



AGENDA

FOR AUDIT COMMITTEE MEETING TO BE HELD ON

18 MARCH 2020 AT 6.30 PM

**IN WITTBER & DR RUBY DAVY ROOMS, SALISBURY COMMUNITY HUB, 34
CHURCH STREET, SALISBURY**

MEMBERS

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

REQUIRED STAFF

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

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Audit Committee Meeting held on 12 November 2019.

Presentation of the Minutes of the Confidential Audit Committee Meeting held on 12 November 2019.

PRESENTATIONS

PRES1 Operational Risk Registers presentation

REPORTS

Administration

4.0.1 Future Reports for the Audit Committee of Council..... 11
4.0.2 Actions List 13
4.0.3 Alternate dates for Audit Committee meetings in 2020..... 15
4.0.4 Appointment of Deputy Chairman - Audit Committee..... 17

Reports

4.2.1 Audit Committee Self-Assessment 19
4.2.2 Contract Management Audit Report 35
4.2.3 Asset Management Audit Report 91
4.2.4 Audit Committee Work Program for 2020..... 139
4.2.5 Risk Management and Internal Controls Activities 153
4.2.6 Update on Internal Audit Plan..... 247

OTHER BUSINESS

CLOSE



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

12 NOVEMBER 2019

MEMBERS PRESENT

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

OBSERVERS

Mr David Papa, Director Assurance & Advisory, Bentleys
Mr Matthew Brunato, Manager Audit & Assurance, Bentleys
Mr Tim Muhlhausler, Partner, Galpins

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
Manager Financial Services, Ms K George
Senior Accountant, Mr T Aplin
Assistant Accountant, Ms M Hamilton

The meeting commenced at 7.15 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 9 July 2019, be taken and read as confirmed.

CARRIED

The Chairman advised members of the Committee that, subject to there being no objection, the meeting would proceed to consider those items on the agenda for which external parties were present for purposes on advising the Committee, namely item numbers 4.2.1, 4.2.2, 4.2.4 and 4.2.3.

REPORTS

4.2.1 Report to the Audit Committee for the year ended 30 June 2019, prepared by Bentleys

Mr David Papa, Director Assurance & Advisory, and Mr Matthew Brunato, Manager Audit & Assurance, Bentleys, were present to provide the Committee with an outline of the External Audit Report and respond to questions of Members.

Moved Mr C Johnson
Seconded Cr L Braun

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

CARRIED

4.2.2 End of Financial Year Statements and Analysis

Bentleys declared their independence and provided a letter of Certification of Auditor Independence.

Moved Cr L Braun
Seconded Mr C Johnson

1. The information be received.
2. In accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advises that it has reviewed the annual financial statements of the Council for the year ended 30 June 2019 and is satisfied they present fairly the state of affairs of Council.
3. In accordance with Regulation 22 of the Local Government (Financial Management) Regulations 2011 clauses (3) (a) and (4), that the Chief Executive Officer and the Chair of the City of Salisbury Audit Committee sign the statement to certify the

independence of the Council Auditor, Bentleys.

4. The draft analysis of the Annual Financial Statements, as presented in Audit Committee Item 4.2.2 November 2019 Attachment 1, be recommended by the Audit Committee for inclusion in the End of Year Financial Statements Report to Council.
5. The letter of Auditor Independence Certification be noted and received.

CARRIED

Bentleys representatives then left the meeting.

4.2.4 Financial Sustainability Audit, Final Report.

Mr Tim Muhlhausler, Partner, Galpins, provided the Committee with an overview of the Financial Sustainability Audit Report and responded to questions.

Moved Ms K Verrall
Seconded Mr C Johnson

1. That the information be received.
2. That the Audit Committee accept the final report for the Financial Sustainability Audit as set out in Attachment 1 to this report (Audit Committee item number 4.2.4, 12/11/2019) and endorse the final report for Council approval.

CARRIED

Mr Muhlhausler left the meeting.

4.2.3 Treasury Policy

Moved Cr L Braun
Seconded Mr C Johnson

1. Information be received.
2. The Audit Committee recommend the amended Treasury Policy, as set out in Attachment 1 to this report (Item 4.2.3, Audit Committee, 12/11/2019 be endorsed, noting the only change to the existing policy is a reduction in loan portfolio floor to 20%.

CARRIED

The Chairman advised members of the Committee that the meeting would now proceed to consider the remaining items on the agenda.

Administration

4.0.1 Future Reports for the Audit Committee of Council

Moved Cr L Braun
Seconded Mr C Johnson

-
1. The information be received.

8.00pm Craig Johnson left the meeting.

CARRIED

8.02pm Craig Johnson returned to the meeting.

4.0.2 Actions List

Moved Cr L Braun
Seconded Ms K Verrall

1. The information be noted.

CARRIED

4.0.3 Proposed Audit Committee meeting schedule for 2020

The committee requested, given that General Manager Business Excellence Mr C Mansueto and Ms K Verrall will be apologies and that Mr N Ediriweera indicated he may also be an apology, that the July meeting be considered for rescheduling.

The Administration will consider the agenda dates and report at the February Audit Committee meeting.

Moved Mr C Johnson
Seconded Ms K Verrall

1. That the information be received.

CARRIED

REPORTS

4.2.5 Risk Management and Internal Controls Activities

New Action Item to be raised - A presentation will be given to the Audit Committee in February 2020 on the process for creation of the Operational Risk Registers.

Consideration to be given to the IT Steering Committee action being brought forward and reported on at the February 2020 Meeting.

Committee has requested a presentation from Manager Business Systems and Solutions, Mr D Bevan to the April or June 2020 Audit Committee.

Self-Assessment Questionnaires to include a general comments section.

Moved Mr C Johnson
Seconded Ms K Verrall

1. The information be received.
2. The Update on Risk Management and Internal Controls Activities, as set out in Attachment 1 to this report (Item 4.2.5, Audit Committee, 12/11/2019) be endorsed for approval by Council.
3. The Audit Committee notes the update on outstanding actions from completed Internal Audits, as set out in Attachment 3 to this report (Item 4.2.5, Audit Committee, 12/11/2019).

CARRIED

4.2.6 Update on Internal Audit Plan

Moved Cr L Braun
Seconded Ms K Verrall

1. That the updates made to the 2018 - 2022 Internal Audit Plan as set out in Attachment 1 to this report be endorsed and forwarded to Council for adoption.

CARRIED

4.2.7 Draft 2018/19 Annual Report

The Committee requested inclusion of a short statement to reflect the Audit Committee Terms of Reference is to be included within the Draft Annual Report 2018/2019.

Moved Ms K Verrall
Seconded Cr L Braun

1. That the Draft 2018/19 Annual Report forming attachment 1 to this report be recommended to Council for endorsement, subject to any amendments by the Audit Committee.

CARRIED

OTHER BUSINESS

A-OB1 Final Audit Committee Meeting – Cr L Braun

Cr L Braun advised the Audit Committee that she has resigned as the Deputy Chairman and as an Audit Committee member. The resignation is effective as at the 1st December 2019. The Chair thanked Cr L Braun for her service to the Audit Committee.

CONFIDENTIAL ITEMS

4.4.1 External Audit Contract

Moved Cr L Braun
Seconded Ms K Verrall

1. *Pursuant to Section 90(2) and (3)(d)(i) and (d)(ii) and (k) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*
 - *commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest; and*
 - *tenders for the supply of goods, the provision of services or the carrying out of works.*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *the disclosure of the material related to the external audit contract extension could prejudice the commercial position on a third party and disclose commercial information contrary to the public interest. Tenders for the supply of goods, provision of services or the carrying out of works.*

*On that basis the public's interest is best served by not disclosing the **External Audit Contract** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED

The meeting moved into confidence at 8.43pm

The meeting moved out of confidence and closed at 8.47pm

CHAIRMAN.....

DATE.....

ITEM	4.0.1
	AUDIT COMMITTEE
DATE	18 March 2020
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: 10/03/20

ITEM	4.0.2
	AUDIT COMMITTEE
DATE	18 March 2020
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.

No	Date	Action	Owner	Due Date	Status
9.	9.7.19	A Strategic Risk Register workshop will be held with both the Audit Committee and the Council	Manager Governance	October 2019 March 2020	Complete A workshop with the Audit Committee and Council has been arranged for 17 March 2020.
11.	10.7.18	The next Audit Committee self-assessment questionnaire should be completed following the October 2019 meeting	Manager Governance	March 2020	Complete Refer agenda item 4.2.1
12.	12.11.19	Presentation to the Audit Committee on Operational Risk Register	Risk and Governance Program Manager	March 2020	Complete Presentation provided at March 2020 Audit Committee meeting
13.	12.11.19	Presentation to the Audit Committee on the progress of Business Systems and Solutions against the outstanding audit actions	Manager Business Systems and Solutions	August 2020	In progress

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	4.0.3
	AUDIT COMMITTEE
DATE	18 March 2020
HEADING	Alternate dates for Audit Committee meetings in 2020
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.
SUMMARY	At its meeting on 25 November 2019, Council endorsed the dates proposed for the Audit Committee meetings in 2020. This report proposes alternative dates for two of the Audit Committee meetings scheduled in 2020.

RECOMMENDATION

1. That the information advising that Audit Committee meeting dates have been revised to 15 April and 4 August 2020, be noted.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 At the Audit Committee meeting held on 12 November 2019, the Audit Committee was presented with the proposed Audit Committee meeting schedule for 2020.
- 1.2 The following dates were proposed for the Audit Committee meetings in 2020:
 - 1.2.1 Tuesday, 11 February 2020;
 - 1.2.2 Tuesday, 14 April 2020;
 - 1.2.3 Tuesday, 14 July 2020;
 - 1.2.4 Tuesday, 13 October 2020; and
 - 1.2.5 Tuesday, 10 November 2020.
- 1.3 Council endorsed the dates proposed for the Audit Committee at its meeting on 25 November 2019.
- 1.4 Several Committee members and members of staff indicated that they will not be available to attend the meeting scheduled for 14 July 2020.
- 1.5 The Chief Executive Officer, in consultation with the Chairman, has delegated authority to amend the 2020 Formal Meeting Schedule should the need arise.

2. REPORT

- 2.1 This report proposes alternative dates for the meetings scheduled on 14 April and 14 July 2020.
- 2.2 Due to Easter Monday falling on 13 April 2020, both the Audit Committee and sub committee meetings are scheduled to occur on Tuesday 14 April 2020. In order to address this conflict, it is proposed that the Audit Committee meeting be scheduled for 6:30pm on Wednesday 15 April 2020.
- 2.3 It is proposed that the meeting scheduled for 14 July 2020 be moved to 6:30pm on Tuesday 4 August 2020.

3. CONCLUSION / PROPOSAL

- 3.1 It is proposed that the current dates for the April 2020 and July 2020 Audit Committee meetings be rescheduled for Wednesday 15 April and Tuesday 4 August 2020 respectively.

CO-ORDINATION

Officer:
Date:

ITEM	4.0.4
	AUDIT COMMITTEE
DATE	18 March 2020
HEADING	Appointment of Deputy Chairman - Audit Committee
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	With the resignation of Cr Braun from the position of Deputy Chairman of the Audit Committee, this report provides information with respect to a new appointment for the position in accordance with the Terms of Reference of the Committee.

RECOMMENDATION

1. _____ be appointed as Deputy Chairman of the Audit Committee for the period March 2020 up to and including November 2020.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 At the 26 November 2018 Council meeting it was resolved that Cr Lisa Braun be appointed Deputy Chair of the Audit Committee for a term of two years.
- 1.2 At the 12 November 2019 meeting of the Audit Committee, Cr Braun advised of her resignation from the Committee, effective 1 December 2019.
- 1.3 In accordance with the Audit Committee Terms of Reference, the Committee is now required to make a recommendation to Council for a new appointment to the position of Deputy Chairman.

2. REPORT

- 2.1 The Terms of Reference for the Audit Committee provide:
 - 2.1.1 *The Deputy Chairman will be appointed by the Council for a term determined by the Council following a recommendation from the Audit Committee made at the April Committee meeting in the year following a General Election, or as required.*
- 2.2 The Deputy Chairman acts in the role of Chairman in their absence.
- 2.3 With the resignation of Cr Braun at the November 2019 Audit Committee, the Committee is asked to consider who should fulfill the position of Deputy Chairman of the Audit Committee.

- 2.4 It is recommended the term of the appointment expire the same month as that of the Chairman (currently scheduled to conclude November 2020). This will enable consideration of both positions at the same time.

3. CONCLUSION / PROPOSAL

- 3.1 In accordance with the Terms of Reference for the Audit Committee, the Committee is now asked to consider the position of Deputy Chairman and recommend an Audit Committee member to Council to fulfil this role and for what term.

CO-ORDINATION

Officer: Executive Group MG
Date:

ITEM	4.2.1
	AUDIT COMMITTEE
DATE	18 March 2020
HEADING	Audit Committee Self-Assessment
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.
SUMMARY	Best practice indicates that the performance of the Audit Committee should be reviewed on a regular basis. The Committee approved the process for its self-assessment at the November 2019 meeting. A self-assessment questionnaire was issued to all members of the committee. Three of the five Committee members completed and returned the questionnaire to the Risk & Governance Program Manager. This report summarises the results from the completed questionnaires.

RECOMMENDATION

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

ATTACHMENTS

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

1. Audit Committee Self Assessment Questionnaire July 2018 to December 2019

1. BACKGROUND

- 1.1 It is a facet of good governance that committee performance is regularly reviewed. To that end the City of Salisbury ("CoS") has adopted a self-assessment approach for assessing the performance of the Audit Committee of Council. At its November 2019 meeting the Committee approved the self-assessment process and the questionnaire (see Attachment 1) was issued to all members of the Audit Committee. Three of the five Audit Committee members from the period July 2018 to December 2019 completed and returned the questionnaire to the Risk & Governance Program Manager. This report summarises the findings and issues identified in the returned questionnaires.

2. REPORT

- 2.1 At the time this report was prepared, three responses to the questionnaire had been received by the Governance Division.

2.2 The self-assessment questionnaire is divided into seven sections dealing with the structure and operations of the Audit Committee. Each section has a series of questions followed by a rating box and space for comments / suggestions for improvement. The questions are rated by either answering a Yes/No question or selecting from a series of answers numbered 1 to 4. The findings and issues identified, listed by section, including where a respondent has asked a question or made a suggestion for improvement are set out below.

2.2.1 **Section A – Establishment of the Committee.** This section contains questions regarding the adequacy of the terms of reference, the skills and understanding of the Audit Committee as a whole and the integrity of the Committee.

- All members agreed that the terms of reference, skills and integrity of the Committee were adequate.
- One member queried the process of induction for the new elected member who will be joining the Audit Committee. For example, should a 30 minute meeting be arranged to introduce the new member to key documents? Crs Reynolds and Grenfell attended Audit Committee training, conducted by the LGA, on 25 February 2020. In addition, the Risk and Governance Program Manager will make contact with Cr Grenfell and ensure that she will receive appropriate induction for the Audit Committee.
- One member commented that additional Committee members with financial literacy and skills would be beneficial.
- The Administration notes that section 17(1) of the *Local Government (Financial Management) Regulations 2011* provides that the audit committee of a council must have between three and five members and must include at least 1 person who is not a member of the council and who is determined by the council to have financial experience relevant to the functions of an audit committee. The CoS audit committee currently has the maximum number of members, at five members. Consideration can be given to the independent member skill set at the conclusion of the independent member terms.

2.2.2 **Section B – Meetings.** Questions in this section focus on meeting arrangements, procedures, participation and effectiveness.

- The CoS has a set of Council endorsed meeting procedures that apply to all Council and Standing Committee meetings, such as the Audit Committee. One of the responses advised that additional training on the meeting procedures and processes in place would be beneficial.
 - a) The Administration will arrange for additional training on the CoS meeting procedures to be conducted.
- A comment was made that there needs to be a very slight increase in the focus to be more creative and encourage creative thinking to engage all parties. Consideration could be given to the thought process of how the Committee can help improve the Council.

- It was mentioned that some conversations and agreed actions that occur during the course of Committee meetings may get lost and require revisiting, and that this requires some improvement.
 - a) The Administration notes that, over the course of the previous 18 months, all actions raised during the course of meetings are being captured in the Actions List, which is presented to each Audit Committee meeting. In addition, when requested by the Committee, evidence of discussions have been recorded in the minutes. Effort will be made during the coming period to make further improvements to this process.
- It was noted that sometimes scheduling conflicts with other Council sub-committee meetings on the same night.
 - a) The Administration notes that, wherever possible, this will be avoided in 2020 and going forward.

2.2.3 **Section C – Internal Audit.** This section has questions on the role of, and access to, the internal audit function as well as activities and information in the Internal Audit Plan.

- It was agreed that the Audit Committee receives sufficient information regarding internal audits and activities in the internal audit plan and that the Internal Audit Charter provides clear and appropriate information on the role of the Internal Audit function and its relationship to the Committee.
- There was some confusion regarding the Audit Committee's access to the internal audit function.
 - a) The Administration notes that the Audit Committee is entitled to have access to the internal audit function, and can make contact with the Internal Auditor as necessary.
- It has been suggested that, at each meeting, the Committee specifically consider whether the Internal Audit Plan still addresses the areas of highest concern to Council and, if not, should the plan be adjusted?
- A comment was made that, to assist in maximising the value of external auditors assisting the internal audit program, several different auditors could be used across the audit program to provide fresh eyes and varied expertise to audits. How this is achieved, whether through the use of a panel or a policy framework that calls for no two consecutive audits to use the same audit or some other mechanism, was to be left to staff to recommend if deemed appropriate.
 - a) The Administration notes that the Governance Division follows the City of Salisbury procurement process when seeking to engage an external partner to conduct an internal audit.

2.2.4 **Section D – External Audit.** This section centres on the access the Committee has to the external auditor, the information provided by the external auditor and any subsequent discussion between the Committee and the external auditor.

- There was agreement from all responding members of the Committee that there is direct and unrestricted access to the external auditor, and that the information provided by the external auditor was understood. It was also agreed by the Committee that significant findings from the work of the external auditor were discussed.

2.2.5 **Section E – Financial Oversight.** Questions in this area address whether the annual financial statements reflect accounting principles and are complete and consistent, as well as questioning whether significant accounting and reporting issues are considered by the Committee.

- It was agreed that the Committee assesses whether the annual financial statements reflect appropriate accounting principles and are complete and consistent with the operations of the CoS.
- A comment from one respondent was that “*there is a fair reliance on management*” when assessing whether the annual financial statements reflect appropriate accounting principles.
 - a) The Administration notes that, during the period, a financial sustainability audit was performed which contained a section regarding reliability of financial information. That report noted that CoS has consistently received clean, unmodified opinions from external audit for both its financial statement and financial internal controls opinions, indicating a good level of reliability of financial information. The same result was received in the 2018/2019 external audit.
 - b) Additionally, the Committee receives comprehensive reporting from Management in relation to the financial statements.
 - c) Relevant staff members are available at Committee meetings, providing the Committee members with the opportunity to make enquiries regarding the financial statements.
 - d) Relevant financial policies have been reviewed during the period, with reports and copies of the policies provided to the Committee for consideration and endorsement.
 - e) All of this provides the Committee members with the information and resources necessary to determine if the annual financial statements reflect appropriate accounting principles.
- In relation to the question about whether the Committee reviews significant accounting and reporting issues, one respondent commented that they cannot recall this type of information other than results of financial audits, being presented to the Audit Committee. The Administration notes that, during the period, a financial sustainability audit was performed which considered and provided detailed information regarding financial sustainability ratios, surpluses, own source revenue, debt management, long term financial planning, asset planning, and the reliability of financial information. The external audit also resulted in an unqualified opinion being received from the external auditors. Significant

accounting and reporting issues, including complex or unusual transactions, are considered as part of the external audit.

2.2.6 **Section F – Risk Management.** This section assesses whether there is an effective risk management framework and senior management risk culture. It also assesses whether the Committee understand and discuss significant organisational risks.

- All members agreed that there is an effective risk management framework, that senior managers take responsibility for risks and that the Committee understands and discusses significant risks.
- One respondent commented that the risk management framework should be reviewed. The Administration notes that activity to review and develop a documented risk management framework is listed on the Risk Management and Internal Controls Annual Plan, which is presented to the Audit Committee at each meeting as an attachment to the Risk Management and Internal Controls report.

2.2.7 **Section G – Oversight of Other Activities.** This section assesses the system for reviewing outstanding actions and whether there were any further topics that the Committee should have oversight of.

- The members accepted that the system for reviewing outstanding actions is adequate.

2.2.8 **General.** This section invites respondents to make any further comments or suggestions for improvement not already covered in the other sections of the questionnaire.

- One respondent is looking forward to the insight and fresh eyes that a new member to the Audit Committee will provide in 2020.


3. CONCLUSION / PROPOSAL

3.1 Overall the Audit Committee members were satisfied with the performance of the Audit Committee in each of the sections reviewed. Some comments and suggestions for improvements were made in the questionnaires and these have been addressed in the body of this report.

CO-ORDINATION


Officer:

Date:


	1 July 2018 to 31 December 2019
Audit Committee of Council Self-Assessment Questionnaire	

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


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

	1 July 2018 to 31 December 2019
Audit Committee of Council Self-Assessment Questionnaire	


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

	1 July 2018 to 31 December 2019
Audit Committee of Council Self-Assessment Questionnaire	

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

	1 July 2018 to 31 December 2019
Audit Committee of Council Self-Assessment Questionnaire	


Section C – Internal Audit		Rating	Comments / Suggestions for Improvement
1.	Does the Internal Audit Charter provide clear and appropriate information on the role of the Internal Audit function and its relationship to the Committee?	Yes / No	
2.	Do you have direct and unrestricted access to the internal audit function?	Yes / No	
3.	Do the activities in the internal audit plan address areas of concern and provide assurance to Council?	Please rate: 1. Fully address areas of concern and provide assurance 2. Mostly address areas of concern and provide assurance 3. Somewhat address areas of concern and provide assurance 4. Do not address areas of concern and provide assurance	
4.	Do you receive sufficient information regarding internal audits and activities in the internal audit plan? If not, what further information would you like to receive?	Yes / No	

	1 July 2018 to 31 December 2019
Audit Committee of Council Self-Assessment Questionnaire	

Section D – External Audit		Rating	Comments / Suggestions for Improvement
1.	Do you have direct and unrestricted access to the external auditor?	Yes / No	
2.	Do you understand the information being presented to you by the external auditor? If not, what further information would assist with your understanding?	Yes / No	
3.	Does the Committee discuss significant findings from the financial and internal controls audits with the external auditor?	Yes / No	

	1 July 2018 to 31 December 2019
Audit Committee of Council Self-Assessment Questionnaire	


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

	1 July 2018 to 31 December 2019
Audit Committee of Council Self-Assessment Questionnaire	

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

	1 July 2018 to 31 December 2019
Audit Committee of Council Self-Assessment Questionnaire	

Section G – Oversight of Other Activities	Rating	Comments / Suggestions for Improvement
1. Do you believe that the system for reviewing outstanding items arising from external or internal audit reports is efficient and effective? If not, why not and what could be done to improve it?	Please rate: 1. Completely efficient and effective 2. Mostly efficient and effective 3. Somewhat efficient and effective 4. Not efficient and effective	
2. Is there anything further that you believe the Audit Committee should have oversight of in order to fulfil its obligations under the Terms of Reference? If Yes, please be specific regarding your expectations.	Yes / No	

	1 July 2018 to 31 December 2019
Audit Committee of Council Self-Assessment Questionnaire	

General	Comments / Suggestions for Improvement
1. Do you have any further Comments or Suggestions for Improvement not already covered in the sections above?	

Name

Signature

Date

ITEM 4.2.2

AUDIT COMMITTEE

DATE 18 March 2020

HEADING Contract Management Audit Report

AUTHOR Janet Crook, Risk & Governance Program Manager, CEO and Governance

CITY PLAN LINKS 4.3 Have robust processes that support consistent service delivery and informed decision making.
4.4 Embed long term thinking, planning and innovation across the organisation.

SUMMARY An audit on contract management was conducted to provide assurance on the strategic risk “Governance frameworks, systems and businesses processes are inadequate to ensure robust decision making”. Galpins conducted the audit on behalf of the Governance Division.

Four high, one medium and one low risk finding were identified by the audit. One better practice finding was identified. The high risk findings related to assigning central ownership and to establish governance over contract management, lack of procedures to provide guidance for contract management, the need for a consistent approach to ensuring that ‘due diligence’ documentation is updated, and the need for staff training regarding contract-related WHS responsibilities. The medium risk finding related to the opportunity to strengthen record-keeping in relation to contracts. The low risk finding related to the need for standardized storage of policies, procedures and contract documentation. The better practice finding related to the need to clarify expected processes in relation to contract closure.

RECOMMENDATION

1. That the final audit report for the Contract Management audit as set out in Attachment 2 to this report (Item 4.2.2, Audit Committee, 18/03/2020) be noted.
2. That the responses of the Administration to the Contract Management audit as set out in Attachment 3 to this report (Item 4.2.2, Audit Committee, 18/03/2020) be endorsed for Council approval.

ATTACHMENTS

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

1. Contract Management Audit Scope
2. Contract Management Audit Report
3. Contract Management Audit Report - Management Responses

1. BACKGROUND

- 1.1 The objective of this audit was to provide assurance on the efficiency and effectiveness of the current tools and processes used to manage contracts at the City of Salisbury (CoS) and identifying any areas where outcomes could be improved. The need for the audit was derived from Risk 7 on the CoS Strategic Risk Register, which stated (at the time the audit scope was prepared) Governance frameworks, systems and businesses processes are inadequate to ensure robust decision making; with the risk articulated as strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of resources and lack of consultation.
- 1.2 Contract management commences once the parties to a contract have agreement and full documentation is executed by both parties, Contract management involves monitoring the performance of the contract and ensuring all parties meet their commitments made in the agreement.
- 1.3 A contract is an agreement between CoS and a supplier/contractor to perform a specific set of obligations, confirming each party's respective rights, and is enforceable in law.
- 1.4 The objective of the audit was to include the consideration of the following issues:
 - 1.4.1 Appraise the governance structure in place for contract management including policies and processes;
 - 1.4.2 Evaluate contracts, both operational and capital/project related, to evidence that systems, policies, processes and controls are being complied with and that all obligations are being fulfilled as agreed and scheduled;
 - 1.4.3 Evaluate the adherence to Work Health Safety requirements within contracts; and
 - 1.4.4 Assess the process for contract completion.
- 1.5 The nature of the audit was a risk based audit involving a review of the applicable current policies and processes, review of relevant systems and controls, interviews with appropriate members of staff and an assessment of the management of key risks.
- 1.6 The Salisbury Community Hub contract and any contracts being reviewed or renewed in regard to the relocation to the new Salisbury Community Hub site were out of scope for this audit.
- 1.7 A copy of the Audit Scope for this audit appears as Attachment 1 to this report.
- 1.8 Following a tendering process, Galpins were engaged to conduct the audit on behalf of the Governance Division.
- 1.9 The audit identified key risk areas associated with the Contract Management process by:
 - 1.9.1 Reviewing applicable governance documentation (including policies and procedures);
 - 1.9.2 Reviewing a sample of contracts selected at random from a provided list of contracts in place;

- 1.9.3 Conducting interviews with contract managers responsible for the contracts within the sample pool; and
- 1.9.4 Identifying potential areas for contract management process improvements, in line with better practice principles.

2. CONSULTATION / COMMUNICATION

2.1 Internal

- 2.1.1 General Manager Business Excellence
- 2.1.2 General Manager City Infrastructure
- 2.1.3 Business Excellence Staff
- 2.1.4 City Infrastructure Staff
- 2.1.5 Manager Strategic Development Projects

3. REPORT

- 3.1 Attachment 2 to this report is the final audit report from Galpins for the Contract Management Audit.
- 3.2 Four high risk findings were identified by Galpins in this audit. They are as follows:
 - 3.2.1 *Assigning ownership and establishing governance over contract management.* Galpins has recommended establishing a governance structure to oversee contract management and allocation of responsibility for contract management oversight to a central team. The recommendations have been accepted by the Administration.
 - 3.2.2 *A lack of procedures to provide explicit guidance for contract management.* Galpins has recommended documenting a policy outlining expectations for contract management, including identified roles and responsibilities; and development of a contract management framework to guide staff. The recommendations have been accepted by the Administration.
 - 3.2.3 *A need for a consistent approach to ensuring that 'due diligence' documentation is updated throughout the life of contracts.* Galpins has recommended that CoS implement a process to ensure up to date due diligence documentation from contractors is maintained. This recommendation was not accepted by the Administration and reasons have been given in Attachment 3. Galpins also recommended that CoS implement a process to ensure that conflicts of interest in relation to ongoing contracts are regularly reviewed and that staff are asked to declare conflicts in relation to any contracts they manage. This recommendation has been accepted by the Administration.
 - 3.2.4 *A need for clear staff training and awareness regarding their contract related WHS responsibilities.* Galpins has recommended:
 - ensuring that WHS related policies and procedures are up to date, stored in one location and that current applicable requirements are clearly communicated to internal staff;

- ensuring that WHS related policies and procedures clearly outline the WHS requirements applicable to all contractors across all contracts and risk levels;
- reviewing the WHS responsibilities placed on project officers and council in relation to WHS and contractor engagement;
- development of a targeted training program to assist staff to fulfill their responsibilities in relation to WHS; and
- including WHS expertise during procurement of services.

The recommendations have been accepted by the Administration, except for that relating to policies and procedures outlining WHS requirements applicable to contractors. Reasons are provided in Attachment 3.

3.3 One medium risk finding was identified by Galpins. It is as follows:

3.3.1 *Strengthen record keeping in relation to contracts.* Galpins has recommended that CoS ensures that staff obtain and record quotations in relation to pieces of work conducted under contract. The recommendation has been accepted by the Administration.

3.4 One low risk finding was identified by Galpins. It is as follows:

3.4.1 *A need for standardized storage of policies, procedures and contract documentation.* Galpins has recommended that CoS implement a process to ensure that policy, procedural and contract documentation is stored in one consistent location. The recommendation has been accepted by the Administration.

3.5 One better practice finding was identified by Galpins. It is as follows:

3.5.1 *A need to clarify expected processes in relation to contract closure.* Galpins has recommended that CoS formalize a process for contract closure. The Administration has accepted the recommendation.

3.6 All the outstanding agreed actions from this internal audit, as detailed in the Management Responses at Attachment 3, will be tracked and followed up by the Governance Division and reported to the Audit Committee.

3.7 It has been noted by the Administration that, while a finding may be rated by the auditor as high risk, this does not necessarily translate into a matter of urgency by the Administration.

4. CONCLUSION / PROPOSAL

4.1 An audit on contract management was conducted to provide assurance on the strategic risk “Governance frameworks, systems and businesses processes are inadequate to ensure robust decision making”. Several actions were agreed in order to address the issues identified by the audit.

4.2 The agreed actions arising from the audit will be followed up and progress on their completion will be reported to the Audit Committee.

CO-ORDINATION

Officer:

Date:



CONTRACT MANAGEMENT

Audit Scope

OVERALL OBJECTIVE

To provide assurance on the efficiency and effectiveness of the current tools and processes used to manage contracts at the City of Salisbury and identifying any areas where outcomes could be improved.

BACKGROUND AND RISKS

Aligns with Strategic Risk register Risk # 7 – Governance frameworks, systems and business processes are inadequate to ensure robust decision making. With the risk articulated as - Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of resources and lack of consultation.

Contract Management commences once the parties to a contract have agreement and full documentation is executed by both parties. Contract Management involves monitoring the performance of the contract and ensuring all parties meet their commitments made in the agreement.

A contract is an agreement between the City of Salisbury and a supplier / contractor to perform a specific set of obligations, confirming each party's respective rights, and is enforceable in law.

SPECIFIC OBJECTIVES

In addressing the overall objective, the audit will include, but not necessarily be limited to, the consideration of the following issues:

- Appraise the governance structure in place for contract management including policies and processes;
- Evaluate contracts, both operational and capital/project related, to evidence that systems, policies, processes and controls are being complied with and that all obligations are being fulfilled as agreed and scheduled;
- Evaluate the adherence to Work Health Safety requirements within contracts; and
- Assess the process for contract completion.

SCOPE

The nature of the audit will be a risk based audit, it should involve a review of the applicable current policies and processes, review of relevant systems and controls, interviews with appropriate members of staff and an assessment of the management of key risks.

Any identified areas for process improvement and efficiencies should also be highlighted.

BOUNDARIES

Out of scope will be:

- the HUB contract which will be the subject of a post close out review in the first half of 2020; and
- any contract(s) that are being reviewed or renewed in regard to the relocation to the new HUB site.

CONDUCT OF THE REVIEW

The nature of audit will be risk based. A Risk Based Audit is designed to provide assurance to the Council that the risks associated with contract management are being managed effectively. The Audit should involve a review of the applicable governance documentation in place including policies and procedures, a sample of Contracts, interviews with appropriate members of staff and an assessment of the management of relevant contract risks.

The audit should be conducted in line with the Institute of Internal Auditors International Standards for Professional Practice of Internal Auditing and their Code of Ethics.

Communication of findings and assessments will be an on-going process to ensure that there is a good understanding and acceptance of the rationale for audit opinions and recommendations.

Any risks identified in the current engagement will be integrated into future internal audit engagements.

LOCATION

The audit will be conducted predominantly at City of Salisbury offices (12 James Street, Salisbury, SA 5108).

RESOURCING

Estimated Hours	TBA hours in total.
Suggested Resourcing	<p>The audit will be conducted by external consultants selected through a tendering process.</p> <p>The participation of managers and staff involved in Strategic Procurement, Financial Services and City Infrastructure will also be required as may other contract owners throughout the council.</p>

TIMING

The audit will be conducted between July 2019 and August 2019 at a mutually agreed timescale.

AUDIT OUTPUT

The output of the audit will be a report that is agreed and accepted by the General Manager Business Excellence containing:

- A one or two page Executive Summary;
- Detailed findings and recommendations, with a suitable audit trail evidencing the findings.

REVIEW OUTCOMES

The primary outcome of the audit will be an opinion(s) on the management of risks associated with contract management, using City of Salisbury risk management terminology.

APPROVED

Mick Petrovski
Governance Manager

APPROVED


John Devine
GM City Infrastructure

APPROVED


Charles Mansueto
GM Business Excellence



City of Salisbury

Internal Audit Report – Contract Management

January 2020



Mount Gambier
233 Commercial Street West
PO Box 246, Mount Gambier SA 5290
DX 29044
P: (08) 8725 3068
F: (08) 8724 9553
E: admin@galpins.com.au

Stirling
Unit 4, 3-5 Mount Barker Road
PO Box 727, Stirling SA 5152
P: (08) 8339 1255
F: (08) 8339 1266
E: stirling@galpins.com.au

Norwood
3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
F: (08) 8332 3466
E: norwood@galpins.com.au

www.galpins.com.au



Table of Contents

1. Executive Summary.....	3
1.1. Background	3
1.2. Objectives.....	4
1.3. Relevant Strategic Risks	4
1.4. Scope.....	4
1.5. Methodology.....	4
1.6. Examples of Good Practice	5
1.7. Key Findings and Recommendations	6
2. Detailed Findings and Recommendations	9
2.1. A need to establish a governance structure for contract management.....	9
2.2. A lack of framework/procedure to provide guidance for contract management	12
2.3. A need for standardised storage of policies, procedures and contract documentation	15
2.4. A need for a consistent approach to ensuring that ‘due diligence’ documentation is updated throughout the life of contracts	17
2.5. A need for clear staff training and awareness regarding their contract-related WHS responsibilities	19
2.6. There is opportunity to strengthen record-keeping in relation to contracts	25
2.7. There is a need to clarify expected processes in relation to contract closure	27
Appendices	29
Appendix 1. Invoice Sample Findings.....	30
Appendix 2. Risk Framework.....	33
Appendix 3. References - Better Practice Contract Management.....	36
Appendix 4. Staff members interviewed	37
Appendix 5. Key documentation reviewed	38

Document Control

Date	Revision Number	Revision Details	Author	Reviewer
10/01/2020	V1.0	Final Draft	Janna Burnham/Anita Lau	Tim Muhlhausler



24/01/2020	V2.1	FINAL	Janna Burnham/Anita Lau	Tim Muhlhausler
------------	------	-------	-------------------------	-----------------

Item 4.2.2 - Attachment 2 - Contract Management Audit Report



1. Executive Summary

1.1. Background

Contract Management (CM) commences once the parties to a contract have agreement and full documentation is executed by both parties. CM involves monitoring the performance of the contract and ensuring all parties meet their commitments made in the agreement.

A contract is an agreement between the City of Salisbury (CoS) and a supplier/contractor to perform a specific set of obligations, confirming each party's respective rights, and is enforceable.

The *Local Government Association's Procurement Handbook (2014)* outlines that the aim of CM is to ensure that deliverables are provided to the required standard, within the agreed timeframe while achieving value for money¹. Therefore, CM is the active management of contracts to achieve these same aims.

