Financial Management) Regulations 2011.

G - REFERENCES

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

H - ASSOCIATED PROCEDURES

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

Document Control

Document ID	Asset Depreciation Policy
Prepared by	Matthew Coldwell
Version	0.1
Document Status	XXX
Issue Date	XXX

ITEM	4.2.3
	AUDIT COMMITTEE
DATE	09 July 2019
HEADING	Annual Report 2018/2019 - Internal Controls Framework and Audit Committee sections
AUTHOR	Janet Crook, Risk & Governance Program Manager, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	The City of Salisbury Annual Report refers to the operations and financial activities of Council in the previous financial year. It also contains sections which detail the operations and membership of the Audit Committee of Council and the Financial Internal Controls Framework. This report contains the draft text for these sections of the annual report for review by the Audit Committee.

RECOMMENDATION

1. That the proposed inclusions in the annual report relating to the operations and membership of the Audit Committee for the 2018/19 financial year be approved.

ATTACHMENTS

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

1. Annual Report 2018/2019 - Internal Controls and Audit Committee sections

1. BACKGROUND

1.1 Council is required, under Section 131 of the *Local Government Act 1999* to publish an annual report. The annual report must be prepared and adopted by 30 November each year. Contained within the annual report is information regarding Council's operating and financial activities for the previous financial year. It also includes information relating to the operations of the Audit Committee of Council. The annual report is coordinated and published by the Communications and Customer Relations Division.

1.2 Paragraph 6.3 of the Audit Committee Terms of Reference provides that the committee will review the statements to be included in the annual report concerning internal audit and risk management.

1.3 The full annual report is presented each year to the Resources and Governance Committee for review and recommendation to Council. To allow the Audit Committee to consider sections relevant to its operations prior to inclusion in the annual report, the relevant text is presented separately to the Audit Committee.

2. REPORT

2.1 The City of Salisbury's annual report is a vehicle for the publication of Council's end of financial year statements and a summary of its operating activities over the previous financial year. Financial statements will be presented to the Audit Committee for review at the October 2019 meeting.

2.2 The operations of the Audit Committee of Council, together with information regarding the Financial Internal Controls Framework are outlined in the annual report. A draft of the proposed text for inclusion in the annual report on these subjects is provided as Attachment 1.

2.3 The proposed text is concise and prepared on the basis that the audience will be a variety of stakeholders including local residents and the Minister for Local Government. It gives a brief explanation of the Financial Internal Controls Framework, the work of the Audit Committee and its membership throughout the year.

2.4 Once the Audit Committee have reviewed the proposed text the next step in the process is to forward it to the Communications and Customer Services division for inclusion in the draft annual report, which will be presented to the Resources and Governance Committee.

3. CONCLUSION / PROPOSAL

3.1 The proposed inclusions in the annual report provide information relating to the operations and membership of the Audit Committee of Council in the 2018/19 financial year. The draft text is provided for review, prior to submission for inclusion in the draft annual report.

CO-ORDINATION

Officer:
Date:

Audit Committee of Council

The Audit Committee is a critical component of the Council's governance framework, and in compliance with Section 126 of the *Local Government Act 1999*, its responsibilities include reviewing the City of Salisbury's financial statements, and regularly reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the City of Salisbury.

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

Assurance to Council is also provided through the Audit Committee's oversight of the completion of an Internal Audit Plan, which is linked to the Strategic Risk Register. Linking the Internal Audit Plan to the Strategic Risk Register ensures that internal audits are focussed on those areas that pose the greatest risk to the achievement of the City of Salisbury's objectives.

The Committee also maintains a close working relationship with the external auditor, with a particular focus on the end of year financial statements. External audit provides opinions on the financial statements and the financial internal controls framework.

The Committee undertakes a regular self-assessment, the results of which are reported to Council and used to identify areas for development or improvement in the operations of the Committee.

The Audit Committee consists of five members, three of whom are independent of the Council. Independent members are appointed by Council based on their individual skills, knowledge and experience to ensure the effective discharge of the Committee's responsibilities.

Audit Committee Membership July 2018 – June 2019

Name	Elected Member Or Independent Member	Dates	Attendance
Cr Graham Reynolds	Elected Member (Chairman)	July 2018 – June 2019	4 of 4 meetings
Cr Joe Caruso (until November 2018)	Elected Member	July 2018 – November 2018	2 of 2 meetings
Ms Lisa Braun	Elected Member	November 2018 – June 2019	2 of 2 meetings
Mr Craig Johnson Independent consultant	Independent Member	July 2018 – June 2019	3 of 4 meetings
Ms Kristyn Verrall General Counsel and Company Secretary, Statewide Super	Independent Member	July 2018 – June 2019	3 of 4 meetings
Mr Neil Ediriweera Director, KPMG	Independent Member	July 2018 – June 2019	4 of 4 meetings

Financial Internal Controls Framework

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

Number of internal controls rating 4 or higher

The City of Salisbury utilises the ControlTrack application to monitor and review its internal financial controls. There are 260 controls (two are not applicable to the City of Salisbury) within ControlTrack across 6 classes: Assets, Expenses, External Services, Liabilities, Revenue and Strategic Financial Planning.

We use a five point rating scale when self-assessing the effectiveness of our internal financial controls (1=ineffective, 2=requires significant improvement, 3=partially effective, 4=majority effective and 5=effective). This indicator reports the number of controls assessed as 4 or higher of the controls utilised. The total number of controls assessed and reviewed in 2018/19 was 258. Of these controls five were assessed as being partially effective, and 253 were assessed as having an effectiveness rating of 4 or 5 which represents 98.06% of controls assessed. Both Core and Additional controls were assessed and this will be the case in subsequent years.

High risk outcomes / findings from internal audits

Five high risk outcomes / findings from internal audits were identified and reported on to the Audit Committee in the 2018/19 financial year.

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.

The following audits were completed and reported to the Audit Committee in the 2018/2019 period:

- Business Systems and Solutions – Cyber security (Confidential Item); and
- Capital Works Projects

The results of an audit on Business Systems and Solutions were considered by the Audit Committee in confidence, pursuant to section 83(5) of the *Local Government Act 1999*. Three high risk findings were identified in the audit, which are being addressed by Council.

An audit on capital works projects was performed to provide assurance regarding the effectiveness of the processes in place to manage, monitor and deliver capital works projects for the City of Salisbury. Eight risk findings were identified in the audit, and of those, two findings were rated as high. One concerned the utilisation of the full Project Management Methodology for Major Projects. The other related to project risk management tools not being utilised. The actions identified to address the findings have been completed.

ITEM	4.2.4
	AUDIT COMMITTEE
DATE	09 July 2019
HEADING	Elected Member Risk Management Workshop
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. 4.4 Embed long term thinking, planning and innovation across the organisation.
SUMMARY	The Elected Members participated in a risk management training workshop on 11 June 2019. The workshop focused on strategic risk management and the Council's role in that regard.

RECOMMENDATION

1. The information is noted.

2. The Audit Committee will be invited to participate in a workshop on the Strategic Risk Register with Council.

ATTACHMENTS

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

1. Risk Management presentation

1. BACKGROUND

1.1 Local Government Elections took place in November 2018. Following the Elections, a new elected member body was sworn in at the City of Salisbury.

1.2 At the commencement of each four year term, the Elected Members receive relevant training to assist them in the discharge of their duties.

1.3 Risk Management was identified as a topic to be covered as part of this training agenda. The slide presentation provided to Elected Members appears as Attachment 1 to this report.

1.4 The provision of this training also forms part of the Risk Management Program. This report provides an update on the training provided and the main discussions held.

2. REPORT

2.1 On 11 June 2019, Kyffin Thompson, a partner at BDO, facilitated a risk management session at an informal gathering of the Elected Members. BDO is a leading accountancy and advisory organisation offering risk advisory services.

2.2 Topics covered in the training included: an overview of risk management and how can it add value, risk identification and classification and the difference between operational and strategic risk. The Elected Members were also provided with information about City of Salisbury's (CoS) risk management program.

2.3 The session was focused at a strategic level, and stressed that management of operational risk is the responsibility of the Administration. As the strategic leaders of CoS, the Elected Members were reminded that their role is to consider the strategic risks of the organisation; that is, those risks which will impact on the CoS' ability to achieve its strategic objectives.

2.4 Robust discussion was had during the course of the workshop amongst the Elected Members. Topics of discussion included:

2.4.1 *The scope of the materials provided to the Audit Committee: strategic vs operational*. Given that the discussion centered on the strategic nature of the Elected Members' involvement in risk matters, a query was raised as to whether the reporting to the Audit Committee was at too much of an operational level. The Audit Committee Terms of Reference provide that a critical component of the role of the Audit Committee is reviewing the appropriateness and effectiveness of the council's internal controls and risk management frameworks. In order to fulfill this requirement, the Audit Committee must receive updates on operational matters, such as the progress of outstanding audit actions, and risk management activities. It is through the review of these items that the Audit Committee can fulfill its requirement to review the appropriateness and effectiveness of the internal controls and risk management frameworks. It also allows for strategic input from the Audit Committee.

2.4.2 *The role and responsibility of the Audit Committee to advise Council on the efficacy of strategic financial decisions*. Discussion was held as to whether there is a responsibility on the Audit Committee to advise Council when the financial decisions they are making may not be financially sustainable. This is not the responsibility of the Audit Committee. Section 126 of the *Local Government Act 1999* sets out that the functions of an audit committee include 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. It is not the responsibility of the Audit Committee to advise the Council on matters where it thinks the Council has made an erroneous financial decision. The Budget and Finance Committee advises Council on finance and financial sustainability.