Specifically, CM is a process undertaken to:

- ensure timely delivery of goods and services
- achieve the full benefits of the procurement process and contract
- minimise costs associated with risks arising during the term of the contract
- improve the benefits flowing to customers and suppliers
- promote innovation and continuous improvement
- create additional benefits for both parties through good relationships, and
- achieve value for money in the procurement of goods and services.

The **risk of having ineffective contract management** is that deliverables are not delivered, do not meet required standards and/or are not delivered in a timely way. There are also potential impacts to Council's budget.

Large spend on contracts means that **effective contract management is essential** to ensure that Council gets the expected outcome, and achieves value for money. CoS staff have the power to help ensure that contractors meet expectations, to proactively manage poor performance, to monitor that delivery of goods and services has occurred and to ensure that timeframes are met.

It is important to highlight the differentiation between contract management and project management. Whilst there will often be some overlap between these disciplines, contract management relates to managing execution of the requirements of a contract, whereas project management manages delivery of project objectives. This may include the use of contracts to ensure project deliverables, which in turn will require effective contract management.

¹ Refer to Part 6, *Local Government Association's Procurement Handbook (2014)*.



1.2. Objectives

The audit objective was to provide assurance on the efficiency and effectiveness of the current tools and processes used to manage contracts at the City of Salisbury and to identify any areas where outcomes could be improved. In addressing the overall objective, the audit considered:

- the governance structure in place for contract management including policies and processes
- contracts, both operational and capital/project related, to evidence that systems, policies, processes and controls are being complied with and that all obligations are being fulfilled as agreed and scheduled
- adherence to Work Health Safety requirements within contracts, and
- the process for contract completion.

1.3. Relevant Strategic Risks

The audit aligned with Strategic Risk #7 *'Governance frameworks, systems and business processes are inadequate to ensure robust decision making: strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of resources and lack of consultations.'*

1.4. Scope

The audit was a risk-based audit, it involved a review of the applicable current policies and processes, review of relevant systems and controls, interviews with appropriate members of staff and an assessment of the management of key risks.

Exclusions

Out of scope was:

- the HUB contract, which is planned for a post close-out review in the first half of 2020, and
- any contract(s) that were being reviewed or renewed in regard to the relocation to the new HUB site.

1.5. Methodology

The audit identified key risk areas associated with CM process by:

- reviewing applicable governance documentation (including policies and procedures)
- reviewing a sample of contracts², selected at random from a provided list of contracts in place with City of Salisbury (CoS)³

² Details of the tested contracts are included in Appendix 1.

³ The form of contract at the CoS can include a formal contract, purchase order or agreement via a supplier's terms and conditions for low value purchases. Audit sampling covered formal contracts only, with samples selected from Council's Contracts Register.



- conducting interviews with Contract Managers responsible for the contracts within the sample pool, and
- identifying potential areas for CM process improvements, in line with better practice principles.

Sample tests included coverage of:

- invoicing and payment processes
- requests for evidence of contract requirements
- qualifications of contractors and sub-contractors (including (but not limited to) licences, insurances, confirmation of contractor's safety compliance policies and systems, new employee or sub-contractor confirmation), and
- delivering work as agreed and where applicable, to relevant standards.

1.6. Examples of Good Practice

Audit identified some internal controls/processes that demonstrate good practice in CM, including:

- ✓ The Procurement and Contract Management System (PCMS) is used to track and manage contracts. Audit viewed evidence that contract budgets are included and automatically tracked, contract expiry dates are monitored
- ✓ Contracts included in the audit sample were current and testing indicated that key documentation was obtained at the procurement stage
- ✓ 7 of 7 interviewed 'Contract Superintendent' staff reporting strong relevant CM skills from previous roles
- ✓ Use of electronic invoicing allowing for a clear audit trail of invoice approvals linked to delegate authorisation in the FinanceOne system
- ✓ WHS documentation is in place and recent updates demonstrate ongoing focus to strengthen the WHS practices in relation to both contractors and staff.



1.7. Key Findings and Recommendations

The CoS has a robust procurement process, and this forms a strong basis for ongoing CM. As at September 2019, over 80 per cent of Council's spend occurred under contract,⁴ with a further 8 per cent spent under purchase orders and the balance without a contract. This means that the majority of spending occurs under formal contract – with defined terms and conditions, deliverables and timeframes. Clarity of terms and conditions is a basis for clear understanding of contractors' obligations and for proactive CM.

The CoS has not established formal approaches to CM at a whole-of-Council level. For example, overall responsibility for leading CM has not been allocated, and there is no policy/procedure that specifically outlines CM expectations. There are some Work Health and Safety (WHS)-related procedural documents in place, however these need to be more clearly defined. Findings are summarised below.

Finding	Recommendation	Ref.	Rating
There is a need to assign central ownership and to establish governance over contract management within Council	<p>Recommendation 1: Establish a governance structure to oversee contract management at the CoS. Consideration should include:</p> <ul style="list-style-type: none"> a leadership team forming a sub-committee to oversight contract management and/or adding contract management to the terms of reference of an existing committee. <p>Recommendation 2: Allocate responsibility (and resourcing as required) for contract management oversight to a central team/position - for example the Strategic Procurement Team. This team would be responsible, for example, for:</p> <ul style="list-style-type: none"> developing high-level contract management guidance monitoring select indicators, for example contractor performance, trends, risk management approaches promoting/providing training across the organisation on contract management reporting to a governance committee sample-based monitoring of compliance with any established contract management guidelines. 	s.2.1	High
There are a lack of procedures to provide explicit guidance for contract management	<p>Recommendation 3: Develop and document a clear policy outlining expectations for contract management across Council, including clearly identified roles and responsibilities.</p> <p><i>Note – these expectations could potentially be added to the existing Procurement Policy.</i></p>	s.2.2	High

⁴ ArcBlue dashboard – overview of spend, September 2019.



Finding	Recommendation	Ref.	Rating
	<p>Recommendation 4: Develop a contract management framework to guide staff, incorporating:</p> <ul style="list-style-type: none"> procedures (mandatory) guidelines, and clarification of roles and responsibilities (for example where responsibilities start and end – including responsibility for obtaining ongoing ‘due diligence’ documentation) better practice examples from across Council. <p>There is opportunity to ensure that requirements align to the risk/value of different contracts.</p>		
There is a need for standardised storage of policies, procedures and contract documentation	<p>Recommendation 5: Implement a process to ensure that policy, procedural and contract documentation is stored in one consistent location. Additional desirable features include:</p> <ul style="list-style-type: none"> approval processes before documentation can be uploaded into the location clear metadata/date information about each document standard naming conventions use of consistent document templates, and reviewing security/access levels for documentation, including providing transparency that a document exists even if the user does not have permission to view it. <p>This will assist in ensuring that staff are able to readily locate all information relevant to their roles and responsibilities.</p>	S2.3	Low
There is a need for a consistent approach to ensuring that ‘due diligence’ documentation is updated throughout the life of contracts	<p>Recommendation 6: Implement a consistent process/set of principles to ensure that up to date due diligence documentation from contractors is maintained – for example; insurance, licences etc. This will assist the CoS to be assured that contractors are qualified/suitable for ongoing engagement.</p> <p><i>Note – the CoS can decide on a set of principles in relation to the maintenance of this documentation. For example, it may be decided that the contractor is responsible for obtaining up to date licences and providing these as requested; but the CoS may require copies of up to date insurances. The key intent is that a consistent approach is agreed and implemented.</i></p> <p>Recommendation 7: Implement a consistent process to ensure that conflicts of interest in relation to ongoing contracts are regularly reviewed (for example, annually, when a new staff member is onboarded, when a contract is managed by a different contract superintendent, when a staff member undertakes higher duties in a role that requires CM), and that staff are asked to declare conflicts in relation to any contracts that they manage.</p>	2.4	High
A need for clear staff training and awareness regarding their contract-related WHS responsibilities	<p>Recommendation 8: Ensure that WHS-related policies and procedures are up to date, stored in one location (see Recommendation 5) and that current applicable requirements are clearly communicated to internal staff.</p> <p>Recommendation 9: Ensure that Council’s WHS-related policies and procedures clearly outline the WHS requirements</p>	2.5	High



Finding	Recommendation	Ref.	Rating
	<p>applicable to all contractors, where relevant, across all contracts and risk levels.</p> <p>Recommendation 10: Review the WHS responsibilities placed on project officers and the Council in relation to WHS and Contractor engagement. Consider and confirm, at a strategic level, the level of responsibility Council wants to accept in managing contractor WHS compliance (<i>note – Audit found that Council currently accepts a high level of responsibility</i>). Confirm the intent of responsibilities for project officers in relation to WHS.</p> <p>Recommendation 11: Develop a targeted training program to assist staff to fulfil their responsibilities in relation to WHS. For example, training on how to conduct a WHS audit, how to induct contractors, how to determine a safe work environment and how to discharge their responsibilities appropriately.</p> <p>Recommendation 12: Include WHS expertise during procurement of services, in particular to ensure that contracts adequately reflect applicable WHS requirements.</p>		
There is opportunity to strengthen record-keeping in relation to contracts	<p>Recommendation 13: To ensure that staff obtain and record quotations in relation to pieces of work conducted under contract:</p> <ul style="list-style-type: none"> ▪ remind staff of the importance of obtaining and recording quotations for individual pieces of work (where required), and ▪ consider conducting periodic sample-based testing to ensure that key documentation, including quotations for work, is obtained and stored appropriately in the CoS records management system. 	2.6	Medium
There is a need to clarify expected processes in relation to contract closure	<p>Recommendation 14: Formalise a process for contract closure. This can be in the form of a template, and may include but not be limited to:</p> <ul style="list-style-type: none"> ▪ capturing learnings/feedback on contract performance from a contractor’s perspective ▪ reviewing whether goods/services have been received in full as paid for ▪ reviewing whether discounts/savings were applied appropriately as per some contract conditions ▪ identifying lessons learned and ensuring that these are communicated within the Council, to facilitate future contract management improvements. 	2.7	Better Practice

Please refer to the body of this report for full detail around findings, including management responses to all findings.

2. Detailed Findings and Recommendations

2.1. A need to establish a governance structure for contract management.

Audit Risk Rating	CoS Risk Rating
High	

Key Findings

- The CoS' current high-level governance structure does not formally and consistently oversee CM.
- Oversight of contracts occurs primarily within each department, with a decentralised approach and reliance placed on contract managers to understand how to manage contracts. There is opportunity to implement higher-level reviews of contract performance across the CoS.
- There is opportunity to allocate central ownership for CM guidance/oversight across the CoS. This ownership can guide CM expectations and better practice.

Discussion

The audit scope called for a review of CM governance structure at the CoS. An overview of testing against relevant principles is included below.

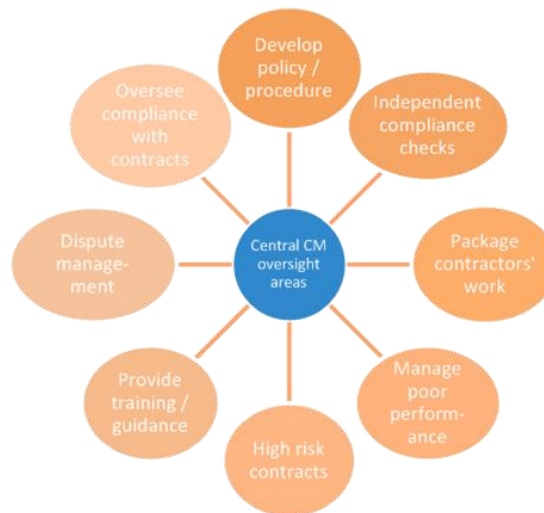
Table 1: Assessment Against Better Practice Contract Management Governance Principles

Contract management governance principles ⁵	Current status at CoS
Ethics-based culture has been established and is in place	In place, can be strengthened. Intranet and Procurement Policy mention the importance of value for money and ethical contracting/procurement. There is an opportunity to enhance this policy/ establish a CM policy to outline expected high-level principles of better-practice CM. See Recommendation 3 in Section 2.2.
Formal reporting and oversight (committee) structures in relation to CM: <ul style="list-style-type: none"> ▪ Appropriate reporting and oversight should be in place for CM, which includes oversight outside of the department that 'owns' the contract. ▪ Well structured and targeted reporting on contract and supplier performance ensures appropriate key agency personnel are provided with the necessary information for decision making. 	Not yet in place on a whole-of-CoS basis. ⁶ See Recommendation 1. There is opportunity to allocate oversight responsibility for CM, and to establish more formal, whole-of-CoS oversight of CM. This is further discussed on the following page and in Recommendation 2.
Agencies' CM delegations are clear and consistent with general financial delegations	In place.
Appropriate CM procedures/frameworks are in place.	Not yet in place. See discussion in Section 2.2.

⁵ Drawn from Audit Office of NSW Better Practice Contract Management Framework; Australian Government Contract Management Guide 2019.

⁶ Departments each reported internal processes to monitor contracts.

As outlined in Table 1 on the previous page, a better practice technique to help ensure strong value from contracts is to allocate responsibility for clear oversight of contracts and CM. At CoS, there is strong central oversight of initial procurement and contract closure processes, however Audit identified that there is currently no one clear team with accountability for overseeing CM within the organisation. The diagram below summarises the activities/role that a central owning area could undertake in relation to CM:



As outlined above, there may be benefits associated with having a centre-led oversight to CM within the CoS. Overseen by a committee (for example a new committee, an existing procurement committee or as a standing agenda on another relevant committee), this function can be used to drive consistent, strengthened CM, including value and effectiveness. See **Recommendation 2**.

Risk exposure

- A lack of oversight of contract management at the CoS may result in missed opportunities in relation to improved contract management, compliance with requirements, and identification of higher-level opportunities for improvement.

Recommendation 1	Establish a governance structure to oversee contract management at the CoS. Consideration should include: <ul style="list-style-type: none"> ▪ a leadership team forming a sub-committee to oversight contract management and/or adding contract management to the terms of reference of an existing committee. <i>Audit wishes to clarify the intent of the recommendation is to have a sub-committee established to oversee the overall governance of contract management across Council, as distinct from existing processes within the business to oversee contract performance.</i>		
Inherent Rating (Auditor)	High	Inherent Rating (CoS)	
Agreed Actions			
Action Officer			
Completion Date			

Recommendation 2	Allocate responsibility (and resourcing as required) for contract management oversight to a central team/position - for example the Strategic Procurement Team. This team would be responsible, for example, for: <ul style="list-style-type: none"> ▪ developing high-level contract management guidance ▪ monitoring select indicators, for example contract performance, trends, risk management approaches, ▪ promoting/providing training across the organisation on contract management ▪ reporting to a governance committee ▪ sample-based monitoring of compliance with any established contract management guidelines. 		
Inherent Rating (Auditor)	High	Inherent Rating (CoS)	
Agreed Actions			
Action Officer			
Completion Date			

2.2. A lack of framework/procedure to provide guidance for contract management

Audit Risk Rating	CoS Risk Rating
High	

Key Findings

- The CoS does not yet have a policy and framework in place to guide CM. Clear documentation is in place in relation to procurement⁷, however this does not detail requirements in relation to CM.
- Upon contract sign off, CM becomes the responsibility of the 'Contract Superintendent'.
- All 7 interviewed Contract Superintendents reported that they rely on previous experience to manage contracts; there is opportunity for training/strengthened clarity to support staff in their contract management roles.

Discussion

The audit scope required an appraisal of the policies and processes in place for CM within the CoS. Clear processes, procedures and internal controls are important to help support CM.

Audit notes that there is no current overall policy or framework relating to CM.⁸ It was reported that Contract Superintendents overall rely on their experience to manage contracts. The Infrastructure Delivery division indicated that they are in the process of developing their own Project Management model, with elements of CM included in this. A summary of better practice elements is included below.

Better Practice Principles - Contract Management Policy and Framework

The CM policy and framework is documented and promulgated across the department with **key concepts** agreed and understood by senior management responsible for implementing the philosophy. Supporting frameworks and procedures are clearly and consistently formulated, documented, communicated and **championed** throughout the organisation, aligned with business objectives and activities.

There is a **common definition** and understanding of what constitutes contract management (linked to roles and responsibilities) which is clearly integrated across the organisation for all contract areas.

Contract management guidance and procedures are **aligned** with the procurement policy and integrated with the procurement manual (including clear, well written specifications that incorporate measurable KPIs) and any other relevant processes.

Better practice environments have highly **ethical** business conduct. The appropriate choice of suppliers, and maintaining an ongoing professional relationship with suppliers, is a critical element of CM. It assists in ensuring freedom from bias and that actions are in the best interests of Council and public stakeholders.

Audit identified a strong policy and framework in place for *procurement* within Council. These provide Council with guidelines and requirements for procurement, based on financial, risk and

⁷ Refer to CoS' *Procurement Policy and Procurement Framework*.

⁸ For example, the Procurement Framework outlines that 'key users' are responsible for contract management following the execution of a contract.

business criticality thresholds.⁹ There is a lack of policy and framework in relation to CM. In addition, although there is a perception that Council's general procurement and Work Health and Safety (WHS) documentation will provide staff with guidance on CM, this review identified limited guidance. For example:

- The Procurement Policy and supporting framework refers to contracts only at a very high level. It focuses on procurement and does not set out requirements for the management of contracts.
- WHS documentation refers to WHS requirements only.
- Roles and responsibilities for CM are not defined.

Gaps in roles and responsibilities

Audit tested compliance to key controls in relation to CM, for example in relation to invoice approval, contract variations, maintaining key insurance/licence documentation and budget monitoring. Invoice approval and variations processes are managed strongly, however the audit identified gaps between Contract Superintendent expectations and the services that Procurement deliver. For example:

- 7 of 7 interviewed Contract Superintendents expected the Strategic Procurement team to monitor ongoing 'due diligence' documentation, such as licences and insurances beyond the initial procurement process. This is further discussed in Section 2.4.

In addition, all interviewed staff expressed a desire for clarity about CM requirements, to assist with consistency in processes and with promoting effective and efficient CM processes.

Development of a CM policy and/or relevant section within the Procurement Policy will provide:

- clarity of the roles and responsibilities of Council's contract managers
- a risk-based approach to the management of contracts (for example via use of template CM plans).

To further strengthen the contract management policy, there is an opportunity to develop a framework, including procedures and better practise examples to provide guidance to contract managers. See Recommendation 2.

Risk exposure

- Where policies, procedures and other guidance is not provided, there is a risk of inconsistent, poor and/or ineffective CM (i.e. ensuring value-for-money is received by the Council).

⁹ City of Salisbury Procurement Framework, p.7.

Recommendation 3	Develop and document a clear policy outlining expectations for contract management across Council, including clearly identified roles and responsibilities. <i>Note – these expectations could potentially be added to the existing Procurement Policy.</i>		
Inherent Rating (Auditor)	High	Inherent Rating (CoS)	
Agreed Actions			
Action Officer			
Completion Date			

Recommendation 4	Develop a contract management framework to guide staff, incorporating: <ul style="list-style-type: none"> ▪ procedures (mandatory) ▪ guidelines ▪ clarification of roles and responsibilities (for example where responsibilities start and end – including responsibility for obtaining ongoing ‘due diligence’ documentation) ▪ better practice examples from across Council. There is opportunity to ensure that requirements align to the risk/value of different contracts.		
Inherent Rating (Auditor)	Medium	Inherent Rating (CoS)	
Agreed Actions			
Action Officer			
Completion Date			

2.3. A need for standardised storage of policies, procedures and contract documentation

Audit Risk Rating	CoS Risk Rating
Low	

Key findings

- Policy, procedural and contract documentation are stored in different front-end locations (including for example the Intranet and Skytrust WHS system) with inconsistent document management approaches. This contributed to delays in Audit being provided with all relevant documentation as staff were not aware that all existed.

Staff within the CoS may have difficulty understanding their responsibilities if key documentation is not easily located and accessible.

Discussion

When conducting this engagement, the audit team had difficulty in obtaining a clear picture of the existing policies, procedures and contract documents applicable to CM and/or procurement, and relevant CM work health and safety. Two initial rounds of provided documentation did not include all relevant and existing information. Upon further investigation, we identified that policies, procedures and contract documents are stored inconsistently. For example:

- some information is stored on the Intranet
- WHS guidance is stored on the Intranet and the 'Skytrust' system
- separate information can be found in the electronic document record management system.

To promote consistency and clarity across all staff regarding their responsibilities in relation to CM (as well as broader responsibilities), centralised storage of policy, procedure and contract documentation is important.

Risk exposure

- Difficulty in locating all and complete policy, procedural and contract documentation may result in staff being unaware of requirements applicable to their role and/or may create gaps or inefficiencies in managing contracts.



Recommendation 5	<p>Implement a process to ensure that policy, procedural and contract documentation is stored in one consistent location. Additional desirable features include:</p> <ul style="list-style-type: none"> ▪ approval processes before documentation can be uploaded into the location ▪ clear metadata/date information about each document ▪ standard naming conventions ▪ use of consistent document templates, and ▪ reviewing security/access levels for documentation, including providing transparency that a document exists even if the user does not have permission to view it. <p>This will assist in ensuring that staff are able to locate all information relevant to their roles and responsibilities.</p>	
Inherent Rating (Auditor)	Low	Inherent Rating (CoS)
Agreed Actions		
Action Officer		
Completion Date		

Item 4.2.2 - Attachment 2 - Contract Management Audit Report

Galpins



2.4. A need for a consistent approach to ensuring that 'due diligence' documentation is updated throughout the life of contracts

Audit Risk Rating	CoS Risk Rating
High	

Key Findings

- 7 of 7 interviewees reported a reliance upon the Strategic Procurement team to obtain/maintain updated due diligence documentation for contractors – for example public liability insurance. The Strategic Procurement team, however, have no ongoing responsibility for due diligence documentation beyond initial procurement processes.
- There is a need to clarify roles and responsibilities for declaring conflicts of interest in relation to ongoing contracts.
- Testing identified outdated contractor documentation in 6 of 8 relevant instances.

Discussion

During audit testing, an issue with the maintenance of current 'due diligence' documentation was identified. Specifically, there is a need to ensure that there is clarity of roles and responsibilities for maintaining updated records of key contractor 'due diligence' documentation.

All Contract Superintendents interviewed reported that due diligence documents (for example insurances and licenses) are obtained at the contract procurement stage, and this was confirmed by audit testing. After procurement, the Contract Superintendent takes on responsibility for managing contract execution.¹⁰

Audit found that, after procurement has occurred, the roles and responsibilities for maintaining due diligence documents lack clarity. For example:

- 6 of 7 interviewees were not able to confirm if a contractors' key 'due diligence' documentation was being reviewed, monitored or maintained – they had expected the Strategic Procurement team to manage this
- 1 interviewee reported that a recent change was implemented allocating this responsibility to a dedicated team member to ensure the tracking of due diligence documents.

Clarification of roles and responsibility in a CM policy and framework can lead to the awareness of the responsibility of the maintenance due diligence documents. Refer to **Recommendation 4**.

Audit sample tested existence of current due diligence documents for contracts and found:

- In 6 out of 7 relevant instances, public insurance policies provided were out of date. This is not an indication that the policies have not since been updated, however the lack of a consistent process reduces assurance that contractors engaged are suitable for the engagement throughout the entirety of the contract duration.
- In 5 of 8 relevant instances, copies of contractor licences were not able to be provided to Audit.

A consistent approach to managing due diligence documents can provide assurance that the CoS' contractors continue to be suitably engaged. See **Recommendation 6**.

¹⁰ Refer to Key User section in *Procurement Framework*.

Further, one interviewee reported that conflicts of interest were obtained at the procurement stage, however, reported no consistent process to review these during the CM phase. The six other interviewees were unsure of any proactive approach to ongoing management of contract-related conflict of interest. Refer to **Recommendation 7**.

Risk exposure

- Contractors engaged may not maintain appropriate due diligence documentation, and this may not be detected by the CoS.
- Staff may not appropriately declare conflicts of interest in relation to contracts and/or contractors engaged.

Recommendation 6	Implement a consistent process/set of principles to ensure that up to date due diligence documentation from contractors is maintained – for example; insurance, licences etc. This will assist the CoS to be assured that contractors are qualified/suitable for ongoing engagement.	
	<i>Note – the CoS can decide on a set of principles in relation to the maintenance of this documentation. For example, it may be decided that the contractor is responsible for obtaining up to date licences and providing these as requested; but the CoS may require copies of up to date insurances. The key intent is that a consistent approach is agreed and implemented.</i>	
Inherent Rating (Auditor)	Moderate	Inherent Rating (CoS)
Agreed Actions		
Action Officer		
Completion Date		

Recommendation 7	Implement a consistent process to ensure that conflicts of interest in relation to ongoing contracts are regularly reviewed (for example, annually, when a new staff member is onboarded, when a contract is managed by a different contract superintendent, when a staff member undertakes higher duties in a role that requires CM), and that staff are asked to declare conflicts in relation to any contracts that they manage.	
Inherent Rating (Auditor)	High	Inherent Rating (CoS)
Agreed Actions		
Action Officer		
Completion Date		

2.5. A need for clear staff training and awareness regarding their contract-related WHS responsibilities

Audit Risk Rating	CoS Risk Rating
High	

Key Findings

- A range of Work, Health and Safety (WHS) documentation is in place, creating some lack of clarity of CoS's expectations relating to WHS for contractors.
- Some WHS-related policies/procedures reviewed contained sections that place a high level of responsibility for contractors' WHS compliance on Council and/or Contract Superintendents.
- WHS training is required to ensure Contract Superintendents are adequately supported to fulfil WHS obligations.
- Testing indicated inconsistencies in relation to WHS requirements included in the contracts sampled by audit. There is opportunity to increase engagement with in-house WHS specialists to help ensure that WHS requirements are adequately reflected in contracts.

Discussion

A clear and consistent understanding of WHS requirements across Council and contractors is important as a way to protect worker health and safety, and to ensure compliance with the *Work Health and Safety Act 2012 (SA)* (WHS Act 2012).

The audit scope called for an evaluation of adherence to WHS requirements within contracts. To achieve this, the audit team:

- worked to understand Council's overall WHS requirements for contracts
- interviewed Contract Superintendents to understand how they have assurance of contractors' compliance with WHS requirements within contracts
- interviewed Council's Team Leader, Safety and Wellbeing, and
- reviewed a sample of contracts to understand WHS obligations outlined in these.

Council's WHS policies and procedures

Audit reviewed the clarity and accessibility of Council's documentation in relation to contractor WHS, used to guide Contract Superintendents in ensuring that contractors comply with WHS requirements. The following documentation has been developed:

- WHS Contractor Management Policy (current, approved 2018).
- Contractor Management Procedure (#PR024), last reviewed 2012.
 - An updated version has been prepared, as at November 2019 this had not been approved/released. Audit viewed the draft version and it includes a range of changes, including in relation to record keeping.
- FM249 – Contractor Management – induction form.

A range of other documentation, including but not limited to a '*Task Hazard Mapping Tool*' (2019), *Workzone Traffic Management Procedure (2014)* and *WHS Plant and Equipment Procedure (2014)*



have also been developed. WHS documentation is saved on both the Intranet and in the separate 'Skytrust' system.

Based on the range of WHS guidance in place, Audit found it difficult to obtain a clear understanding of Council's expectations in relation to the WHS obligations of contractors and Contract Superintendents. From interviews at the time of audit fieldwork, Audit also understands that, although updated documentation has been approved, this has not been 'rolled out' across Council for widespread use by Contract Superintendents. See **Recommendation 8**.

Clarity of WHS expectations for low-value contracts

Audit found that the CoS' WHS expectations for low-value engagements, for example if procured via purchase order, are not clear. All existing policies technically apply to contractors (these are defined as 'workers' under the Work Health and Safety Act 2012), however it appears there is a lack of clear direction to internal Contract Superintendents about what WHS requirements apply to contractors, particularly those with low value (but not necessarily low risk) contracts.

For example, form *FM249 Contractor Management Induction* appears tailored to the management of WHS for formal contracts, and it includes specific fields for filling in CoS contract numbers and Contract Superintendent names.

WHS-related risks can apply to all contractors working with the CoS, depending on the nature of works.

To ensure that the CoS implements a consistent approach to the WHS of contractors across contract types (including formal contracts, purchase orders and general procurement), there is a need to review and ensure that staff are clear about the CoS's WHS requirements across all levels of contract value/risk. See **Recommendation 9**.

Training to fulfil WHS obligations

When assessing WHS documentation, Audit noted that onus is placed on Contract Superintendents to ensure that contractors take appropriate steps in relation to WHS. For example:

- In the *WHS Contractor Management Monitoring form*, 'Evaluation' section, the Project Officer is asked to assess contract risk. In addition, the *Monitoring/inspection checklist*, asks the Project Officer to determine 'Have hazards to health/safety been identified and are they adequately controlled?'
- In the *Contractor Management – WHS* document, section 3.2.3 it appears that the Project Officer needs to review Risk Analyses/Job Safety Analyses/Safe Work Method Statements.
- In the *Contractor Management – WHS* document, section 3.6 *Monitoring*, mentions interrupting work if Project Officers believe safety standards are breached.

In addition, the *WHS Contractor Management Policy*, PO006, outlines that:

'It is the responsibility of the nominated City of Salisbury representative to review and confirm any technical aspects of contractor work, to the extent that they have the relevant technical expertise, that need clarification including the appropriateness of any risk assessment, Job Safety Analysis or Safe Work Method Statement'.



These requirements **put a level of responsibility on CoS, Contract Superintendents** and team leaders to ensure that staff are trained to a level where they are competent to determine whether or not the contractors are adequately managing WHS risks. **The onus placed on project officers to maintain a high degree of capability in the assessment of WHS** compliance by contractors is created by CoS's own documentation. There are alternative models that could be explored, for example implementing stronger requirements for WHS and Risk Management at the procurement stage, determining a robust process for defining engagement suitability across all areas of WHS risk and thus reducing the level of hands-on management required after engagement. Refer to **Recommendation 10**.

Two of 7 interviewed Contract Superintendents responsible for managing large contracts indicated that they were unsure of how to assess contractors' WHS-related documentation, they reported receiving this and then putting it on file. Audit considers that there is a need to ensure that Contract Superintendents are sufficiently trained to fulfil their WHS obligations.

A systematic WHS-related training program is required, to ensure that Contract Superintendents are able to fulfil their WHS responsibilities. This training may compliment staff awareness of WHS policies and procedures that are applicable to their contractual roles and provide clarity on the existing WHS documentation. Refer to **Recommendation 11**.

Roles and Responsibilities: ensuring WHS compliance

Audit interviewed 7 Contract Superintendents to understand how they ensure contractors' compliance with WHS requirements as outlined in their contracts and found a mixed approach to ensuring compliance. For example, in relation to induction:

- 4 of 7 interviewees indicated that they induct contractors using Council's contractor management induction form
- 1 of 7 interviewees induct contractors using a tailored version of Council's induction form
- 2 of 7 interviewees indicated that the onus for adhering to WHS requirements is placed on contractors (one of these is NAWMA, which is partly Council-owned).

There is a need to ensure that all Contract Superintendents are aware of their responsibilities to induct contractors using Council's induction form (#FM249). See **Recommendation 11**.

Contractual arrangements in relation to WHS

Audit reviewed the wording of contractual arrangements in contracts in relation to WHS, to review adequacy of wording. A summary is below:

- 4 of 8¹¹ – WHS appears to be adequately addressed in contractual documentation.
- 4 of 8 – some clauses appear to indicate that CoS takes some responsibility for the contractors' compliance with WHS requirements. It is important to ensure that there is a clear delineation of WHS responsibility, and to ensure that this rests with contractors. An example clause from one agreement within a contract includes:

¹¹ The agreement with NAWMA is a Service Level Agreement only, as NAWMA is partly owned by Council. WHS is not covered in the agreement.




Work Health and Safety: The Contractor shall comply with all reasonable directions in regard to the application of the Principal's work health and safety policies and procedures for the premises.... This does not refer to a requirement to comply with the WHS Act 2012.

It is important to ensure that Council has clear wording in its agreements with contractors about their obligations in relation to WHS. There may be benefit in ensuring that the Team Leader, Safety and Wellbeing, and/or a legal representative, have oversight of any wording in relation to WHS to be included in Council's agreements with contractors. **See Recommendation 12.**

Risk exposure

- Inconsistent documentation relating to WHS requirements and obligations may lead to ambiguity for Contract Superintendents as to their WHS responsibilities
- Inadequate training increases the risk of non-compliance by Contract Superintendents in fulfilling WHS obligations
- A lack of clarity in contracts regarding WHS-responsibilities may mean that the CoS unintentionally accepts further responsibility for contractors' WHS practices than is required by law (with potential liability implications).

Recommendation 8	Ensure that WHS-related policies and procedures are up to date, stored in one location (see Recommendation 5) and that current applicable requirements are clearly communicated to internal staff.		
Inherent Rating (Auditor)	Medium	Inherent Rating (CoS)	
Rating			
Agreed Actions			
Action Officer			
Completion Date			

Recommendation 9	Ensure that Council's WHS-related policies and procedures clearly outline the WHS requirements applicable to all contracts, where relevant, across all contracts and risk levels.	
Inherent Rating (Auditor)	High	Inherent Rating (CoS)
Rating		
Agreed Actions		
Action Officer		
Completion Date		

Recommendation 10	Review the WHS responsibilities placed on project officers and the Council in relation to WHS and Contractor engagement. Consider and confirm, at a strategic level, the level of responsibility Council wants to accept in managing contractor WHS compliance (<i>note – Audit found that Council currently accepts a high level of responsibility</i>). Confirm the intent of responsibilities for project officers in relation to WHS.	
Inherent Rating (Auditor)	High	Inherent Rating (CoS)
Rating		
Agreed Actions		
Action Officer		
Completion Date		



Recommendation 11	Develop a targeted training program to assist staff to fulfil their responsibilities in relation to WHS. For example, training on how to conduct a WHS audit, how to induct contractors, how to determine a safe work environment and how to discharge their responsibilities appropriately.		
Inherent Rating (Auditor)	High	Inherent Rating (CoS)	
Rating			
Agreed Actions			
Action Officer			
Completion Date			

Recommendation 12	Include WHS expertise during procurement of services, in particular to ensure that contracts adequately reflect applicable WHS requirements.		
Inherent Rating (Auditor)	Medium	Inherent Rating (CoS)	
Rating			
Agreed Actions			
Action Officer			
Completion Date			

2.6. There is opportunity to strengthen record-keeping in relation to contracts

Audit Risk Rating	CoS Risk Rating
Medium	

Key Findings

- In 15 of 20 relevant instances, quotations for work conducted under contract could not be provided.

Discussion

During Audit testing, a range of documentation was not able to be provided to the Audit team. These included:

- 15 of 20 relevant¹² quotations¹³, used to demonstrate/agree price before a contractor undertakes work. We note that, in each of these instances, a contract was in place with contractors, and a quotation may have been created – however it was not able to be provided to the Audit team. In some cases, quotations from contractors were in place for some tested transactions but not others.
- 6 of 24 instances where delegate-signed invoices were not able to be provided. *We note that the CoS have implemented an automatic invoice tracking process, and that all transactions for recent invoices had a clear trail in relation to invoices.*

There is opportunity to improve record-keeping in relation to ongoing contracts, particularly in relation to quotations for pieces of work conducted.

Risk exposure

- Lack of documentation in relation to contracts may mean that the CoS' decisions and spend are not sufficiently transparent and defensible.

¹² In some instances, price is clear in the contract and therefore a separate quotation is not required.

¹³ Across 8 contractors, including NAWMA (nb – NAWMA is part-owned by Council and costing may be in place however was not provided to the Audit team).



Recommendation 13	To ensure that staff obtain and record quotations in relation to pieces of work conducted under contract: <ul style="list-style-type: none"> ▪ remind staff of the importance of obtaining and recording quotations for individual pieces of work (where required), and ▪ consider conducting periodic sample-based testing to ensure that key documentation, including quotations for work, is obtained and stored appropriately in the CoS records management system. 	
Inherent Rating (Auditor)	Medium	Inherent Rating (CoS)
Rating		
Agreed Actions		
Action Officer		
Completion Date		

Item 4.2.2 - Attachment 2 - Contract Management Audit Report

2.7. There is a need to clarify expected processes in relation to contract closure

Audit Risk Rating	CoS Risk Rating
Better Practice	

Key Findings

- The Strategic Procurement team monitor contract expiry dates and are actively involved with contract closure processes.
- Audit did not identify clear processes and procedures in relation to more general contract completion – for example in relation to lessons learned, feedback and reviewing whether expected savings/benefits were achieved.

Discussion

The Audit team reviewed contract closure processes, via a review of three contracts which were closed in 2019 as well as interviews with the relevant Contract Superintendent. To assess closure, Audit specifically attempted to review:

- roles and responsibilities for contract closure
- handover processes
- whether a lessons learnt process /feedback process was used
- whether savings and other non-financial benefits were identified and tracked as a result of the contract.

Whilst contract closure at CoS may be a result of a natural conclusion upon the contract expiry, an opportunity to review if the contract still aligns with the procurement principles¹⁴ and if needed the applicable procurement approach is adopted (renewal, extension or new tender), or where there is substantial non-performance.

All 3 Contract Superintendents interviewed reported that there is a notification from the Strategic Procurement team in advance of when a contract is nearing expiry, and that the Procurement Team assist with this. There is no defined process to follow, however, in relation to general contract completion/closure.

Each interviewed Contract Superintendent reported adopting a different approach to contract closure, drawn from their experience and transferrable skills. Results included:

- One of three interviewees reported that an informal feedback session is completed to understand the CM process from the contractor's perspective.
- One interviewee reported using contractor performance meetings during the life of the contract to obtain feedback.
- The final interviewee reported an informal process to seek internal stakeholder feedback about contract performance (in relation to IT software) before a contract has expired.

Of these, one interviewee reported a need for a standardised template to be use within CoS as a guide for helping to close contracts, including but not limited to the process for seeking feedback.

¹⁴ Refer to Key Principle section of *Procurement Framework*.



Refer to **Recommendation 14**. Adopting **Recommendation 1** and **Recommendation 2** would provide an opportunity to provide guidance for contract completion processes.

Risk exposure

- Lack of processes to clearly manage contract closure/finalisation may create risks that CoS has not formally ensured that goods/services have been received as contracted and paid for, that adequate transition arrangements have been implemented and that lessons learned have been understood and shared for continuous improvement purposes.

Recommendation 14	Formalise a process for contract closure. This can be in the form of a template, and may include but not be limited to: <ul style="list-style-type: none"> ▪ capturing learnings/feedback on contract performance from a contractor’s perspective ▪ reviewing whether goods/services have been received in full as paid for ▪ reviewing whether discounts/savings were applied appropriately as per some contract conditions ▪ identifying lessons learned and ensuring that these are communicated within the Council, to facilitate future contract management improvements. 	
Inherent Rating (Auditor)	Better Practice	Inherent Rating (CoS)
Rating		
Agreed Actions		
Action Officer		
Completion Date		



Appendices



Appendix 1. Invoice Sample Findings

Sample	Invoice Reference	PO Reference	PO or Contract Reference on invoice	Is there a relevant quote?	Does invoice align to quote?	Invoice approved with correct delegations	Comments regarding delegations
1	00009743	Endorsed Exemption from Standard Procurement Procedures	✓	Not provided	Not provided	Paper process	Not evidenced on scanned copy in FinanceOne ¹⁵
2	00011160	Endorsed Exemption from Standard Procurement Procedures	✓	Not provided	Not provided	Paper process	Not evidenced on scanned copy in FinanceOne
3	RA3001940	PO not required as per contract	✓	✓	✓	✓	
4	RA3428682	PO not required as per contract	✓	✓	✓	×	Not evidenced on scanned copy in FinanceOne
5	RA3433131	PO not required as per contract	✓	✓	✓	✓	
6	CA11432	C27113	✓	✓	✓	✓	
7	CA12050	C28930	✓	Not provided	Not provided	✓	
8	00031276	Not provided	× Contract number written on after by authoriser but not included by contractor.	✓	✓	✓	
9	00034219	Not provided	× Contract number written on after by authoriser but not included by contractor.	✓	✓	✓	
10	00034122	Not provided	× Contract number written on after by authoriser but not included by contractor.	✓	✓	✓	
11	5005176	Endorsed Exemption from Standard Procurement	✓	Not provided	Not provided	✓	

¹⁵ Audit note that an automated invoicing process has now been implemented, and testing of invoice approvals subsequent to this change demonstrate compliance with delegations, enforced by system controls.



Sample	Invoice Reference	PO Reference	PO or Contract Reference on invoice	Is there a relevant quote?	Does invoice align to quote?	Invoice approved with correct delegations	Comments regarding delegations
		Procedures					
12	5008967	Endorsed Exemption from Standard Procurement Procedures	x	Not provided	Not provided	✓	Not evidenced on scanned copy in FinanceOne
13	5009022	Endorsed Exemption from Standard Procurement Procedures	x	Not provided	Not provided	✓	
14	11479	C26458	Not provided	Not provided	Not provided	✓	
15	12212	Not provided	Not provided	Not provided	Not provided	✓	
16	JULY-17	Endorsed Exemption from Standard Procurement Procedures	x	N/A – budget in place	N/A – budget in place	✓	
17	00023757	Endorsed Exemption from Standard Procurement Procedures	x Contract number written on after by authoriser but not included by contractor.	N/A – budget in place	N/A – budget in place	✓	
18	SIN02759	Endorsed Exemption from Standard Procurement Procedures	x	N/A – budget in place	N/A – budget in place	✓	Not evidenced on scanned copy in FinanceOne
19	017298	Endorsed Exemption from Standard Procurement Procedures	x Contract number written on after by authoriser but not included by contractor.	Not provided	Not provided	✓	
20	017063	Endorsed Exemption from Standard Procurement Procedures	x Contract number written on after by authoriser but not included by contractor.	Not provided	Not provided	✓	
21	020083	Endorsed Exemption from Standard Procurement Procedures	x	Not provided	Not provided	✓	Not evidenced on scanned copy in FinanceOne
22	00103953	C26897	✓	Not provided	Not provided	✓	
23	00104038	C26897	x	Hourly rate provided	N/A	✓	
24	00105674	C26897	✓	✓	✓	✓	





Appendix 2. Risk Framework

Table 1 – Consequence Ratings

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



Table 2 – Likelihood Ratings

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



Table 3 - Risk Matrix

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

Appendix 3. References - Better Practice Contract Management

We referred to the following policies and better practice guides as part of developing our better practice criteria for the audit to ensure directly relevant for Council:

Name
Local Government Association <i>Procurement Handbook</i> (2014)
State Procurement Board – various policies
DPTI Contract Management policies and procedures
Australian National Audit Office Better Practice Guide - Developing and Managing Contracts
NSW Audit Office Better Practice Contract Management Framework
NSW Procurement Board Policy Framework
Municipal Association of Victoria – Contract Management Guidelines
Crown Commercial Service (UK) Contract Management Principles and Contract Management Framework

Appendix 4. Staff members interviewed

- Bruce Naumann, Manager Salisbury Water
- Jarred Collins, Manager Infrastructure Delivery
- Chantal Milton, Manager Strategic Development
- Matthew Coldwell, Senior Accountant Projects & Assets
- Cisko Tudich, Employee Services Manager
- Gail Page, People and Culture Manager
- Simon McGuinness, Team Leader Safety & Wellbeing
- Andrew Legrand, Team Leader Energy & Environment
- Les Hubiak, Manager Facilities
- Matthew Harris, Manager Procurement
- Mark Purdie, Manager Field Services
- David Bevan, Manager Business Systems & Solutions

Appendix 5. Key documentation reviewed

- City of Salisbury Contracts Register
- Financial Delegation Report by Department Division as at 21/01/2019
- Procurement Policy
- Procurement Framework
- Purchase Order Guidelines
- Procurement – How to Purchase Matrix
- Procurement Form – 3.10 Financial Delegations Variation Form
- City of Salisbury Standard Terms and Conditions of Purchase for Goods and/or Services
- PRO37 – Personal Protective Equipment Procedure
- PRO23 – Workzone Traffic Management Procedure
- PRO15 – Confined Space Management Procedure
- PRO07 – Accident Incident Investigation and Reporting Procedure
- PRO06 – WHS Plant and Equipment Procedure
- Hazard Management Policy
- FM249 – Contractor Management Induction
- WHS Inspection Checklist
- FM316 – Task Hazard Mapping Tool 1
- Endorsed Exemption from Standard Procurement Procedures
- PRO24 – Contractor Management OHSW Release 1
- WHS Contractor Management Procedure
- PRO14 – Hazard Management Procedure

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<p>Recommendation 5</p> <p>Implement a process to ensure that policy, procedural and contract documentation is stored in one consistent location. Additional desirable features include:</p> <ul style="list-style-type: none"> ▪ approval processes before documentation can be uploaded into the location ▪ clear metadata/date information about each document ▪ standard naming conventions ▪ use of consistent document templates, and ▪ reviewing security/access levels for documentation, including providing transparency that a document exists even if the user does not have permission to view it. <p>This will assist in ensuring that staff are able to readily locate all information relevant to their roles and responsibilities.</p>	<p>Recommendation 5 - accepted</p> <p>ECM Dataworks is the corporate system.</p>	<p>Review existing policies, guidelines.</p> <p>Review naming convention, security etc.</p> <p>Provide training etc.</p> <p>Audit.</p>	<p>DM Community Experience & Relationships / Team Leader Business Intelligence & Data Management</p> <p>Group / Committee identified in Recommendation 1</p>	<p>June 2021</p>
<p>2.4 There is a need for a consistent approach to ensuring that 'due diligence' documentation is updated throughout the life of contracts</p> <p>Recommendation 6</p> <p>Implement a consistent process/set of principles to ensure that up to date due diligence documentation from contractors is maintained – for example; insurance, licences etc. This will assist the CoS to be assured that contractors are qualified/suitable for ongoing</p>	<p>Recommendation 6 – not accepted</p> <p>CoS T&C's obligate Contractors / Suppliers to obtain and maintain insurances and ensure contractors are qualified and suitable for the life of the contract. Ensuring compliance to CoS T&C's has the greatest impact of risk mitigation for the organisation.</p> <p>Collecting, collating, monitoring Implementing systems / processes to administer this process is resource</p>	<p>CoS staff to ensure that Contractors / Suppliers are engaged under CoS T&C's (un amended). Where amendments are requested, staff engages with Strategic Procurement in the first instance. Legal firms may be utilised.</p> <p>Strategic Procurement</p>	<p>As per current.</p>	

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<p>engagement.</p> <p>Recommendation 7 Implement a consistent process to ensure that conflicts of interest in relation to ongoing contracts are regularly reviewed (for example, annually, when a new staff member is onboarded, when a contract is managed by a different contract superintendent, when a staff member undertakes higher duties in a role that requires CM), and that staff are asked to declare conflicts in relation to any contracts that they manage.</p>	<p>intensive and has little to no impact to risk mitigation.</p> <p>Recommendation 7 – accepted</p>	<p>continues to obtain 'due diligence' documentation during the procurement process for above \$150k procurement activities.</p> <p>Strategic Procurement in collaboration with Governance conducts internal training on the importance of adhering to CoS T&C's.</p> <p>Continue the Col process built into the Strategic Procurement process for >\$150k procurement activities.</p> <p>Amend the current induction / acting process to include an action to obtain Col's for contracts the role is responsible for.</p> <p>Annual review for 'strategic' contracts only.</p> <p>Monitor conformance.</p>	<p>Strategic Procurement & Governance</p> <p>Strategic Procurement</p> <p>People & Culture</p> <p>Strategic Procurement & Governance.</p> <p>Governance</p>	<p>Dec 2020</p> <p>N/A</p> <p>June 2020</p> <p>Ongoing</p> <p>Ongoing</p>

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<p>2.5 A need for clear staff training and awareness regarding their contract-related WHS responsibilities</p> <p>Recommendation 8 Ensure that WHS-related policies and procedures are up to date, stored in one location (see Recommendation 5) and that current applicable requirements are clearly communicated to internal staff.</p> <p>Recommendation 9 Ensure that Council's WHS-related policies and procedures clearly outline the WHS requirements applicable to all contractors, where relevant, across all contracts and risk levels</p> <p>Recommendation 10 Review the WHS responsibilities placed on project officers and the Council in relation to WHS and Contractor engagement. Consider and confirm, at a strategic level, the level of responsibility Council wants to accept in managing contractor WHS compliance (<i>note – Audit found that Council currently accepts a high level</i>)</p>	<p>Recommendation 8 a) The WHS&IM Business Plan (Program 1) specifies the policies and procedures to be updated. b) All policies and procedures are stored in Dataworks and made available on COSI</p> <p>Information on policy and procedure updates are rolled out via staff meetings with evidence retained in Dataworks and tracked through Empower</p> <p>Recommendation 9 – not accepted All WHS policies and procedure (as applicable to Contractors) state to whom the policy/ procedure applies to provide a definition of a Worker that includes contractors.</p> <p>Recommendation 10 Agreed - review with LGAWCS as we adopt their policies & procedures.</p>	<p>Recommendation 8 a) Update policies and procedures as per due dates in policy & procedure b) Use CoSi as a primary interface with Dataworks.</p> <p>Recommendation 9 No further action proposed</p> <p>Recommendation 10 Group / committee identified in Rec 1 to provide decision forum</p>	<p>Team Leader Safety & Wellbeing</p> <p>N/A</p> <p>GM Business Excellence / Manager People & Culture</p>	<p>Sept 2020</p>

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<p><i>of responsibility</i>). Confirm the intent of responsibilities for project officers in relation to WHS.</p> <p>Recommendation 11 Develop a targeted training program to assist staff to fulfil their responsibilities in relation to WHS. For example, training on how to conduct a WHS audit, how to induct contractors, how to determine a safe work environment and how to discharge their responsibilities appropriately.</p> <p>Recommendation 12 Include WHS expertise during procurement of services, in particular to ensure that contracts adequately reflect</p>	<p>Recommendation 11 The organisational WHS Training Needs analysis covers Duty of Care for Workers, Duty of Care for Manager and Supervisors as well as WHS Responsible Officer training for Managers and Executive. A contractor management induction form is currently in place, however this will be progressively phased out following roll out of a comprehensive WHS Contractor Induction (has been developed and ready for roll out (via a portal to be accessed through the City of Salisbury web page). WHS audits are performed by competent WHS staff with a schedule in place set through the WHS&IM Business Plan. Operational leaders are assigned contractor work site inspections through Skytrust with Executive updated on completion status via the P&C quarterly report to Executive.</p> <p>Recommendation 12 Agreed</p>	<p>Recommendation 11 Facilitate creation of contractor induction portal with support from IT staff.</p> <p>Recommendation 12 Finalise review of contract templates with support from Manager Strategic Procurement Refer Recommendation 4 – guidelines and policy &</p>	<p>Team Leader Safety & Wellbeing</p> <p>Existing team / DM identified in Recommendation</p>	<p>Sept 2020</p> <p>Dec 2020</p>

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
applicable WHS requirements.		procedures to reflect this	2.	
<p>2.6 There is opportunity to strengthen record-keeping in relation to contracts</p> <p>Recommendation 13 To ensure that staff obtain and record quotations in relation to pieces of work conducted under contract:</p> <ul style="list-style-type: none"> remind staff of the importance of obtaining and recording quotations for individual pieces of work (where required), and consider conducting periodic sample-based testing to ensure that key documentation, including quotations for work, is obtained and stored appropriately in the CoS records management system. 	Recommendation 13 - accepted	Included in the Strategic Procurement transformation is an action to develop procedures and tools for below \$150k procurement activities. This recommendation will be addressed as part of these actions.	Strategic Procurement	Dec 2020
<p>2.7 There is a need to clarify expected processes in relation to contract closure</p> <p>Recommendation 14 Formalise a process for contract closure. This can be in the form of a template, and may include but not be limited to:</p> <ul style="list-style-type: none"> capturing learnings/feedback on contract performance from a contractor's perspective reviewing whether goods/services have been received in full as paid for 	Recommendation 14 - accepted	Refer recommendation 4.	Refer recommendation 4.	Refer recommendation 4.

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<ul style="list-style-type: none"> ▪ reviewing whether discounts/savings were applied appropriately as per some contract conditions ▪ identifying lessons learned and ensuring that these are communicated within the Council, to facilitate future contract management improvements. 				

ITEM	4.2.3
	AUDIT COMMITTEE
DATE	18 March 2020
HEADING	Asset Management Audit Report
AUTHOR	Janet Crook, Risk & Governance Program Manager, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making. 4.4 Embed long term thinking, planning and innovation across the organisation.
SUMMARY	<p>An audit on asset management was conducted to provide assurance on the strategic risk “City of Salisbury financial sustainability is compromised”. Galpins conducted the audit on behalf of the Governance Division.</p> <p>Four high and two moderate risk findings were identified by the audit. Two better practice findings were also made. The high risk findings relate to focusing on customer levels of service, improving controls regarding building condition assessments, documenting building maintenance plans and operational procedures, and defining criteria for upgrades and renewal of buildings. The moderate risk findings relate to ensuring that the Asset Management Plans are ‘living documents’, and improving parks, streetscapes and street trees renewal processes and maintenance regime. The better practice findings relate to reviewing the Asset Management Plans as per IPWEA standards and ISO 55000 series, and improving controls regarding capitalisations.</p>
RECOMMENDATION	<ol style="list-style-type: none">1. That the final audit report for the Asset Management Audit as set out in Attachment 2 to this report (Item 4.2.3, Audit Committee, 18/03/2020) be noted.2. That the responses of the Administration to the Asset Management audit as set out in Attachment 3 to this report (Item 4.2.3, Audit Committee, 18/03/2020) be endorsed for Council approval.
ATTACHMENTS	<p>This document should be read in conjunction with the following attachments:</p> <ol style="list-style-type: none">1. Asset Management Audit Scope2. Asset Management Audit Report3. Asset Management Audit - Management Responses

1. BACKGROUND

- 1.1 The City of Salisbury's (CoS) ability to effectively manage its assets and infrastructure is integral to the long term financial sustainability of CoS. This audit provides assurance that the established processes and controls in place in relation to Asset Management are robust and is aligned to the strategic risk that CoS' financial sustainability is compromised.
- 1.2 CoS manages an infrastructure asset portfolio of approximately \$1.4b. Skilled management of the portfolio, together with an established governance structure, will assist the City of Salisbury to meet the requirements of the national sustainability framework, the *Local Government (SA) Act 1999*, *Local Government (Financial Management) Regulations 2011* and providing the services needed by the community in a financially sustainable manner.
- 1.3 Asset management is critical to ensure that CoS' infrastructure assets remain fit for purpose and meeting the needs of the community.
- 1.4 A copy of the Audit Scope for this audit appears as Attachment 1 to this report.
- 1.5 Following a tendering process, Galpins were engaged to conduct the audit on behalf of the Governance Division.
- 1.6 The audit reviewed governance and risk management frameworks in place for creating, managing, monitoring and reviewing matters relating to asset management.
- 1.7 In order to determine whether processes and controls in place in relation to Asset Management are robust and that the Asset Management Strategy, the Asset Management Policy, the Asset Management Plans, asset registers and asset valuation processes are compliant with relevant legislation and based on best practices the audit considered asset management principles described in the following documents:
 - 1.7.1 *Local Government Act 1999*;
 - 1.7.2 The International Infrastructure Management Manual (IIMM) issued by the Institute of Public Works Engineering Australasia (IPEWA)
 - 1.7.3 Asset Management principles provided in the ISO 55000 series;
 - 1.7.4 LGA –Guidance for Infrastructure and Asset Management Plan template; and
 - 1.7.5 Australian Accounting Standards.
- 1.8 Specific fieldwork and testing for the audit included:
 - 1.8.1 Review of key documents;
 - 1.8.2 Interviews with key asset management staff;
 - 1.8.3 Walkthroughs of the business processes and controls in place for each of the key asset management areas;
 - 1.8.4 Selection of a sample of transactions and/or documentation providing evidence of the controls in place for the key asset management areas; and

- 1.8.5 Benchmarking CoS' key documents and processes against better practice manuals and/or internationally asset management principles such as the IIMM and the ISO 55000 series of Asset Management standards.
- 1.9 In addition to performing the internal audit procedures to address the objectives and scopes defined for this engagement, Galpins provided an Asset Management Maturity Self Assessment to be completed by CoS Asset Management staff.

2. CONSULTATION / COMMUNICATION

2.1 Internal

- 2.1.1 General Manager City Infrastructure
- 2.1.2 Manager Infrastructure Management
- 2.1.3 Manager Property and Buildings
- 2.1.4 Manager Field Services
- 2.1.5 Manager Salisbury Water
- 2.1.6 City Infrastructure Staff

3. REPORT

- 3.1 Attachment 2 to this report is the final Asset Management audit report from Galpins.
- 3.2 Four high risk findings were identified by Galpins in this audit. They are as follows:
 - 3.2.1 *Focusing on customer levels of service and enhancing processes for monitoring and reporting on levels of service.* Galpins has recommended that CoS engage with key stakeholders to establish performance measures and desired levels of service based on customer consultation and assessments of satisfaction; establish levels of service based on targets that are measurable, achievable, relevant and timely; and implement mechanisms to ensure that performance targets are compared to actual performance and reported to key stakeholders on a regular basis. The recommendations have been accepted by the Administration.
 - 3.2.2 *Improving controls to ensure building condition assessments and 'fit for purpose' audits are performed on a regular basis.* Galpins has recommended that CoS ensures that building condition assessments and 'fit for purpose' audits are performed on a regular basis and used as part of buildings capital investment planning. The Administration commented that the building condition audits are performed regularly and it will work with Council on defining 'fit for purpose'.
 - 3.2.3 *Formalising and documenting building maintenance plans and operational procedures.* Galpins has recommended that CoS implements formal building operational and maintenance plans including procedures of reactive maintenance, maintenance programs detailing the type of maintenance activity required for each asset and monitoring processes in place to ensure maintenance works are completed; implements a maintenance regime through the creation of work orders in the Confirm system based on the maintenance programmes determined by the formal

maintenance plan; and ensures that maintenance history is maintained in the asset register. The Administration advises that the recommendations from Galpins are already in place. Therefore, the Administration states that no action is required apart from ongoing improvements.

- 3.2.4 *Defining clear criteria for the upgrades and renewal of buildings.* Galpins has recommended that CoS review current capital investment planning for buildings and ensure that criteria for prioritising upgrades (including construction of new assets) and renewal of buildings are clearly defined, documented and based on relevant factors including defined levels of service, condition, fit for purpose audits and forecasted future demand. The Administration advises that this is generally in place however further improvements are underway.
- 3.3 Two moderate risk findings were identified by Galpins in this audit. They are as follows:
- 3.3.1 *Ensuring Asset Management Plans are 'living documents' fully integrated with the Long Term Financial Plan.* Galpins has recommended that Asset Management Plans are updated on an annual basis to ensure that they are 'living documents' fully integrated with the Long Term Financial Plan and with Council's operations and current asset management practices in place. The recommendation has not been accepted by the Administration. The Administration states that AMPs are 'living documents' and updated regularly, but that the frequency of review will be improved.
- 3.3.2 *Improving parks, streetscapes and street trees renewal processes and maintenance regime.* Galpins has recommended that CoS review current capital investment planning in place for parks, streetscapes and street trees ensuring that renewals are planned not only on the age of the assets, but also on other relevant factors such as asset condition, asset hierarchy and asset criticality; and establish formal maintenance and operational plans for parks, streetscapes and street trees assets. The first recommendation has been accepted. The second recommendation has not been accepted by the Administration, as it has been implemented as part of the Asset Management Improvement Project.
- 3.4 Two better practice findings were identified by Galpins. They are as follows:
- 3.4.1 *Opportunity to review contents included in the Asset Management Plans as per IPWEA standards and the 55000 series.* Galpins has recommended that CoS review the revised asset management plans against the IPWEA standards and ensure they address the required details regarding levels of service, asset condition, lifecycle management plan, asset criticality, risk management and processes for improvement; and review the revised asset management strategy and ensure it includes internal and external factors that may impact on asset management objectives as well as strategic risk issues and risks relating to these factors. The recommendations have been noted and will be taken on board by the Administration.
- 3.4.2 *Improving controls to ensure that capitalisations are processed on a more regular basis and based on 'as constructed' drawings.* Galpins has

recommended that CoS process capitalisations on a more regular basis (i.e. not concentrating capitalisations towards year end); and base asset capitalisations on ‘as constructed’ drawings. The recommendations have been noted and will be taken on board by the Administration.

- 3.5 All of the outstanding agreed actions from this internal audit, as detailed in the Management Responses at Attachment 3, will be tracked and followed up by the Governance Division and reported to the Audit Committee.
- 3.6 It has been noted by the Administration that, while a finding may be rated by the auditor as high risk, this does not necessarily translate into a matter of urgency by the Administration.

4. CONCLUSION / PROPOSAL

- 4.1 An audit on asset management was conducted to provide assurance on the strategic risk “CoS financial sustainability is compromised”. Several actions were agreed in order to address the issues identified by the audit.
- 4.2 The agreed actions arising from the audit will be followed up and progress on their completion will be reported to the Audit Committee.

CO-ORDINATION

Officer:

Date:



Asset Management

Audit Scope

OVERALL OBJECTIVE

The ability of City of Salisbury to effectively manage its assets and infrastructure is an integral to the long term financial sustainability of the City of Salisbury and the objective of "The Prosperous City". This review is to provide assurance that the established processes and controls in place in relation to Asset Management are robust.

This review should include the proposed processes and system changes that will be implemented as part of the Asset Management Improvement Project.

BACKGROUND AND RISKS

The City of Salisbury manage an infrastructure asset portfolio of approximately \$1.4b. Skilled management of the portfolio, together with established governance structure, will assist the City of Salisbury meeting the requirements of national sustainability framework, the Local Government (SA) Act 1999, Local Government (Financial Management) Regulations 2011 and providing the services needed by the community in a financially sustainable manner.

This review is aligned to the City of Salisbury Strategic Risk number six (6), being City of Salisbury financial sustainability is compromised.

Asset management is critical to ensure that the City of Salisbury's infrastructure assets remain fit for purpose and meeting the needs of the community, which may be at risk of being compromised should the City of Salisbury be unable to fund due to other impacts such as rate capping.

SPECIFIC OBJECTIVES

In addressing the overall objective, the audit will include, but not be limited to, the consideration of the following issues:

- The Governance and Risk Management frameworks in place for creating, managing, monitoring and reviewing matters relating to asset management.

The audit is to appraise the following documents to assess the accuracy of management information and appraise the extent of compliance to the Local Government Act legislation (Section 122 of the Local Government Act (SA) 1990), strategy and City of Salisbury policy and processes and the management of risks associated with Asset Management.

- Asset Management Strategy;
- Asset Management Policy;
- Asset Management Plans;
- Asset Register; and
- Asset Valuation Process.

In addition, the review will appraise the compliance with, and assess the implemented processes and system changes that have been introduced to the business as part of the ongoing staged Asset Management Improvement Project.

CONDUCT OF THE REVIEW

The nature of audit will be a Risk Based. It should involve a review of the applicable policies and processes, interviews with appropriate members of staff and an assessment of the management of relevant risks.

Any areas for process improvement and efficiency savings should also be highlighted.

The audit should be conducted in line with the Institute of Internal Auditors International Standards for Professional Practice of Internal Auditing and their Code of Ethics. Communication of findings and assessments will be an on-going process to ensure that there is a good understanding and acceptance of the rationale for audit opinions and recommendations.

The audit will be conducted by an external audit partner appointed through a tender process.

LOCATION

The audit will be conducted predominantly at City of Salisbury offices (12 James Street, Salisbury, SA 5108).

RESOURCING

Estimated	TBA hours in total, including quality assurance on the audit work and audit outputs.
Suggested Resourcing	The audit will be co-sourced in conjunction with external consultants selected through a tendering process. The participation of managers and staff involved in City Infrastructure, Financial Services, Asset Management Improvement Project Manager and Asset Managers may be required.

TIMING

The audit will be conducted between September 2019 and October 2019 at a mutually agreed timescale.

AUDIT OUTPUT

The output of the audit will be a report that is agreed and accepted by the General Manager City Infrastructure, John Devine and General Manager City Business Excellence Charles Mansueto containing:

- A one or two page Executive Summary;
- Detailed findings and recommendations, with a suitable audit trail evidencing the findings.

REVIEW OUTCOMES

The primary outcome of the audit will be an opinion(s) on the management of risks associated with Asset Management, using City of Salisbury risk management terminology.

APPROVED

Mick Petrovski
Manager Governance

APPROVED

John Devine
GM City Infrastructure

APPROVED

Charles Mansueto
GM Business Excellence

Galpins

Accountants, Auditors & Business Consultants

Asset Management Internal Audit Report



Mount Gambier
233 Commercial Street West
PO Box 246, Mount Gambier SA 5290
DX 29044
P: (08) 8725 3068
F: (08) 8724 9553
E: admin@galpins.com.au

Stirling
Unit 4, 3-5 Mount Barker Road
PO Box 727, Stirling SA 5152
P: (08) 8339 1255
F: (08) 8339 1266
E: stirling@galpins.com.au

Norwood
3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
F: (08) 8332 3466
E: norwood@galpins.com.au

www.galpins.com.au

Table of Contents

1. EXECUTIVE SUMMARY	3
1.1 Background	3
1.2 Objectives and scope.....	3
1.3 Audit Approach	3
1.4 Asset Management Maturity Self-Assessment	4
1.5 Key Findings and Observations	5
2. DETAILED FINDINGS AND RECOMMENDATIONS.....	6
2.1 Focusing on customer levels of service and enhancing processes for monitoring and reporting levels of service	6
2.2 Improving controls to ensure buildings condition assessment and 'fit for purpose' audits are performed on a regular basis.....	7
2.3 Formalising and documenting building maintenance plans and operational procedures.....	8
2.4 Defining clear criteria for upgrades and renewal of buildings	9
2.5 Ensuring Asset Management Plans are 'living documents' fully integrated with the Long Term Financial Plan	10
2.6 Improving Parks, Streetscapes and Street Trees renewal processes and maintenance regime	11
2.7 Opportunity to review contents included in the Asset Management Plans as per IPWEA standards and the ISO55000 series	12
2.8 Improving controls to ensure that capitalisations are processed on a more regular basis and based on 'as constructed' drawings	14
Appendix 1: Internal Audit Finding Ratings.....	15
Appendix 2: Asset Management Maturity Self-Assessment.....	16
Appendix 3: Traffic Light Assessment of AM Plans	17
Appendix 4: List of Interviewees	29
Appendix 5: Documents Assessed	30
Disclaimers	31
3.1 Inherent limitations.....	31
3.2 Third party reliance	31

City of Salisbury –Asset Management Internal Audit 2
 Liability limited by a scheme approved under Professional Standards Legislation.



1. EXECUTIVE SUMMARY

1.1 Background

The City of Salisbury manages an infrastructure asset portfolio of approximately \$1.4 billion. Skilled management of the portfolio, together with established governance structure, will assist the City of Salisbury meeting the requirements of the national sustainability framework, the Local Government (SA) Act 1999, Local Government (Financial Management) Regulations 2011 and providing the services needed by the community in a financially sustainable manner.

This review is aligned to the City of Salisbury Strategic Risk number six (6), being 'City of Salisbury financial sustainability is compromised'.

Asset management is critical to ensure that the City of Salisbury's infrastructure assets remain fit for purpose and meeting the needs of the community, which may be at risk of being compromised should the City of Salisbury be unable to fund due to other impacts such as rate capping.

1.2 Objectives and scope

The overall objective of the audit was to review governance and risk management frameworks in place for creating, managing, monitoring and reviewing matters relating to asset management and that established processes and controls in place are robust and in line with better asset management practices.

1.3 Audit Approach

In order to determine whether processes and controls in place in relation to Asset Management are robust and that the Asset Management Strategy (AMS), the Asset Management Policy, the Asset Management Plans (AMPs), asset registers and asset valuation processes are compliant with relevant legislation and based on best practices audit considered asset management principles described in the following documents:

- The *Local Government Act 1999*
- The International Infrastructure Management Manual (IIMM) issued by the Institute of Public Works Engineering Australasia (IPEWA)
- Asset Management principles provided in the ISO 55000 series
- LGA – Guidance for Infrastructure and Asset Management Plan template
- Australian Accounting Standards.

Specific fieldwork and testing for this engagement included:

- Review of key documents listed in Appendix 5
- Interviews with key asset management staff listed in Appendix 4
- Walkthroughs of the business processes and controls in place for each of the key asset management areas defined for this engagement
- Selection of a sample of transactions and/or documentation providing evidence of the controls in place for the key asset management areas identified for this engagement
- Benchmarking Council's key documents and processes against better practice manuals and/or internationally recognised asset management principles such as the International Infrastructure Management Manual and the ISO 55000 series of Asset Management standards.

In addition to performing our internal audit procedures to address the objectives and scopes defined for this engagement, Galpins provided an Asset Management Maturity Self-Assessment to Asset Management as a pre-cursor to the audit.

City of Salisbury –Asset Management Internal Audit

3

Liability limited by a scheme approved under Professional Standards Legislation.



1.4 Asset Management Maturity Self-Assessment

The Asset Management Maturity Self-Assessment was prepared based on the asset management maturity index provided by the IPWEA's International Infrastructure Management Manual. Appendix 2 provides further details of the asset management maturity index that was used as basis for this assessment.

A summary of the results of the Asset Management Maturity Self-Assessment is provided below:

IIMM*	Asset Management area	Target	TRA	DRA	WAT	STR	PAR	FLE	BLD
2.1	AM Policy and Strategy	60	80	80	75	80	80	80	80
2.2	Levels of Service and Performance Management	60	60	60	60	55	55	50	60
2.3	Forecasting Demand	60	60	60	85	55	55	50	30
2.4	Asset Register Data	60	85	85	60	85	85	85	85
2.5	Asset Performance and Condition	60	60	60	60	60	60	60	60
3.1	Decision Making	60	80	80	60	65	65	60	60
3.2	Managing Risk	60	60	60	60	55	55	60	45
3.3	Operational Planning	60	60	60	90	55	55	60	50
3.4	Capital Works Planning	60	60	60	90	45	45	65	45
3.5	Financial Planning	60	85	85	85	85	85	85	85
4.1	Asset Management Leadership and Teams	60	70	70	60	65	65	65	70
4.2	Asset Management Plans	60	60	60	65	50	50	50	55
4.3	Management Systems	60	80	80	80	80	80	80	80
4.4	Asset Management Information Systems	60	85	85	65	85	85	40	85
4.5	Service Delivery Mechanisms	60	60	60	80	65	65	60	45
4.6	Audit and Improvement	60	60	60	70	65	65	50	55

* Sections of the International Infrastructure Management Manual.

Asset Portfolios

TRA	Transport Assets
DRA	Drainage & Waterways
WAT	Salisbury Water
STR	Street Trees
PAR	Parks and Streetscapes
FLE	Plant & Fleet
BLD	Buildings

Asset Maturity Index

81-100	Advanced
61-80	Intermediate
41-60	Core
21-40	Basic
0-20	Aware
NR	Not responded

The results of the Self-Assessment shows that a high number of the asset management processes assessed are at intermediate or advanced maturity level with the majority of the areas assessed at "core" level (i.e. the level required to meet minimum requirements of good practice).

Improvements are desirable in managing level of services. Current Asset Management plans focus more on technical levels of services rather than customer performance measures. Asset management plans provide a number of statements regarding levels of service under the section "Levels of Services", however performance targets do not contain KPIs that are specific, measurable, achievable, relevant and timely – refer to finding 2.1.

Improvements are also desirable in the processes of planning capital works to ensure full integration between the Long Term Financial Plan (LTFP) and the asset management plans. Currently, there is a disconnect between bidding processes for capital works and the asset management plans. The 'new assets priority ranking criteria' and the 'renewal and replacement priority ranking criteria' described in the asset management plans are not always consistent with actual criteria used when preparing bids for capital investment planning - refer to finding 2.5.

The Buildings AMP demonstrated a level of maturity below the target level for a number of asset management areas due to the following performance improvement observations:

- Data available for effective capital investment planning is unreliable due to asset condition data being outdated and absence of a 'fit for purpose' building audit (finding 2.2).
- Building maintenance is performed on a reactive basis and there are no formal maintenance plans in place (finding 2.3).
- There is no formal guidance and clear definitions for prioritisation of upgrades (including construction of new assets) and renewals of buildings (finding 2.4).

Parks, streetscapes and street trees are not at a desired level of maturity in the areas of forecasting demand, managing risks, operational planning and capital works planning. This is mainly due to renewals planning being based predominantly on the age of these assets. Asset condition data, asset hierarchy and asset criticality have not been used to prioritise and forecast asset renewals, or in setting up a formal required maintenance regime - refer to finding 2.6.

1.5 Key Findings and Observations

The following table provides a summary of key findings. For further information refer to the Detailed Findings and Recommended Actions in section 2.

Ref	Detailed Finding	Risk Rating (Audit)	Risk Rating (CoS)
2.1	Focusing on customer levels of service and enhancing processes for monitoring and reporting on levels of service.	High	
2.2	Improving controls to ensure building condition assessments and 'fit for purpose' audits are performed on a regular basis.	High	
2.3	Formalising and documenting building maintenance plans and operational procedures.	High	
2.4	Defining clear criteria for the upgrades and renewal of buildings.	High	
2.5	Ensuring Asset Management Plans are 'living documents' fully integrated with the Long Term Financial Plan.	Moderate	
2.6	Improving parks, streetscapes and street trees renewal processes and maintenance regime	Moderate	
2.7	Opportunity to review contents included in the Asset Management Plans as per IPWEA standards and the ISO 55000 series.	Better Practice	
2.8	Improving controls to ensure that capitalisations are processed on a more regular basis and based on 'as constructed' drawings.	Better Practice	

2. DETAILED FINDINGS AND RECOMMENDATIONS

2.1 Focusing on customer levels of service and enhancing processes for monitoring and reporting levels of service

Audit Risk Rating	CoS Risk Rating
High	

Background

Levels of service are the outputs a customer receives from an organisation. Effective management of levels of service seeks to match the level of service the organisation delivers with the level of service expected by customers. Levels of service are key business drivers and influence all asset management decisions.