2.4.3 *What makes a risk/matter strategic?* The workshop identified that a strategic risk is one that will impact on CoS' ability to achieve Council's strategic objectives. During discussion at the workshop talk turned to how one knows what risks/matters should be elevated to a strategic level? Guidance from Kyffin indicated that it depends somewhat on what the whole group thinks. What may be a strategic risk to one Elected Member, may not be considered as such by the group as a whole.

2.4.4 Suggestion was made that some documentation approved by the Audit Committee, such as risk management policies and procedures, should instead be considered by the Resources & Governance Committee. The Risk Management Guide and Charter are due for review. It was suggested that the review and approval of these documents go through the Resources and Governance Committee. As referred to above, the Audit Committee is charged with reviewing the appropriateness and effectiveness of the council's internal controls and risk management frameworks, which includes approving the corporate documentation within that framework. The Resources and Governance Committee oversees the development of strategic policies and procedures affecting the future development of CoS by advising Council on corporate management and corporate governance.

2.5 The Strategic Risk Register was last reviewed by Executive in March/April 2019. It is next due for review in September 2019. The Elected Members have indicated that they would like to participate in a review of the Strategic Risk Register with the Audit Committee. A session following the Executive's review in September 2019 will be arranged for the Audit Committee and the Elected Members.

3. CONCLUSION / PROPOSAL

3.1 A workshop training session on the topic of risk management was held with the Elected Members on 11 June 2019.

3.2 The Audit Committee will be invited to participate in a workshop on the Strategic Risk Register with Council later in 2019.

CO-ORDINATION

Officer:
Date:

CITY OF SALISBURY

Risk Management

AGENDA

▶ Overview – include introductions and proposed agenda

▶ What is Risk Management?

▶ Risk Identification and Risk Classification

▶ What are my Roles and Responsibilities in the Risk Process?

▶ Does Risk Management Need to Be Complex?

▶ Risk Management Process

▶ Where is City of Salisbury in relation to Risk Management?

▶ Risk Management Program Agenda

▶ Hypothetical scenarios for discussion

City of Salisbury - Risk Management
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WHEN WE SAY RISK MANAGEMENT WHAT ARE WE TALKING ABOUT ?

RISK

▶ The chance of something happening that will have an impact upon objectives.

RISK MANAGEMENT

▶ The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.

RISK MANAGEMENT PROCESS

▶ The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.
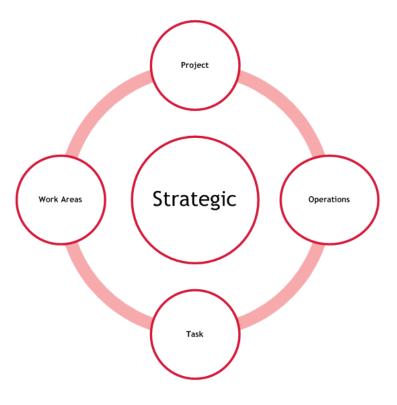   AS/NZS ISO 31000:2018

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CITY OF
Salisbury   BDO

HOW CAN RISK MANAGEMENT HELP?

▶ Better knowledge and understanding of actual/potential exposure to support a decision-making process considering the balance of risk and reward

▶ Appropriate risk management results in maximising opportunities and minimising chances of organisational failure and/or collapse

= making an educated choice and taking appropriate chances.

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RISK IDENTIFICATION & RISK CLASSIFICATION

Types of Risk - Strategic Vs Operational Risk

▶ Strategic Risk:

— Risks that impact on City of Salisbury's ability to achieve Council's strategic objectives

— On behalf of the residents the strategic risks are of key concern to the Elected Members and Executive

— Strategic Risk Register is reviewed by Executive and forms part of Audit Committee papers

▶ Examples:

— **Inability to adapt to legislative and policy changes**

— **Risk of misaligned stakeholder expectations**

— Inadequate response to a business continuity or emergency event

— Contamination of the recycled water systems

— Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services

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RISK IDENTIFICATION & RISK CLASSIFICATION
Types of Risk - Strategic Vs Operational Risk

▶ Operational Risk:

  — Operational risk refers to potential losses arising from failed internal processes, people, training, and systems relating to City of Salisbury's day to day business/organisational operations.

  — Typically managed by Executive – that's what they're for!

▶ Examples:

  — Lack of appropriate skilled resources (including lack of training)

  — Delivery of approved projects

  — Lack of appropriate IT systems

  — Out of date policies and procedures

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RISK MANAGEMENT - ROLES
Elected Members' role in relation to risk

▶ Key duties:

— Keep abreast of the Council's operating environment and reconsider appropriateness of strategy accordingly

— Broadly understand the risk landscape

— Consider the strategic risks to the organisation

— Reach the right balance between risk and reward

— Through the Audit Committee processes, oversee the organisation's management of risk including risk reporting and satisfying itself that management has implemented sound system of risk management

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RISK MANAGEMENT - ROLES

Elected Members' role in relation to risk (cont'd)

▶ A sound framework for risk oversight/ risk management/ risk governance will assist the Council to:

— Fulfil their responsibility of managing Council's assets and resources

— Meet their statutory responsibilities

— Meet their committee responsibilities:

"The committee will adopt a risk management focus in its considerations, delivery and recommendations to Council. The advice to Council will reflect both the risk and opportunities of the issue to enable Council to act as an informed and responsible decision maker representing the interests of the community"

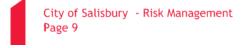Extract from the Terms of Reference for every CoS Committee

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RISK MANAGEMENT - ROLES

Management's role in relation to risk

▶ Design and implement the risk management system to manage material business risks

▶ Apply the risk management process by:

— providing the context and key areas of strategy and risk focus;

— performing risk assessments: identifying, analysing and evaluating risks;

— treating risks;

— monitoring and reviewing risks

▶ Report on risk management outcomes / activities

▶ Take advantage of opportunities by advising on how to manage the risks associated with the opportunity

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DOES RISK MANAGEMENT NEED TO BE COMPLEX ?

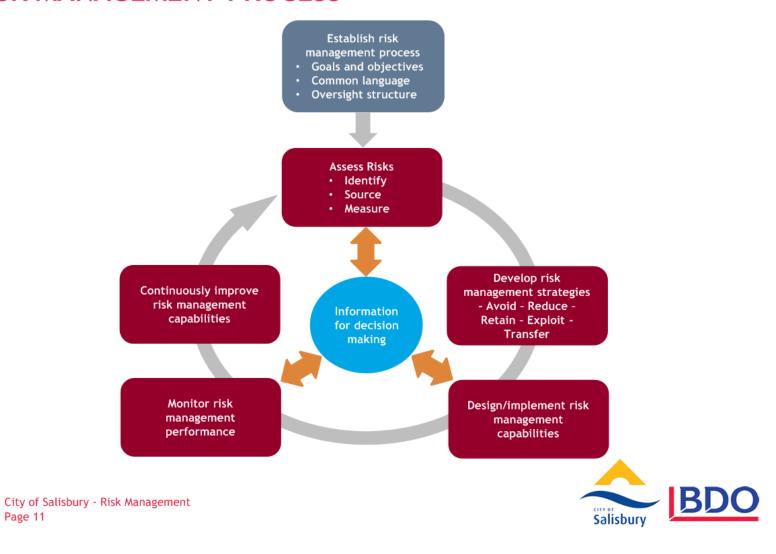Not necessarily, but needs to be tailored and adapted to your organisation and consider:

▶ Context

▶ Holistic view

▶ Significance and likelihood and consequences

▶ Risk management versus removal

▶ Communication and awareness

▶ Continuous reviews and lesson learned

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Item 4.2.4 - Attachment 1 - Risk Management presentation

CITY OF SALISBURY'S RISK MANAGEMENT PROGRAM

Objective: Achieving a common approach to risk management across the CoS:

▶ Design and implementation of a whole-of-organisation program to:

  ▶ improve our internal decision making processes;

  ▶ promote a proactive risk management approach;

  ▶ develop a culture of awareness; and

  ▶ encourage ethical behaviours.

▶ Through the Audit Committee process, monitor the organisation's Risk Management framework

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RISK MANAGEMENT PROGRAM AGENDA

▶ The journey so far

  ▶ Risk management refresher with senior management

  ▶ Operational Risk workshops

  ▶ Strategic Risk Register reviews

  ▶ Control Track

▶ The journey ahead

  ▶ Policy & Framework

  ▶ Ongoing risk management training for business units

  ▶ Improved reporting to Audit Committee

  ▶ Initiatives such as Business Continuity and Emergency Management review

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HYPOTHETICAL SCENARIOS FOR DISCUSSION

▶ Auditor General brought in to conduct an examination of the Council's financial statements.

▶ The South Australian Productivity Commission is performing an enquiry into local government costs and efficiency, to identify options for greater efficiency and financial accountability and ensuring lower costs for ratepayers. Outcomes from the Commission's inquiry process include:

    ▶ Amalgamation with neighbouring council

    ▶ Introduction of rate capping legislation which could negatively impact on ability to maintain current levels of service to ratepayers.