Finding

Audit reviewed the asset management practices in place in relation to levels of services and noted the following:

- Council has not established performance targets based on customer consultation and/or satisfaction evaluations. Current Asset Management plans focus more on technical levels of services rather than customer driven performance measures.
- Asset management plans provide a number levels of service statements under the section "Levels of Services". Generally, these performance targets do not contain KPIs that are specific, measurable, achievable, relevant and timely.
- There are no formal requirements in place to ensure that performance targets are compared to actual performance on a regular basis and reported to key stakeholders.

Risk Exposure

Deficiencies in the process of establishing desired levels of service, and monitoring actual asset performance against targets may lead to misalignment between the level of planned/actual service delivered by Council and the level of service expected by key stakeholders.

Recommendation 2.1.1

Engage with key stakeholders to establish performance measures and desired levels of service based on customer consultation and assessments of satisfaction.

Recommendation 2.1.2

Establish levels of service based on targets that are measurable, achievable, relevant and timely.

Recommendation 2.1.3

Implement mechanisms to ensure that performance targets are compared to actual performance and reported to key stakeholders on a regular basis.

Management Response

2.2 Improving controls to ensure buildings condition assessment and 'fit for purpose' audits are performed on a regular basis

Audit Risk Rating	CoS Risk Rating
High	

Background

Building condition assessments are technical inspections performed by competent assessors to evaluate the physical state of building elements and services and to assess the maintenance needs of the facility.

Condition assessments are an important aspect of effective maintenance planning. The incorporation of condition assessments as part of maintenance processes ensures that there is a structured and objective process for identifying the demand for condition-based maintenance works to meet strategic and operational priorities.

Reliable and objective knowledge of the physical state of buildings and the impacts on service delivery enable local government entities to develop appropriate strategies and actions for maintenance, major replacements, refurbishments and investment.

Council engaged an external party to provide consulting services on buildings asset management. The external party will carry out a building asset maturity assessment, building asset Gap analysis and improvement workshops. The workshops will allow Council to better understand the existing data and what is desired for future buildings asset management.

Finding

Building condition assessment was last performed in 2017. The results of this condition assessment is maintained in manual spreadsheets.

Historically, there have been no 'fit for purpose' audits to assess whether buildings are meeting the needs of stakeholders.

Asset management staff advised that they intend to perform a 'fit for purpose' audit and building condition assessment in 2020.

Risk Exposure

The absence of an updated condition assessment and 'fit for purpose' audits increase the risk of immediate priorities for renewal, replacement or rehabilitation of assets not being identified in a timely manner resulting in potential defects and/or asset failure.

Recommendation 2.2.1

Ensure that building condition assessments and 'fit for purpose' audits are performed on a regular basis and used as part of buildings capital investment planning (including predicting expenditure for maintenance, renewals and new assets/upgrades).

Management Response

2.3 Formalising and documenting building maintenance plans and operational procedures

Audit Risk Rating	CoS Risk Rating
High	

Background

Preventive maintenance aims to slow down asset deterioration and reactive maintenance aims to restore the serviceability of the asset by reacting to failures. Determining the optimal balance of these activities is a key asset management decision. As more investment is made in preventive maintenance, reactive costs (and in many cases, whole of life costs) typically decrease.

Finding

Building asset maintenance is performed on a reactive basis. There are no formal maintenance and/or operational plans and procedures outlining the types of maintenance required for each type of asset, the frequency of maintenance based on a criticality assessment and any special issue that might vary the standard maintenance practice.

Maintenance data including work to be completed and work completed against each item of building is not always tracked in the asset register.

Risk Exposure

The absence of formal maintenance and operation plans and procedures increases the risk of asset failure causing Council to incur increasing reactive costs. There is also a risk that maintenance activities are not optimised causing potential inefficiencies in the process of allocating costs and resources to different maintenance activities.

Recommendation 2.3.1

Implement formal building operational and maintenance plans including procedures of reactive maintenance, maintenance programs detailing the type of maintenance activity required for each asset and monitoring processes in place to ensure maintenance works are completed.

Recommendation 2.3.2

Implement a maintenance regime through the creation of work orders in the Confirm system based on the maintenance programmes determined by the formal maintenance plan.

Recommendation 2.3.3

Ensure that maintenance history is maintained in the asset register.

Management Response

2.4 Defining clear criteria for upgrades and renewal of buildings

Audit Risk Rating	CoS Risk Rating
High	

Background

The decision whether or not to create an asset is typically the time when there is the greatest opportunity to influence the cost and impact on levels of service. For existing assets, the decision of when and how to renew assets is the next greatest opportunity.

As such, Councils should have well defined processes for identifying, selecting, prioritising, ranking and estimating costs for the creation of a new asset and for asset renewals.

Finding

The 2015 Buildings Asset Management plan does not provide a clear definition for prioritisation of upgrades (including construction of new assets) and renewals of buildings. Table 5.5.1 of the plan provides a number of criteria with weightings still classified as "TBD" (to be defined).

The "renewal and replacement priority ranking criteria" defined in table 5.4.2 of the plan includes factors such as component condition, building hierarchy, component criticality, maintenance costs and link to Council's strategic plan. In practice, it is difficult for Council to apply these criteria to prioritise renewals as component condition data is outdated (refer to finding 2.2), component criticality is not defined in the plan and maintenance data requires improvement (refer to finding 2.3).

Currently, the prioritisation of the majority of building capital investments are driven by a number of factors including the local knowledge of asset management officers' of what needs to be upgraded/renewed, demands from sporting clubs and political factors – in other words, prioritisation decisions are not driven by criteria defined in the asset management plan.

We understand that Council is currently engaging an external party to identify the current maturity level of building asset management and carry out improvement workshops. This work will allow Council to better understand the existing processes, structures and data as well as what is desired for future management of building assets.

Risk Exposure

Where a systematic and well defined criteria for prioritising acquisitions and renewals of buildings are not in place there is a risk that inappropriate capital investment is undertaken and/or immediate priorities not being identified resulting in asset failure.

Recommendation 2.4.1

Review current capital investment planning for buildings and ensure that criteria for prioritising upgrades (including construction of new assets) and renewal of buildings are clearly defined, documented and based on relevant factors including defined levels of service, condition, fit for purpose audits and forecasted future demand.

Management Response

2.5 Ensuring Asset Management Plans are 'living documents' fully integrated with the Long Term Financial Plan

Audit Risk Rating	CoS Risk Rating
Moderate	

Background

An asset management plan is not intended to be a static document. To remain effective and relevant, plans should be revised to reflect improvements in data, changes in strategy, experience gained and lessons learnt by Council. To achieve this, Asset Management Plans are best reviewed and updated annually, with changes in Council's objectives and strategies directly reflected in the Asset Management Plans and capital budget.

The current asset management plans were adopted by Council and last updated in 2015. Asset Management is currently developing new Asset Management Operational Plans for all class of assets.

Finding

Current asset management plans have not been updated and reviewed since 2015. The asset management plans have not been managed as 'living documents'.

As a consequence, the asset management plans are not yet suitable for full integration into the LTFP due to the latest asset information not being included in the plans. Audit acknowledges that there is an appropriate link between the two documents as Finance uses asset management plan data adjusted by budget bids to update the LTFP. However, the results of budget bids have not been fed back into the asset management plans.

The "new assets priority ranking criteria" and the "renewal and replacement priority ranking criteria" described in the asset management plans are not always consistent with actual criteria used when preparing bids for capital investment planning.

Risk Exposure

The absence of regular updates of the asset management plans may lead Council to not effectively provide a clear linkage between capital investment planning and the LTFP, and cause the plans to be inconsistent with actual asset management practices in place.

Recommendation 2.5.1

Asset Management Operational Plans are updated on an annual basis to ensure that they are 'living documents' fully integrated with the Long Term Financial Plan and with Council's operations and current asset management practices in place.

Note: an update does not imply a full rewrite of the plans – rather, it requires a refresh of key quantitative data and values within the plan to reflect current understanding and intentions of Council.

Management Response

2.6 Improving Parks, Streetscapes and Street Trees renewal processes and maintenance regime

Audit Risk Rating	CoS Risk Rating
Moderate	

Finding

The 2015 Parks & Streetscapes Asset Management Plan states in section 5.1.3 of the plan that there is no recent condition information available for these assets. Asset management has recently undertaken asset condition audits for some of these assets such as playgrounds and irrigation assets. The plan also states that an asset service hierarchy and the identification of critical assets are to be developed in future revisions of the plan.

Historically, the renewals of parks, streetscapes and street tree assets have been planned based on the age of these assets. Asset condition, asset hierarchy (e.g. high use of open space) and asset criticality data have not been considered in the process of prioritising and forecasting the renewals of these assets.

Formal maintenance and/or operation plans and procedures outlining the types of maintenance required for each type of asset and the frequency of maintenance based on a criticality assessment and any other relevant data were in development at the time of the audit.

We understand that Asset Management staff are currently setting up a maintenance regime wherein required maintenance activities are recorded in Confirm.

Risk Exposure

Where systematic and well defined criteria for prioritising acquisitions and renewals of assets are not in place there is a risk that inappropriate capital investment is undertaken and/or immediate priorities not being identified resulting in asset failure.

Recommendation 2.6.1

Review current capital investment planning in place for parks, streetscapes and street trees ensuring that renewals are planned not only on the age of the assets, but also on other relevant factors such as asset condition, asset hierarchy and asset criticality.

Recommendation 2.6.2

Establish formal maintenance and operational plans for parks, streetscapes and street trees assets.

Management Response

2.7 Opportunity to review contents included in the Asset Management Plans as per IPWEA standards and the ISO55000 series	Audit Risk Rating	CoS Risk Rating
	Better Practice	

Background

We compared the asset management plans and the asset management strategy to the globally accepted standard applied to Asset Management (ISO 55000) and IPWEA's International Infrastructure Management Manual standards (the standards) which provide a template for a 'Suitable Structure for a Portfolio Asset Management Plan' and examples of contents to be included in the strategic asset management plan. A traffic light analysis comparing the standards to Council's asset management plans is provided in Appendix 3.

At a high level, the asset management plans are consistent with the 'Suitable Structure for a Portfolio Asset Management Plan' (the structure) provided by the standards. The asset management plans were prepared based on the principles of the standard. Most of the contents described in the structure were included in the asset management plans.

Finding

The comparison to ISO 55000 and IPWEA standards identified further opportunities to better align the asset management plans and the asset management strategy with these standards. The areas included:

1. **Level of services** – asset management plans do not provide performance targets containing KPIs that are specific, measurable, achievable, relevant and timely and do not contain performance measures based on customer consultation and/or satisfaction evaluation (refer to finding 2.1).
2. **Condition assessment** – condition profile information is not available for some classes of assets.
3. **Lifecycle Management Plan** – the criteria for prioritisation of renewals and acquisition of assets are described as "TBD" (to be developed) for a number of classes of assets. Cash flow predictions from asset disposals are not provided in the asset management plans.
4. **Asset criticality** – is discussed within the asset management plans however not assigned to assets within the asset management plans for some classes of assets.
5. **Risk Management** – risk registers within the asset management plans may be outdated as the asset management plans have not been reviewed since 2015 (refer to finding 2.5).
6. **Plan Improvement and Monitoring** – future improvements identified in a number of sections in the asset management plans are not always included in the improvement plan tables in section 7.2 (see examples in item 8 of the traffic light analysis provided in Appendix 3). The tables do not always provide a target date for completion or the officer responsible for the improvement. There is no register, database or other 'living document' being used to track details of the actions taken, the current status of the identified improvements and estimated date for completion.
7. **Asset Management Strategy** – IIMM suggests inclusion of a 'Strategic Organisational Context' section within the Asset Management Strategy document. This section should cover internal and external factors that may impact on the asset management objectives such as demographic changes, economic climate, customer expectations, financial constraints, changes in organisational structure, etc. The Asset Management Strategy does not include these internal and external factors and, consequently, strategic issues and risks originated by internal and external factors are not identified and addressed.

Audit acknowledges that Council is currently reviewing its asset management framework with a view to implementing new Strategic Asset Management Plans and Asset Management Operational Plans to replace the 2015 Asset Management Strategy and the 2015 Asset Management Plans.

Recommendation 2.7.1

Review the revised asset management plans against the IPWEA standards and ensure they address the required details regarding levels of service, asset condition, lifecycle management plan, asset criticality, risk management and processes for improvement.



Recommendation 2.7.2

Review the revised asset management strategy and ensure it includes internal and external factors that may impact on asset management objectives as well as strategic risk issues and risks relating to these factors.

Management Response

Item 4.2.3 - Attachment 2 - Asset Management Audit Report

2.8 Improving controls to ensure that capitalisations are processed on a more regular basis and based on 'as constructed' drawings	Audit Risk Rating	CoS Risk Rating
	Opportunity	

Background

The capitalisation process involves a number of steps including capturing costs from the project ledger, importing project costs into a spreadsheet, engaging in discussions to determine what is to be capitalised, defining the costs of each component of asset, including the asset in GIS as per technical drawings, commissioning the asset in Confirm and reconciling Confirm with the general ledger.

Finding

The majority of capitalisation of major projects occurs as part of the year end process, causing a significant increase in work load and time pressures for project, asset and finance officers at this time.

The capitalisation of infrastructure assets is often based on technical drawings developed prior to construction (i.e. 'for construction' drawings, or 'forcons') rather than 'as constructed' ('ascon') drawings.

Risk Exposure

There is an opportunity risk of not benefiting from processing capitalisation on a more regular basis.

The use of 'forcon' drawings increases the risk that characteristics of capitalised infrastructure additions may not reflect the actual completed projects, reducing the accuracy of valuation and depreciation calculations.

Recommendation 2.8.1

Process capitalisations on a more regular basis (i.e. not concentrating capitalisations towards year end).

Recommendation 2.8.1

Base asset capitalisations on 'as constructed' drawings.

Management Response



Appendix 1: Internal Audit Finding Ratings

RATING	DEFINITION	EXAMPLES OF IMPACT	ACTION/REPORTING REQUIRED
VERY HIGH	The issue represents a control weakness which could have or is having a severe adverse impact on the ability to achieve the process objectives.	<ul style="list-style-type: none"> • Serious and sustained impact on operations or functions, eg disruption to core business function for greater than two days, Business Continuity Plan initiated • Severe decline in quality and level of service • Certain and severe decrease in the community's confidence in Council • Severe breakdown in process that has led to illegal activity, such as fraudulent transactions being processed • Breach of legislation or contractual non-compliance that will result in litigation, prosecution and/or penalty • Actual death or life threatening injuries • Extensive negative media coverage (greater than two days) 	<ul style="list-style-type: none"> • Issue reported to the line Manager immediately and the departmental Director and CEO within 24 hours • Director/Directors Group attention • Immediate action: detailed plan of action to be put in place as soon as possible and at least within 7 days, with an expected resolution and substantial improvement within 30 days • Responsibility for action with departmental Director or Line Manager • Audit report: reported in executive summary, noted in report, reported in detailed findings • Director's Group: status re implementation of action reported monthly as 'significant project' • Audit Committee: status re implementation of action reported quarterly
HIGH	The issue represents a control weakness which could have or is having a major adverse impact on the ability to achieve the process objectives.	<ul style="list-style-type: none"> • Major impact on operations or functions, eg disruption to core business function for one to two days, Business Continuity Plan initiated • Major decline in quality and level of service • Moderate to serious decrease in the community's confidence in Council • Serious breakdown in process that may lead to increased and unacceptable risk, such as many transactions not properly authorised or evidenced • Breach of legislation or contractual non-compliance that may result in litigation, prosecution and/or penalty • Potential to cause life threatening or extensive injuries • Short term negative media coverage 	<ul style="list-style-type: none"> • Reported to the CEO, departmental Director and line Manager • Director and line Manager attention • Prompt action: detailed plan of action to be put in place as soon as possible and at least within 30 days, with an expected resolution and a substantial improvement within 1 to 3 months • Responsibility for action with Line Manager or Team Leader/supervisor • Audit report: Noted in executive summary and report, reported in detailed findings • Director's Group: status re implementation of action reported monthly as 'significant project' • Audit Committee: status re implementation of action reported quarterly
MODERATE	The issue represents a control weakness which could have or is having a moderate adverse impact on the ability to achieve the process objectives.	<ul style="list-style-type: none"> • Moderate impact on operations or functions, eg disruption to core business function for greater than four hours and less than one day • Moderate decline in quality and level of service • Possible moderate decrease in the community's confidence in Council • Moderate breakdown in process that could lead to increased risk, such as isolated instances of transactions not properly authorised or evidenced • Breach of legislation or contractual non-compliance that could result in litigation, prosecution and/or penalty • Potential to cause moderate injuries • Possibility of negative media coverage 	<ul style="list-style-type: none"> • Reported to departmental Director and line Manager • Line Manager and Team Leader attention • Short-term action: detailed plan of action to be put in place as soon as possible and at least within 60 days with an expected resolution and a substantial improvement within 3 to 6 months • Responsibility for action with Team Leader/supervisor • Audit report: noted in report, reported in detailed findings • Director's Group: status re implementation of action reported monthly as 'significant project' • Audit Committee: status re implementation of action reported quarterly
LOW	The issue represents a minor control weakness which could have or is having a minimal but reportable adverse impact on the ability to achieve the process objectives.	<ul style="list-style-type: none"> • Minor impact on operations or functions, eg minor impact on internal business only • Minimal or no decline in the quality and level of service • Not likely to affect the community's confidence in Council • Minor breakdown in process that is not likely to affect risk • Breach of legislation or contractual non-compliance that is not likely to result in litigation, prosecution and/or penalty • Unlikely to cause injuries • Internally contained and not likely to result in media coverage 	<ul style="list-style-type: none"> • Reported to line Manager and Team Leader • Line Manager and Team Leader attention • Action within a reasonable time period: - timeframe may be subject to competing priorities and cost/benefit analysis, eg. 6-12 months • Responsibility for action with Team Leader/supervisor or individual officer • Audit report: Noted in report, reported in detailed findings • Director's Group: status re implementation of action reported monthly as 'significant project' • Audit Committee: status re implementation of action reported quarterly



Appendix 2: Asset Management Maturity Self-Assessment

Asset Maturity Assessment

In addition to performing our internal audit procedures to address the objectives and scope defined for this engagement, Galpins facilitated an Asset Management Maturity Self-Assessment as a pre-cursor to the audit.

The Asset Management Maturity Self-Assessment was prepared based on the asset management maturity index provided by IPWEA's International Infrastructure Management Manual (IIMM).

This assessment was conducted via a self-assessment survey to relevant stakeholders, followed by a workshop to discuss and consolidate the survey results to provide a realistic maturity assessment. Key components of this self-assessment were then validated through the audit, providing a robust overall assessment of asset management maturity, with recommendations aligned to a desired future state of maturity.

Asset Management Maturity Index

The index is a tool that organisations can use to determine the appropriate level of maturity of asset management practices. The IIMM provides guidance on establishing an asset management maturity index for each area of asset management. The level of maturity of the asset management practices are measured using the following scales:



For each section of the IIMM, a level of maturity of the asset management practices in place was assigned. The tables over page provide the criteria used when establishing an asset maturity index for each asset management process area related to different section of the IIMM.



216 IIMM International Infrastructure Management Manual 2015

Section	Aware	Basic	Core	Intermediate	Advanced
2.1 AM Policy Development	Corporate awareness of the benefits of AM.	Corporate expectation expressed in relation to development of AM Plans and AM objectives.	AM Policy and AM Objectives developed, aligned to corporate goals and strategic context.	AM System scope is defined and documented. Strategic context (internal, external, customer environment) analysed and implications for the AM System documented in the Strategic AM Plan.	AM Policy and Strategic AM Plan fully integrated into the organisation's business processes and subject to defined audit, review and updating procedures.
2.2 Levels of Service and Performance Management	Level of service requirements generally understood but not documented or quantified.	Asset contribution to organisation's objectives and some basic levels of service have been defined. Customer Groups defined and requirements informally understood.	Levels of service and performance measures in place covering a range of service attributes. Annual reporting against performance targets. Customer Group needs analysed. Level of service and cost relationship understood.	Customers are consulted on significant service levels and options.	Customer communications plan in place. Levels of service are integral to decision making and business planning.
2.3 Demand Forecasting	Future demand requirements generally understood but not documented or quantified. Demand forecasts based on mathematical analysis of past trends and primary demand factors.	Demand forecasts based on experienced staff predictions, with consideration of known past demand trends and likely future growth patterns.	Demand Forecasts based on robust projection of a primary demand factor (eg: population growth) and extrapolation of historic trends. Risk associated with demand change broadly understood and documented. Demand management considered as an alternative to major project development.	A range of demand scenarios is developed (eg: high/medium/low). Demand management is considered in all strategy and project decisions.	Risk assessment of different demand scenarios with mitigation actions identified.
2.4 Asset Register Data	Asset information in combination of sources and formats. Awareness of need for asset register.	Basic physical information recorded in a spreadsheet or similar (e.g. location, size, type), but may be based on broad assumptions or not complete.	Sufficient information to complete asset valuation (basis attributes, replacement cost and asset age/life) and support prioritisation of programmes (criticality). Asset hierarchy, identification and attribute systems documented. Metadata held as appropriate.	A reliable register of physical, financial and risk attributes recorded in an information system with data analysis and reporting functionality. Systematic and documented data collection process in place.	Information on work history type and cost, condition, performance, etc. recorded at asset component level. Systematic and fully optimised data collection programme with supporting metadata.
2.5 Asset Condition	Condition and performance understood but not quantified or documented.	Adequate data and information to confirm current performance against AM objectives.	Condition and performance information is suitable to be used to plan maintenance and renewals to meet over the short term.	Future condition and performance information is modelled to assess whether AM objectives can be met in the long term. Contextual information, such as demand, is used to estimate likely performance.	The type, quality and amount of data are optimised to the decisions being made. The underlying data collection programme is adapted to reflect the assets' lifecycle stage.
3.1 Decision Making	AM decisions based largely on staff judgement.	Corporate priorities incorporated into decision making.	Formal decision making techniques (MCA / BCA) are applied to major projects and programmes, where criteria are based on the organisations' AM objectives.	Formal decision making and prioritisation techniques are applied to all operational and capital asset programmes within each main budget category. Critical assumptions and estimates are tested for sensitivity to results.	AM objectives/targets are set based on formal decision making techniques, supported by the estimated costs and benefits of achieving targets. The framework enables projects and programmes to be optimised across all activity areas. Formal risk-based sensitivity analysis is carried out.

Table 2.1.2: Asset Management Maturity Index

SECTION 21 SETTING THE STRATEGIC DIRECTION



Section	Aware	Basic	Core	Intermediate	Advanced
3.2 Risk Management	Risk management is identified as a future improvement. Risk framework developed.	Critical services and assets understood and considered by staff involved in maintenance / renewal decisions.	Critical assets and high risks identified. Documented risk management strategies for critical assets and high risks.	Resilience level assessed and improvements identified. Systematic risk analysis to assist key decision-making. Risk register regularly monitored and reported. Risk managed and prioritised consistently across the organisation.	Resilience strategy and programme in place including defined levels of service for resilience. Formal risk management policy in place. Risk is quantified and risk mitigation options evaluated. Risk is integrated into all aspects of decision making.
3.3 Operational Planning	Operational processes based on historical practices.	Operating procedures are available for critical operational processes. Operations organisational structure in place and roles assigned	Operating procedures are available for all operational processes. Operational support requirements are in place	Risk and opportunity planning completed Operational objectives and intervention levels defined and implemented. Alignment with organisational objectives can be demonstrated.	Continual improvement can be demonstrated for all operational processes. Comparison with iso 55001 requirements complete.
3.4 Capital Works Planning	Capital investment projects are identified during annual budget process.	There is a schedule of proposed capital projects and associated costs for the next 3-5 years, based on staff judgement of future requirements.	Projects have been collated from a wide range of sources and collated into a project register. Capital projects for the next three years are fully scoped and estimated. A prioritisation framework is in place to rank the importance of capital projects.	Formal options analysis and business case development has been completed for major projects in the 3-5 year period. Major capital projects for the next 10-20 are conceptually identified and broad cost estimates are available.	Long-term capital investment programmes are developed using advanced decision techniques such as predictive renewal modelling.
3.5 Financial and Funding Strategies	Financial planning is largely an annual budget process, but there is intention to develop longer term forecasts.	Assets re-valued in compliance with financial reporting and accounting standards. 10 year financial forecasts are based on extrapolation of past trends and broad assumptions about the future. Expenditure categories compliant with FRS.	Asset revaluations have a 'B' grade data confidence 10 year+ financial forecasts based on current comprehensive AMPs with detailed supporting assumptions / reliability factors.	Asset revaluations have a 'B' grade data confidence 10 year+ financial forecasts based on current comprehensive AMPs with detailed supporting assumptions / reliability factors.	Asset revaluations have an 'A' grade data confidence 10 year+ financial forecasts based on comprehensive, advanced AM plans with detailed underlying assumptions and high confidence in accuracy. Advanced financial modelling provides sensitivity analysis, demonstrable whole of life costing and cost analysis for level of service options.
4.1 AM Teams	Leadership is supportive of AM	AM functions are carried out by small groups. Roles reflect AM requirements	Position descriptions incorporate AM roles AM coordination processes established Ownership and support of AM by leadership Awareness of AM across most of the organisation	Organisational structures support AM Roles reflect AM resourcing requirements and reflected in position descriptions for key roles. Consistent approach to AM across the organisation Internal communication plan established.	Roles reflect AM requirements and defined in all relevant position descriptions Formal documented assessment of AM capability and capacity requirements to achieve AM objectives Demonstrable alignment between AM objectives, AM systems and individual responsibilities

IIMM International Infrastructure Management Manual 2015 217

SECTION 2.1 SETTING THE STRATEGIC DIRECTION

Table 2.1.2: Asset Management Maturity Index

City of Salisbury –Asset Management Internal Audit
Liability limited by a scheme approved under Professional Standards Legislation.



218 IIMM International Infrastructure Management Manual 2015

Section	Aware	Basic	Core	Intermediate	Advanced
4.2 AM Plans	Stated intention to develop AM Plans	AM Plans contains basic information on assets, service levels, planned works and financial forecasts (5-10 years) and future improvements.	AM objectives are defined with consideration of strategic context. Approach to risk and critical assets described, top-down condition and performance assessment, future demand forecasts, description of supporting AM processes, 10 year financial forecasts, 3 year AM improvement plan.	Analysis of asset condition and performance trends (past/future), customer engagement in setting LoS, ODM/risk techniques applied to major programmes. Strategic context analysed with risks, issues and responses described.	Evidence of programmes driven by comprehensive ODM techniques, risk management programmes and level of service/cost trade-off analysis. Improvement programmes largely complete with focus on ongoing maintenance of current practice.
4.3 Management Systems	Awareness of need to formalise systems and processes.	Simple process documentation in place for service-critical AM activities.	Basic Quality Management System in place that covers all organisational activities. Critical AM processes are documented, monitored and subject to review. AM System meets the requirements of ISO 55001.	Process documentation implemented in accordance with the AM System to appropriate level of detail. Internal management systems are aligned.	ISO certification to multiple standards for large asset intensive organisations, including ISO 55001. Strong integration of all management systems within the organisation.
4.3 Information Systems	Intention to develop an electronic asset register / AMIS.	Asset register can record core asset attributes – size, material, etc. Asset information reports can be manually generated for AM Plan input.	Asset register enables hierarchical reporting (at component to facility level). Customer request tracking and planned maintenance functionality enabled. System enables manual reports to be generated for valuation, renewal forecasting.	Spatial relationship capability More automated analysis reporting on a wider range of information.	Financial, asset and customer service systems are integrated and all advanced AM functions are enabled. Asset optimisation analysis can be completed
4.4 Service Delivery Mechanisms	AM roles generally understood.	Service delivery roles clearly allocated (internal and external), generally following historic approaches.	Core functions defined Procurement strategy/policy in place. Internal service level agreements in place with the primary internal service providers and contract for the primary external service providers.	Risks, benefits and costs of various outsourcing options considered and determined. Competitive tendering practices applied with integrity and accountability.	All potential service delivery mechanisms reviewed and formal analysis carried out to identify best delivery mechanism.
4.6 Improvement Planning	Recognition of AM improvements.	Improvement actions identified and allocated to appropriate staff.	Current and future AM performance assessed and gaps used to drive the improvement actions. Improvement plans identify objectives, timeframes, deliverables, resource requirements and responsibilities	Formal monitoring and reporting on the improvement programme to Executive Team. Project briefs developed for all key improvement actions.	Improvement plans specify key performance indicators (KPIs) for monitoring AM improvement and these are routinely reported.

Table 2.1.2: Asset Management Maturity Index

SECTION 21 SETTING THE STRATEGIC DIRECTION



Appendix 3: Traffic Light Assessment of AM Plans

Better Practice Assessment


The following table identifies sections from the International Infrastructure Management Manual 2015 (the standard) in relation to the elements that should be included in the Asset Management Plans. City of Salisbury AMPs were compared to the elements that are included in these standards to identify areas of compliance and gaps.

Note: The standards "shows infrastructure managers how to achieve the ISO standards' goal of getting the appropriate balance between cost, risk and performance from the assets in delivering the best service outcomes for all stakeholders. Improving the management of infrastructure can bring major benefits by ensuring that scarce resources are used in the most cost-effective manner, thereby enhancing economic growth, improving living standards and improving environmental sustainability."


As per the Standards, "the strategic Asset Management Plan is typically prepared at an organisational level while the Asset Management Plans are prepared at an asset portfolio level- though in some situations they may be combined into a single document".

Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
1. Executive Summary	<p>The standard states that the "Executive Summary should emphasise the key issues contained in the body of the AMP and provide readers with a succinct and self-contained overview of the entire AM Plan. Many readers may only read the Executive Summary." The following are sections that should be covered:</p> <ul style="list-style-type: none"> 1.1 The Purpose of the Plan 1.2 Asset Description 1.3 Level of Service 1.4 Future Demand 1.5 Lifecycle Management Plan 1.6 Financial Summary 1.7 Asset Management Practices 1.8 Monitoring and Improvement Programme 		The AMPs contain an Executive Summary and most of the sections summarised in the 'Details from the Standard' column are included in the plans.	N/A




Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
2. Introduction	<p>Section 2.1 of the IPWEA is the background section, it requires the Asset Management Plan to have a;</p> <ul style="list-style-type: none"> - Purpose of the plan - Relationship with other planning documents - Infrastructure assets included in the Plan - Key stakeholders in the plan - Organisational structure <p>Section 2.2 Goals and Objectives of Asset Ownership states that the AMP should have;</p> <ul style="list-style-type: none"> - Reasons and justification for asset ownership links to organisation vision, mission, goals and objectives - Plan Framework - Key elements of the plan <p>Section 2.3 Core and Advanced AM states that the AMP should have;</p> <ul style="list-style-type: none"> - Sophistication/ Limitations of this AM plan. 		The AMPs contain an Introduction section and most of the sections summarised in the 'Details from the Standard' column are included.	N/A




Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
3. Level of Service	<p>Section 3.1 Customer Research and Expectations</p> <ul style="list-style-type: none"> - Background and customer research undertaken and proposed approach to future consultation - Details of how knowledge of customer requirements has been considered in setting levels of service <p>Section 3.2 Strategic and Corporate Goals</p> <ul style="list-style-type: none"> - Organisation strategic goals and impacts on the level of service <p>Section 3.3 Legislative Requirements</p> <ul style="list-style-type: none"> - Background legislation or regulations which affect asset operation or require certain levels of service <p>Section 3.4 Current level of service</p> <ul style="list-style-type: none"> - Define current levels of service being provided by the asset - Identify related performance measures - How does the organisation compare to other similar organisations <p>Section 3.5 Desired level of service</p> <ul style="list-style-type: none"> - Provide details on the level of service desired if different from what is being provided, and what opinions have been considered in determining that level of service - Provide details of differences between current and desired levels of service and how these gaps will be progressively closed. 		<p>Audit reviewed the asset management practices in place in relation to levels of services and noted the following:</p> <ul style="list-style-type: none"> • Council has not established performance targets based on customer consultation and/or satisfaction evaluations. Current Asset Management plans focus more on technical levels of service rather than customer-based performance measures. • Asset management plans provide a number of level of service statements under the section "Levels of Services". Generally, performance targets do not contain KPIs that are specific, measurable, achievable, relevant and timely. • There are no formal requirements in place to ensure that performance targets are compared to actual performance on a regular basis and reported to key stakeholders 	Section 2.1



Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
4. Future Demand	<p>Section 4.1 Demand Drivers</p> <ul style="list-style-type: none"> - Factors influencing demand- anticipated changes in customer expectations, changes in technology, population changes, economic changes, etc <p>Section 4.2 Demand Forecasts</p> <ul style="list-style-type: none"> - Details of projected growth or decline of demands on services <p>Section 4.3 Demand Impacts on assets</p> <ul style="list-style-type: none"> - Impact of changes in demand on assets (utilisation/ capacity, loading/ condition) <p>Section 4.3 [sic] Demand Management Plan</p> <ul style="list-style-type: none"> - Non-asset solutions available as alternatives to asset-based solutions (i.e. demand management, insurance, managed failures) <p>Section 4.4 Asset programs to meet demand</p> <ul style="list-style-type: none"> - Major Programs and costs. 		<p>The AMPs contain a 'Future Demand' section and most of the sections that are summarised in the 'Details from the Standard' column are included.</p>	<p>N/A</p>



Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
5. Lifecycle Management Plan	<p>Section 5.1 Background Data</p> <ul style="list-style-type: none"> - Physical Parameters - Asset capacity/ performance - Asset condition - Asset valuations - Historic Data <p>Section 5.1 [sic] Operations and Maintenance</p> <ul style="list-style-type: none"> - operations and maintenance plan - operations and maintenance strategies - Summary of future costs <p>Section 5.2 Renewal/ replacement plan</p> <ul style="list-style-type: none"> - Renewal Identification - Renewal Strategies - Summary of future costs <p>Section 5.3 Creation/ Acquisition/ Augmentation Plan</p> <ul style="list-style-type: none"> - Selection Criteria - Capital Investment Strategies - Summary of Future Costs <p>Section 5.4 Disposal Plan</p> <p>Disposal is any of the activities associated with disposal of a decommissioned asset, including sale, demolition or relocation.</p> <ul style="list-style-type: none"> - Forecast future disposal of assets including timing and costs - Cashflow forecast of income/ expenditure from asset disposal. 		<p>Condition profile information is not available for some classes of assets.</p> <p>Asset Management plans contain a number of operation and maintenance strategies. However, there are no formal maintenance and operational plans for some classes of assets determining how these strategies are put into action.</p> <p>The "new assets priority ranking criteria" and the "renewal and replacement priority ranking criteria" described in the asset management plans are not always consistent with criteria used when preparing budget bids for capital investment planning.</p> <p>The "new assets priority ranking criteria" and the "renewal and replacement priority ranking criteria" are still to be developed for some asset classes.</p> <p>Assets identified for disposal and cash flow projections from asset disposals are not included in the asset management plans.</p>	<p>Section 2.7</p> <p>Section 2.3 and 2.6</p> <p>Sections 2.5 and 2.4</p> <p>Section 2.7</p> <p>Section 2.7</p>




Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
6. Management Risks	<p>6.1 Critical assets</p> <ul style="list-style-type: none"> - How critical assets are identified and managed <p>6.2 Risk Assessment</p> <ul style="list-style-type: none"> - Approach for assessing risks (may reference a separate Risk Management Plan) - Top risks and how these will be managed <p>6.3 Infrastructure Resilience Approach</p> <ul style="list-style-type: none"> - A summary of the approach to managing resilience (e.g. business continuity planning, lifelines projects) - A summary of the key outcomes of the above - e.g. resilience improvement initiatives. 		<p>Critical assets are not always identified in the asset management plans.</p> <p>Risk registers included in the asset management plans require review as the asset management plans have not been reviewed and updated since 2015.</p>	<p>Section 2.7</p> <p>Section 2.7</p>
7. Financial Summary	<p>7.1 Financial Statement and Projections</p> <p>These should be prepared for at least 10 years and include:</p> <ul style="list-style-type: none"> - Cashflow forecasts by year - Breakdown of expenditure by service groups - breakdown of expenditure into operations, routine maintenance, renewal and upgrade/ new works expenditure; and - Trends from the previous 2-3 years <p>7.2 Funding Strategy</p> <ul style="list-style-type: none"> - Provide details of how expenditure will be financially treated (e.g. Capitalisation policies) and funded. 		<p>Asset management plans are not yet suitable for full integration into the LTFP due to the latest asset information not being included in the plans..</p> <p>The "new assets priority ranking criteria" and the "renewal and replacement priority ranking criteria" described in the asset management plans are not always consistent with criteria used when preparing bids for capital investment planning.</p>	<p>Section 2.5</p> <p>Section 2.5 and 2.6</p>



Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
	<ul style="list-style-type: none"> - Determine whether any planning is needed to smooth out variations in cashflow. <p>7.3 Variation Forecasts</p> <ul style="list-style-type: none"> - Forecast of future value of asset and valuation methodology - Forecast of depreciation <p>7.4 Key assumptions made in financial forecasts</p> <ul style="list-style-type: none"> - what are the key assumptions made in preparing the forecasts and risks that these might change <p>7.5 Forecast Reliability and Confidence</p> <p>Readers should understand the accuracy of the information presented as well as providing an insight as to how the accuracy of future financial forecasts would be improved. Advanced plans may include a sensitivity analysis quantifying variation in the forecasts resulting from possible scenarios relating to key assumptions.</p>			



Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
			there have been no reviews of the asset management plan since 2015. Progress towards improvements identified in the table and new improvements identified after the adoption of the 2015 asset management plans have not been fed back into the asset management plans.	
9. Appendices	Maintenance response service levels, capital works programs etc.		This information is included in the asset management plans.	N/A

Key



- Significant issues identified requiring immediate escalation to Management and short-term corrective actions.
- Some issues identified require attention, to be raised to Management in due course and a plan put in place for corrective actions.
- No significant issues identified.



Appendix 4: List of Interviewees

We extend our appreciation to the following individuals who provided information and participated in this review:

Name	Position
David Boothway	Team leader Civil and Transport Assets
Peter Rexeis	Senior Building Asset Officer
James Corletto	Team Leader Strategic Asset Management
Bruce Naumann	Manager Salisbury Water
Roseanne Irvine	Admin Coordinator Salisbury Water
Craig Johansen	Team Leader Parks and Open Space Assets
Mark Purdie	Manager Field Services
Dameon Roy	Manager Infrastructure Management
Kate George	Manager Financial Services
Tim Aplin	Senior Accountant
Matt Coldwell	Senior Accountant Project & Assets
Robert Constance	Audit & Risk Coordinator



Appendix 5: Documents Assessed

The documents listed below were obtained and referenced as part of undertaking our review of Council's asset management practices:

- Asset Management Policy
- Asset Management Strategy
- Street Trees Asset Management Plan
- Parks and Streetscapes Asset Management Plan
- Transport Asset Management Plan
- Salisbury Water Asset Management Plan
- Fleet Asset Management Plan
- Drainage Waterways Asset Management Plan
- Buildings Asset Management Plan
- Long Term Financial Plan
- City Plan 2030
- 2019/2020 Annual Plan
- 2017/18 Annual Report
- Processed Inspection Data – Buildings
- Managed Aquifer Recharge (MAR) Systems Risk – Based Management Plan
- Asset Condition and Valuation Report for Salisbury Water
- Salisbury Water – Safety, Reliability, Maintenance and Technical Management Plan
- Salisbury Water – Operational Disrupt Customer Complaints Register
- Strategic Asset Management Group (SAMG) Terms of Reference
- Asset Management Improvement Plan register
- The Average Salisbury Local Road – Performance Curve
- State of Assets Report – Roads
- Local Road Network – Capital works treatment rulebase for use by ASSETIC predictor
- Business Requirements Document – Fleet Management System
- Email from Peter Rexeis (Senior Building Asset Officer) detailing the scope of asset management project to be conducted by Sprout
- IPWEA International Infrastructure Management Manual (IIMM)
- ISO 55000 Asset management – Overview, principles and terminology
- ISO 55001 Asset management – Management systems – Requirements
- ISO 55002 Asset management – Management systems – Guidelines for the application of ISO 55001



Disclaimers

3.1 Inherent limitations

This report has been prepared for the information and internal use of the City of Salisbury in accordance with the scope and objectives outlined in the Executive Summary of this report. The services provided in connection with this engagement comprise an advisory engagement which is not subject to the Australian Auditing Standards or the Australian Standards on Review and Assurance Engagements. Consequently, no express opinions or conclusions have been drawn or are intended to convey assurance. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected.

Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to the effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures were on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the City of Salisbury's management and personnel. We have not sought to independently verify those sources. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the City of Salisbury. The internal audit findings expressed in this report have been formed on the above basis.

3.2 Third party reliance

This report is solely for the purpose set out in the Executive Summary of this report and for the City of Salisbury's information, and is not to be used for any other purpose or distributed to any other party without Galpins' prior written consent. This internal audit report has been prepared at the request of the City of Salisbury or its delegate in connection with our engagement to perform internal audit services. Other than our responsibility to City of Salisbury, neither Galpins nor any member or employee of Galpins undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the City of Salisbury external auditor, on this internal audit report. Any reliance placed is that party's sole responsibility.

ASSET MANAGEMENT INTERNAL AUDIT 2019 – MANAGEMENT RESPONSE

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<p>2.1 Focusing on customer levels of service and enhancing processes for monitoring and reporting levels of service.</p> <p>Recommendation 2.1.1 Engage with key stakeholders to establish performance measures and desired levels of service based on customer consultation and assessments of satisfaction.</p> <p>Recommendation 2.1.2 Establish levels of service based on targets that are measurable, achievable, relevant and timely.</p> <p>Recommendation 2.1.3 Implement mechanisms to ensure that performance targets are compared to actual performance and reported to key stakeholders on a regular basis.</p>	<p>Now Council has an Asset Management Sub Committee (AMSC) and will work through the levels of service progressively.</p> <p>Existing levels of service in place but need to change to more community centric focus</p> <p>This is in place generally through the AMSC and SAMG</p>	<p>All Asset Managers to work with the AMSC and Council</p> <p>As above</p> <p>As above</p>	<p>General Manager City Infrastructure (GMCI), Manager Property & Buildings (MP&B), Manager Infrastructure Management (MIM)</p>	<p>2023</p>
<p>2.2 Improving controls to ensure buildings condition assessment and 'fit for purpose' audits are performed on a regular basis</p> <p>Recommendation 2.2.1</p>	<p>Building condition audits are undertaken regularly</p>			

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
Ensure that building condition assessments and 'fit for purpose' audits are performed on a regular basis and used as part of buildings capital investment planning (including predicting expenditure for maintenance, renewals and new assets/upgrades)	These are currently being undertaken. Working with Council on defining 'fit for purpose'	Complete audit and present findings and recommendations to the AMSC Prioritise 21/22 and beyond capital program in line with above	MP&B	March 2021
<p>2.3 Formalising and documenting building maintenance plans and operational procedures</p> <p>Recommendation 2.3.1 Implement formal building operational and maintenance plans including procedures of reactive maintenance, maintenance programs detailing the type of maintenance activity required for each asset and monitoring processes in place to ensure maintenance works are completed.</p> <p>Recommendation 2.3.2 Implement a maintenance regime through the creation of work orders in the Confirm system based on the maintenance programmes determined by the formal maintenance plan.</p> <p>Recommendation 2.3.3 Ensure that maintenance history is maintained in the asset register.</p>	<p>Disagree with findings and recommendations. Asset Management Improvement Project (AMIP) implemented these changes</p> <p>In place</p> <p>In place</p> <p>In place</p>	No action required apart from ongoing improvements		

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<p>2.4 Defining clear criteria for upgrades and renewal of buildings</p> <p>Recommendation 2.4.1 Review current capital investment planning for buildings and ensure that criteria for prioritising upgrades (including construction of new assets) and renewal of buildings are clearly defined, documented and based on relevant factors including defined levels of service, condition, fit for purpose audits and forecasted future demand.</p>	<p>Generally in place however further improvements currently under way.</p> <p>Working with Council on defining 'fit for purpose' and future demand and priorities.</p> <p>Currently working the AMSC and developing a Place Activation Strategy to assist with this.</p>	Ongoing formal presentations and reports to Council Committees.	MP&B	Ongoing
<p>2.5 Ensuring Asset Management Plans are 'living documents' fully integrated with the Long Term Financial Plan</p> <p>Recommendation 2.5.1 Asset Management Plans are updated on an annual basis to ensure that they are 'living documents' fully integrated with the Long Term Financial Plan and with Council's operations and current asset management practices in place.</p>	<p>This is currently in place.</p> <p>AMP's are living documents and updated regularly. However the frequency of review will be improved.</p>	No action apart from ongoing reviews and improvement	MIM & MP&B	Ongoing
<p>2.6 Improving Parks, Streetscapes and Street Trees Renewal processes and maintenance regime</p> <p>Recommendation 2.6.1 Review current capital investment planning in place for</p>	Currently underway with the AMSC	Present process to the AMSC and Audit	MIM & MP&B	Oct 2020

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<p>parks, streetscapes and street trees ensuring that renewals are planned not only on the age of the assets, but also on other relevant factors such as asset condition, asset hierarchy and asset criticality.</p> <p>Recommendation 2.6.2 Establish formal maintenance and operational plans for parks, streetscapes and street trees assets.</p>	<p>2020 to enable a review to occur</p> <p>Has been implemented as part of the AMIP. Preventative, routine and reactive maintenance programs are in place.</p>	<p>Committee</p> <p>No action required except for ongoing improvement</p>		
<p>2.7 Opportunity to review contents included in the Asset Management Plans as per IPWEA standards and the ISO55000 series</p> <p>Recommendation 2.7.1 Review the revised asset management plans against the IPWEA standards and ensure they address the required details regarding levels of service, asset condition, lifecycle management plan, asset criticality, risk management and processes for improvement.</p> <p>Recommendation 2.7.2 Review the revised asset management strategy and ensure it includes internal and external factors that may impact on asset management objectives as well as strategic risk issues and risks relating to these factors.</p>	<p>Review occurred in 2017 to do this and close alignment was identified</p> <p>Some improvements to Level of Service as above.</p> <p>Being considered as part of the (Strategic Asset Management Plan (SAMP) as presented to Council on 29 February 2020.</p>	<p>See above</p>	<p>MIM & MP&B</p>	
<p>2.8 Improving controls to ensure that capitalisations are processed on a more regular basis and based on</p>	<p>Staff are working in line with finance policy and will adapt as required.</p>	<p>Continue discussions with Financial Services</p>	<p>MIM & MP&B</p>	<p>Ongoing</p>

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<p>'as constructed' drawings</p> <p>Recommendation 2.8.1 Process capitalisations on a more regular basis (i.e. not concentrating capitalisations towards year end).</p> <p>Recommendation 2.8.2 Base asset capitalisations on 'as constructed' drawings.</p>	<p>Discussions to occur with Financial Services on appropriate frequency.</p> <p>Base valuations on normal industry methodology.</p>	<p>Division</p>		

ITEM	4.2.4
	AUDIT COMMITTEE
DATE	18 March 2020
HEADING	Audit Committee Work Program for 2020
AUTHOR	Janet Crook, Risk & Governance Program Manager, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	<p>The purpose of this report is to provide assurance that the Audit Committee will address each of its responsibilities as defined in its Terms of Reference.</p> <p>The Audit Committee Work Plan for 2020 shows that each meeting of the Audit Committee considers a number of responsibilities required by the Terms of Reference. The October Audit Committee meeting deals with the majority of the Committee's responsibilities, in particular the review of the audited Financial Statements and Financial Internal Controls.</p>

RECOMMENDATION

1. The information be noted.

ATTACHMENTS

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

1. Audit Committee Terms of Reference
2. Audit Committee Work Program 2020

1. BACKGROUND

- 1.1 The City of Salisbury Audit Committee Terms of Reference (ToR) are approved by Council at the beginning of each Council term. The ToR were put to the Council in November 2018. The ToR are attached as Attachment 1.
- 1.2 The contents of the ToR are based on a combination of legislative responsibilities, best practice and practical arrangements for City of Salisbury Committees of Council. The responsibilities of the Audit Committee are detailed in section 6 of the ToR. Section 6.1 reflects the requirements of section 126(4) of the *Local Government Act 1999*, section 6.2 lists additional responsibilities of the Audit Committee as determined by Council and section 6.3 contains practical considerations which assist the Committee in discharging its other responsibilities.

2. REPORT

- 2.1 Attachment 2 of this report sets out the responsibilities of the Audit Committee mapped against the meetings of the Committee. Many of the responsibilities are addressed at the October meeting of the Audit Committee, which deals entirely

with the externally audited Financial Statements and Financial Internal Controls information. The October meeting of the Committee is a particularly important meeting because not only does it address the majority of the responsibilities of the Committee, it is also necessary to enable the audited Financial Statements to be endorsed within the regulatory timeframes for submission of the statements to the Minister, and the Presiding Member of the South Australian Local Government Grants Commission.

- 2.2 Several other responsibilities are addressed at each Audit Committee meeting or as and when necessary. The ToR includes a provision whereby the Audit Committee of Council may undertake the functions of a subsidiary's audit committee in circumstances where the City of Salisbury has exempted that subsidiary from having its own Audit Committee.
- 2.3 Currently the City of Salisbury has an interest in one regional subsidiary, being Northern Adelaide Waste Management Authority (NAWMA). NAWMA has its own Audit Committee, so there is currently no requirement for the Audit Committee of Council to act in that capacity. CoS is still a member of Council Solutions but it is in the process of being wound up pending Ministerial approval. Council Solutions has its own Audit Committee.

3. CONCLUSION / PROPOSAL

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

CO-ORDINATION

Officer:

Date:



Audit Committee of Council

- Terms of Reference -

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

Review Date: November 2019

1. Purpose

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

2. Status and Term of the Committee

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

3. Authority

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



Audit Committee of Council

- Terms of Reference -

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

Review Date: November 2019

4. Meeting Details

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



Audit Committee of Council

- Terms of Reference -

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

Review Date: November 2019

5. Membership

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



Audit Committee of Council

- Terms of Reference -

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

Review Date: November 2019

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

6. Responsibilities

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



Audit Committee of Council

- Terms of Reference -

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

Review Date: November 2019

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

6.3 The committee will also:

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



Audit Committee of Council

- Terms of Reference -

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

Review Date: November 2019

discuss confidential issues.

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

7. Voting Rights

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

8. Meeting Procedures, Minutes and Documents

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



Audit Committee of Council

- Terms of Reference -

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

Review Date: November 2019

9. Quorum

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

10. Reporting Requirements

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

City of Salisbury Audit Committee Work Program 2020

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

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

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

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

ITEM	4.2.5
	AUDIT COMMITTEE
DATE	18 March 2020
HEADING	Risk Management and Internal Controls Activities
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	This report provides an update on the risk management and internal controls activities conducted in the 2019/2020 financial year. The report also includes an update on the outstanding actions from internal audits.

RECOMMENDATION

1. The information be received.
2. The Update on Risk Management and Internal Controls Activities, as set out in Attachment 1 to this report (Item 4.2.5, Audit Committee, 18/03/2020) 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 6 to this report (Item 4.2.5, Audit Committee, 18/03/2020).

ATTACHMENTS

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

1. Risk Management and Internal Controls Activities 2019/2020
2. LGA MLS Risk Evaluation Report
3. Risk Evaluation Action Plan 2019/2020
4. Risk Evaluation Action Plan 2020/2021
5. Strategic Risk Register
6. Outstanding Audit Actions

1. BACKGROUND

- 1.1 This report provides an update on risk management and internal controls activities in the 2019/2020 financial year. The report allows the Audit Committee to monitor and review the activities and the assurance they provide.

2. REPORT

- 2.1 Attachment 1 is a summary of the risk management and internal controls activities to be undertaken in the 2019/2020 financial year. The plan was endorsed at the July 2019 meeting of the Audit Committee.
- 2.2 The following activities in Attachment 1 have been updated since they were last reviewed by the Audit Committee in November 2019:
 - 2.2.1 Audit Committee self-assessments - The self-assessment of the Audit Committee was performed following the November 2019 Audit Committee meeting. Self-assessment questionnaires were circulated to the Audit Committee members following the November 2019 meeting, and the results have been presented to the Committee in March 2020 at item 4.2.1 on the agenda.
 - 2.2.2 LGA MLS biennial Risk Assessment - The final report has been issued and Management comments have been finalised. Further information is provided later in this report.
 - 2.2.3 Develop Operational Risk Register - A presentation on the Operational Risk Registers will be provided to the Audit Committee at its March 2020 meeting.

Local Government Mutual Liability Scheme Risk Management Evaluation

- 2.3 Every two years the LGA Mutual Liability Scheme (“MLS”) and Workers Compensation Scheme (“WCS”) provide a Risk Evaluation service to their members. The aim of the Risk Evaluation process is to review each member’s risk management systems to determine conformance with local government industry agreed sector baselines and other relevant external performance requirements. The LGA MLS Risk Evaluation has been completed.
- 2.4 The Work Health and Safety section of the report will be progressed by People and Culture.
- 2.5 The Risk Management section of the Risk Evaluation incorporates three mandatory and six elective topics. The mandatory topics are Risk Management, Roads and Footpaths, and Procurement and Contracts. The elective topics are Playgrounds, Event Management, Volunteers, Tree Management, Customer Requests and Complaints, and Emergency Management. The elective topics selected by CoS for review were Playgrounds and Emergency Management.
- 2.6 The evaluators conducted interviews with relevant stakeholders from across the business and a close out meeting was held with the Executive on 3 October 2019 at which time a summary of the findings, as well as a timeline for the finalisation of the Risk Evaluation, was provided.
- 2.7 The final Risk Evaluation Summary Report was received by CoS in November 2019 and appears as Attachment 2 to this report.
- 2.8 Overall it was recognised that Council has appropriate and effective operational systems in place, adequately monitored, supported and resourced by management. The evaluation found that the core strategic commitment and policies are in place supported by applicable long term plans and strategies developed in consultation with internal and external consultants. CoS has demonstrated excellent processes and systems in most areas. There are some findings in Risk Management, Roads

and Footpaths and Emergency Management which will be included in an action plan.

- 2.8.1 *Risk Management Systems* – There were three questions considered in the topic of Risk Management Systems. CoS received a result of Sector Baseline Met for two questions and Sector Baseline Not Yet Met for one question. The Not Yet Met related to what council’s risk management approach consists of. It was recommended that CoS update its Risk Charter and Guide in line with the new ISO 31000:2018 Risk Management guidelines and also put a process in place to ensure the documents are reviewed as per the Council’s document management process. The recommendation was accepted and CoS has already commenced the review of its risk management corporate documentation.
- 2.8.2 *Roads and Footpaths* - There were eight questions considered in the topic of Roads and Footpaths. CoS received a result of Sector Baseline Met for six questions and Sector Baseline Not Yet Met for two questions.
- a. The first Not Yet Met baseline relates to permits for third party alterations to a public road for non business purposes. Section 221 of the *Local Government Act 1999* provides that a person must not make an alteration to a public road unless authorized to do so by the council. The baseline criteria for the risk evaluation provides that the authorisation / permit provided to a person under section 221 should include an indemnity from the applicant to the council. Currently, CoS does not have a process to require or verify that an applicant has taken out public liability insurance. It has been recommended that CoS put in place a process whereby council can request and sight that appropriate public liability insurance has been taken out by the applicant prior to the approval of the permit. CoS has noted the auditor’s comment and no further action will be taken. There is no requirement in section 221 of the Act for councils to seek public liability insurance from applicants.
- b. The second Not Yet Met baseline relates to CoS fulfilling its duties as a Road Manager as it relates to Railway Interfaces. It has been recommended that a risk assessment be put in place for Railway Interfaces. It is worth noting that this is consistent among Councils. The recommendation was accepted by CoS and the Team Leader Civil and Transport will take the process forward.
- 2.8.3 *Procurement and Contracts* – There were seven questions considered in the topic of Procurement and Contracts. CoS received a result of Sector Baseline Met for all seven questions.
- 2.8.4 *Playgrounds* – There were nine questions considered in the topic of Playgrounds. CoS received a result of Sector Baseline Met for all nine questions.
- 2.8.5 *Emergency Management* – There were three questions considered in the topic of Emergency Management. CoS received a result of Sector Baseline Not Yet Met for all three questions. The Not Yet Met Baselines relate to Council having a documented approach for emergency management, conducting appropriate emergency risk assessments and

developing its capability in its emergency operations. The Emergency Management Plan has not been updated since 2012 and it was recommended that Council work with the LGA Council Ready Program to update the Emergency Management Plan. This will then include review of risk assessments and resourcing and training for external emergency management planning. The recommendations were accepted by CoS.

2.9 The results of the evaluations are set out in the table below:

Topic Evaluated	Total Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
Risk Management Systems	3	2	1
Roads and Footpaths	8	6	2
Procurement	7	7	0
Playgrounds	9	9	0
Emergency Management	3	0	3
Total	30	24	6
Total %	100%	80%	20%

2.10 CoS has developed its action plans to address the recommendations in the Risk Evaluation Summary Report. The action plans appear as Attachments 3 and 4 to this report.

Strategic Risk Register Review

2.11 A workshop was held with the Executive team on 2 October 2019 to review the Strategic Risk Register. The updated Risk Register appears as Attachment 5 to this report with marked up changes.

2.12 Material changes to the Register include:

- In Risk 7 - Substitution of the Event Description for the Description;
- Recognition that Risk 8 “Organisation suffers detriment as a result of fraud, misconduct or maladministration” is not a strategic risk;
- Consideration of the wording of controls;
- Further consideration of contributory factors;

Strategic Risk Register Workshop

2.13 Action 9 on the Audit Committee Actions List is that a Strategic Risk Register workshop be held with both the Audit Committee and the Council.

2.14 The workshop was held on 17 March 2020.

2.15 The purpose of the workshop was to critically consider the current Strategic Risk Register with all Elected Members and the independent members of the Audit Committee.

2.16 The workshop was facilitated by the David Powell and the Governance Division. Following the discussions at the workshop, changes and updates will be made to the Strategic Risk Register and presented to the Audit Committee at its April 2020 meeting.

Outstanding actions from completed Internal Audits

- 2.17 Attachment 6 to this report provides an update on the status of all agreed action items arising from completed internal audits.
- 2.18 Progress against all outstanding actions is monitored with regular updates sought from the relevant divisional managers.

3. CONCLUSION / PROPOSAL

- 3.1 This report has provided a summary of the risk management and internal controls work performed since the last Audit Committee meeting, including the outstanding actions from Internal Audits.

CO-ORDINATION

Officer:

Date:

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

v1.2

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	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 November 2019 meeting of the Audit Committee as a separate report.
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	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 2019 for the 2018/2019 period to substantiate the information to be contained within the Annual Financial Statements. A memo to the GM Business Excellence was prepared. No significant issues were identified.

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

v1.2

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	Completed	The annual self-assessment reviews the performance of the Audit Committee.	The self-assessment of the Audit Committee was performed following the November 2019 Audit Committee meeting. Self-assessment questionnaires were circulated to the Audit Committee members following the November 2019 meeting, and the results have been presented to the Committee in March 2020.

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

v1.2

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
Review the Fraud and Corruption Prevention Strategy	Internal Controls	Internal	In progress	The Fraud and Corruption Prevention Strategy needs to be reviewed because it has been some time since it was last reviewed and it needs to be updated to reflect changes in legislation.	The <i>Public Interest Disclosure Act 2018</i> (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. CoS has developed the Public Interest Disclosure Act 2018 Policy to replace the Whistleblowers Protection Policy. The PID Act repealed the <i>Whistleblower Protection Act 1993</i> . The finalisation of the PID Act means that the Fraud and Corruption Strategy will now be reviewed with a view to the Strategy being provided to the Audit Committee at its April 2020 meeting.

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

v1.2

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	Completed	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 has been completed. CoS provided answers to the Evaluation Tool and evidence in support of the answers. LGA representatives attended at CoS to meet with select staff on 1, 2 and 3 October. The final report has been issued and Management comments have been finalised.
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 quote and information regarding resourcing to complete certain actions has been received and accepted by CoS. Contract terms are being finalised prior to the review commencing.

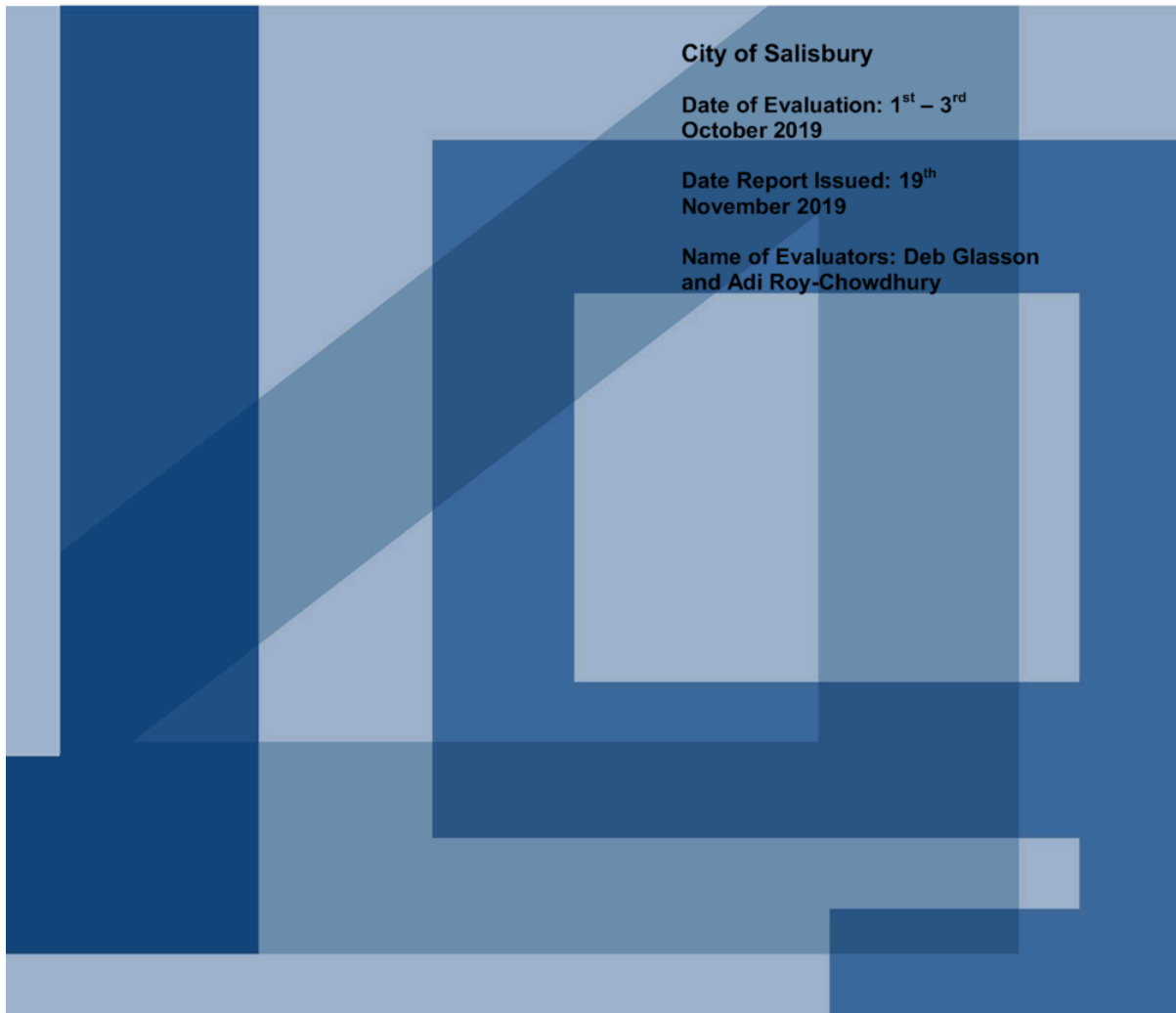
Risk Management and Internal Controls Activities – July 2019 to June 2020

v1.2

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 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.
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.	A presentation on the Operational Risk Registers has been provided to the Audit Committee at its March 2020 meeting.
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 forms part of the Risk Management Program and will be progressed upon the commencement of the Internal Auditor and Risk Coordinator.
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.



2019 Risk Evaluation Summary Report



1. Risk Evaluation Overview



The LGAWCS and LGAMLS provide a Risk Evaluation service to their Members, every two years. The aim of the Risk Evaluation process is to review each Member's risk management systems (including WHS and IM) against both LG Industry agreed Sector Baselines and other external requirements (e.g. RTWSA Performance Standards for Self Insurer requirements and relevant legislation). The objective of the evaluation is to assist Members to recognise and share LG risk management excellence, identify where opportunities for system improvements exist and to work in partnership with them to implement identified improvements.

The Risk Evaluation in its current format was introduced in 2017. More information is available on the Members Centre regarding the structure and process.

This summary report is structured as follows:

- An Executive Summary, which is completed by the Lead Evaluator, for both Risk and WHS/IM system aspects and briefly outlines the overall results of the evaluation and potential focus areas and recommended actions. This includes a Results Table, which summarises the results for both Risk Management (RM) and Work, Health and Safety (WHS) and Injury Management (IM) components.
- The RM Evaluation Report, which includes the chosen evaluation scope, names of evaluators, summary of findings and specific recommendations for each evaluated question within the identified evaluation scope.
- The WHS and IM Evaluation Report, which includes the evaluation scope, names of evaluators, summary of findings and specific recommendations for each sub-element within the evaluation scope.
- A conclusion, which is completed by the Lead Evaluator. This aims to identify where overall system trends and issues are occurring and what may be of assistance to the Member to progress them forward.

LGAWCS and LGMLS Risk
 Evaluation 2019 Summary
 Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version.
 Printed copies are considered uncontrolled.
 Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
 Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 2 of 45



Contents

1. RISK EVALUATION OVERVIEW	2
2. EXECUTIVE SUMMARY	1
2.1 SUMMARY OF FINDINGS	2
2.1.1 Risk Management	2
2.1.1.1 Risk Management Systems	4
2.1.1.2 Roads and Footpaths	5
2.1.1.3 Procurement and Contracts	6
2.1.1.4 Elective Topics	7
2.1.2 Work Health and Safety	11
2.1.3 Injury Management	16
2.2 EXECUTIVE SUMMARY: CONCLUSION	19
3. RISK MANAGEMENT REPORT	20
3.1 Summary of the evaluation scope	20
3.2 Employees and other workers involved in the evaluation process included:	20
3.3 Documentation Review	20
3.4 Physical Verification	21
3.6 RM Systems Evaluation Findings	22
3.7 Risk Evaluation Tool and Findings	22
4. WHS/IM MANAGEMENT REPORT	23
4.1.1 Summary of the evaluation scope	23
4.1.2 Employees and other workers involved in the evaluation process included:	23
4.1.3 Documentation Review	23
4.1.4 Physical Verification	24
4.1.5.1 Specific Results and Improvement areas – WHS Management Systems	25
4.2.1 Specific Results and Improvement areas – IM Management Systems	37
5. CONCLUSION	40

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on: 21-08-2019
Review Date: July 2020

Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 3 of 45



2. Executive Summary

Overview and Objective:

Every two years, the Local Government Mutual Liability and Workers Compensation Schemes conduct an evaluation of each Scheme Member's Risk Management, Work Health and Safety and Injury Management systems. The purpose of these evaluations are to test (within the scope of the evaluation):

- a) How well the organisation's Risk Management systems meet Local Government sector established baselines and
- b) The organisation's level of conformance with ReturnToWork SA's Performance Standards for Self-Insurers for Work Health and Safety and Injury Management systems.

Members should use this information in their management planning and review systems to drive further improvement to their Risk, Safety and Injury Management systems.

In addition to this, the evaluations allow for sector-wide results to be collated and analysed to enable the Schemes to further assist the Local Government industry, either via sector wide programs or individual programs of targeted support.

This executive summary provides a brief overview of the results of the risk evaluation of City of Salisbury on 1st – 3rd October 2019. The participation of Member representatives in the evaluation is a critical part of the evaluation process, is integral to the quality of the evaluation and is always greatly appreciated.

Executive management are encouraged to review the evaluation summary report in its entirety for further detail and recommendations.

The completed risk evaluation, WHS and IM tools that support these findings are available from your allocated Risk Consultant, RRC or WHSC. The tools and reports are also available in your Member documents on the Members Centre.

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on: 21-08-2019
Review Date: July 2020

*Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.*
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 1 of 45

2.1 SUMMARY OF FINDINGS:

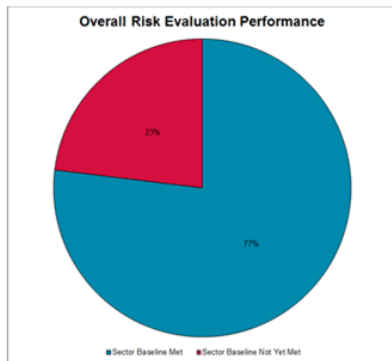
2.1.1 Risk Management

Within the risk management systems, there are three mandatory areas and five electives of which Scheme Members are required to choose two to be evaluated.

In evaluating the organisation's Risk Management systems, reference was made to sector baselines, being a minimum standard expected to be in place. Sector baselines were established by a consultative group that included membership from both metropolitan and regional Scheme Members. It is to be noted that the baselines are not all legislative requirements, but a set of minimum requirements that is expected within the Local Government sector. All the criteria within the defined sector baseline must be met in order for the sector baseline to be deemed as being met.