▶ Role of Council in the value proposition for the community

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ITEM	4.2.5
	AUDIT COMMITTEE
DATE	09 July 2019
HEADING	Risk Management and Internal Controls Activities
AUTHORS	Janet Crook, Risk & Governance Program Manager, CEO and Governance
	Robert Constance, Audit & Risk Coordinator, 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 2018/2019 financial year, and a summary of the planned activities proposed for the 2019/2020 year. The report also includes an update on the outstanding actions from internal audits.

RECOMMENDATION

1. The update on Risk Management and Internal Controls Activities for 2018/2019 as set out in Attachment 1 to this report (Item No. 4.2.5, Audit Committee 9/07/2019), be endorsed for approval by Council.

2. The proposed schedule of Risk Management and Internal Controls Activities for 2019/2020, as set out in Attachment 3 to this report (Item No. 4.2.5, Audit Committee 10/07/2018), be endorsed.

3. The Audit Committee notes the update on outstanding actions from completed Internal Audits, as set out in Attachment 4 to this report (Item 4.2.5, Audit Committee, 9/07/2019).

ATTACHMENTS

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

1. Risk Management and Internal Controls Activities update for 2018/2019

2. Strategic Risk Treatment Plans

3. Proposed Risk Management and Internal Controls Activities for 2019/2020

4. Outstanding actions arising out of internal audits

1. **BACKGROUND**

   1.1 This report provides an annual review of the risk management and internal controls activities completed in the 2018/2019 financial year. It also proposes a schedule of risk management and internal controls activities for the 2019/2020 financial year and gives an update on the actions outstanding from internal audits. The report allows the Audit Committee to monitor and review the activities and the assurance that they provide.

2. **REPORT**

   2.1 Risk Management and Internal Controls Activities 2018/2019

   2.1.1 Attachment 1 is a summary of the risk management and internal controls activities completed in the 2018/2019 financial year.

   2.1.2 The following activities have been updated since they were last reviewed by the Audit Committee in April 2019:

   - The update to the latest version of the ControlTrack system has been implemented. Staff have completed the self-assessments and review of the internal financial controls. We currently have 260 controls within the ControlTrack system. Of these 260 controls, 258 are relevant to the City of Salisbury, and were assessed and reviewed by staff. Two controls were deemed inapplicable. Of the 258 controls assessed, 253 controls were rated as being majority effective or effective. Five controls were assessed as being partially effective, therefore requiring treatment plans to be put in place. The treatment plans will be monitored by the Internal Auditor & Risk Coordinator.

     With the completion of the control assessments and reviews, the process to residually risk rate the financial risks within ControlTrack has commenced and is approximately 55% complete.

     Feedback in relation to the updated ControlTrack system has been positive. The system is more user friendly than the previous system and will provide more relevant reporting.

   - On 14 June 2019 representatives from KelledyJones Lawyers attended at City of Salisbury to provide training on the new *Public Interest Disclosure Act 2018* (PID Act) which came into effect on 1 July 2019. General and Divisional Managers attended the training. The PID Act repeals the *Whistleblower Protection Act 1993* and establishes a scheme that encourages and supports the appropriate disclosure of public interest information, while also providing protections for those who make disclosures. The finalisation of the PID Act means that the Fraud and Corruption Strategy should now be reviewed including the preparation of a policy and procedure to replace the Whistleblowers Protection Policy.

   - On 19 June 2019, copies of the current Business Continuity Policy, Procedure and Incident Management Plan were provided to the Local Government Risk Services in order to obtain an estimate of the time and cost associated with performing a review of the documents. A full procurement process may need to be undertaken upon receiving the indicative information.

2.1.3   Several activities which were scheduled for 2018/2019 but not completed have been carried forward into the 2019/2020 plan. These activities are:

- Review of the Fraud and Corruption Prevention Strategy – refer above.
- Review of Business Continuity corporate documentation – refer above.
- Develop documented risk management framework
- Develop operational risk register - Representatives from the LGRS Strategic Risk Services Team attended at CoS to perform Operational Risk Workshops with selected departments. Finalisation of those risk registers and development of registers for the remaining business units will continue.

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

Risk Management Program

2.1.5   On 11 June 2019 Kyffin Thompson, a partner at BDO, facilitated a risk management session at an informal gathering of the Elected Members. A comprehensive update on the session has been provided in a separate report on this agenda at item 4.2.4

2.1.6   The Internal Auditor and Risk Coordinator has commenced the provision of risk management training sessions with business units. The first was performed with members from the Infrastructure Delivery Team and was very well received. Further training sessions will be conducted across the business as part of the Risk Management Program.

Further Risk Management and Internal Control updates

2.1.7   At the Audit Committee meeting in April 2019 an action was raised to report to the Audit Committee on the performance by the business of reviews of access to business systems. The Risk & Governance Program Manager has met with business application responsible officers for critical business systems in order to discuss whether reviews are performed on the users with access to the systems. Opportunities for improvement have been identified and it is intended that a process will be put in place to support the conduct of regular reviews.

2.1.8   In September 2019, City of Salisbury will participate in a discussion exercise that brings together the Northern Adelaide and Western Adelaide Emergency Management Zones. The exercise will explore the role of councils in recovery from a significant fictitious earthquake in accordance with State emergency management arrangements. An update on the exercise will be provided to the Audit Committee meeting in October 2019.

2.1.9 The Executive Group performed a review of the Strategic Risk Register in April 2019. A copy of the current Strategic Risk Register appears as an attachment to the Internal Audit Plan report at item 4.2.6. The Executive will next review the Register in September 2019. In addition, the Audit Committee will be invited to participate in a workshop on the Strategic Risk Register with Council later in 2019.

2.1.10 The Audit Committee has previously indicated that it would be useful to receive the treatment plans for the Strategic Risks in a separate document, removing the detail of each risk. Attached as Attachment 2 is a document which sets out the Strategic Risk treatment plans for the Committee's information.

2.2 **Proposed Risk Management and Internal Controls Activities 2019/2020**

2.2.1 The activities proposed for 2019/2020 and set out in Attachment 3 seek to improve the overall effectiveness and efficiency of both the risk management and internal controls activities undertaken at the City of Salisbury.

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

- External Audit of financial internal controls;

- Cash management;

- Report on findings of the Audit Committee self-assessments;

- Completion of Control Self-Assessments and Risk Assessments through the ControlTrack system, including external audit preparation;

- Local Government Association Mutual Liability Scheme risk assessment;

- Development of a consistent Policy Framework;

- Conduct of a risk maturity survey.

2.3 **Outstanding actions from completed Internal Audits**

2.3.1 Attachment 4 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:

3.1.1 A summary of the risk management and internal controls work performed since the last Audit Committee meeting, including the outstanding actions from completed internal audits; and

3.1.2 The proposed risk management and internal controls work to be performed in 2019/2020;

CO-ORDINATION

Officer:
Date:

Risk Management and Internal Controls Activities – July 2018 to June 2019   v1.4

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.
Update to the latest version of the Control Track system	Internal Controls	Internal	Completed	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.	ControlTrack has been implemented. The business used the upgraded system to perform its annual internal financial control effectiveness and risk ratings.

Risk Management and Internal Controls Activities – July 2018 to June 2019   v1.4

Annual Plan - July 2018 to June 2019					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress
Review the Fraud and Corruption Prevention Strategy	Internal Controls	Internal	In progress	The Fraud and Corruption Prevention Strategy needs to be reviewed because it has been some time since it was last reviewed and it needs to be updated to reflect changes in legislation.	The *Public Interest Disclosure Act 2018 (PID Act)* came into effect on 1 July 2019. It repeals the *Whistleblowers Protection Act 1993*. A representative from Kelledy Jones conducted training on the new PID Act for General and Divisional Managers. 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.
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.

Risk Management and Internal Controls Activities – July 2018 to June 2019   v1.4

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
Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation	Internal Controls	Internal	In progress	The external auditor's expectations are that at least one control self-assessment will be conducted annually and a risk assessment should also be conducted on financial internal controls.	The self assessment and review of the financial internal controls has been completed. The review of the financial risks has been commenced and will be completed by 30 July. Bentleys, our external auditors, attended at CoS from 13-15 May 2019 to perform their review of the financial internal controls. Their interim report appears on the agenda at item 4.2.1. No material matters were identified.
Review of Business Continuity corporate documentation	Risk Management	External	In progress	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.	Copies of the current Business Continuity Policy, Procedure and Incident Management Plan have been provided to the LGA in order to obtain an estimate of the time and cost associated with performing a review of the documents.
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.	LGRS template documentation has been obtained for review and consideration.

Item 4.2.5 - Attachment 1 - Risk Management and Internal Controls Activities update for 2018/2019

Risk Management and Internal Controls Activities – July 2018 to June 2019   v1.4

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 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.	Representatives from the LGRS Strategic Risk Services Team attended at CoS to perform Operational Risk Workshops with selected departments

STRATEGIC RISK REGISTER – TREATMENT PLAN SUMMARY

RISK NO.	RISK	RESIDUAL RISK RATING	TREATMENT PLANS	TARGET COMPLETION DATE
1.	Inadequate response to a business continuity or emergency event	HIGH	Completion of relevant agreed actions for the finding in the Business Systems and Solutions audit relating to updating of the Disaster Recovery plans.	September 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	October 2019
			Determine the manner in which the Business Continuity corporate documentation will be stored and continually updated	October 2019
			Develop and deliver training on business continuity to relevant staff	December 2019
4.	Inadequate response to a major incident at a Council run community event, that affects public and staff safety	HIGH	Training for staff and community on risk identification and due diligence assessment documentation.	November 2019
			Formal identification of all stakeholders across CoS who are owners of events	July 2019
			Delivery of information, advice and coordination to external parties regarding event risks and mitigation	Ongoing
			Formalisation of information exchange between City Infrastructure bookings and Events team in order to identify community events involving CoS Assets	July 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.	November 2019
			Review sponsorship agreements	August 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.	September 2019
5.	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	MEDIUM	Update flood mapping periodically and communicate as necessary	Ongoing
			Updated flood modelling and mapping with risk indicators, and preparation of Community Engagement Strategy completed. 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 Flood Planning Discussion Paper and Update of Council's Flood Management Strategy – Works and Services Committee 16/4/2018)	

STRATEGIC RISK REGISTER – TREATMENT PLAN SUMMARY

			Incorporate flood mapping into the development planning process (this treatment plan is dependent upon the development and communication of the updated flood mapping)	July 2020
			Updating and implementation of the Social Infrastructure Plan for the City which includes: • Future Directions for Community Hubs • Future Directions for Indoor Facilities • Place Activation Plan • Future Direction for Libraries	Complete Complete October 2019 Complete
6.	City of Salisbury financial sustainability is compromised	HIGH	Completion of Asset Management Plans to "Mature Status", including function and capacity matrices to inform the LTFP and Sustainability Index	June 2020
			Completion of the Strategic Procurement Objectives – Road to Excellence	October 2019
			Assess the impact of NDIS/Home Community Support funding changes and develop response strategy	December 2019
			Review Grant Management Process	December 2019
			Undertake independent assessment of financial sustainability	September 2019
			Project Management Improvement Project - Reviewing the link between the budget bid project brief and Project Management Methodology	December 2019
7.	Governance frameworks, systems and processes are inadequate to ensure robust decision making	MEDIUM	OCI/LSI Action Plans	Ongoing
			Review of staff recognition framework	December 2019
			Complete Implementation of the Change Management Framework and Program	December 2020
			Completion of relevant agreed actions arising out of the Business Systems and Solutions audit	Various
			Project Management Improvement Program	September 2019
			Delivery of relevant links to the Smart Salisbury Steering Group framework	TBC
8.	Organisation suffers detriment as a result of fraud,	HIGH	Develop a consistent , usable risk management framework to encourage and inform risk management at the CoS	Ongoing

STRATEGIC RISK REGISTER – TREATMENT PLAN SUMMARY

	misconduct or maladministration			
			Implement updated version of Control Track	Complete
9.	Failure to ensure a safe working environment	HIGH	Enhance the awareness of reporting obligations across the organisation through the existing Code of Conduct staff awareness sessions.	Complete
			Completion of WHS and IM Business Plan Programs Includes: Program 1: Commitment & Policy - involves the review of 12 WHS policies and procedures between October 2018 and September 2019	September 2019
			Program 3: Implementation (Hazard Management) – involves completion of hazard mapping, development of Safe Work Method Statements and Work Instructions, development of common 'critical' hazards, staff training in Skytrust, conduct of risk assessments and review of Work Site Risk Assessment process used by City Infrastructure. Completion dates range from 22/12/2018 to 20/12/2019	December 2019
			Program 4: Implementation (WHS Training) – involves development of training/induction modules, consultation with City Infrastructure to review current assessments, and completion of actions related to operator verification of competence. Completion dates range from 30/11/2018 to 30/11/2019	November 2019
10.	Lack of alignment and integrity of IT systems and business processes for support of business needs	HIGH	Delivery of IS Strategy 2014-17 and the projects that are a part of it	December 2019
			Develop digital strategy to enhance engagement with community and customer service	September 2019
			Delivery of the IT component of the Community Hub	August 2019
			Delivery of relevant aspects of the Smart Salisbury governance structure	October 2019

Risk Management and Internal Controls Activities – July 2019 to June 2020   v1.0

Annual Plan - July 2019 to June 2020					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress
External Audit of financial internal controls	Internal Controls	External	In progress	This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work.	The final report from the external auditors will be delivered at the October 2019 meeting of the Audit Committee as a separate report. The interim report appears as item 4.2.1 on the agenda for the July 2019 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.	Control self-assessments are performed in preparation for the performance by the external auditors of their review of the financial internal controls. This task will be commenced in approximately March 2020.
Cash Management	Internal Controls	Internal	In progress	This work needs to be completed annually as a part of the financial internal controls framework; it includes the end of year reconciliations of petty cash and till floats.	The petty cash and till float reconciliations will be performed in July 2019 for the 2018/2019 period to substantiate the information to be contained within the Annual Financial Statements.

Item 4.2.5 - Attachment 3 - Proposed Risk Management and Internal Controls Activities for 2019/2020

Risk Management and Internal Controls Activities – July 2019 to June 2020   v1.0

Annual Plan - July 2019 to June 2020					
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
Report on the findings of the Audit Committee self-assessments	Internal Controls	Internal	Not yet commenced	The annual self-assessment reviews the performance of the Audit Committee.	The next self assessment of the Audit Committee will be performed following the October 2019 Audit Committee meeting in order to allow for a full year to have elapsed following the November 2018 elections.
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 new *Public Interest Disclosure Act 2018* (PID Act) came into effect on 1 July 2019 and establishes a scheme that encourages and supports the appropriate disclosure of public interest information, while also providing protections for those who make disclosures. The finalisation of the PID Act means that the Fraud and Corruption Strategy should now be reviewed including the preparation of a policy and procedure to replace the Whistleblowers Protection Policy. The PID Act repealed the *Whistleblower Protection Act 1993.*

Risk Management and Internal Controls Activities – July 2019 to June 2020   v1.0

Annual Plan - July 2019 to June 2020					
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	Not yet commenced	The LGA MLS conduct a biennial Risk Evaluation of Council's risk management frameworks and associated processes, procedures and controls. These evaluations are compulsory for all Councils in South Australia.	The LGA MLS Risk Evaluation will be conducted between the end of August 2019 and November 2019. The report, along with Management comments will be provided to the Audit Committee upon completion.
Review of Business Continuity corporate documentation	Risk Management	External	In progress	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.	Copies of the current Business Continuity Policy, Procedure and Incident Management Plan were provided to the Local Government Risk Services in order to obtain an estimate of the time and cost associated with performing a review of the documents. A full procurement process may need to be undertaken upon receiving the indicative information.
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.	LGRS template documentation has been obtained for review and consideration.

Item 4.2.5 - Attachment 3 - Proposed Risk Management and Internal Controls Activities for 2019/2020

Risk Management and Internal Controls Activities – July 2019 to June 2020   v1.0

Annual Plan - July 2019 to June 2020					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress
Develop Operational Risk Register	Risk Management	Internal	In progress	The Operational Risk Register forms a part of the Risk Management Framework at the City of Salisbury.	Representatives from the LGRS Strategic Risk Services Team attended at CoS to perform Operational Risk Workshops with selected departments. Finalisation of those risk registers and development of registers for the remaining business units will continue.
Develop a consistent Policy Framework	Risk Management / Governance	Internal	Not yet commenced	Supports a consistent, whole of organisation approach to the documentation of policies and procedures	This task will form part of the Risk Management Program and will be commenced in the second half of 2019.
Risk maturity survey	Risk Management	Internal	In progress	Establishes a baseline of risk maturity at City of Salisbury to assist with the direction and development of the Risk Management Program.	CoS intends to utilise a tool provided by the LGRS to conduct the survey. The survey has been received and consideration of the questions has commenced prior to distribution to the General and Divisional Managers.

OUTSTANDING ACTIONS ARISING OUT OF COMPLETED INTERNAL AUDITS

Audit: Strategic Development Projects

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
1. **Quick decision emergency response process be formally documented, to address unforeseen/emergency issues arising** 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.	Manager Strategic Development Projects	30 June 2018	31 March 2019 30 June 2019 **31 December 2019**	In Progress. An emergency response process exists informally. Formal documentation of the process has been deferred due to resourcing constraints, and is to occur prior to 31 December 2019, for endorsement at Executive Committee and implementation by SDP Staff.

Item 4.2.5 - Attachment 4 - Outstanding actions arising out of internal audits

Audit: Business Systems and Solutions

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
1. **IT Steering governance committees require implementation** 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; *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.* 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; *Action: Noted – see agreed action. Application and IT Steering committees will be based on the outcome of the agreed program review actions.* and 1.c) Ensure the membership of the IT Steering Committee includes a relevant selection of City of Salisbury Executives *Action: Noted – see agreed action*	Manager, Business Systems and Solutions	30/11/2018	20/03/2019 7/06/2019 **31/12/2019**	25/01/2019 1.a and b) – Report to the Executive on 4/12/2018 recommended *"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."* 1/7/2019 1.a and b) – Report endorsed by executive and now in implementation phase. Proposed membership and all terms of reference have been created. The new tiered structure this is likely to be completed by end of 2019. 25/01/2019 1.c) Report to the Executive on 4/12/2018 recommended: *"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"*

Audit: Business Systems and Solutions

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
2. The current Disaster Recovery plans require updating to increase the likelihood of managing a disaster event 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; *Action*: Noted and agreed as recommended. 2.b) Create a DR testing regime for major systems, that supports the business's documented MAO, RPO and RTO; *Action*: Noted and agreed as recommended. 2.c) Align back-up regimes of all systems to Business Continuity plan MAO, RPO and RTO requirements. *Action*: Back up regimes will be reviewed and modified, if required.	Team Leader, Information Technology Services	30/4/2019	30/09/2019	27/03/19 – Team Leader, Information Technology services was vacant between November 2018 and March 2019. New Team Leader started on 12 March. The IT Service Delivery Manager starts on 23/04/2019 and will oversee the delivery of this action. 1/7/2019 – Work commencing July 2019 and will be actioned by Team Leader, Information Technology Systems and IT Service Delivery Manager

Audit: Business Systems and Solutions

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
3. Review of the use of generic admin accounts for applications 3.a) Replace all generic admin accounts where they are used, with named admin accounts for all systems; *Action: Noted. A review will be performed and implemented where feasible to do so.*	Team Leader, Information Technology Services	30/11/2018	30/06/2019 **30/07/2019**	27/03/19 – The issue relating to the use of the generic account noted in the audit has been resolved and this information is summarised in a report to the Audit Committee for the 9/04/2019 meeting. 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. 1/7/2019 – 3.a) This process has started and is being led by the Team Leader Information Technology Services. Work has identified the generic accounts in key systems and work is now happening to determine usage and requirements of those accounts.