City of Salisbury's results against the mandatory and elective question sets are as follows:

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
MANDATORY AREAS			
Risk Management Systems	3	2	1
Roads and Footpaths	8	6	2
Procurement	5	5	0
ELECTIVES			
Playgrounds	7	7	0
Event Management	0	0	0
Volunteers	0	0	0
Tree Management	0	0	0
Customer Requests & Complaints	0	0	0
Emergency Management	3	0	3
TOTALS	26	20	6
TOTAL %		77%	23%



LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version.
 Printed copies are considered uncontrolled.
 Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Item 4.2.5 - Attachment 2 - LGA MLS Risk Evaluation Report

2.1.1.1 Risk Management Systems

Overview of Results – Mandatory Areas - Risk Management Systems

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
MANDATORY AREAS			
Risk Management Systems	3	2	1

Specific Results and Improvement areas – Risk Management Systems

Q #	Risk Management Systems	Summary of Sector Baselines not met and any improvement required	Recommendation
1a	What does Council's Risk Management (RM) approach consist of?	The risk management system is de-centralised within the City of Salisbury. Business units conduct their own risk assessments. The charter and the guide contains all the criteria required in the sector baseline, however it was last endorsed in 2012 and currently awaiting to be updated. Whilst the content of the guide and the charter is fit for purpose and the documents have not been reviewed as per the Council's document management processes. The review date for the document has passed and hence sector baseline cannot be met.	It is recommended that City of Salisbury update their Risk Charter and Guide in line with the new ISO 31000:2018 Risk management guidelines and also put a process in place to ensure the documents are reviewed as per the Council's document management processes.
1b	Does Council have a risk register or a tool/repository where risks are actively monitored and maintained on a periodic basis as per their documented approach?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
1c	Is Council's above risk management approach implemented and operational?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA

2.1.1.2 Roads and Footpaths

Overview of Results – Mandatory Areas - Roads and Footpaths

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
MANDATORY AREAS			
Roads and Footpaths	8	6	2

Specific Results and Improvement areas – Roads and Footpaths

Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2a	Does Council have systems in place to authorise or permit 3rd party alterations to a public road (non-business purposes) in relation to S221 of the LG Act?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
2b	Does the authorisation process or permit consider structures and installations for their safety and suitability?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
2c	Does the authorisation or permit include an indemnity from the applicant to the Council?	<p>Sector baseline not met</p> <p><i>As per S221 of the LG Act 1999 SA, the Council is required to have a process in place to inform S221 applicants to have appropriate and current insurances to cover them for claims arising from the permitted work undertaken. Currently CoS does not have any internal process to verify that the applicants have taken out public liability for \$20 million.</i></p> <p><i>Lack of processes to verify the insurance taken out by the applicant may expose the Council to public liability if the applicant does not have any insurance and should a damage occur during a third party alteration to a public road for non-business purposes.</i></p>	<i>It is recommended to put a process in place, whereby CoS can request for sighting an appropriate current public liability insurance certificate prior to approval of the permit.</i>
2d	Does Council have an Infrastructure and Asset Management Plan that covers the management and maintenance of roads and footpaths?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA

2e	Does Council have an inspection and maintenance regime (or schedule) to inspect roads and footpaths?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
2f	How does Council prioritise roads during scheduling of maintenance/repair?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
2g	How does Council prioritise footpaths during scheduling of maintenance/repair?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
2h	If Council has Railway Interface/s, does Council fulfil its duties as a Road Manager?	Sector baseline not met <i>At the time of the evaluation a risk assessment was not available.</i>	<i>It is recommended to have a risk assessment in place.</i>

2.1.1.3 Procurement and Contracts

Overview of Results – Procurement and Contracts

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
MANDATORY AREAS			
Procurement and Contracts	5	5	0

Specific Results and Improvement areas – Procurement and Contracts

Q #	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
3a	Are there policies, and procedures prepared and adopted for the procurement process, including approach to the market, evaluation of responses and selection of providers?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
3b	Are there systems in place to identify risks as part of the procurement/ purchasing process?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
3c	Is there evidence that the procurement process is transparent and in accordance with applicable organisation's procurement	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on:21-08-2019
Review Date: July2020

Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 6 of 45

	policy/operational guidance/procedures		
3d	Have staff who have delegated roles and/or are responsible for procurement and/or contracts been provided with appropriate training?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
3e	Does Council have a process in place to justify the rationale behind, and approval of, variations from standard indemnity, insurance, legal liability and contractor incident notification clauses?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
3f	Is there evidence of the rationale in 3e being applied during the procurement process including when calling for tenders and developing/writing contracts?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
3g	Are there processes in place to administer the contract and manage supplier performance during and after the contract? Note: The criteria in this section are checking to see that there is evidence that these things are actually occurring	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA

2.1.1.4 Elective Topics

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
ELECTIVE AREAS			
Playgrounds	7	7	0

Specific Results and Improvement areas – E1 Playgrounds

Q #	Playgrounds	Summary of Sector Baselines not met and any improvement required	Recommendation
E1a	Does Council have systems in place for the management of Playground Safety?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
E1b	Does Council have a Management Plan for its Playgrounds (as areas of community land modified or adapted for the benefit or enjoyment of the community)?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
E1c	Has Council established systematic documentation and record keeping processes in relation to playgrounds?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
E1d	Does all Playground equipment meet current Australian Standards?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
E1e	Have manufacturer/ supplier instructions been obtained to set out the type and frequency of inspection and maintenance requirements for playgrounds?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
E1f	Is a <i>routine visual inspection</i> regime conducted at a frequency greater than the operational inspection, by a competent person (e.g. trained maintenance staff)?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
E1g	Is a <i>detailed (operational) inspection</i> regime conducted by a competent person and defined frequency in accordance with manufacturer/supplier instructions (competency and frequency defined by manufacturer, between 1 and 3 months)?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
E1h	Is a <i>comprehensive inspection</i> regime conducted at intervals not greater than 12 months, by a person who has training and experience that enables them to perform a full conformity check to AS4685 (e.g. an engineer/ playground/ maintenance specialist or other person who fulfils the competency requirements)?	<i>Sector baseline met. See details in Risk Evaluation tool sec 3.7</i>	NA
E1i	Is regular testing of impact attenuating surfaces conducted at	<i>Sector baseline met. See details in Risk</i>	NA

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on:21-08-2019
Review Date: July2020

Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 8 of 45

	intervals not greater than 36 months (3 years), by a competent person?	<i>Evaluation tool sec 3.7</i>	
--	--	--------------------------------	--

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
ELECTIVE AREAS			
Emergency Management	3	0	3

Specific Results and Improvement areas – E6 Emergency Management

Q #	Emergency Management	Summary of Sector Baselines not met and any improvement required	Recommendation
E6a	Does the Council have a documented approach for emergency management?	Sector Baseline Not Met The Emergency Management Plan was finalised in 2012 and since then has not been updated. City of Salisbury is currently in the process of developing an Emergency Management project which will review the current Emergency Management Plan. In addition, City of Salisbury is working with the Council Ready program to assist with its emergency management needs. As per the Council Ready program, the Emergency Management plan needs to be reviewed every 5 years in order to take into account relevant and current emergency scenarios and Council staff responsible for emergency management. As the document is older than 5 years, sector baseline was not met.	It is recommended for CoS to work with the LGA Emergency Management team to update the Emergency Management plan which is already currently in the process.
E6b	Have appropriate emergency risk assessments been conducted?	Sector Baseline Not Met CoS has documented risk assessments however it was noted that they were outdated and requires to be conducted again in line with current emergency scenarios.	It is recommended that Council conduct risk assessments specific to emergency management and include all current emergency scenarios relevant to CoS.
E6c	Has council developed its capability in its emergency	Sector Baseline Not Met Although selected staff have been	It is recommended that the list of current staff trained on emergency

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on:21-08-2019
Review Date: July2020

Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 9 of 45



	operations?	trained on emergency operations, the details are not documented in the Emergency Management Plan as it's passed its review date and current relevant staff details have not been included in the plan.	management procedures are updated during the review of the Emergency Management Plan.
--	-------------	--	---

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

*Electronic version on the Intranet is the controlled version.
 Printed copies are considered uncontrolled.
 Before using a printed copy, verify that it is the current version.*
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 10 of 45

2.1.2 Work Health and Safety

Work Health and Safety Systems are evaluated against selected elements from ReturnToWork SA's Performance Standards for Self-Insurers (PSSI). The Performance Standards describe the WHS and IM management system requirements for self-insured organisations in South Australia. The Performance Standards are designed to provide organisations with the opportunity to demonstrate the presence of effective business management systems. The model consists of 5 inter-related standards, 23 elements and 55 sub elements.

The LGA is the group self-insurance licence holder for all Councils and Prescribed Bodies in South Australia. Self-insured employers (Councils and Prescribed Bodies) are required to design, implement and maintain WHS systems to meet the self-insurance requirements.

This year, the WHS evaluation scope continues to focus on areas identified as requiring improvement from the 2017 RTWSA evaluation and two elements from standard 4 and 5 that are focussed on monitoring, reporting, review and improvement of the WHS system.

RTWSA provides guidance in relation to the specific requirements of each sub-element and evaluators are trained in understanding and applying this guidance to determine if an organisation is conforming to the requirements. Assessment is provided in line with the published PSSI definitions for conformance, non-conformance and observation.

City of Salisbury's results are as follows:

STANDARDS	Total Sub-Elements Evaluated	Conformance	Observation	Non-Conformance
Standard One – Commitment and Policy	1	0	0	1
Standard 3 – Implementation	8	3	2	3
Standard 4 – Measurement and Evaluation	1	1	0	0
Standard 5 – Management Systems Review and Improvement	1	0	0	1

Specific Results and Improvement areas – WHS Management Systems

Q #	Sub-element requirements	Summary of any identified issues and improvement required	Level of Conformance
1.2.1	Supporting policies and procedures are in place?	Council has mapped their policies and procedures against LGAWCS One system policies and procedures. Council has a Primary Document register which identifies all policies, procedures, forms, SOP's and Emergency Procedures all identify review dates. These are available on councils CoSi (City of Salisbury	Non-Conformance

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
Issued on:21-08-2019
Review Date: July2020

Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 11 of 45

		<p>intranet) and also on the Skytrust system. Council currently has 7 procedures overdue for review which includes Corrective and Preventative Action, WHS Emergency management Procedure, Workzone Traffic Management, WHS Contractor Management, WHS Planning and Program Development Procedure, WHS Plant and Equipment Procedure and Personal Protective Equipment. Several of these procedures were due for review in 2017. Concern that through evidence viewed several procedures have been overdue for review for some time and through previous evaluation was also noted. This sub-element requires the policies, procedures and supporting documentation to be in place which also requires to be maintained.</p>	
	Recommendations:	<p>Continue the consultation, review and implementation process.</p> <p>It is suggested that council consider looking at the current document review process, particularly in regards to reporting to confirm that reviews are being monitored for completion.</p> <p>Review Document Register and consider the number of documents requiring review in the next 12 months (15 in total including 7 already overdue) and will this be achievable.</p>	
3.2.1	A relevant Training program is in place and being implemented (relating to the TNA and subsequent plan and effective delivery thereof)	<p>Council has in place a current PR031 WHS Training and Induction Procedure. Council is currently conducting training needs analysis across all departments with a few areas still to be completed. Without this being completed, it is difficult for the Council to be confident that they have a relevant, prioritised training program in place. Although a large amount of work in this area has occurred, with continued progress in the current direction will move council toward conformance.</p>	Non-Conformance
	Recommendations:	Complete final departments training needs analysis.	
3.3.2	Accountability mechanisms are being used where relevant	<p>Quarterly reporting to management team and WHS Committee of WHS performance occurs with recommendations made accordingly to address overdue actions. Evidence highlighted the reporting processes were in place with accountabilities addressed.</p>	Observation

	Recommendations:	Recommendation that although accountability mechanisms are in place it is of concern that the procedures noted in 1.2.1 that are overdue have not progressed to current. Once this has occurred this element will improve in the rating.	
3.7.1	The organisation must ensure contingency plans are periodically tested and/or evaluated to ensure an adequate response, if required	Council has PR026 Emergency Management Procedure which establishes the requirement to maintain an EPC, warden structure, site emergency plan and train personnel as well as to conduct annual drills to test contingencies. This procedure is dated 2014 with next review November 2017 this procedure is noted as currently in review and has been for over 18 months. It was evidenced through Exec minutes extract 2018 during evaluation that Executives deferred the adoption of this procedure as the overall Emergency System is not in place as yet and more work is currently being undertaken. Council also has IMT Command plan which is also overdue for review (2017) and states that this plan is reviewed biennially.	Non-Conformance
	Recommendations:	Develop and finalise emergency management system including consultation, adoption and implementation.	
3.8.1	Hazard management systems including identification, evaluation and control are in place.	Council is currently in the process of completing hazard mapping of all areas and activities and these are entered into Skytrust which is fairly recent process and are no longer using the Primary Hazard Register. ChemAlert system is used and maintained by council. On review of the ChemAlert system it was found that stock-takes/reviews were not recorded in the system and verification that these had been undertaken as referred to in the PR0018 Hazardous Chemicals Procedure was not able to be confirmed e.g. one area highlights not inspected since 2009. The ChemAlert system stores all chemical risk assessments and these on review noted that there are still several amber to be completed. Non-conformance has been given in relation to the Chemical stocktakes and risk assessments outstanding, along with the hazard mapping program which is occurring but incomplete.	Non-Conformance

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on:21-08-2019
Review Date: July2020

Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 13 of
45

	Recommendations:	Once chemical stocktakes are undertaken ensure close out to identify completion. Risk Assess all Chemicals and complete the hazard mapping program council is currently undertaking to ensure all activities have been identified along with risk levels.	
3.8.3	Control measures are based on the hierarchy of control process.	Good processes have been developed and implemented at CoS; to assist with ensuring applied control measures for identified hazards are based on the hierarchical control process. These have been or are being implemented into all relevant corrective action processes within Councils control. This has been assisted with the use of Skytrust along with the ChemAlert program which enhances utilisation of the HoC (Hierarchy of Control) tool within the databases.	Conformance
3.8.5	Program(s) are in place to ensure an appropriate WHS consideration is given at the time of purchase, hire or lease of plant, equipment and substances. Recommendations:	Council has developed processes that ensure an appropriate WHS consideration is given at the time of purchase of equipment and substances with the RACI program. Council could improve their process by the inclusion of a WHS Sign off as part of the FM003 document	Conformance
3.8.6	Contractor and volunteer management systems are in place to meet the organisations duty of care to all persons. Recommendations:	Contractor Management Procedure provided as evidence was due for review in 2015 and therefore is not current. It is also identified on the Document register as overdue. Contractors are being monitored. Council is currently working on contractor management – implementation of a work flow process which is currently being developed. Volunteer management processes are being managed well and systems are in place to meet the council's duty of care. Continue the current work with the development of the contractor work flow along with implementation. Once this work is completed and is working well this sub element will progress towards conformance.	Observation
3.9.1	That the implementation of relevant inspection and testing procedures are conducted by the relevant, competent person(s).	Council has implemented a relevant inspection and testing procedures which are conducted by relevant and competent persons. Evidence viewed during the	Conformance

		evaluation highlighted this is working well.	
4.1.1	The organisation must ensure planned objectives, targets and performance indicators for key elements of program(s) are maintained, and monitored and reported.	Council provided very little evidence for this element prior to the onsite evaluation but were able to provide adequate evidence during and immediately after evaluation. Minutes were viewed from both the WHS minutes and also the Executive minutes along with discussions that identified council has objectives, targets and performance indicators for key elements and are monitoring and reporting these.	Conformance – this has been upgraded due to additional evidence provided after evaluation.
5.3.1	The organisation must ensure the system is reviewed and revised, if required, in line with current legislation, the workplace and work practices. Recommendations:	Council is required with this element to ensure the system is reviewed and revised. It was noted that 7 procedures as mentioned in 1.2.1 are overdue with some since 2015. Once this has been corrected this will allow the organisation to effectively review their current system and measure whether it is effectively meeting their goals and adjust the system if needed, completion of this type of review will progress the council towards conforming against this element. As per 1.2.1 – review, update, adopt and implement procedures and policies as identified with the review due dates.	Non-Conformance

Specific details of the identified gaps are available in the WHS results table in the WHS/IM report section of this summary report.

In order to further develop systems and processes in the sub elements where observation/s and non-conformance/s have been identified, it is suggested that City of Salisbury review the findings and recommendations and include relevant actions that address the root cause of system failures into their Risk Evaluation action plan going forward.

Council has built a good foundation for its WHS Management system and, although there are areas for improvement (particularly in hazard management); it was pleasing to note the commitment of current staff to improving safety systems and practices.

As indicated in the executive summary and the evaluation findings contained herein, Council has a number of areas to focus on during the next two years and should develop an appropriate action plan to review, monitor and complete the actions. Completion of the actions will further improve the overall effectiveness of the Risk, WHS and Injury Management systems



2.1.3 Injury Management

The ReturnToWork SA's Injury Management Standards provide a framework from which a self-insured employer's exercise of its delegated powers and discretions can be evaluated. The Code of conduct for self-insured employers states the performance of the employer or self-insured employer will be measured against the Code and Injury management standards.

This year, the evaluation scope has been limited to only those IM sub-elements that sit under the revised Code of Conduct for Self Insured Employers version 12 relevant to LGAWCS Members.

Whilst the IM Standards are measured by RTWSA at the LGAWCS level, the following sub-elements have been scoped and amended for the 2017 Risk Evaluation specifically for Scheme Members to meet their requirements in supporting the LGAWCS.

City of Salisbury's' results are as follows:

SUB-ELEMENT	Total Sub-Elements Evaluated	Conformance	Observation	Non-Conformance
Standard 1.2 - Resources	5	5	0	0
Standard 1.6- Information provided to employees	2	2	0	0
Standard 2.8 – Early Intervention, recovery and RTW	2	2	0	0
Standard 4 – Measurement, Monitoring Review	2	2	0	0

Specific Results and Improvement areas – IM Management Systems

Q #	Sub-element requirements	Summary of any identified issues and improvement required	Level of Conformance
1.2.1	Documented job descriptions for all injury management personnel and where relevant management, supervisors and employees.	Documented Job descriptions are in place for injury management personnel (contingency) noting appropriate roles for each.	Conformance
1.2.2	Ensuring injury management personnel are competent to administer their role in a reasonable manner.	Training evidence was provided and is current for the Injury Management personnel	Conformance
1.2.3	Ensuring the allocation of resources is appropriate for the organisations type, volume and complexity of the case load.	Council has an appropriate number of personnel to manage this area and have completed training along with managers and supervisors.	Conformance

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
Issued on:21-08-2019
Review Date: July2020

Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 16 of 45



1.2.4	Suitability of facilities and accommodation to ensure restricted access to information, including maintaining confidentiality during interaction with injured workers and service providers	Offices and meeting rooms are available where confidential meetings can occur along with confidential telephone conversations as needed.	Conformance
1.2.5	A Scheme Member is required to appoint a return to work coordinator and ensure the person appointed to this role has successfully completed relevant LGAWCS training. Where this role becomes vacant, the Scheme Member is required to re-appoint an employee within 3 months and ensure the employee(s) appointed have received relevant LGAWCS training within 3 months of the appointment being made.	Return to Work Coordinator has been appointed and completed relevant training within the required timeframes	Conformance
1.6.1	How to report a work related injury	Council has adopted the LGAWCS policy and procedure and are using the current versions, which include details on how to report a work related injury. The peak policy is also displayed on noticeboards viewed at Ops Centre.	Conformance
1.6.2	The process for lodging a claim for compensation	Council has adopted the LGAWCS Workplace Return to Work Procedure section 4 and 5 which includes the process for lodging a claim.	Conformance
2.8.5	Where a worker has not returned to pre-injury employment within 6 months from date of first incapacity and is not working to their full capacity, new or other employment options are considered for the worker by the Scheme Member in conjunction with the LGAWCS.	Council has adopted the LGAWCS Workplace Return to Work Procedure in its entirety which covers this element.	Conformance
2.8.6	Where a Scheme Member does not provide suitable employment to a former work injured employee the Scheme Member notifies and	Council has adopted the LGAWCS Workplace Return to Work Procedure in its entirety which covers this element.	Conformance

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version.
 Printed copies are considered uncontrolled.
 Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 17 of 45



	consults with the LGAWCS.		
4.1.1	Processes are in place that monitor, measure and review the effective implementation of the injury management system and where relevant, strategies to improve performance of the injury management system are identified.	Council has processes in place to ensure IM is monitored, measured and reviewed effectively. This is evidenced through the Executive minutes and also WHS Committee minutes.	Conformance
4.1.3	The Service Standards set out in Schedule 5, Part 2 of the Return to Work Act 2014 are in place.	Service standards notices are displayed on noticeboards. Viewed on notice boards at Ops Centre and is available to all staff.	Conformance

Specific details of the identified gaps are available in the IM results table in the WHS/IM report section of this summary report.

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

*Electronic version on the Intranet is the controlled version.
 Printed copies are considered uncontrolled.
 Before using a printed copy, verify that it is the current version.*
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 18 of 45



2.2 EXECUTIVE SUMMARY: CONCLUSION

The risk evaluation process gave City of Salisbury the opportunity to showcase a number of risk management, work health and safety and injury management/return to work systems that is in place.

Please note that evaluation findings can only be provided against the evidence presented at the time and within the evaluation scope. As part of the evaluation scope, we conducted a desktop review of evidence provided and requested additional records and information based on the initial evidence provided, followed by some testing of implementation via staff and management interviews. The timeframe provided for on-site and document review was three days and based on a sampling process.

As indicated in the executive summary and the evaluation findings contained herein, CoS has a minor number of areas to address gaps in their risk management systems and should develop an appropriate action plan to review, monitor and complete the actions. Completion of the actions will further improve the overall effectiveness of the risk, WHS, IM/RTW systems.

In relation to the risk management systems, it is suggested that Council consider the recommendations provided in relation to the implementation of their Risk Management System as well as Roads and Footpaths, and Emergency management and this should form the basis for Councils risk action plan over the coming two years.

In order to progress to conformance in the sub elements where observation/s and non-conformance/s have been identified, it suggested that City of Salisbury incorporates the recommendations into their Risk Evaluation action plan going forward.

Council has built a good foundation for its WHS IM Management system and, although there are areas for improvement (particularly in hazard management); it was pleasing to note the commitment of current staff to improving safety systems and practices.

As indicated in the executive summary and the evaluation findings contained herein, Council has a number of areas to focus on during the next two years and should develop an appropriate action plan to review, monitor and complete the actions. Completion of the actions will further improve the overall effectiveness of the Risk, WHS and Injury Management systems

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on: 21-08-2019
Review Date: July 2020

*Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.*
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 19 of
45

3. Risk Management Report

The evaluation of the City of Salisbury risk management (RM) system included a review of existing documentation and meeting with employees and other workers. Comments and recommendations, including action items will provide management with some suggested ways to improve their systems, however it may be appropriate to implement an alternative action and this is at the discretion of each individual organisation and their management team.

3.1 Summary of the evaluation scope

The Risk Management Evaluation considered the presence & degree of implementation of systems relating to mandatory topics:

- Risk Management Systems
- Roads & Footpaths
- Procurement, Tenders, Contracts

Electives topics reviewed:

- Playgrounds
- Emergency Management

3.2 Employees and other workers involved in the evaluation process included:

- Janet Crook – Risk and Governance Program Manager
- Rob Constance – Internal Auditor and Risk Coordinator
- Dameon Roy – Manager Infrastructure Management
- David Boothway – Team Leader Civil & Transport Assets
- Sam Kenny – Principal Development Engineer
- Matt Harris – Manager Strategic Procurement
- Craig Johansen – Team Leader Parks and Open Space Assets
- Paul Marsden – Team Leader Parks & Landscape
- Lee Kightley – Senior WHS Advisor
- Darren McLean – Leading Worker Structures Maintenance

3.3 Documentation Review

The review included reviewing policies, procedures and supporting documentation within the Council's RM, and supporting organisational systems, as provided by the Auditee prior to and during the evaluation.

Additional evidence provided after the evaluation will only be accepted as evidence for this evaluation if agreed by the evaluator or the Client (i.e. LGAWCS and LGAMLS management).

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on:21-08-2019
Review Date: July2020

*Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.*
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 20 of
45



3.4 Physical Verification

Review of risk management systems were done in the main City of Salisbury Council office.

3.5 Report Findings and Recommendations

Report findings and recommendations for each evaluation question are provided in the following table (in a summary format) and in the audit reports and tool (in more depth).

Further broader system recommendations are provided in the executive overview and conclusion.

It should be recognised that the findings and recommendations of this report should be used for:

- Planning and continuous improvement by Council of their RM Systems

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on: 21-08-2019
Review Date: July 2020

*Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.*
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 21 of
45

3.6 RM Systems Evaluation Findings

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
MANDATORY AREAS			
Risk Management Systems	3	2	1
Roads and Footpaths	8	6	2
Procurement	5	5	0
ELECTIVES			
Playgrounds	7	7	0
Event Management	0	0	0
Volunteers	0	0	0
Tree Management	0	0	0
Customer Requests & Complaints	0	0	0
Emergency Management	3	0	3
TOTALS	26	20	6
TOTAL %		77%	23%

3.7 Risk Evaluation Tool and Findings

The Risk Evaluation Tool and Findings document provides the specific detail of the evaluation findings, results and recommendation. The Risk Evaluation Tool & Findings document has been placed on the Members Centre in the following location: **Member Documents – Risk Evaluations - 2019**

For easy access, click on the following link:

<https://www.lgrs.com.au/documentlibrary/documentnew/index?documentId=6167&fileName=2019 Risk Evaluation Tool - Risk Management.pdf&library=59>



4. WHS/IM Management Report

4.1 Work Health and Safety

The evaluation of the City of Salisbury work, health and safety (WHS) management system and injury management (IM) processes, included a review of existing documentation and meeting with employees and other workers. Comments and recommendations, including action items will provide management with some suggested ways to improve their systems, however it may be appropriate to implement an alternative action and this is at the discretion of each individual organisation and their management team.

4.1.1 Summary of the evaluation scope

The **scope of the evaluation process is an evaluation to:**

- Tests councils WHS Management system conformance against the ReturnToWorkSA (RTWSA) Code of Conduct for Self Insured Employers and specifically nominated elements within the Performance Standards for Self Insurers.
- Provide recommendations to the evaluated Council with regard to closing out identified non-conformances, with the aim of assisting Councils to continuously improve their WHS Management system and IM processes.

4.1.2 Employees and other workers involved in the evaluation process included:

- Simon McGuinness – Team Leader Safety & Wellbeing
- Bronwen Fisher – Human Resources Business Partner
- Denise Fowler Banks – Learning and Development Coordinator
- Cisko Tudich – Employee Services Manager People & Culture
- Sue Jones – HR Business Partner
- Charles Mansueto – General Manager Business Excellence
- Lee Kightley – Chairperson Emergency Planning Committee
- Simon Bartosak – Team Leader Civil Maintenance
- Les Hubiak – Coordinator Property & Buildings
- Toby Henderson – Team leader Safety & Wellbeing
- Michelle Hodshon – Volunteer Development Officer
- Denise Chesney – Return to Work Coordinator

4.1.3 Documentation Review

The review included reviewing policies, procedures and supporting documentation within the Council's RM, WHS and IM systems as provided by the Auditee prior to and during the evaluation.

Additional evidence provided after the evaluation will only be accepted as evidence for this evaluation if agreed by the evaluator or the Client (i.e. LGAWCS and LGAMLS management).

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on:21-08-2019
Review Date: July2020

*Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.*
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 23 of
45



4.1.4 Physical Verification

The evaluation took place at the Council office and also at the Op's Centre where a site tour was conducted which included the stores area and mechanics workshop which supported some of the evidence provided prior to the evaluation.

4.1.5 Report Findings and Recommendations

Report findings and recommendations for each evaluation question are provided in the following table (in a summary format) and in the audit tool (in more depth). The Risk Evaluation WHS & IM Tool and Findings document provides the specific detail of the evaluation findings, results and recommendation. The Risk Evaluation Tool & Findings document has been placed on the Members Centre in the following location: **Member Documents – Risk Evaluations - 2019**

For easy access, click on the following link:

https://www.lgrs.com.au/documentlibrary/documentnew/index?documentId=6166&fileName=2019_Risk_Evaluation_WHS_Evaluation_Tool_with_Evaluator_Notes.pdf&library=59

Further broader system recommendations are provided in the executive overview and conclusion.

It should be recognised that the findings of this report should be used for:

- Planning and continuous improvement by Council of their WHS and IM Systems
- Reviewing potential conformance levels with the RTWSA Performance Standards for Self Insurers.

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on: 21-08-2019
Review Date: July 2020

*Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.*
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 24 of
45



4.1.5 WHS System Evaluation Findings

City of Salisbury's results are as follows:

STANDARDS	Total Sub-Elements Evaluated	Conformance	Observation	Non-Conformance
Standard One – Commitment and Policy	1	0	0	1
Standard 3 – Implementation	8	3	2	3
Standard 4 – Measurement and Evaluation	1	1	0	0
Standard 5 – Management Systems Review and Improvement	1	0	0	1

4.1.5.1 Specific Results and Improvement areas – WHS Management Systems

Q #	Sub-element requirements	Summary of any identified issues and improvement required	Level of Conformance
1.2.1	Supporting policies and procedures are in place?	<p>Council has mapped their policies and procedures against LGAWCS one system policies and procedures. Council has a Primary Document register which identifies all policies, procedures, forms, SOP's and Emergency Procedures with all identifying review dates. These are available on councils CoSi intranet and also on Skytrust system.</p> <p>On review of the document register there are 7 procedures overdue for review which includes Corrective and Preventative Action, WHS Emergency management Procedure, Workzone Traffic Management, WHS Contractor Management, WHS Planning and Program Development Procedure, WHS Plant and Equipment Procedure and Personal Protective Equipment. Several of these procedures were due for review in 2017. Concern that through evidence viewed several procedures have been overdue for review for some time and through previous evaluation was also noted. Of these seven procedures that are overdue for review the WHS Contractor</p>	Non-Conformance

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version.
 Printed copies are considered uncontrolled.
 Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 25 of 45



	<p>Recommendations:</p>	<p>Management was due for review February 2015 and was last reapproved in 2012. The One system procedure was last issued January 2019 and therefore appears that the review process has broken down.</p> <p>Evidence viewed:</p> <p>Primary Document Register P0001 – Peak WHS & RTW Policy P0002 – WHS Administration Policy PR036 – WHS Document and Planning Procedure PR004 – WHS Consultation and Communication Procedure (others listed in evaluator notes in tool)</p> <p>Continue the consultation, review and implementation process.</p> <p>It is suggested that council consider looking at the current document review process, particularly in regards to reporting to confirm that reviews are being monitored for completion.</p> <p>Review Document Register and consider the number of documents requiring review in the next 12 months (15 in total including 7 already overdue) and will this be achievable.</p>	<div style="background-color: red; width: 100%; height: 100%;"></div>
<p>3.2.1</p>	<p>A relevant Training program is in place and being implemented (relating to the TNA and subsequent plan and effective delivery thereof)</p>	<p>Council has in place procedure WHS Training and Induction PR031 dated 16th April 2019 and next review due 2022.</p> <p>The Council's Competency Framework is managed by the Learning and Development Coordinator through the Empower system.</p> <p>Training Needs Analysis is currently being mapped against job roles within the organisation.</p> <p>The training requirements are being identified through the Training Needs Analyses and recorded in the Empower system as Competency Job Profiles.</p> <p>Reports are tabled at the Principal WHS Committee and Executive Group meetings (minutes are retained in Dataworks and Infocouncil computer systems).</p> <p>Training evaluations are conducted at</p>	<div style="background-color: red; width: 100%; height: 100%; display: flex; align-items: center; justify-content: center;"> <p>Non-Conformance</p> </div>

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 26 of 45



		<p>each training session and recorded. The data is delivered to WHS committee meetings. These include quality, course content, and facilitator.</p> <p>Checklist (hard copy) have been developed for all divisions – an overarching competency framework with refresher and notifications – taking spreadsheet job profiles and entering in the system manually. This is currently being undertaken. Next step is job profiles linking to the job role – reporting tool is being developed with the system currently, once this is completed a gap analysis will be undertaken. Each team leader will be able to view and see where their teams' training is at. System will allow for notification – 1 month prior to training expiry and then booking would be done.</p> <p>Attendances – final certificates once received are mapped against attendances ensuring all attendances with non-attendances followed up.</p> <p>Competencies for large plant – e.g. excavator are conducted through an external provider. Competency training is conducted 1 – 3 yearly depending on the risk rating e.g. 1 year for high risk plant. Inductions: there is an induction portal on intranet for managers and along with a checklist.</p> <p>E-learning – all staff are assigned the Code of Conduct + 9 other courses. These are conducted for both Field based positions and Office based positions.</p> <p>ELearning has capacity for assessments to be undertaken and issuing of certificates.</p> <p>It was highlighted through interviews with Bronwen Fisher and Denise Fowler Banks that some proactive work in developing a L&D Manual to assist with succession planning in this department has occurred. It was explained that the manual was put to test recently and found a huge assistance whilst staff member was on leave and made the processes easy to</p>
--	--	---

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 27 of 45



	<p>Recommendations:</p>	<p>follow.</p> <p>Although a large amount of work in this area has occurred, with continued progress in the current direction will move council toward conformance.</p> <p>Continue with the TNA mapping processes through to the implementation. Once this has been achieved the outcome of this sub element will progress towards conformance.</p>	<div style="background-color: red; width: 100%; height: 100%;"></div>
<p>3.3.2</p>	<p>Accountability mechanisms are being used where relevant</p>	<p>Evidence provided highlighted the reporting processes are in place with accountabilities addressed.</p> <p>PD's contain references to WHS responsibilities and accountabilities</p> <p>Examples were highlighted where accountabilities were not met and ended in an employee being placed on a management plan through HR.</p> <p>Examples of these were discussed during interview with Cisco Tudich and June Lowes along with the steps taken explained.</p> <p>Skytrust is used as the tool where overdue actions are escalated.</p> <p>At the time of the evaluation 28 actions were identified on CAPA with 6 overdue – 5 of these were 1-2 days overdue with 1 being a month overdue. The one significantly overdue action was in regards to a mat which had not been received which had been raised through an inspection. A suggestion made during the evaluation was to ensure commentary was added, for example this issue may be due to the manufacturer having a back supply issue and hence may not have been within council's control.</p> <p>Quarterly reports go to management to highlight trends and tracking</p> <p>Action plans are maintained in Skytrust - incidents and hazards are all recorded in Skytrust which are linked to CAPA –</p>	<p>Observation</p> <div style="background-color: yellow; width: 100%; height: 100%;"></div>

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 28 of 45



	<p>Recommendations:</p>	<p>which escalation occurs if not closed out.</p> <p>Procedure validation undertaken earlier this year for Hazardous Substances. Several actions were identified which council is working through to close out.</p> <p>Recommendation that although accountability mechanisms are in place it is of concern that the procedures noted in 1.2.1 that are overdue have not progressed to current. Once this has occurred this element will improve in the rating.</p>	<p style="background-color: yellow;"> </p>
<p>3.7.1</p>	<p>The organisation must ensure contingency plans are periodically tested and/or evaluated to ensure an adequate response, if required</p>	<p>WHS Emergency Management Procedure dated 2014 and next review November 2017 – this procedure is well overdue for review. As council utilises the One System documents the WHS Emergency Management procedure was reviewed and released to councils November 2018.</p> <p>The Emergency management procedure was reviewed and when taken to Executive they deferred the procedure. Viewed minutes extract from 2018 that states the emergency management procedure has not been adopted as yet. Executive are concerned that the overall system is not in place as yet and more work is currently being undertaken.</p> <p>The WHS emergency management plan and the emergency management systems are also currently being reviewed.</p> <p>IMT Command plan due for review 2017 (reviewed biennially) Council advised during the evaluation that the emergency management as a whole is currently being reviewed.</p> <p>Council has a schedule in place and undertake testing of evacuations yearly – 23 sites undertaken.</p> <p>Emergency response guides are available for all sites – these are available on the intranet. 4 reports provided – some with actions – additional evidence provided that confirmed that actions identified are closed out.</p> <p>Briefing notes/reports are entered into Dataworks – incidents are also entered into Skytrust and any actions identified included where are escalated through the</p>	<p style="background-color: red; color: white; text-align: center;">Non-Conformance</p>

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 29 of 45



	<p>Recommendations:</p>	<p>system for closure.</p> <p>Council conducted a review as the EPC had not met for some time and have now developed a term of reference recently with executive.</p> <p>Below is an example of incident that resulted in an evacuation: highlighting actions that needed rectification:</p> <p>Smoking air conditioner caused an evacuation in January 2019 – a number of senior citizens were in the building – 40 degree heat outside – area evacuated. One action highlighted was elderly being left outside in direct sun over 40. Action out of debrief was to have access to RSL or bowling club going forward – email trail and documents viewed to highlight agreement confirmed.</p> <p>Evidence viewed:</p> <p>Debrief notes – Parafield Gardens fire April 18 - debrief notes/report</p> <p>Len Beadell Library programed for October 2019 scheduled for medical emergency.</p> <p>Viewed diagrams in various locations including Ops Centre – in place and current.</p> <p>Emergency evacuation exercise – Observer’s checklist 15/11/2018 Observer Lee Kightley</p> <p>The above actions were closed out – additional evidence provided and confirmed.</p> <p>Non- conformance has been given as the Emergency Management System is currently not fully implemented, in particular those elements relating to external emergencies. It is recommended that the final review, adoption and implementation of the Emergency Management Plan and draft WHS Emergency Management Procedure occur.</p>	<div style="background-color: red; height: 450px;"></div>
<p>3.8.1</p>	<p>Hazard management systems including identification, evaluation and control are in place.</p>	<p>Council is currently in the process of completing hazard mapping of all areas and activities and these are then entered into Skytrust which is a fairly recent</p>	<div style="background-color: red; height: 40px; display: flex; align-items: center; justify-content: center;"> Non-Conformance </div>

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx



	<p>Recommendations:</p>	<p>process. Council are no longer using the Primary Hazard Register. The ChemAlert system is used and maintained by council. On review of the ChemAlert system it was found that stock-takes/inspections were not recorded in the system and no verification of these had been undertaken as referred to in the PR0018 Hazardous Chemicals Procedure. This was not able to be verified during the evaluation e.g.; one area highlights not inspected since 2009.</p> <p>The ChemAlert system stores all chemical risk assessments on review of the system was noted that there are still several medium still to be completed.</p> <p>Non-conformance has been given in relation to the ChemAlert stocktakes and risk assessments outstanding, along with the hazard mapping program which is occurring but incomplete.</p> <p>Once chemical stocktakes are undertaken ensure close out to identify completion. Risk Assess all Chemicals and complete the hazard mapping program council is currently undertaking to ensure all activities have been identified along with risk levels.</p>	<div style="background-color: red; height: 200px; width: 100%;"></div>
<p>3.8.3</p>	<p>Control measures are based on the hierarchy of control process.</p>	<p>Good processes have been developed and implemented at CoS; to assist with ensuring applied control measures for identified hazards are based on the hierarchical control process. These have been or are being implemented into all relevant corrective action processes within Councils control. This has been assisted with the use of Skytrust along with the ChemAlert program which highlights utilisation of the HoC tool within the databases.</p> <p>Evidence included:</p> <p>Viewing Skytrust risk register which is still in development stages – community hub, mens shed,</p> <p>CAPA sighted.</p> <p>Brush chipper 1/10</p> <p>Johnson compact sweeper 5/9/19</p> <p>Work instructions and SWMS</p>	<div style="background-color: green; height: 200px; width: 100%; text-align: center; vertical-align: middle;"> <p>Conformance</p> </div>

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version.
 Printed copies are considered uncontrolled.
 Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 31 of 45

3.8.5	<p>Program(s) are in place to ensure an appropriate WHS consideration is given at the time of purchase, hire or lease of plant, equipment and substances.</p> <p>Recommendations:</p>	<p>Council has developed a system to ensure that WHS consideration is given at the time of purchase with the implementation of the RACI program. RACI system was developed 12 months ago. Through this process WHS department is required to participate in the review and identification of any WHS issues prior to the purchase or tender of equipment.</p> <p>Evidence viewed –</p> <p>Fleet project life cycle (RACI) which travels through various departments for checks, including WHS before sign off for business unit by divisional manager – FM003 form is used for WHS consideration and confirmations – recommendation would be possibly have a WHS sign off as currently only an email trail. For plant (over \$5000) replacement program – this is a new process (12 months) and still tweaking but appears to be working well.</p> <p>Once sign off of the 1st stage – prior to procurement/finance section of RACI – WHS prepares and undertakes the risk assessing process.</p> <p>Council could improve their process by the inclusion of a WHS Sign off as part of the FM003 document.</p>	Conformance
3.8.6	<p>Contractor and volunteer management systems are in place to meet the organisations duty of care to all persons.</p>	<p><i>Council provided copied sections from procedures for desktop review – no formal evidence provided prior to evaluation.</i></p> <p>Contractor Management Procedure provided as evidence was due for review 2015 and therefore not current. It is identified on the Document register as overdue.</p> <p>Council is currently working on contractor management – implementation of a work flow process is currently being developed Council manages contractors through a tendering process and does not maintain a pre-qualified register. Through this process required information is obtained from the contractor. PCMS – selection/evaluation is then conducted to ensure criteria is met and recorded through a weighted system.</p> <p>Inductions are undertaken. The induction</p>	Observation