Audit: Business Systems and Solutions

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
4. No Service Level Agreements, and/or Key Performance Indicator's for Business Systems and Solutions 4.a) Develop a Service Catalogue. *Action: Noted and agreed. Will be done as part of the work in 4.c.* 4.b) Define SLAs with vendors, where appropriate – agreed actions from Program Review will be implemented. *Action: Agreed actions from the Program Review will be implemented. Service levels with vendors are articulated in relevant contract documents.* 4.c) Obtain business endorsement of the Helpdesk metrics to enable the business to view the service levels provided. *Action: Noted and agreed.* 4.d) Implement KPIs as documented in the Program Review, in consultation with key application owners, and other stakeholders in the business. *Action: Noted and agreed. See response to recommendations in 1.a.* 4.e) Re-introduce the previously documented tools for control from the previous IT Strategy 2014-17 to provide a baseline to measure of the operational activities of the team – such as 3.1 IT Principles, - *Agreed. The document will be updated* 3.4 IT Metrics, - *Agreed. The document will be updated as part of section 14 below.* 6.4 Governance Framework, - *Noted. Will be considered as part of the action detailed in 1.a.*	4.a) –c.) Team Leader Service Desk 4.d) Manager Business Systems and Solutions 4.e) Team Leader, Information Technology Services	30/11/2018 28/2/2019 28/2/2019 30/11/2018 30/6/2018	30/09/2019 30/09/2019 30/09/2019 30/09/2019 30/11/2018 **30/09/2019**	27/03/2019 – The IT Service Delivery Manager starts on 23/04/2019 and will oversee the delivery of the actions in this section. 1/7/2019 – Data capture work has commenced to be used in the resulting documentation prior to endorsement and implementation.

Audit: Business Systems and Solutions

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
4.f) Build the reporting of KPI's and other operational controls into the Terms of Reference of the Steering Committees **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.* 4.g) Promote and display the level of service provided by the Helpdesk against the agreed business metrics **Action.** *Noted and agreed. As above at 4.f.* 4.h) Collate regular surveys as a standard measurement of Business Systems and Solutions performance, at least every 18 months **Action**: *Noted. As above at 4.f.* 4.i) Include checkpoint surveys periodically for Helpdesk calls to trace ongoing customer satisfaction. **Action**: *Noted and agreed. As above at 4.f.*	4.f) - .i) Team Leader Service Desk	4.f) - .i) 28/2/2019	30/09/2019	

Audit: Business Systems and Solutions

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
5. Maintain an up to date application register to reduce security risk and upgrade costs 5.a) Re-instate the centralised application and technology support matrix / register, including the version number currently used, the latest version released by the vendor, timescales for the life of vendor support, issues and reasons for not upgrading to the latest version and any vendor arrangements. *Action: Noted and agreed. These documents are in use and will be updated. This will form part of the information contained in the Service Catalogue*	5a.) Team Leader Service Desk	30/6/2018	30/09/2018 30/11/2018 28/03/2019 28/06/2019 **30/09/2019**	23/03/2019 – Work to identify the functional owners of applications has almost been completed and will be summarised in a report to the Executive in May 2019. BS&S will then work with application owners to agree the relevant version of each application, subject to business process needs.
5.b) Determine if a policy or position is necessary for keeping software current. (e.g. No system will be x versions behind the latest version) - A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document. *Action: A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.*	5.b) Manager Business Systems and Solutions	30/9/2018	30/11/2018 28/03/2019 28/06/2019 **30/09/2019**	1/7/2019 – Work to identify the functional owners of applications has almost been completed and will be summarised in a report to the Executive in August 2019. BS&S will then work with application owners to agree the relevant version of each application, subject to business process needs.
5.c) Once the application and support matrix / register has been re-introduced, complete a review of all major systems to determine potential upgrade projects required. *Action: Noted and agreed. A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.*	5.c) Manager Business Systems and Solutions	30/9/2018	30/11/2018 28/03/2019 28/06/2019 **30/09/2019**	25/01/2019 5.c) In progress see comment for 5.a) above

Audit: Business Systems and Solutions

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
6. Continued focus is required on aligning business applications to business needs 6.a) Improve resource management and the visibility of allocated BSS resources to manage business expectations. *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.* 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. *Action: Noted. This will be reviewed and considered.* 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). *Action: Noted and agreed.* 6.d) Develop a BSS Service Catalogue and promote throughout the organisation. *Action: Noted. Refer section 4. Service Catalogue will cover the information technology-related aspects of BSS* 6.e) Following the release of the digital strategy, ensure the BSS assessments from the Bid System include an assessment of the alignment of the proposal to the digital strategy. *Action: Noted and agreed. This will be discussed and agreed with the relevant divisional manager responsible for the bid system.*	6a.)-c.) Team Leader, Planning and Business Engagement Services 6d.) Team Leader Service Desk 6.e) Manager Business Systems and Solutions	30/6/2018 30/11/2018 28/02/2019	30/11/2018 30/05/2019 **31/12/2019** 28/02/2019 **30/09/2019** 30/09/2019	23/03/2019 – 6 (a): A process has been initiated to identify time spent by key resources with BS&S to understand what initiatives are being worked on and to align them with organisational projects and initiatives 1/7/2019 – 6.a): We have a better understanding of what key staff are focuses on and are now looking at which toolset would be best to share and manage this information. 1/7/2019 – 6.c): Proposing to change application steering committees, replacing with technology sub-committees under the new governance framework. These will be functional sub committees rather than specific applications 27/03/2019 – 6 (d): Information collated as part of the activity relating to the ownership of applications will be used as the base for the service catalogue. This work will be led by the IT Service Delivery Manager.

Audit: Business Systems and Solutions

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
6.f) Review the success of the Business Engagement Group over time and realign the Terms of Reference, if required. *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.*	6f.) Team Leader Planning and Business Engagement	30/6/2018	30/06/2019 **28/2/2020**	1/7/2019 – The engagement process for the organisation has been implemented since Nov 2018 and will be reviewed in Feb 2020.
7. Greater awareness is required of the ownership of systems and roles and responsibilities for applications 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. *Action: Noted. This process will be done for all major corporate applications. Follow the example of management and support structure for Empower.* 7.b) Ensure there is clear ownership of applications. *Action: Refer comments for 7.a).*	7a.)-b.) Team Leader Information Technology Services	28/2/2019 28/2/2019	31/05/2019 **30/09/2019** 31/05/2019 **30/09/2019**	23/03/2019 – 7 (a) and 9b): BS&S has coordinated a process that has engaged with all divisional managers to identify the functional owners of business systems and solutions. The outcome of this work will be presented to the Executive in May 2019. 1/7/2019 – 7 (a) and 9b): BS&S has coordinated a process that has engaged with all divisional managers to identify the functional owners of business systems and solutions. The outcome of this work will be presented to the Executive in August 2019.

Item 4.2.5 - Attachment 4 - Outstanding actions arising out of internal audits

Audit: Business Systems and Solutions

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
8. Continued alignment of the Digital Strategy to the Business Strategy is required 8.a) Ensure that the Digital Strategy is able to achieve the City of Salisbury's City Plan 2030 overarching strategy and vision. *Action: Noted and agreed. Action to be passed on to the digital strategy working group.* 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. *Action: Noted and agreed.* 8.c) Ensure the IT strategy contains roadmaps and an execution plan for each system within the City of Salisbury portfolio. *Action: Noted and agreed. Information to be included in updated ICT Strategy.* 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; *Action: Noted and agreed. Broader than responsibility of IT function within BSS.* and 8.e) Define a program of work to deliver the Digital Strategy. *Action: Noted and agreed. Broader than responsibility of IT function within BSS.*	8.a)-.e) Manager Business Systems and Solutions	30/11/2018	30/03/2019 28/06/2019 **30/11/2019**	27/03/2018 – Community engagement relating to the draft digital strategy is scheduled for May 2019, with a report to the Executive on the proposed digital strategy scheduled for June 2019. 27/03/2019 – The IT Implementation plan will be developed in parallel with the digital strategy and presented to the Executive in June 2019. 1/7/2019 – Community engagement relating to the draft digital strategy is scheduled for Sept 2019, with a report to the Executive on the proposed digital strategy scheduled for Oct 2019. The IT Implementation plan will be developed in parallel with the digital strategy and presented to the Executive in Oct 2019

Audit: Business Systems and Solutions

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
9. Improve project management rigour 9.c) Ensure there are templates for use by BSS for projects, developed in alignment with the overall Project Management methodology of the Council *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.*	9.c) Team Leader Planning and Business Engagement	30/6/2018	30/11/2018	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. 1/7/2019: 9.c) We are currently using the published project management templates ensuring that projects run by BS&S align with the overall project management methodology. There have been many BA templates created and now in use that are used to help in the completion of these templates. This is now complete as it is ongoing and evolving along with the overall project management methodology. COMPLETE

Audit: Business Systems and Solutions

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
10. A formal change framework is required 10.a) Implement a formal CAB – recommendation to be raised with the Change Management Group. *Action: Noted. This recommendation will be raised with the Change Management Group.* 10.b) Document the CAB processes – Subject to the outcome of 10a. *Action: Noted. Subject to the outcome of 10.a)* 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. *Action: Noted. Subject to the outcome of 10.a)*	10.a) - .c) IT Service Delivery Manager	30/11/2018	30/09/2019	1/7/2019 10.a): Work has begun on this with the development of a peer review process prior to change implementation. Still on track for target date.