		<p>process is also currently being reviewed with a view to have this undertaken by contractors on line. Contractor monitoring programmed once tendering process has been completed. This is undertaken through Skytrust.</p> <p>Viewed 5 monitoring inspections which included</p> <ul style="list-style-type: none"> - Parks & Landscape contractor 25.7/19 - Envirosweep conducted monthly – 4-9-19, July , June, May - Observation for F Stevens – cartage contractor – viewed August, July, June and May <p>Inspections include comments, actions and photos. Council has also a Hazard Reserve Directory which is used as a reference tool to assist with the risk scoring when identifying activities to be undertaken.</p> <p>Council provides Work instructions and site assessments to contractors to follow. For ongoing contracts/large contracts council undertakes bi-monthly meetings.</p> <p>An example of an inspection was viewed that highlighted a non-conformance, in response council shutdown the work site for 48 hours until the contractor could show conformance. This was reported through to executive. WHS department was involved through this process.</p> <p>IPOS 26/7/19 – inspection viewed Council undertook own inspection and reviewed contractors and own reports for verification of completed actions by contractor.</p> <p>Volunteers Council has current policy and procedures in place for the management of volunteers. 10/1/17 next review 10/1/2020. Training is undertaken and available for volunteers with records kept. Inductions are undertaken – checklist sighted. Training report for last 2 years sighted and provided as evidence during</p>	
--	--	--	--

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
Issued on:21-08-2019
Review Date: July2020

*Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.*
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 33 of 45



	<p>Recommendations:</p>	<p>discussion Empower and Skytrust systems are used. Tracking system in place which logs in and out for volunteers. Meetings/toolbox talks are conducted with volunteers and minutes are recorded.</p> <p>Review and update Contractor Management Procedure.</p> <p>Complete the current work with the development of the contractor work flow to enable implementation of the revised WHS Contractor Management Procedure. Once this has occurred this element will improve in the rating.</p>	<p style="background-color: yellow;"> </p>
<p>3.9.1</p>	<p>That the implementation of relevant inspection and testing procedures are conducted by the relevant, competent person(s).</p>	<p>Council provided copied sections from procedures for desktop review – no formal evidence provided prior to evaluation.</p> <p>Council has a regime in place to ensure legislative inspections occur. Tenders are called for inspections where checks are conducted on the contracting companies along with qualifications, safety systems in place etc. Regular monitoring is conducted to ensure the contractor is complying with the tenders. Council also has 12 employees who have undertaken training in electrical test and tagging. These employees are rotated and undertake the 3 monthly test and tag inspections on the tools kept in council vehicles. Council has purchased equipment for the testing process. Council has also employed a qualified electrician (licensed) who is qualified to undertake checks regularly. Dataworks store all testing data and the finance systems used.</p> <p>Reports are given to divisional manager depending on issues. Justification occurs and checks undertaken.</p> <p>Scheduled inspections occur electrical items – test n tag; first aid kits, fire extinguishers, chains and slings, hoists along with many others – these are conducted by a variety of depts. throughout council e.g. First aid kits – WHS Department, Fire extinguishers, lifts are managed by Property and Buildings.</p>	<p style="background-color: green;">Conformance</p>

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx



4.1.1	The organisation must ensure planned objectives, targets and performance indicators for key elements of program(s) are maintained, and monitored and reported.	<p>City of Salisbury has WHS Annual plan 19/20 in place – executive endorsed latest version 1/10/19 during the evaluation. People and culture prepare and deliver a Quarterly report on plan to the Executive Meeting along with WHS committee. KPI, objectives are reported against and if not met discussion on why not achieved.</p> <p>Performances and objectives are included in council’s business plans, City Plan 2030.</p> <p>CI Anywhere – Divisional plan and updates – quarterly reviewed and updated.</p> <p>Non-conformance changed to Conformance due to additional evidence provided.</p>	Conformance
5.3.1	The organisation must ensure the system is reviewed and revised, if required, in line with current legislation, the workplace and work practices.	<p>Council has recently conducted a Gap analysis on Heavy Vehicle legislation which identified several gaps. An action plan was created to address those gaps, which included 5 criteria - system requirements, current state, proposed actions, responsible person due for completion. All Gap analysis are reviewed quarterly and items closed out. This is reported to executive.</p> <p>Council have subscriptions to OHS alerts, and attend WPG meetings to learn about legislative changes.</p> <p>Council is required to ensure that systems are reviewed and revised in line with changes and as per 1.2.1 this appears to not be occurring – 7 procedures are overdue for review.</p> <p>Evidence viewed:</p> <p>Exec minutes 16 April 2019 – sighted that Heavy Vehicle changes in legislation communicated.</p> <p>Council deliver changes in legislation via Monti program which has been delivered to operations department, which included National Heavy Vehicle Legislation and</p>	Non-Conformance

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on:21-08-2019
 Review Date: July2020

Electronic version on the Intranet is the controlled version.
 Printed copies are considered uncontrolled.
 Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 35 of 45



	<p>Recommendations:</p>	<p>Chain of Responsibility.</p> <p>This sub element is linked to other areas where there are currently non-conformances identified (1.2.1 and 3.8.1) – primarily, procedures overdue for review, hazard management (hazard register, risk assessments, etc.) as well as training.</p> <p>When the identified gaps are addressed, this element will move forward.</p> <p>As per 1.2.1 – review, update, adopt and implement procedures and policies as identified with the review due dates.</p>	
--	--------------------------------	--	--

Specific details of the identified gaps are available in the WHS Risk Evaluation Tool which will be available in Members Centre Council Documents.

In order to further develop systems and processes in the sub elements where observation/s and non-conformance/s have been identified, it is suggested that City of Salisbury review the findings and recommendations and include relevant actions that address the root cause of system failures into their Risk Evaluation action plan going forward.

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

*Electronic version on the Intranet is the controlled version.
 Printed copies are considered uncontrolled.
 Before using a printed copy, verify that it is the current version.*
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 36 of 45

4.2 Injury Management

The ReturnToWork SA's Injury Management Standards provide a framework from which a self-insured employer's exercise of its delegated powers and discretions can be evaluated. The Code of conduct for self-insured employers states the performance of the employer or self-insured employer will be measured against the Code and Injury management standards.

This year, the evaluation scope has been limited to only those IM sub-elements that sit under the revised Code of Conduct for Self Insured Employers version 12 relevant to LGAWCS Members.

Whilst the IM Standards are measured by RTWSA at the LGAWCS level, the following sub-elements have been scoped and amended for the 2017 Risk Evaluation specifically for Scheme Members to meet their requirements in supporting the LGAWCS.

City of Salisbury's' results are as follows:

SUB-ELEMENT	Total Sub-Elements Evaluated	Conformance	Observation	Non-Conformance
Standard 1.2 - Resources	5	5		
Standard 1.6- Information provided to employees	2	2		
Standard 2.8 – Early Intervention, recovery and RTW	2	2		
Standard 4 – Measurement, Monitoring Review	2	2		

4.2.1 Specific Results and Improvement areas – IM Management Systems

Q #	Sub-element requirements	Summary of any identified issues and improvement required	Level of Conformance
1.2.1	Documented job descriptions for all injury management personnel and where relevant management, supervisors and employees.	Council has documented Job descriptions which are in place for injury management personnel roles. I viewed the RTW Coordinator WHS Support Officer and Manager Field Services position descriptions which include responsibilities for injury management and return to work.	Conformance
1.2.2	Ensuring injury management personnel are competent to administer their role in a reasonable manner.	All injury management training viewed are current ensuring personnel are competent in their roles. Viewed: Denise Chesney – Certificate - RTW	Conformance

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
Issued on:21-08-2019
Review Date: July2020

Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 37 of 45



		<p>for internal RTW/Claims Coordinators was completed 12/3/19</p> <p>Kevin Husler - Certificate - RTW for internal RTW/Claims Coordinators was completed 7/11/2017</p> <p>Les Hubiak completed RTW training for supervisors and managers 5/12/2018</p>	
1.2.3	Ensuring the allocation of resources is appropriate for the organisations type, volume and complexity of the case load.	Based on evidence provided as per WHS and Injury Management Stats report (Quarter 4 April – June 2019 & Quarter 2 October – January 2018/19) number of claims being managed, allocation of resources is adequate.	Conformance
1.2.4	Suitability of facilities and accommodation to ensure restricted access to information, including maintaining confidentiality during interaction with injured workers and service providers	Offices and meeting rooms are used where confidential meetings can occur along with confidential telephone conversations as needed. Access to files is restricted to RTW Coordinator. Filing cabinets are kept locked for hardcopies and key is kept in a key safe with security code.	Conformance
1.2.5	A Scheme Member is required to appoint a return to work coordinator and ensure the person appointed to this role has successfully completed relevant LGAWCS training. Where this role becomes vacant, the Scheme Member is required to re-appoint an employee within 3 months and ensure the employee(s) appointed have received relevant LGAWCS training within 3 months of the appointment being made.	Return to Work Coordinator has been appointed and completed relevant training within the required timeframes.	Conformance
1.6.1	How to report a work related injury	Council has adopted the LGAWCS policy and procedure and are using the current versions. The peak policy is also displayed on noticeboards viewed at Ops Centre.	Conformance

LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on: 21-08-2019
Review Date: July 2020

Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 38 of
45



1.6.2	The process for lodging a claim for compensation	Council has adopted the LGAWCS Workplace Return to Work Procedure - section 4 and 5 includes the process for lodging a claim.	Conformance
2.8.5	Where a worker has not returned to pre-injury employment within 6 months from date of first incapacity and is not working to their full capacity, new or other employment options are considered for the worker by the Scheme Member in conjunction with the LGAWCS.	Council has adopted the LGAWCS Workplace Return to Work Procedure in its entirety which covers this element.	Conformance
2.8.6	Where a Scheme Member does not provide suitable employment to a former work injured employee the Scheme Member notifies and consults with the LGAWCS.	Council has adopted the LGAWCS Workplace Return to Work Procedure in its entirety which covers this element.	Conformance
4.1.1	Processes are in place that monitor, measure and review the effective implementation of the injury management system and where relevant, strategies to improve performance of the injury management system are identified.	Council has processes in place to ensure IM is monitored, measured and reviewed effectively. This is evidenced through the Executive minutes and also Principal WHS Committee minutes.	Conformance
4.1.3	The Service Standards set out in Schedule 5, Part 2 of the Return to Work Act 2014 are in place.	Service standard notices are displayed on noticeboards. Viewed on notice boards at Ops Centre and is available to all staff.	Conformance

Specific details of the identified gaps are available in the WHS Risk Evaluation Tool which will be available in Members Centre Council documents.

In order to progress to conformance in the sub elements where observation/s and non-conformance/s have been identified, it suggested that City of Salisbury incorporates the recommendations into their Risk Evaluation action plan going forward.

LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
 Issued on: 21-08-2019
 Review Date: July 2020

Electronic version on the Intranet is the controlled version.
 Printed copies are considered uncontrolled.
 Before using a printed copy, verify that it is the current version.
 F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx

Page 39 of 45



5. Conclusion

We would like to thank the City of Salisbury for participating in the Risk Evaluation, in the preparation of evidence and information and the participation of the work groups and individuals that contributed to the process.

The risk evaluation process gave Council the opportunity to showcase a number of risk management, work health and safety and injury management and return to work systems that you have in place.

Council has built a good foundation for its WHS & IM Management system and, it was pleasing to note the commitment of current staff to improving safety systems and practices. As highlighted in the closing meeting I would encourage council to develop a process to ensure knowledge is retained in council processes.

It is recommended that Council work closely with Vicky Smith (WHS Consultant) going forward to ensure that a planned and prioritised approach is undertaken, in addressing the corrective actions required. Vicky can provide guidance to the CoS on how to move forward in a way that will provide the best approach for building a system in line with the available resources and assist with the setting of a programmed body of work for the next 2 years that is achievable, help address any gaps in a systematic manner and enables the Council to achieve the best possible rebate return in line with corrective actions completed.

From the Risk perspective Council has appropriate and effective operational systems in place, adequately monitored, supported and resourced by management. The core strategic commitment and policies are in place supported by applicable long term plans and strategies developed in consultation with internal and external stakeholders. Councils challenge in moving forward is to fully populate the risk register with non-financial risks, further develop and confirm risk appetite and tolerance with alignment to confirmed controls and treatments.

It is acknowledged that significant system build and improvement is occurring, and providing that the CoS continue to work on the building of their system and making improvements, their system should mature and progress to a compliant level.

It is to be noted that the evaluation findings can only be provided against the evidence presented at the time and within the evaluation scope. As part of the evaluation scope, we conducted a desktop review of evidence provided and requested additional records and information based on the initial evidence provided, followed by some testing of implementation via staff and management interviews. The timeframe provided for on-site and document review was three days and based on a sampling process.

As indicated in the executive summary and the evaluation findings contained herein, CoS has some areas to focus on during the next two years and should develop an appropriate action plan to review, monitor and complete the actions. Completion of the actions will further improve the overall effectiveness of the risk, WHS, IM/RTW systems.

In relation to the risk management systems, the Council has demonstrated excellent processes and systems in most areas. There are some findings in Risk Management, Roads and Footpath and Emergency management and this should be included in the risk action plan along with other continuous improvement initiatives.

Please note that action plans need to be submitted for review within four weeks of receipt of the final report to address the issues identified in the evaluation (in a systemic way). If you are unclear on how this is to be undertaken or need examples of formats and structures, Vicky will be available to assist in drafting your action plan in order to meet the criteria that is required for approval of these plans and to ensure that the action plans are appropriate for closing out the identified issues in a prioritised, structured and systemic way.

Lastly we would also like to thank the staff and management of the Council for their support and co-operation during the evaluation.

*LGAWCS and LGMLS Risk
Evaluation 2019 Summary
Report Template V1.0
Issued on: 21-08-2019
Review Date: July 2020*

*Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of
Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx*

Page 40 of
45



The effective implementation of the WHS and IM and RTW systems requires Council to be compliant with both legislative requirements and the policies and procedures; managers to be aware of their accountabilities to ensure the systems are implemented, reviewed and continuously improved and regular reporting to and monitoring by the executive leadership team should occur.

*LGAWCS and LGMLS Risk Evaluation 2019 Summary Report Template V1.0
Issued on: 21-08-2019
Review Date: July 2020*

*Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.
F:\Regional\GENERAL\2019 Risk Evaluation\Metro 2\Salisbury\Reports\Final City of Salisbury_Risk_Evaluation_2019_Summary_Report_V1.3 141102019.docx*

Page 41 of 45



Contact

Stevie Sanders

WHS & Risk Manager

T: +61 (0)8 8235 6485

M: +61 (0) 429 904 262

Stevie.Sanders@jlta.com.au

LGRS a division of Jardine Lloyd Thompson Pty Ltd ABN 69 009 098 864 AFS Licence 226827.
The JLT Group is a part of the Marsh & McLennan Companies (MMC) group of companies.

This information is not intended to be detailed advice on the operations of the Schemes. Each Scheme is covered by a set of Rules and Guidelines, which are available on the LGRS Member Centre.

If you have any questions on the operation of the Schemes please contact your LGRS client services manager.

www.lgrs.com.au



City of Salisbury 2019-20 Risk Management Action Plan Progress Report

Version No: 3.0
 Issued: May-19
 Next Review: May-20

Dated	Council	Monitoring Report for the month of:	Name, Date and Version No of Council approved Plan	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Total
<p><i>Please note: The close out date for the completion of 2019-2020 actions is 30th September 2020. Applications for extensions must be provided to the LGAWCS WHS and Risk Manager, outlining why special consideration should be given.</i></p>				Proposed	0	0	0	0	0	0	0	0	0	0	1	1
				Actual	0	0	0	0	0	0	0	0	0	0	0	0
				Proposed YTD	0	0	0	0	0	0	0	0	0	0	1	1
				Actual YTD	0	0	0	0	0	0	0	0	0	0	0	0
				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0%	0%

Evaluation Score	Risk Evaluation Q or Source	Due	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
Sector Baseline not yet met	Q1a	30/06/19	The risk management system is de-centralised within the City of Salisbury. Business units conduct their own risk assessments. The Charter and the Guide contains all the criteria required in the sector baseline, however it was last endorsed in 2012 and currently awaiting to be updated. Whilst the content of the Guide and the Charter is fit for purpose and the documents have not been reviewed as per the Council's document management processes. The review date for the document has passed and hence sector baseline cannot be met. It is recommended that City of Salisbury update their Risk Charter and Guide in line with the new ISO 31000:2018 Risk management guidelines and also put a process in place to ensure the documents are reviewed as per the Council's document management processes.	Risk Management Guide and Risk Management Charter are to be reviewed and updated. The document review requirements will be set out in the final documents and will reflect Council's document management processes. The ongoing review of the risk management corporate documentation will be included in the Audit Committee work plan.	This action has commenced and a working draft policy and framework are in existence. The document review forms part of the Governance Division's business plan for 19/20	Risk and Governance Program Manager, Janet Crook												
Sector Baseline not yet met	Q2c	30/06/19	As per s221 of the LG Act 1999 SA, the Council is required to have a process in place to inform s221 applicants to have appropriate and current insurances to cover them from claims arising from the permitted work undertaken. Currently CoS does not have any internal process to verify that the applicants have taken out public liability for \$20 million. Lack of processes to verify the insurance taken out by the applicant may expose the Council to public liability if the applicant does not have any insurance and should a damage occur during a third party alteration to a public road for non-business purposes. It is recommended to put a process in place, whereby CoS can request for signing an appropriate current public liability insurance certificate prior to approval of the permit.	The auditor's comment is noted.	No further action to be taken													

P Shows when action is planned
C Shows when a planned action was completed as planned
O Shows when a planned action was completed but outside of the scheduled completion date (i.e. prior to or after due date)

Electronic version in F:\Regional\General\2017 Risk Evaluation\Reporting is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.



City of Salisbury 2020-21 Risk Management Action Plan Progress Report

Version No: 3.0
 Issued: May-19
 Next Review: May-20

Dated	Council	Monitoring Report for the month of:	Name, Date and Version No of Council approved Plan	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Total
<p><i>Please note: The close out date for the completion of 2020-2021 actions is 30th September 2021. Applications for extensions must be provided to the LGAWCS WMS and Risk Manager, outlining why special consideration should be given.</i></p>				Proposed	0	0	0	0	0	0	0	3	0	0	0	3
				Actual	0	0	0	0	0	0	0	0	0	0	0	0
				Proposed YTD	0	0	0	0	0	0	0	3	0	0	0	3
				Actual YTD	0	0	0	0	0	0	0	0	0	0	0	0
				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0%	0%	0%	0%	0%

Evaluation Score	Risk Evaluation Q or Source	Due	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
Sector Baseline not yet met	Q 2h	1/12/2020	At the time of the evaluation a risk assessment was not available. It is recommended to have a risk assessment in place.	Team Leader Civil and Transport will take the process forward. They will oversee the agreement to determine the outstanding actions and close the outstanding actions.		Team Leader Civil and Transport, David Boothway			P									
Sector Baseline not yet met	Q E6a	30/06/21	The Emergency Management Plan was finalised in 2012 and since then has not been updated. City of Salisbury is currently in the process of developing an Emergency Management project which will review the current Emergency Management Plan. In addition, City of Salisbury is working with the Council Ready Program to assist with its emergency management needs. As per the Council Ready Program, the Emergency Management Plan needs to be reviewed every 5 years in order to take into account relevant and current emergency scenarios and Council staff responsible for emergency management. As the document is older than 5 years, sector baseline was not met. It is recommended for CoS to work with the LG Emergency Management team to update the Emergency Management Plan which is already currently in process.	Council will engage with the LG Council Ready Program in order to update its Emergency Management documentation.		Risk and Governance Program Manager, Janet Crook								P				
Sector Baseline not yet met	Q E6b	30/06/21	CoS has documented risk assessments however it was noted that they were outdated and requires to be conducted again in line with current emergency scenarios. It is recommended that Council conduct risk assessments specific to emergency management and include all current emergency scenarios relevant to CoS.	CoS will work with the Council Ready Program to conduct risk assessments specific to emergency management and subsequently document those risk assessments.		Risk and Governance Program Manager, Janet Crook									P			
Sector Baseline not yet met	Q E6c	30/06/21	Although selected staff have been trained on emergency operations, the details are not documented in the Emergency Management Plan as it's passed its review date and current relevant staff details have not been included in the plan. It is recommended that the list of current staff trained on emergency management procedures are updated during the review of the Emergency Management Plan.	Training on emergency management procedures will form part of the development of the revised Emergency Management Plan and will be conducted upon completion of the Council Ready Program.											P			

P Shows when action is planned
C Shows when a planned action was completed as planned
Q Shows when a planned action was completed but outside of the scheduled completion date (i.e. prior to or after due date)

Electronic version in F:\Regional\General\2017 Risk Evaluation Reporting is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.

Strategic Risk Register

v2.198 ~~March-September~~ 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):	
<ul style="list-style-type: none"> Lack of plans and procedures to inform response strategies when a business continuity or emergency event occurs Lack of communication/training for relevant staff required to respond to business continuity and emergency events Information to facilitate action during business continuity or emergency events is insufficient or not available <u>Impact of climate change on weather patterns</u> 		<ul style="list-style-type: none"> Service delivery to community severely compromised (loss of confidence) Political/Public rReputational damage Loss of morale and resources and c Compromised regulatory decisions <u>Death/critical injury of staff and/or public</u> 	
Likelihood: Almost Certain	Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> Current and maintained Business Continuity Framework (<u>including Plans and testing regime</u>), 43 Business Continuity staff identified and trained on roles and responsibilities, 3 Business Continuity Plans, 4 Business Continuity Plan tests and walkthroughs (alternating annually), 4 Incident Management Team identified and trained, 4 Systems and processes to support response to BC event (e.g. staff contact information reports), 5 		<ul style="list-style-type: none"> Business Continuity designed into new Community Hub, 4 Current and maintained IT Disaster Recovery Plan in place (including testing regime), 42 Current and maintained Emergency Management Plan procedures in place, 43 Participation in Zone Emergency Management Committees – Northern Area, 5 Participation in 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 Complete
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	3290 June-February 2020 2019
Determine the manner in which the Business Continuity corporate documentation will be stored and continually updated		Manager Governance	2930 June-February 2020 2019

Strategic Risk Register

v2.198 ~~March-September~~ 2019

Develop and deliver training on business continuity to relevant staff	Manager Governance	31 December <u>March</u> 20 <u>20</u> 19
---	--------------------	---

Strategic Risk Register

v2.198 March-September 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):	
<ul style="list-style-type: none"> • Inadequate monitoring plans and sample testing • Failure to respond appropriately in the event of contamination • <u>Failure of controls within the Recycled Water Risk Based Management Plan</u> • Wet weather could hamper clean-up operations or contribute to a contamination event • <u>PFOA and PFOA infiltration.</u> • <u>Act of Terrorism</u> • <u>Illegal dumping</u> 		<ul style="list-style-type: none"> • Financial cost of replacing supply with SA Water and clean-up costs • <u>Financial impost of rectification</u> • <u>Legal cost of failure to deliver-fulfil commercial contractual obligations water supply in line with contract</u> • <u>Political/Public rReputational damage</u> 	
		<ul style="list-style-type: none"> • Regulatory <u>or government intervention and/or fines/censure</u> • Revenue reduction • <u>Brand Impact</u> • <u>Health risk to staff and community</u> <p style="text-align: center;"><u>Health risk to community</u></p>	
Likelihood: Possible	Consequence: Catastrophic	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> • Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced, 4 includes: <ul style="list-style-type: none"> • Salisbury Water Business Unit – monitoring plan and monitoring matrix. All water sampling is carried out by National Association of Testing Authorities (NATA) accredited staff. Laboratories performing the testing are NATA accredited. • Supervisory Control and Data Acquisition system in place to detect faults and alert CoS staff. 24/7 remote access availability by laptop by CoS staff. • Supply contracts to customers contain Force Majeure clauses which limit liability to Council in the event that water cannot be supplied, 5 • Rapid Response 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 • <u>Review of Risk Based Management Plan every five years, 4</u> • <u>Maintenance of the CoS Contaminated Sites Register, 3</u> 			
Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk as low as reasonably practicable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:
<u>Conduct the five-year review of the Risk-Based Management Plan</u>		<u>Manager Salisbury Water</u>	<u>Complete</u>

Strategic Risk Register

v2.198 ~~March~~ September 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):	
<ul style="list-style-type: none"> Inadequate management, monitoring or testing Failure to respond appropriately in the event of an incident <u>Animal/vermon infestation</u> <u>Noctious plants</u> <u>Failure of waste disposal contractor to meet contractual obligations.</u> 		<ul style="list-style-type: none"> <u>Financial impost</u> <u>Legal cost of failure</u> to <u>prevent a rectify</u> a health and safety incident <u>Political/Public r</u>Reputational damage Regulatory <u>or Government intervention or</u> <u>censure/fines</u> Health risk to staff <u>and the public</u> <u>Health risk to the community</u> 	
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> <u>Compliance with</u> Public Health <u>and Environmental</u> Policies and Procedures, 4 <u>Provision of</u> Immunisation Services, 5 <u>Current and maintained</u> Animal Management Plan, 5 <u>Regional Health</u> <u>Activating the relevant initiatives within the CoS Regional Public Health</u> Plan, 5 <u>Performance of</u> General Inspections, 5 <u>Undertaking</u> Dog Patrols, 5 		<ul style="list-style-type: none"> <u>Administration and management of CoS' responsibilities under the</u> Food Act <u>administration</u>, 4 <u>Compliance with and training on</u> Employee Media Policy and Procedure and Elected Member Media Policy, 4 <u>Enforcement of the CoS' responsibilities under the</u> SA Public Health Act <u>enforcement</u>, 5 <u>Enforcement of the CoS' responsibilities under the</u> Dog and Cat Management Act <u>enforcement</u>, 5 <u>Performance of i</u>nfrastructure maintenance activities, 5 <u>Undertaking the</u> 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:
<u>Completion of agreed actions arising out of the Public and Environmental Health audit</u>		<u>Manager Environmental Health & Safety</u>	<u>Complete</u>

Item 4.2.5 - Attachment 5 - Strategic Risk Register

Strategic Risk Register

v2.198 ~~March~~ September 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):	
<ul style="list-style-type: none"> • Inadequate procedures and plans in place to prevent incidents • Failure to maintain staff training • Inadequate performance of risk assessments • 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 		<ul style="list-style-type: none"> • Financial cost of <u>to rectify/clean-up</u> • Legal cost of failure to prevent a health and safety incident • Political/Public Reputational damage • Regulatory <u>and or Government intervention or</u> censure • <u>Injury or death Loss</u> of staff <u>or member of the public</u> • Injury to public • <u>Service Interruption</u> 	
Likelihood: Likely	Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> • Building Control and Inspections, 4 • Evacuation procedures and testing, 4 • <u>Training of Incident Command Team</u> • <u>Provision and maintenance of</u> 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 		<ul style="list-style-type: none"> • <u>Reviewed and maintained</u> Asset management plans, 4 • <u>Maintaining and reviewing</u> Business Continuity Framework, 4 • <u>Performance testing of</u> BCP <u>scenarios/test/walk-through</u>, 4 • <u>Key ICT members actively participating within the</u> Zone Emergency Management Committee – Northern Area, 5 • <u>Maintaining and reviewing</u> Event Management Plans, 4 • <u>Compliance with</u> Event Management Guidelines, 4 • Decision made by Council regarding CoS events calendar and resourcing, 4 • <u>Project plan / checklist for each community event, 4</u> 	
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk as low as reasonably practicable? No
Treatment Plan:		Responsibility:	Target Completion Date:
<u>Identification of all potential event owners and the training of them</u> Training for staff and community on risk identification and due diligence assessment documentation.		GM Community Development / Manager Community Planning and Vitality	<u>30 June</u> September <u>2020</u> 2019

Strategic Risk Register

v2.198 ~~March-September~~ 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 Business Excellence Community Development / Manager Community Planning Experience and Vitality Relationships GM City Infrastructure / Manager Property and Buildings	30 June 2020 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

Strategic Risk Register

v2.198 ~~March~~ September 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):
<ul style="list-style-type: none"> • Inadequate understanding and planning for factors impacting the environment • Failure to consider environmental consequences when planning and designing infrastructure • Inadequate one in 100 year flood & Probable Maximum Flood modelling in place at individual house level, using digital terrain modelling • Insufficient modelling of weather events used within Asset Management Planning • 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 • Coastal inundation and impact on biodiversity • Failure to update Asset Management Plans 		<ul style="list-style-type: none"> • Financial cost of dealing with the consequences of frequent freak weather related events • Long term impact on infrastructure, its maintenance and replacement • Organisational plans and strategies are no longer valued or desired by the community • Failure to adapt to a changing external environment resulting in some services becoming irrelevant and others insufficient • Coastal inundation and impact on biodiversity
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):		
<ul style="list-style-type: none"> • 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 • Reviewed and maintained City Plan/Strategic Plans/Business Plans, 4 • Bushfire Management Plan, 4 • Watercourse Management capital program, 4 • Reviewed and maintained Asset Management Policy and Plans, 4 • Reviewed and maintained Growth Management Plan, 5 • Asset Management Committee • Implementation of Youth Strategy and Intercultural Plan, 4 		<ul style="list-style-type: none"> • Effective Undergrowth management procedures, 5 • Asset Management infrastructure audits, 5 • Adapting Northern Adelaide Plan, 4 • Reviewed and maintained Emergency Management Plan, 3, 4 • Participation in Zone Emergency Management Committee – Northern Area, 5 • Compliance with Ggrant funding applications process and reviews, 5 • Compliance with Home Care Common Standards – Operating Manual, 5 • Reviewed and maintained Learning Strategy, Wellbeing Strategy & Intercultural Strategy, 4 • Social Infrastructure Assessment Framework, 3 • Planning controls, 4 • Strategic Land Review, 5

Strategic Risk Register

v2.198 ~~March-September~~ 2019

Likelihood: Unlikely	Consequence: Major	Residual Risk Rating: Medium	Is the Residual Risk as low as reasonably practicable? No
Treatment Plan:		Responsibility:	Target Completion Date:
Update flood mapping periodically and communicate as necessary		Manager Infrastructure Management / Manager Communications-Community Experience and Relationships & Customer Relations	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)			
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: <ul style="list-style-type: none"> • 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-October 2019 Complete
<u>Development of a Sustainability Plan</u>		<u>GM City Development</u>	<u>TBC</u>

Item 4.2.5 - Attachment 5 - Strategic Risk Register

Strategic Risk Register

v2.198 ~~March~~ September 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):			
<ul style="list-style-type: none"> Reduction in grant funding Inadequate revenue and a failure to maximise revenue from all sources Unplanned spending Inadequate valuation of assets or inaccurate depreciation Inadequate planning for infrastructure repairs or upgrades Introduction of draft legislation regarding rate capping <u>Fraud, misconduct or maladministration</u> 	<ul style="list-style-type: none"> Changes to legislation/obligations imposed by other levels of government Potential new revenue streams/<u>opportunities</u> 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 <u>Poorly structured debt funding</u> <u>Poor investment decision making</u> 	<ul style="list-style-type: none"> Unknown consequences of new infrastructure provision from other levels of government or private sector investment Failure to encourage investment in the City Council business and service delivery doesn't support business and community needs and expectations Increased expectations of the community in relation to the <u>demand for</u> and breadth of services and standards delivered by CoS 	Impacts (risks): <ul style="list-style-type: none"> Council ultimately becomes financially unsustainable City revenue has to be raised increasingly through more traditional methods (rate rises) Revenue from the sale of assets (land) is not invested for the longer term benefit of the community Financial cost associated with falling rates revenue or increasing bad or doubtful debts
Likelihood: Likely	Consequence: Major		Inherent Risk Rating: High
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> Long term financial planning, <u>by managing monitoring and reviewing</u> 5 <u>MAanaging monitoring and reviewing of</u> Asset Management Plans, 4 <u>Undertaking</u> Quarterly Budget Review, 5 Annual Plan and Annual Report (reviewed by Audit Committee), 5 Elected Member Briefings, 5 <u>Adhoc</u> Prudential Reviews, 5 Regular reviews of rating system fairness and equity, 4 <u>Appropriate execution of the</u> Grant Management <u>application</u> Process, 3 <u>Review of Financial information by the</u> Budget & Finance Committee, 4 		<ul style="list-style-type: none"> Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, NAWMA, Salisbury Memorial Park), 4 <u>Program Review</u>, 4 <u>Compliance with</u> Budget Policies and Procedures, 5 Business Case Modelling, 4 Growth Action Plan, 4 <u>Business Support Agenda</u>, 4 <u>Annual external Audit activities</u> 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 <u>2020</u>
Completion of the Strategic Procurement Objectives – Road to Excellence		GM Business Excellence, Manager Strategic Procurement	30 September 2020 <u>30 September 2020</u> <u>October 2019 (majority completed, pending review of remaining objectives)</u>

Strategic Risk Registerv2.198 ~~March-September~~ 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	Complete 30 June 2019
Undertake independent assessment of financial sustainability	Manager Governance	30 September 2019 Complete
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

Strategic Risk Register

v2.198 ~~March~~ September 2019

7	Event Description: <u>Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation. Governance frameworks, systems and business processes are inadequate to ensure robust decision making.</u>	
City Plan link: The Prosperous City, The Sustainable City, The Liveable City, Enabling Excellence		
Description: <u>Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of resources, and lack of consultation. Governance frameworks, systems and business processes are inadequate to ensure robust decision making. Inadequate, or the failure to integrate, governance to enable the meeting of strategic objectives.</u>		
Responsible Managers: CEO, All General Managers		
Contributory Factors ("root" causes / how and why the event arises):		
<ul style="list-style-type: none"> • Inadequate performance measures which are not linked to objectives or strategies • Failure to monitor organisational performance against stakeholder expectations and to take action when necessary to correct it • Failure to deliver what is expected by the local community due to a lack of alignment of strategic plans • Limited meaningful corporate performance indicators in place • Inconsistent reporting and data collection of corporate performance indicators • Processes and systems fail to address customer needs • Unforeseen failure of infrastructure • Intense period of organisational change and transformation 	<ul style="list-style-type: none"> • Inadequate capability and capacity (e.g. workforce plans, training and development, technology, systems etc.) • Failure to engage with all stakeholders in developing the City Plan • Customer service is neither monitored or managed • Senior management and Elected Members fail to fully and appropriately demonstrate desired organisational values • Actual organisational structure, vision, values, norms, systems, symbols, language, beliefs and habits are inconsistent with those desired. • Insufficient prioritisation of projects and resource scoping • Projects approved are not consistent with the strategic direction of CoS 	Impacts (risks): <ul style="list-style-type: none"> • 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):		

Item 4.2.5 - Attachment 5 - Strategic Risk Register

Strategic Risk Register

v2.198 March-September 2019

<ul style="list-style-type: none"> • <u>Compliance with</u> Budget Process, 5 • <u>Review of</u> Annual Plan and Annual Report (<u>Reviewed</u> by Audit Committee), 5 • <u>Review and approval of</u> City Plan – <u>reviewed and approved</u> by elected members, 5 • <u>Established and embedded</u> Customer Service Framework, 4 • Monthly Strategic Executive Group meetings, 4 • <u>Alignment of</u> New Initiative Bid documentation – <u>alignment to the</u> City Plan, 4 	<ul style="list-style-type: none"> • Strategic Planning and Accountability, 4 • <u>Effective use of and compliance with</u> Community Engagement Framework, 4 • <u>Review of City Plan every 4 years</u>, 5 • Project Management Methodology, 3 • <u>Conduct of bBi</u>-annual customer satisfaction survey, 4 • Business case development for aged care schemes, 4 • <u>Hub Project Governance Framework</u>, 4 • <u>Hub Readiness Project</u>, 4 • Change Management agenda, 4 	<ul style="list-style-type: none"> • <u>Program Reviews</u>, 4 • <u>Regular performance of</u> CEO Review <u>via CEO Review Committee</u>, 4 • <u>Annual setting of</u> Performance and Development Plans (PDP's), 4 • Governance Framework and Statement, 5 • <u>Delivery of IT support through</u> BSS division, 4 • <u>Regularly reviewed and communicated Delegations Register</u>, 5 	<ul style="list-style-type: none"> • OCI/ABEF survey process, 4 • <u>Regular</u> Strategic Project Reporting, 4 • Skilled and experienced staff, 4 • <u>Performance of</u> Contract Management, 4 • Infrastructure Maintenance Activities, 5 • Succession Planning, 4 • LG Performance Excellence Program benchmarking activity, 4,
<p>Likelihood: Unlikely</p>	<p>Consequence: Major</p>	<p>Residual Risk Rating: Medium</p>	<p>Is the Residual Risk as low as reasonably practicable? No</p>
<p>Treatment Plan:</p>		<p>Responsibility:</p>	<p>Target Completion Date:</p>
<p><u>OCI/LSI Action Plans</u></p>		<p><u>All GMs and Divisional Managers</u></p>	<p><u>Ongoing</u></p>
<p><u>Review of staff recognition framework</u></p>		<p><u>Manager People and Culture</u></p>	<p><u>31 December 2019</u></p>
<p>Complete Implementation of the Change Management Framework and Program</p>		<p>Manager People and Culture</p>	<p>31 December 2020</p>
<p>Completion of relevant agreed actions arising out of the Business Systems and Solutions audit</p>		<p>Manager, Business Systems and Solutions</p>	<p>Various</p>
<p><u>Monitoring and reporting of PDP completion</u></p>		<p><u>Manager People & Culture</u></p>	<p><u>Ongoing</u></p>
<p><u>Resourcing Plan Major Project (2 Year)</u></p>		<p><u>Manager People & Culture</u></p>	<p><u>30 June 2020</u></p>
<p><u>Project Management Improvement Program</u></p>		<p><u>GM City Infrastructure and GM Business Excellence</u></p>	<p><u>31 December 2019</u></p>
<p><u>Delivery of relevant links to the Smart Salisbury Steering Group framework</u></p>		<p><u>GM Business Excellence</u></p>	<p><u>TBC</u></p>