ITEM	4.2.6
	AUDIT COMMITTEE
DATE	09 July 2019
HEADING	Update on Internal Audit Plan
AUTHOR	Robert Constance, Audit & Risk Coordinator, 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 Audit Committee in February 2019.

RECOMMENDATION

1. That the updates made to the 2018 - 2020 Internal Audit Plan as set out in Attachment 1 to this report (Item 4.2.6, Audit Committee, 09/07/2019) be endorsed and forwarded to Council for adoption.

ATTACHMENTS

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

1. Internal Audit Plan 2018 - 2020
2. Strategic Risk Register

1. BACKGROUND

1.1 The Audit Committee held discussions on the 9th of April 2019 regarding suggested areas of focus for audit projects in 2020 and beyond. This discussion has in part informed the development of the risk based Internal Audit Plan for 2020 and beyond, which is presented for endorsement by the Audit Committee in Attachment 1.

1.2 Attachment 1 to this report details the internal audit work to be undertaken for the period commencing 1 January 2018 up to, and including, 31 December 2020. 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. The Strategic Risk Register is provided as Attachment 2.

1.3 This report provides progress updates to the Internal Audit Plan since it was last presented to the Audit Committee in April 2019.

2. REPORT

2.1 The Internal Audit Plan Update

2.1.1 Annual Petty Cash Audit – Cash Confirmations and reconciliations of all City of Salisbury cash holdings are to be completed as at the 28th June 2019. Custodian questionnaires have been completed with all petty cash custodians. Compilation of any findings will be finalised upon receipt of confirmation from the custodians and reported to the General Manager of Business Excellence Mr C Mansueto.

2.1.2 Financial Sustainability – Galpins Accountants, Auditors & Business Consultants have been engaged to undertake the audit. Onsite work was completed Wednesday the 19th of June. Interim Management report is attached.

2.1.3 Contract Management – Request for quote documents have been emailed to tenderers, closing date is the 16th of July. Audit to be scheduled for August 2019.

2.1.4 Asset Management – Request for quote documents have been emailed to tenderers, closing date is the 16th of July. Audit to be scheduled for September/October 2019.

2.1.5 Contaminated Sites –Scope document is being raised. The audit will be performed by an external audit partner sourced through a tender process. The audit will be performed during the months of September/October 2019

2.1.6 Data Governance – Scope document is being raised. Audit will be performed by an external audit partner sourced through a tender process. The audit will be performed during the months of September/October 2019.

2.1.7 Incident Management – Scope document is being raised. The audit will be performed by an external audit partner sourced through a tender process. The audit will be performed during the months of October and November 2019.

2.2 Internal Audit Plan

2.2.1 As at Committee meeting 9th of April 2019 the Audit Committee members provided a number of suggestions for future audit project topics.

2.2.2 This discussion has assisted the development of the risk based Internal Audit Plan for 2018 - 2020, which is presented for endorsement.

- Complaint Handling;

- Work Health Safety Deep dive;

- IT Disaster Recovery;

- Post implementation review of the Hub: and

- Capital Works Projects.

2.2.3 The Audit Plan of 2017 – 2019 has been updated and is now for the 2018 – 2020. As the 2017 audit topics have been completed, 2017 has been removed from the previous plan. The updated audit plan also identified indicative topics for 2021 and 2022.

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 April 2019.

3.2 This report seeks Audit Committee endorsement of the proposed 2018 – 2020 Audit Plan.

CO-ORDINATION

Officer:
Date:

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

Audit Ref	Strategic Risk Number	Risk Description	Inherent Risk	Residual Risk	People & Culture	Community Planning & Vitality	Community Capacity & Learning	Governance	Technical Services	Business Systems and Solutions	Business Support	Environmental Health & Safety	Projects	Strategic Development Projects	Financial Services	Communications & Customer R	Salisbury Water	Factors for Potential Inclusion or Exclusion from Internal Audit activity, including Program Review findings	Areas of focus for the audit	Performance, compliance or risk-based audit?	2018	2019	2020	2021	2022
1	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	●				
2	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	●				
3	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.		●				
	5	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	Medium																Risk-Based					
4	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	●				
5	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		●			
6	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		●			
7	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			●			
	10	Lack of alignment and integrity of IT Systems and business processes for support of business needs	Very High	High																Risk-Based					
8	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	●	●	●					●							**Incident Management Framework** Assurance on the adequacy of the City of Salisbury Incident Management Framework	Risk-Based		●			
9	6	City of Salisbury financial sustainability is compromised	High	High					●	●	●				●				**Asset Management** Review of the proposed processes and system changes in asset management operationalisation.	Risk-Based		●			
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	9	Failure to ensure a safe working environment		High	●							●	●						**Work Health Safety** WHS Deep Dive to provide assurance that CoS can demonstrate sufficient governance and risk management is established to comply with WHS legislative obligations.	Risk-Based & Compliance			●		
12	10	Lack of alignment and integrity of IT Systems and business processes for support of business needs	Very High	High						●	●								**IT Disaster Recovery** To provide assurance that in the case of an unforeseen event that the governance and risk management in regard to IT Disaster recovery is sufficiently robust to mitigate the potential of data loss.	Risk Based			●		
13	6	City of Salisbury financial sustainability is compromised	High	High	●	●	●	●	●	●	●	●	●	●	●	●			**Post Implementation Review of The Hub** The post Hub review is to provide assurance that the full benefits have been realised.	Risk Based			●		
14	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium								●							**Capital Works Projects** Assurance on the effectiveness of the processes that are in place to manage risks on capital works projects.	Risk Based			●		

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

Audit Ref	Strategic Risk Number	Risk Description	Inherent Risk	Residual Risk	People & Culture	Community Planning & Vitality	Community Capacity & Learning	Governance	Technical Services	Business Systems and Solutions	Business Support	Environmental Health & Safety	Projects	Strategic Development Projects	Financial Services	Communications & Customer R	Salisbury Water	Factors for Potential Inclusion or Exclusion from Internal Audit activity, including Program Review findings	Areas of focus for the audit	Performance, compliance or risk-based audit?	2018	2019	2020	2021	2022
15	6	City of Salisbury financial sustainability is compromised	High	High				●		●	●				●				**Procurement** To provide assurance that the the procurement process has sufficient established governance and risk management to prevent a strain on councils ongoing sustainability.	Risk Based				●	
16	10	Lack of alignment and integrity of IT Systems and business processes for support of business needs	Very High	High						●	●								**Cyber Security** To provide assurance that governance and risk management is sufficient to mitigate the likelihood and impact of a cyber attack incident.	Risk Based				●	
17	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium	●			●	●										**Volunteers** Audit is to provide assurance on the established processes in regard to the management of volunteers. (Area of focus will be recruitment, management, grievences, induction, acknowledgement).	Risk Based and Compliance				●	
18	8	Organisation suffers deteriment as a result of fraud, misconduct or maladministration	High	High	●										●				**Payroll** Audit is to provide assurance that the governance and risk management is sufficiently robust to prevent, identify and correct the potential for fraud and corruption within the payroll processes and systems.	Risk Based and Compliance				●	
19	3	Lack of management of public and environmental health risks	High	High			●												**Food Safety** Audit is to provide assurance that there is sufficiently robust governance and risk management in place to mitigate any public or environmental health risks relating to food safety.	Risk Based and Compliance				●	
20	6	City of Salisbury financial sustainability is compromised	High	High					●						●	●			**Fleet and Heavy Vehicle Management** This audit is to provide assurance that the the established governance and risk management is sufficiently robust to protect and ensure the viability of the fleet and Heavy vehicles assets.	Risk Based					●
21	10	Lack of alignment and integrity of IT Systems and business processes for support of business needs	Very High	High						●	●								**IT Investment Strategy** Audit is to provide assurance that the strategy around IT investment is sufficiently robust to support the current business requirements and continuous improvement initiatives.	Risk Based					●
22	8	Organisation suffers deteriment as a result of fraud, misconduct or maladministration	High	High	●					●	●	●							**High Value & Portable Asset review** Audit is to provide assurance that the established governance and risk management is sufficiently robust to manage and protect these assets.	Risk Based					●

Item 4.2.6 - Attachment 1 - Internal Audit Plan 2018 - 2020

Internal Audit Plans - 1yr and 3 yrs - 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	
1	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
2	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				●	RFQ Tender closes 16th July 2019 for Completion in August 2019
3	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			●		The scope document is being prepared in consultation with the business.
4	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				●	Galpin appointed, site visit completed June 2019

Item 4.2.6 - Attachment 1 - Internal Audit Plan 2018 - 2020

Internal Audit Plans - 1yr and 3 yrs - 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	
5	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			●		Scope document being drafted
6	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			●		Deferred to 2nd Quarter of 2020
7	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				●	Scope document being completed in consultation with the business.
8	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				●	Scope document being completed.
9	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				●	RFQ Tender closes 16th July for completion by September/October 2019

Item 4.2.6 - Attachment 1 - Internal Audit Plan 2018 - 2020

Internal Audit Plans - 1yr and 3 yrs - 3rd Year Plan

Audit Ref	Strategic Risk Numbers	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2020				Current Status
					Q1	Q2	Q3	Q4	
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		●			Work yet to commence
11	# 9	WHS Deep Dive	There is a risk that City of Salisbury fail to ensure a safe working environment. This review is to provide assurance that the City of Salisbury can demonstrate sufficient governance and risk management is established to comply with the Work Health Safety legislative obligations.	Co-Sourced	●				Work yet to commence
12	# 10	IT Disaster Recovery	There is a risk that there is a lack of alignment and Integrity of IT systems to support the business. This review is to provide assurance that in the case of an unforeseen event that the governance and risk management in regard to IT Disaster Recovery is sufficiently robust to mitigate the potential of data loss.	Co-Sourced		●			Work yet to commence
13	# 6	Post implementation review of Hub	There is a risk that financial sustainability is compromised. The new Salisbury Hub is a major investment and project undertaken by the Council. This post Hub implementation review is to provide assurance that full benefits have been realised.	Co-Sourced			●		Work yet to commence
14	# 7	Capital Works Projects	The City of Salisbury undertakes aproximately 700 capital works projects with a value exceeding $40m each year. This audit is to provide assurance that risks are being managed effectively and that the findings and recommendations of the April 2018 have been adopted or addressed to enhance the capital works processes.	Co-Sourced			●		Work yet to commence

Indicative Internal Audit Plan - 2021

Audit Ref	Strategic Risk Numbers	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2021				Current Status
					Q1	Q2	Q3	Q4	
15	# 6	Procurement	There is a risk that financial sustainability is compromised. This audit is to provide assurance that the procurement process has sufficiently robust governance and risk management in place to mitigate against any compromising strain on the Council financial sustainability.	Co-Sourced	●				Work yet to commence
16	# 10	Cyber Security	There is a risk that the lack of alignment and integrity of IT systems to support business needs. This audit is to provide assurance that there is sufficient established governance and risk management in place to reduce both the likelihood and consequence of a cyber-attack incident.	Co-Sourced	●				Work yet to commence
17	# 7	Volunteers	There is a risk that Governance frameworks, systems and business processes are inadequate to ensure robust decision making. Volunteers are a major resource utilised by the City of Salisbury to assist with the delivery of community services. This review will provide assurance that the processes for managing volunteers are robust.	Internal		●			Work yet to commence
18	# 8	Payroll	There is a risk that the City of Salisbury suffers detriment as a result of fraud misconduct or mal-administration. This review will provide assurance that there is sufficient governance and risk management in place to prevent, identify and correct the potential for fraudulent activities associated with the payroll processes and systems.	Internal		●			Work yet to commence
19	# 3	Food Safety	There is a risk that the community experiences illness or injury due to the City of Salisbury's lack of management of public and environmental health risks. This review is to provide assurance that there is sufficient governance and risk management in place to mitigate any public or environmental health risks relating to food safety.	Co-Sourced			●		Work yet to commence

Item 4.2.6 - Attachment 1 - Internal Audit Plan 2018 - 2020

Indicative Internal Audit Plan - 2022

Audit Ref	Strategic Risk Numbers	Internal Audit Project	Rationale for Audit	Internal / External or Co-	2022				Current Status
					Q1	Q2	Q3	Q4	
20	# 6	Fleet and Heavy Vehicle Management	There is a risk that financial sustainability is compromised. The City of Salisbury owns and operates a significant fleet of vehicles, there is a risk that the mismanagement of this fleet causes inefficiencies in regard to productivity and negative cost impact. This review is to provide assurance that the established governance and risk management in regard to management of this fleet is sufficiently robust to protect the viability of these assets.	Co-Sourced	●				Work yet to commence
21	# 10	IT Investment Strategy	There is a risk that there is a lack of alignment and Integrity of IT systems to support the business. The City of Salisbury has significant reliance upon technology to maintain and drive business requirements and efficiency gains. This review is to provide assurance that the strategy around IT Investment is sufficiently robust to support the current business requirements and continuous improvement initiatives.	Co-Sourced		●			Work yet to commence
22	# 8	High Value & Portable Asset review	There is a risk that the organisation suffers detriment as a result of fraud, misconduct or maladministration or that the financial sustainability is compromised. The City of Salisbury owns and operates a significant portfolio of High Value and Portable assets, there is a risk that these assets may have the potential for theft, loss or misappropriation. This review is to provide assurance that the governance and risk management in place is sufficietly robust to manage these assets.	Internal		●			Work yet to commence

Strategic Risk Register   **v2.18 March 2019**

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):**
• 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	• 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):

• Business Continuity Framework, 4 • Business Continuity Plans, 4 • Business Continuity Plan tests and walkthroughs (alternating annually), 4 • Incident Management Team identified and trained, 4 • Systems and processes to support response to BC event (e.g. staff contact information reports), 5	• Business Continuity designed into new Community Hub, 4 • IT Disaster Recovery Plan in place, 2 • 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

1

Strategic Risk Register   **v2.18 March 2019**

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):	
• Inadequate monitoring plans and sample testing • Failure to respond appropriately in the event of contamination • Wet weather could hamper clean-up operations or contribute to a contamination event	• Financial cost of replacing supply with SA Water and clean-up costs • Legal cost of failure to deliver a water supply in line with contract • Political/Public reputational damage	• 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):

• Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced, 4 includes:

  • 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 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

• Review of Risk Based Management Plan every five years, 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:**
Conduct the five year review of the Risk Based Management Plan	Manager Salisbury Water	Complete

2

Strategic Risk Register   **v2.18 March 2019**

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):
• Inadequate management, monitoring or testing • Failure to respond appropriately in the event of an incident	• Legal cost of failure to prevent a health and safety incident • Political/Public reputational 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):

• Public Health Policies and Procedures, 4 • Immunisation Services, 5 • Animal Management Plan, 5 • Regional Health Plan, 5 • General Inspections, 5 • Dog Patrols, 5	• Food Act administration, 4 • Employee Media Policy and Procedure and Elected Member Media Policy, 4 • SA Public Health Act enforcement, 5 • Dog and Cat Management Act enforcement, 5 • Infrastructure maintenance activities, 5 • Mosquito Control Program, 4

Likelihood: Possible	**Consequence:** Major	*Residual* **Risk Rating: High**	Is the Residual Risk as low as reasonably practicable? Yes

Treatment Plan:	Responsibility:	Target Completion Date:
Completion of agreed actions arising out of the Public and Environmental Health audit	Manager Environmental Health & Safety	Complete

3

Strategic Risk Register   v2.18 March 2019

4	**Event Description:** Inadequate response to a major incident at a Council run community event, that affects public and staff safety

City Plan link: The Liveable City, Enabling Excellence

Description: CoS experiences 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 run community event.*

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

Contributory Factors ("root" causes / how and why the event arises):	Impacts (risks):
• Inadequate procedures and plans in place to prevent incidents • Failure to respond appropriately in the event of an incident • Lack of asset management and maintenance • 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) • Increased expectations regarding the assistance provided in the delivery of events by CoS or by external agencies	• 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):

• 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 • Council grants permits for booking Council assets, 4 • Risk assessments performed for community events, 4	• Asset management plans, 4 • Business Continuity Framework, 4 • BCP test/walk through, 4 • Zone Emergency Management Committee – Northern Area, 5 • Event Management Plans, 4 • Event Management Guidelines, 4 • Decision made by Council regarding CoS events calendar and resourcing, 4 • Project plan / checklist for each community event, 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:
Training for staff and community on risk identification and due diligence assessment documentation.	GM Community Development / Manager Community Planning and Vitality	30 June 2019

4

Strategic Risk Register   **v2.18 March 2019**

Formal identification of all stakeholders across CoS who are owners of events	GM Community Development / Manager Community Planning and Vitality	31 May 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	7 June 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	30 June 2019
Review sponsorship agreements	GM Community Development / Manager Community Planning and Vitality	30 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	30 June 2019

*It has been 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

5

Strategic Risk Register   v2.18 March 2019

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, including climate change, 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):
• Inadequate understanding and planning for factors impacting the environment • Failure to consider environmental consequences when planning and designing infrastructure • Inadequate one in 100 year flood & Probable Maximum 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 • Inadequate understanding of and planning for the impact of climate change on City infrastructure and assets • 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	• 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: 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):

• 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 • One in 100 year flood and Probable Maximum 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	• 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: Unlikely	Consequence: Major	*Residual* Risk Rating: Medium	Is the Residual Risk as low as reasonably practicable? No

Treatment Plan:	Responsibility:	Target Completion Date:

6

Strategic Risk Register   **v2.18 March 2019**

Update flood mapping periodically and communicate as necessary Updated flood modelling and mapping with risk indicators, and preparation of Community Engagement Strategy completed. 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 Flood Planning Discussion Paper and Update of Council's Flood Management Strategy – Works and Services Committee 16/4/2018)	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 which includes the: • Future Directions for Community Hubs; • Future Directions for Indoor Facilities; • Place Activation Plan; and • Future Direction for Libraries and Community Centres	GM Community Development	Complete Complete 31 May 2019 Complete

7

Strategic Risk Register   v2.18 March 2019

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):

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

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

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

• Long term financial planning, 5 • Asset Management Plans, 4 • Quarterly Budget Review, 5 • Annual Plan and Annual Report (reviewed by Audit Committee), 5 • Elected Member Briefings, 5 • Prudential Reviews, 5 • Regular reviews of rating system fairness and equity, 4 • Grant Management Process, 3 • Budget & Finance Committee, 4	• Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, NAWMA, Salisbury Memorial Park), 4 • Program Review, 4 • Budget Policies and Procedures, 5 • Business Case Modelling, 4 • Growth Action Plan, 4 • Business Support Agenda, 4 • 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	31 December 2019
Review Grant Management Process	GM Business Excellence	30 June 2019

8

Strategic Risk Register   **v2.18 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	31 December 2019

9

Strategic Risk Register   **v2.18 March 2019**

7	**Event Description:** Governance frameworks, systems and business 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):

- 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
- Intense period of organisational change and transformation

- 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.
- Insufficient prioritisation of projects and resource scoping
- Projects approved are not consistent with the strategic direction of CoS

Impacts (risks):

- Organisational performance is not adequately measured and therefore cannot be managed
- Organisational plans and strategies are not achieved
- Organisational resources are not used effectively
- Organisational plans and strategies are not valued or desired by the community
- Organisational plans and strategies are not delivered in a way that is consistent with the organisational values
- Lack of customer / community engagement
- Lack of employee engagement and commitment to City objectives
- Poor customer service
- Council lacks a coherent direction
- Failure to meet legislative obligations
- Not meeting community needs
- Political/Public reputational damage
- Poor organisational performance
- Negative impact on staff health and wellbeing

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

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

- Budget Process, 5
- Annual Plan and Annual Report (Reviewed by Audit Committee), 5
- City Plan – reviewed and approved by elected members, 5
- Customer Service Framework, 4
- Monthly Strategic Executive Group meetings, 4
- New Initiative Bid documentation - alignment to City Plan, 4

- Strategic Planning and Accountability, 4
- Community Engagement Framework, 4
- Review of City Plan every 4 years, 5
- Project Management Methodology, 3
- Bi-annual customer satisfaction survey, 4
- Business case development for aged care schemes, 4
- Hub Project Governance Framework, 4
- Hub Readiness Project, 4
- Change Management agenda, 4

- Program Reviews, 4
- CEO Review, 4
- Performance and Development Plans (PDP's), 4
- Governance Framework and Statement, 5
- Delivery of IT support through BSS division, 4

- OCI/ABEF survey process, 4
- Strategic Project Reporting, 4
- Skilled and experienced staff, 4
- Contract Management, 4
- Infrastructure Maintenance Activities, 5
- Succession Planning, 4
- LG Performance 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 2019
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 Program	GM City Infrastructure and GM Business Excellence	31 December 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):
• Inadequate financial internal controls preventing or detecting fraud, misconduct and maladministration • Leadership fails to demonstrate, reinforce and address non ethical behaviours and conduct • 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	• 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):	
• Employee Conduct 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 • Employee 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 • Completion by leaders of New Employee or Staff Movement System Access Authorisation Form when new starters commence or staff move within CoS, 4 • Segregation of access within business systems, 4

Likelihood: Possible	Consequence: Moderate	*Residual* Risk Rating: High	Is the Residual Risk as low as reasonably practicable? Yes

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. 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.

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

Contributory Factors ("root" causes / how and why the event arises):	Impacts (risks):	
• Inadequate controls in place to prevent incidents occurring • Insufficient reporting of incidents and near misses • Safe work practices not documented or communicated to employees • Inadequate induction, training and supervision • Inadequate hazard management system • Organisational safety attitude does not recognise the importance of following WHS policies and procedures	• An employee, contractor, volunteer or elected member is injured or dies as a result of a preventable incident or accident • Potential financial consequences for the City of an incident affecting a member of staff including; medical/rehabilitation expenses, injury compensation claim, legal expenses, fines • Regulatory censure including a SafeWork SA Prohibition Notice, Improvement Notice or prosecution/conviction	• Legal consequences for senior management should policies and procedures be determined as inadequate by SafeWork SA. • Organisational reputation is damaged through the failure to prevent an accident or injury occurring at work • Scheme losing self-insured status and resultant lack of financial sustainability

Likelihood: Almost Certain	**Consequence:** Catastrophic	*Inherent* Risk Rating: Very High

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

• WHS training and e-learning (mandatorily required for all employees on commencement of employment and thereafter 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	• 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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Completion of WHS and IM Business Plan Programs Includes: Program 1: Commitment & Policy - involves the review of 12 WHS policies and procedures between October 2018 and September 2019	Manager People and Culture	30 September 2019
Program 3: Implementation (Hazard Management) – involves completion of hazard mapping, development of Safe Work Method Statements and Work Instructions, development of common 'critical' hazards, staff training in Skytrust, conduct of risk assessments and review of Work Site Risk Assessment process used by City Infrastructure. Completion dates range from 22/12/2018 to 20/12/2019		20 December 2019
Program 4: Implementation (WHS Training) – involves development of training/induction modules, consultation with City Infrastructure to review current assessments, and completion of actions related to operator verification of competence. Completion dates range from 30/11/2018 to 30/11/2019		30 November 2019

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10	Event Description:	Lack of alignment and integrity of IT systems to support 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):
• 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 systems • Lack of business engagement and clarity of roles • External pressure for changes to systems • Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs • Lack of monitoring of cybersecurity threats to organisational assets • Lack of communication/training for all staff regarding information security • Information to facilitate action during a cybersecurity incident is not available	• Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure • Council operations pause resulting in financial loss • Failure to adapt to a changing external environment • Inefficient and ineffective use of organisational resources • Poor service delivery • Political/Public 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):

• IT Governance Framework, 3 • Programmed testing of systems for security and reliability, 4 • Information Security Policies and Procedures, 4 • Continuous Improvement Framework, 4	• IT Disaster Recovery Plan, 2 • 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: Possible	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	30 June 2019
Develop digital strategy to enhance engagement with community and customer service	Manager Business Systems and Solutions	30 June 2019
Delivery of the IT component of the Community Hub	Manager Business Systems and Solutions	30 August 2019
Delivery of relevant aspects of the Smart Salisbury governance structure	Manager Business Systems and Solutions	30 June 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.	• Unexpected/unplanned absence of a staff member. • Potential for minor injury. • First aid treatment required.	Limited disruption to service provision requiring altered operational arrangements for a short period, e.g. up to 1 day
3 Moderate	Environment, conservation, political or community incident requiring City intervention.	Moderate media interest	$100,000 - $500,000	Limited legal, regulatory or internal policy failure.	• Unexpected/unplanned absence of a key staff member. • Medical treatment required.	Some disruption to service provision capability requiring altered operational arrangements, e.g. between 1 day and 1 week.
4 Major	Medium-term issue with major environment, conservation, political or community impact.	High media interest	$500,000 - $1 million	Major legal, regulatory or internal policy failure.	• Unexpected/unplanned absence of several key staff members from a single area. • Significant injury to staff disabling them/dangerous near miss.	Significant impairment of service provision (capability or period), e.g. between 1 week and 1 month.
5 Catastrophic	Long-term issue with major environment, conservation, political or community impact.	Public censure or government inquiry	More than $1 million	Critical legal, regulatory or internal policy failure.	• Unexpected/unplanned absence of a significant number of staff, e.g. during a pandemic. • Death / critical injury to staff.	Total loss of service provision capability for extended period, e.g. more than 1 month.

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

Consequence

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Table 4 - Residual Risk Descriptors

Very High	• Risk mitigation plans required to immediately reduce current residual risk level (or where unable to reduce rating consider cessation of activity).
High	• Relevant business area to undertake regular monitoring (e.g. on a quarterly basis) of the effectiveness of current controls and assessment of residual risk required. Consideration may be given to the development and implementation of additional risk mitigation strategies.
Medium	• Periodic monitoring (e.g. at least annually) of the effectiveness of current controls and assessment of residual risk to ensure rating does not increase over time.
Low	• Consideration given to streamlining of excessive or redundant controls.

Table 5 - Control Effectiveness Ratings

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

The following defines the meaning of the control effectiveness ratings;

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

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

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

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

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

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

Source: Control Activity Owner Instruction Manual, ControlTrack®

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

No.	Risk Description	Inherent Risk Rating	Residual Risk Rating	Rating as low as reasonably practicable	Treatment Plan/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 run community event, that affects public and staff safety	Very High	High	No	Yes
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	Yes
3	Lack of management of public and environmental health risks	High	High	Yes	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 social factors on Council infrastructure, assets and services	High	Medium	No	Yes

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