Item 4.2.5 - Attachment 5 - Strategic Risk Register

Strategic Risk Register

v2.198 March-September 2019

8		Event Description: Organisation suffers detriment as a result of fraud, misconduct or maladministration	
City Plan link: Enabling Excellence			
Description: Financial loss and reputational damage sustained due to fraud, misconduct or maladministration			
Responsible Managers: GM Business Excellence, Manager Financial Services, Manager Contract & Procurement Services, Manager Governance, CEO, GM City Infrastructure, GM Community Development, GM City Development			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> Inadequate financial internal controls preventing or detecting fraud, misconduct and maladministration Leadership fails to demonstrate, reinforce and address non-ethical behaviours and 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 		<ul style="list-style-type: none"> An individual either inside or outside Council defrauds the organisation An employee, contractor, volunteer or elected member uses their position or knowledge inappropriately for financial gain Regulatory censure including an OPI/ICAC investigation Organisational reputation is damaged through the failure to prevent fraud Ombudsman investigation results in negative findings for City of Salisbury Political/Public reputational damage 	
Likelihood: Likely		Consequence: Major	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):		Inherent Risk Rating: High	
<ul style="list-style-type: none"> 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 - 		<ul style="list-style-type: none"> 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:	
Develop a consistent, usable risk management framework to encourage and inform risk management at the CoS		Manager Governance	
Implement updated version of Control Track		Target Completion Date: Ongoing 30 June 2019	

Strategic Risk Register

v2.198 ~~March~~ September 2019

89	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):	
<ul style="list-style-type: none"> Inadequate controls in place to prevent incidents occurring Insufficient reporting of incidents and near misses Safe work practices not documented or communicated to employees Inadequate induction, training and supervision Inadequate hazard management system Organisational safety attitude does not recognise the importance of following WHS policies and procedures 		<ul style="list-style-type: none"> An employee, contractor, volunteer or elected member is injured or dies as a result of a preventable incident or accident Potential financial consequences for the City of an incident affecting a member of staff including; medical/rehabilitation expenses, injury compensation claim, legal expenses, fines Regulatory censure including a SafeWork SA Prohibition Notice, Improvement Notice or prosecution/conviction Legal consequences for senior management should policies and procedures be determined as inadequate by SafeWork SA. Organisational reputation is damaged through the failure to prevent an accident or injury occurring at work Scheme losing self-insured status and resultant lack of financial sustainability 	
Likelihood: Almost Certain	Consequence: Catastrophic	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> WHS training and e-learning (mandatorily required for all employees on commencement of employment and thereafter routinely), 5 <u>Performance of</u> Licensing qualifications checks, 5 Training in WHS Procedures, 3 <u>Updated</u> WHS IM Business Plan, 5 <u>Performance</u> WHS Reviews, 4 Principal WHS Committee, 5 City Infrastructure WHS Committee, 5 JSA, work instructions and plant risk assessments, 4 <u>Staff training on and compliance with</u> Code of Conduct, 4 		<ul style="list-style-type: none"> <u>Compliance with</u> 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 <u>Quarterly Executive Report</u> highlighting trends, outstanding actions and high risk rating incidents or hazards, 4 <u>Embedding of organisational values</u> 	
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual Risk as low as reasonably practicable? No
Treatment Plan:		Responsibility:	Target Completion Date:

Strategic Risk Register

v2.198 ~~March-September 2019~~

<p>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</p> <p>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</p> <p>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</p>	<p>Manager People and Culture</p>	<p>30 September 2019</p> <p>30 June 2020</p> <p>20 December 2019 30 June 2020</p> <p>30 November 2019 30 June 2020</p>
--	-----------------------------------	--

Item 4.2.5 - Attachment 5 - Strategic Risk Register

Strategic Risk Register

v2.198 ~~March~~ September 2019

910	Event Description: Lack of alignment and integrity of IT systems <u>and data</u> 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):	
<ul style="list-style-type: none"> • Failure to adequately involve IT when developing plans, strategies and projects • Failure to consider all options when improving a system or process • Organisational change is not conducted in a structured and logical manner • Failure to support the skill set of individuals responsible for the delivery of business 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 		<ul style="list-style-type: none"> • Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure • Council operations pause resulting in financial loss • Failure to adapt to a changing external environment • Inefficient and ineffective use of organisational resources • Poor service delivery • Political/Public-reputational damage • Costs of litigation and restoration of services 	
Likelihood: Almost Certain	Consequence: Major	Inherent Risk Rating: Very High	
Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):			
<ul style="list-style-type: none"> • IT Governance Framework, 3 • Programmed testing of systems for security and reliability, 4 • <u>Compliance with</u> Information Security Policies and Procedures, 4 • Continuous Improvement Framework, 4 		<ul style="list-style-type: none"> • IT Disaster Recovery Plan, 2 • Business Continuity Plans, 4 • Incident Management Team identified and trained, 4 • Building security and access controls, 4 • User access system controls, 4 • Patch management and software maintenance procedures, 4 • <u>Performance of</u> Cyber Security Risk Assessments, 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 Complete
Develop digital strategy to enhance engagement with community and customer service		Manager Business Systems and Solutions	30 June <u>September</u> 20 <u>20</u> 19
Delivery of the IT component of the Community Hub		Manager Business Systems and Solutions	Complete 30 August 2019
Delivery of relevant aspects of the Smart Salisbury governance structure		Manager Business Systems and Solutions	30 June 2019 Progressive implementation

Item 4.2.5 - Attachment 5 - Strategic Risk Register

Strategic Risk Register

v2.198 ~~March~~ September 2019

Table 1 – Consequence Ratings

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

Strategic Risk Register

v2.198 ~~March~~ September 2019

Table 2 – Likelihood Ratings

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

Table 3 - Risk Matrix

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

Strategic Risk Register

Table 4 - Residual Risk Descriptors

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

Table 5 - Control Effectiveness Ratings

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

The following defines the meaning of the control effectiveness ratings;

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

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

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

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

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

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

Source: Control Activity Owner Instruction Manual, ControlTrack®

Strategic Risk Register

v2.198 March-September 2019

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

Likelihood	E Almost Certain				
	D Likely			910	
	C Possible			2, 3, 5, 6, 8	1, 4, 89
	B Unlikely				5, 7
	A Rare				
		1 Insignificant	2 Minor	3 Moderate	4 Major
Consequence					

No.	Risk Description	Inherent Risk Rating	Residual Risk Rating	Rating as low as reasonably practicable	Treatment Plan/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
89	Failure to ensure a safe working environment	Very High	High	No	Yes
910	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
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

Item 4.2.5 - Attachment 5 - Strategic Risk Register

OUTSTANDING ACTIONS ARISING OUT OF COMPLETED INTERNAL AUDITS

<i>Audit: Strategic Development Projects</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>1. Quick decision emergency response process be formally documented, to address unforeseen/emergency issues arising</p> <p>Agreed Action: A Strategic Development Project Emergency Response Process be prepared and presented through Council Executive Group for endorsement and distributed to all Strategic Development Project staff and key contractors.</p>	Manager Strategic Development Projects	30 June 2018	31 March 2019 30 June 2019 31 December 2019	Complete An emergency response process exists informally. Formal documentation of the process was endorsed at Executive Committee on 4 February 2020.

Audit: Business Systems and Solutions				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>1. IT Steering governance committees require implementation</p> <p>1.a) Revise the Terms of Reference for both the Application Steering Committee and IT Steering Committee, in line with the recommendations made in the Program Review; <i>Action: Agreed, in line with recommendations from the Program review and will be informed by the outcome of the digital strategy. A revised model for the governance of information technology and information management at operational, tactical and strategic levels will be developed based on stakeholder engagement and feedback.</i></p> <p>1.b) Reconvene the Application and IT Steering committees, ensuring the role of Business Systems and Solutions is well understood by the IT Steering Committee; <i>Action: Noted – see agreed action. Application and IT Steering committees will be based on the outcome of the agreed program review actions.</i></p> <p>and</p> <p>1.c) Ensure the membership of the IT Steering Committee includes a relevant selection of City of Salisbury Executives <i>Action: Noted – see agreed action</i></p>	Manager, Business Systems and Solutions	30/11/2018	20/03/2019 7/06/2019 31/12/2019 31/03/2020	<p>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.”</p> <p>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.</p> <p>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”</p> <p>5/11/2019 1.a,b and c) – Proposals to be presented to Executive in December. Decisions from this group will guide next steps to meet the recommendations from Executive on 4/12/2018.</p> <p>4/02/2020 – Completed - Executive endorsed the Governance model, membership of the relevant committees and terms of reference for the overarching Advisory Committee.</p>

Audit: Business Systems and Solutions				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>2. The current Disaster Recovery plans require updating to increase the likelihood of managing a disaster event</p> <p>2.a) Fully document the DR plans. Consider the use of an external party with experience in the development of technology DR plans if there are no in-house parties with this experience; <i>Action: Noted and agreed as recommended.</i></p> <p>2.b) Create a DR testing regime for major systems, that supports the business's documented MAO, RPO and RTO; <i>Action: Noted and agreed as recommended.</i></p> <p>2.c) Align back-up regimes of all systems to Business Continuity plan MAO, RPO and RTO requirements. <i>Action: Back up regimes will be reviewed and modified, if required.</i></p>	<p>Team Leader, Information Technology Services</p>	<p>30/4/2019</p>	<p>30/09/2019</p>	<p>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 5/11/2019 - DR plan has been created by the Team Leader Information Technology Services. This includes plans for testing in the 2020 calendar year. 04/02/2020 – Plan created to be scheduled for review and endorsement through the new governance model.</p>

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>3. Review of the use of generic admin accounts for applications</p> <p>3.a) Replace all generic admin accounts where they are used, with named admin accounts for all systems; <i>Action: Noted. A review will be performed and implemented where feasible to do so.</i></p>	Team Leader, Information Technology Services	30/11/2018	<p>30/06/2019</p> <p>30/07/2019</p> <p>31/03/2020</p>	<p>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.</p> <p>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.</p> <p>5/11/2019 – 3a) Work is continuing however other priorities has resulted in delays to finalising.</p> <p>24/01/2020 – On plan for completion by 31/03/2020</p>

Audit: Business Systems and Solutions				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>4. No Service Level Agreements, and/or Key Performance Indicator's for Business Systems and Solutions</p> <p>4.a) Develop a Service Catalogue. <i>Action: Noted and agreed. Will be done as part of the work in 4.c.</i></p> <p>4.b) Define SLAs with vendors, where appropriate – agreed actions from Program Review will be implemented. <i>Action: Agreed actions from the Program Review will be implemented. Service levels with vendors are articulated in relevant contract documents.</i></p> <p>4.c) Obtain business endorsement of the Helpdesk metrics to enable the business to view the service levels provided. <i>Action: Noted and agreed.</i></p> <p>4.d) Implement KPIs as documented in the Program Review, in consultation with key application owners, and other stakeholders in the business. <i>Action: Noted and agreed. See response to recommendations in 1.a.</i></p> <p>4.e) Re-introduce the previously documented tools for control from the previous IT Strategy 2014-17 to provide a baseline to measure of the operational activities of the team – such as 3.1 IT Principles, - <i>Agreed. The document will be updated</i> 3.4 IT Metrics, - <i>Agreed. The document will be updated as part of section 14 below.</i> 6.4 Governance Framework, - <i>Noted. Will be considered as part of the action detailed in 1.a.</i></p>	<p>4.a) –c.) Team Leader Service Desk</p> <p>4.d) Manager Business Systems and Solutions</p> <p>4.e) Team Leader, Information Technology Services</p>	<p>30/11/2018</p> <p>28/2/2019</p> <p>28/2/2019</p> <p>30/11/2018</p> <p>30/6/2018</p>	<p>30/09/2019 30/06/2020</p> <p>30/09/2019 30/06/2020</p> <p>30/09/2019 30/06/2020</p> <p>30/09/2019 30/06/2020</p> <p>30/11/2018 30/09/2019 30/06/2020</p>	<p>27/03/2019 – The IT Service Delivery Manager starts on 23/04/2019 and will oversee the delivery of the actions in this section.</p> <p>1/7/2019 – Data capture work has commenced to be used in the resulting documentation prior to endorsement and implementation.</p> <p>5/11/2019 – Work on this action delayed to other priorities. This work will be completed following the completion of 1a.</p> <p>24/01/2020 – On plan to deliver these actions by 30/06/2020</p>

Item 4.2.5 - Attachment 6 - Outstanding Audit Actions

Audit: Business Systems and Solutions				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>4.f) Build the reporting of KPI's and other operational controls into the Terms of Reference of the Steering Committees <i>Action: Noted. Regular surveys of the performance of the IT functions will fall in line with program of Business Excellence surveys across the organisation. Refer action at 1.a.</i></p> <p>4.g) Promote and display the level of service provided by the Helpdesk against the agreed business metrics <i>Action. Noted and agreed. As above at 4.f.</i></p> <p>4.h) Collate regular surveys as a standard measurement of Business Systems and Solutions performance, at least every 18 months <i>Action: Noted. As above at 4.f.</i></p> <p>4.i) Include checkpoint surveys periodically for Helpdesk calls to trace ongoing customer satisfaction. <i>Action: Noted and agreed. As above at 4.f.</i></p>	<p>4.f) - .i) Team Leader Service Desk</p>	<p>4.f) - .i) 28/2/2019</p>	<p>30/09/2019 30/06/2020</p>	<p>5/11/2019 – Changing divisional structures have created delays. This work will become the primary focus once the permanent structure has been determined and in place.</p> <p>24/01/2020 – On plan to deliver majority of these actions by 30/06/2020</p>

Audit: Business Systems and Solutions				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>5. Maintain an up to date application register to reduce security risk and upgrade costs</p> <p>5.a) Re-instate the centralised application and technology support matrix / register, including the version number currently used, the latest version released by the vendor, timescales for the life of vendor support, issues and reasons for not upgrading to the latest version and any vendor arrangements.</p> <p><i>Action: Noted and agreed. These documents are in use and will be updated. This will form part of the information contained in the Service Catalogue</i></p>	5a.) Team Leader Service Desk	30/6/2018	30/09/2018 30/11/2018 28/03/2019 28/06/2019 30/09/2019 30/03/2020	<p>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.</p>
<p>5.b) Determine if a policy or position is necessary for keeping software current. (e.g. No system will be x versions behind the latest version) - A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.</p> <p><i>Action: A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.</i></p>	5.b) Manager Business Systems and Solutions	30/9/2018	30/11/2018 28/03/2019 28/06/2019 30/09/2019 30/03/2020	<p>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.</p>
<p>5.c) Once the application and support matrix / register has been re-introduced, complete a review of all major systems to determine potential upgrade projects required.</p> <p><i>Action: Noted and agreed. A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.</i></p>	5.c) Manager Business Systems and Solutions	30/9/2018	30/11/2018 28/03/2019 28/06/2019 30/09/2019 30/06/2020	<p>25/01/2019 5.c) In progress see comment for 5.a) above</p> <p>5/11/2019 – All work delayed due to changing priorities. Due dates have been rebaselined.</p> <p>24/01/2020 – On plan for delivery by 30/03/2020 and 30/06/2020 as noted in the detail.</p>

Audit: Business Systems and Solutions				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>6. Continued focus is required on aligning business applications to business needs</p> <p>6.a) Improve resource management and the visibility of allocated BSS resources to manage business expectations. <i>Action: Resource planning and demand management framework under development by Team Leader, Planning and Business Engagement. Relevant to Planning and Business Engagement Services and Information Technology Services teams.</i></p> <p>6.b) Consider the use of a Business Impact Assessment as an objective method of assessing the requested changes to systems by the business to enable clear and agreed understanding by all parties. <i>Action: Noted. This will be reviewed and considered.</i></p> <p>6.c) Ensure a consistent structure and Terms of Reference are in place to support any Application Steering Committees, as required, including the process for documenting how a decision not to have a Committee was arrived at. (The decision and responsibility for forming and running Application Steering Committees rests with the relevant business areas). <i>Action: Noted and agreed.</i></p> <p>6.d) Develop a BSS Service Catalogue and promote throughout the organisation. <i>Action: Noted. Refer section 4. Service Catalogue will cover the information technology-related aspects of BSS</i></p> <p>6.e) Following the release of the digital strategy, ensure the BSS assessments from the Bid System include an assessment of the alignment of the proposal to the digital strategy. <i>Action: Noted and agreed. This will be discussed and agreed with the relevant divisional manager responsible for the bid system.</i></p>	<p>6a.)-c.) Team Leader, Planning and Business Engagement Services</p> <p>6d.) Team Leader Service Desk</p> <p>6.e) Manager Business Systems and Solutions</p>	<p>30/6/2018</p> <p>30/11/2018</p> <p>28/02/2019</p>	<p>30/11/2018</p> <p>30/05/2019</p> <p>31/12/2019</p> <p>30/06/2020</p> <p>28/02/2019</p> <p>30/09/2019</p> <p>30/06/2020</p> <p>30/09/2019</p> <p>30/06/2020</p>	<p>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 5/11/2019 – 6) All activities delayed due to conflicting priorities. Dates have been rebaselined.</p> <p>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. 5/11/2019 – 6d) – Service Catalogue has not yet been developed due to conflicting priorities. Date has been rebaselined.</p> <p>04/02/2020 – On plan to deliver by 30/06/2020. Note some have been completed, eg governance structure and terms of reference.</p>

<i>Audit: Business Systems and Solutions</i>				
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. <i>Action: Noted and agreed. An internal assessment will be performed with the independent assessment performed by the next external audit of the information technology areas of the BSS division.</i>	6f.) Team Leader Planning and Business Engagement	30/6/2018	30/06/2019 28/2/2020 30/09/2020	1/7/2019 – The engagement process for the organisation has been implemented since Nov 2018 and will be reviewed in Feb 2020. 5/11/2019 – Review still scheduled for Feb 2020 11/3/2020 –Deferred to September 2020.

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>7. Greater awareness is required of the ownership of systems and roles and responsibilities for applications</p> <p>7.a) Ensure the business sponsor is consulted and in agreement of the application support model, with the development of a Responsibility Matrix for each major application, and the roles and responsibilities of all parties are understood and agreed to. <i>Action: Noted. This process will be done for all major corporate applications. Follow the example of management and support structure for Empower.</i></p> <p>7.b) Ensure there is clear ownership of applications. <i>Action: Refer comments for 7.a).</i></p>	7a.)-b.) Team Leader Information Technology Services	28/2/2019 28/2/2019	31/05/2019 30/09/2019 30/03/2020 31/05/2019 30/09/2019 30/03/2020	<p>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.</p> <p>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.</p> <p>5/11/2019 – There is now clear understanding within the organisation around functional owners. This will be presented to Executive once other priorities have been completed.</p> <p>04/02/2020 – Report to Exec scheduled for February 2020, so on track to deliver by 30/03/2020</p>

Audit: Business Systems and Solutions				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>8. Continued alignment of the Digital Strategy to the Business Strategy is required</p> <p>8.a) Ensure that the Digital Strategy is able to achieve the City of Salisbury’s City Plan 2030 overarching strategy and vision. <i>Action: Noted and agreed. Action to be passed on to the digital strategy working group.</i></p> <p>8.b) Ensure that the Application Owners and members of the Applications Steering Committees continue to be involved in the development of the Digital Strategy. <i>Action: Noted and agreed.</i></p> <p>8.c) Ensure the IT strategy contains roadmaps and an execution plan for each system within the City of Salisbury portfolio. <i>Action: Noted and agreed. Information to be included in updated ICT Strategy.</i></p> <p>8.d) Consider changing the title of the IT strategy to an “Digital Execution Plan” or similar to reflect the outcome of the document being to define a program of work to deliver the Digital Strategy. This will assist in the measurement of goals and objectives of the strategies; <i>Action: Noted and agreed. Broader than responsibility of IT function within BSS.</i></p> <p>and</p> <p>8.e) Define a program of work to deliver the Digital Strategy. <i>Action: Noted and agreed. Broader than responsibility of IT function within BSS.</i></p>	8.a)-.e) Manager Business Systems and Solutions	30/11/2018	30/03/2019 28/06/2019 30/11/2019 30/06/2020	<p>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.</p> <p>27/03/2019 – The IT Implementation plan will be developed in parallel with the digital strategy and presented to the Executive in June 2019.</p> <p>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.</p> <p>5/11/2019 - Community engagement work continues, the working group determined significant changes were required to community survey which has produced significant delays.</p> <p>04/02/2020 – on schedule to meet 30 June 2020 timeframe.</p>

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>10. A formal change framework is required</p> <p>10.a) Implement a formal CAB – recommendation to be raised with the Change Management Group.</p> <p><i>Action: Noted. This recommendation will be raised with the Change Management Group.</i></p> <p>10.b) Document the CAB processes – Subject to the outcome of 10a.</p> <p><i>Action: Noted. Subject to the outcome of 10.a)</i></p> <p>10.c) Provide awareness to the relevant business areas of the CAB processes and how the business outcomes are met – Subject to the outcome of 10a.</p> <p><i>Action: Noted. Subject to the outcome of 10.a)</i></p>	<p>10.a) - .c) IT Service Delivery Manager</p>	<p>30/11/2018</p>	<p>30/09/2019</p> <p>31/12/2019</p>	<p>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.</p> <p>5/11/2019 10.a and b) – CAB process implemented, documented and operational.</p> <p>COMPLETE</p> <p>5/11/2019 10.c – Communication of CAB process commenced but not yet complete. This will be finalised in monthly engagement meetings for December 2019.</p> <p>04/02/2020 – : MBS&S to review the process that has been implemented in February 2020</p>

ITEM	4.2.6
	AUDIT COMMITTEE
DATE	18 March 2020
HEADING	Update on Internal Audit Plan
AUTHOR	Janet Crook, Risk & Governance Program Manager, CEO and Governance
CITY PLAN LINKS	4.2 Develop strong capability and commitment to continually improve Council's performance. 4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	The purpose of this report is to inform the Audit Committee of the Internal Audit Plan, and to highlight any changes made to it since it was last presented to the Audit Committee in November 2019.

RECOMMENDATION

1. That the updates made to the 2018 - 2022 Internal Audit Plan as set out in Attachment 1 to this report (Item 4.2.6, Audit Committee, 18/03/2020) be endorsed and forwarded to Council for adoption.

ATTACHMENTS

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

1. 2018-2022 Internal Audit Plan

1. BACKGROUND

- 1.1 Attachment 1 to this report details the internal audit work to be undertaken for the period commencing 1 January 2018 up to, and including, 31 December 2022. 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 was provided as an attachment to the Risk Management and Internal Controls Activities Report at item 4.2.5 of this Audit Committee agenda.
- 1.2 This report provides progress updates to the Internal Audit Plan since it was last presented to the Audit Committee in November 2019.

2. REPORT**2.1 The Internal Audit Plan Update**

- 2.1.1 *Contract Management* – Galpins Accountants, Auditors & Business Consultants were successful with the tender for this audit program. A

report has been provided to the Audit Committee at item 4.2.2 of this Audit Committee agenda.

- 2.1.2 *Asset Management* – Galpins Accountants, Auditors & Business Consultants were successful with the tender for this audit program. A report has been provided to the Audit Committee at item 4.2.3 of this Audit Committee agenda.
- 2.1.3 *Contaminated Sites* – BlueSphere Environmental Pty Ltd were successful with the tender for this audit program. The audit kick off meeting was held on 13 December 2019 and documentation relevant to the program is being collated. Our aim is for the report to be presented to the Audit Committee in April 2020.
- 2.1.4 *Food Safety* – BDO Advisory (SA) Pty Ltd were successful with the tender for this audit program. The audit kick off meeting was held on 24 January 2020 and documentation relevant to the program was provided to BDO. BDO have performed their onsite visitation and provided CoS with an issue log of findings for review. The findings will be discussed with BDO on 12 March 2020. The report will be presented to the Audit Committee in April 2020.
- 2.1.5 *Strategic Reporting* – This audit program has commenced and is being undertaken internally. Due to the resignation of the Internal Auditor & Risk Coordinator, it is intended that this report will be presented later in 2020.
- 2.1.6 *Legislative Compliance* – This audit program has commenced and is being undertaken internally. Due to the resignation of the Internal Auditor & Risk Coordinator, it is intended that this report will be presented later in 2020.
- 2.1.7 *Data Governance* – The level of change in information and data management that is currently in implementation has meant that this audit program is best positioned to be undertaken during the 2020 post the divisional re-structuring.
- 2.1.8 *Incident Management* – This audit program is to be postponed to the first half of 2020 given the current divisional restructure, implementation of the new booking system for community spaces, pending release of new Event Guidelines and Policy and newly created Site Emergency Plans for the Hub.
- 2.1.9 *Capital Works Project* – Preliminary Works and Scope document is being prepared.

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 November 2019.
- 3.2 This report seeks Audit Committee endorsement of the proposed 2018 – 2022 Audit Plan.

CO-ORDINATION

Officer:

Date:

Audit Ref	Strategic Risk Number	Risk Description	Inherent Risk	Residual Risk	Key Divisions impacted by the audit											Performance, compliance or risk-based audit?	2018	2019	2020	2021	2022	Areas of focus for the audit					
					People & Culture	Community Planning & Vitality	Community Capacity & Learning	Governance	Technical Services	Business Systems and Solution	Business Support	Environmental Health & Safety	Projects	Strategic Development Projects	Financial Services								Communications & Customer R	Salisbury Water			
1	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium																	Risk-Based	●					Strategic reporting process Assurance on the processes and controls in place, specifically in relation to the City Plan, Business Planning and Annual Planning.
2	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium										●	●						Risk-Based		●				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.
3	2	Inadequate response to contamination of the recycled water systems	High	High					●												Risk-Based		●			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																							
4	6	City of Salisbury financial sustainability is compromised	High	High											●						Risk-based	●					Financial sustainability Assurance on the financial sustainability of City of Salisbury, for example recognising the possibility of the introduction of rate capping
5	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium	●			●			●				●						Compliance and Risk-Based				●		Legislative compliance Assurance that the policies and processes in place ensure compliance with relevant legislation.
6	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium									●								Performance				●		Complaint Handling Assurance that processes provide for comprehensive, organisation wide handling of complaints
7	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium	●				●	●					●	●					Risk-Based			●		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																							
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	●	●	●				●										Risk-Based				●		Incident Management Framework Assurance on the adequacy of the City of Salisbury Incident Management Framework

Audit Ref	Strategic Risk Number	Risk Description	Inherent Risk	Residual Risk	Key Divisions impacted by the audit											Performance, compliance or risk-based audit?	2018	2019	2020	2021	2022	Areas of focus for the audit							
					People & Culture	Community Planning & Vitality	Community Capacity & Learning	Governance	Technical Services	Business Systems and Solution	Business Support	Environmental Health & Safety	Projects	Strategic Development Projects	Financial Services								Communications & Customer R	Salisbury Water					
9	6	City of Salisbury financial sustainability is compromised	High	High																		Risk-Based							Asset Management Review of the proposed processes and system changes in asset management operationalisation.
10	9	Failure to ensure a safe working environment	Very High	High																		Risk-Based & Compliance							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.
11	10	Lack of alignment and integrity of IT Systems and business processes for support of business needs	Very High	High																		Risk Based							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.
12	6	City of Salisbury financial sustainability is compromised	High	High																		Risk Based							Post Implementation Review of The Hub The post Hub review is to provide assurance that the full benefits have been realised.
13	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium																		Risk Based							Capital Works Projects Assurance on the effectiveness of the processes that are in place to manage risks on capital works projects.
14	6	City of Salisbury financial sustainability is compromised	High	High																		Risk Based							Procurement To provide assurance that the procurement process has sufficient established governance and risk management to prevent a strain on councils ongoing sustainability.
15	10	Lack of alignment and integrity of IT Systems and business processes for support of business needs	Very High	High																		Risk Based							Cyber Security To provide assurance that governance and risk management is sufficient to mitigate the likelihood and impact of a cyber attack incident.
16	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium																		Risk Based and Compliance							Volunteers Audit is to provide assurance on the established processes in regard to the management of volunteers. (Area of focus will be recruitment, management, grievances, induction, acknowledgement).
17	8	Organisation suffers detriment as a result of fraud, misconduct or maladministration	High	High																		Risk Based and Compliance							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.
18	3	Lack of management of public and environmental health risks	High	High																		Risk Based and Compliance							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.
19	6	City of Salisbury financial sustainability is compromised	High	High																		Risk Based							Fleet and Heavy Vehicle Management This audit is to provide assurance that the established governance and risk management is sufficiently robust to protect and ensure the viability of the fleet and Heavy vehicles assets.

Internal Audit Plan 2018

Audit Ref	Strategic Risk & Number	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2018				Current Status
					Q1	Q2	Q3	Q4	
1	# 7 - Governance frameworks, systems and processes are inadequate to ensure robust decision making.	Strategic Reporting Process	This audit should provide assurance on the processes and controls in place in relation to the City Plan, Business Planning and Annual Planning.	Internal			●		Audit programme currently being performed internally.
2	# 7 - Governance frameworks, systems and processes are inadequate to ensure robust decision making.	Contract Management	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				●	Complete
3	# 2 - Contamination of the recycled water systems; & # 5 - Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services.	Management of Contaminated sites	This audit should provide assurance that the controls in place to prevent and manage contamination incidents/sites are robust.	Co-sourced				●	Audit program being undertaken by audit partner BlueSphere Environmental. Report to be provided to April 2020 Audit Committee meeting
4	# 6 - City of Salisbury financial sustainability is compromised.	Financial Sustainability	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			●		Complete

Internal Audit Plan 2019

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 Governance frameworks, systems and processes are inadequate to ensure robust decision making.	Legislative Compliance	The City of Salisbury is governed by a broad range of legislative instruments which govern its daily operations. Failure to meet legislative compliance obligations may lead to financial penalties and/or government or regulatory intervention, as well as reputational damage. This review will provide assurance that selected relevant legislation obligations are being complied with and that the processes in place to maintain upto date legislation is robust.	Internal				●	Program currently being performed internally.
6	# 7 Governance frameworks, systems and processes are inadequate to ensure robust decision making.	Complaint Handling	In terms of the Local Government Act 1999 the City of Salisbury has a mandatory requirement to have a Complaints Handling Procedure. This review will provide assurance that the City of Salisbury's procedure is providing comprehensive handling of complaints.	Internal				●	Deferred to Q2 2020
7	# 7 Governance frameworks, systems and processes are inadequate to ensure robust decision making; & # 10 Lack of alignment and integrity of IT Systems to support business needs.	Data Governance	There is the risk that the City of Salisbury data management processes could result in loss of data or the inability to utilise the data. This review will provide assurance regarding the adequacy of protection of City of Salisbury information. This review will provide assurance regarding the adequacy of protection of CoS information.	Co-sourced				●	Deferred to Q2 2020
8	# 4 Inadequate response to a major incident at a council run community event, that affects public and staff safety.	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, injury or death. This review is to provide assurance on the adequacy of the City of Salisbury Incident Management Framework and the current processes, risk management and controls to mitigate the risks to staff and community.	Co-sourced		●			Deferred to Q2 2020
9	# 6 City of Salisbury financial sustainability is compromised.	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				●	Complete

Audit Ref	Strategic Risk Numbers	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2020				Current Status
					Q1	Q2	Q3	Q4	
6	# 7 Governance frameworks, systems and processes are inadequate to ensure robust decision making.	Complaint Handling	In terms of the Local Government Act 1999 the City of Salisbury has a mandatory requirement to have a Complaints Handling Procedure. This review will provide assurance that the City of Salisbury's procedure is providing comprehensive handling of complaints.	Internal		●			Deferred from Q3 2019 Work yet to commence
10	# 9 Failure to ensure a safe working environment.	WHS Deep Dive	Work Health Safety is heavily regulated by the Work Health & Safety Act 2012. This audit will be a Work Health Safety deep dive to provide assurance that the CoS can demonstrate sufficient governance and risk management to comply with legislative obligations and provide assurance that CoS is providing a safe workplace for staff, contractors and volunteers.	Co-Sourced			●		Scope being created
11	# 10 Lack of alignment and integrity of IT Systems to support business needs.	IT Disaster Recovery	The information contained within CoS critical core systems is significant. The ability to promptly recover data is crucial to prevent service interruption to those core CoS systems. This review is to provide assurance that, in the case of an unforeseen event, the established procedures in regard to IT Disaster Recovery is sufficiently robust to mitigate the potential of data loss and prevention of service interruption.	Co-Sourced		●			Work yet to commence
12	# 6 - City of Salisbury financial sustainability is compromised.	Post Implementation Review of the Hub	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
13	# 7 Governance frameworks, systems and processes are inadequate to ensure robust decision making.	Capital Works Projects	The City of Salisbury undertakes approximately 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		●			Scope being created
18	# 3 Lack of Management of public and environmental health risks.	Food Safety	The overall objective of this audit is to provide assurance that the City of Salisbury's governance and risk management in place is sufficiently robust to mitigate the likelihood of public or environmental health risks in relation to food safety.	Co-Sourced	●				Audit program being undertaken by audit partner BDO Advisory. Report to be provided to April 2020 Audit Committee meeting.
7	# 7 Governance frameworks, systems and processes are inadequate to ensure robust decision making; & # 10 Lack of alignment and integrity of IT Systems to support business needs.	Data Governance	There is the risk that the City of Salisbury 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 City of Salisbury information. This review will provide assurance regarding the adequacy of protection of CoS information.	Co-sourced		●			Deferred from Q4 2019 Work yet to commence
8	# 4 Inadequate response to a major incident at a council run community event, that affects public and staff safety.	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, injury or death. This review will provide assurance on the adequacy of the City of Salisbury Incident Management Framework and the current processes, risk management and controls to mitigate the risks to staff and community.	Co-sourced		●			Deferred from Q2 2019 Work yet to commence

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	
14	# 6 City of Salisbury financial sustainability is compromised.	Procurement	CoS has obligations under section 49 of the Local Government Act 1999 to have policies for contracts and tenders incorporating contracting out services, competitive tenders to ensure services are delivered cost effectively, the use of local goods and services and the sale and disposal of land and other assets . This audit is to provide assurance that the procurement process has sufficiently robust governance and risk management in place to meeting legislative obligations and that the procurement processes are sufficiently robust to mitigate against any compromising strain on the Council financial sustainability.	Co-Sourced	●				Work yet to commence
15	# 10 Lack of alignment and integrity of IT Systems to support business needs.	Cyber Security	Cyber risk is recognised as an emerging and ever changing risk for organisations which may lead to financial loss, service interruption, data loss and/or reputation damage from an event impacting the CoS information and or information systems. This audit is to provide assurance that the established governance and risk management processes in place to reduce both the likelihood and consequence of a cyber-attack incident are sufficiently robust.	Co-Sourced	●				Work yet to commence
16	# 7 Governance frameworks, systems and processes are inadequate to ensure robust decision making.	Volunteers	Volunteers are a major personnel resource utilised by CoS to assist with the delivery of community programs and services. The failure to properly manage volunteers may result in service interruption, financial impost and reputation risk. This review will provide CoS with assurance that the processes for managing volunteers are robust.	Internal		●			Work yet to commence
17	# 8 Organisation suffers detriment as a result of fraud, misconduct or maladministration.	Payroll	The payroll administration function has stringent legislative (including Payroll Tax Act 2009) requirements and is a potential target for fraud. Failure to correctly manage the payroll system has the potential consequences of financial loss and reputation damage. This review will provide assurance that there is sufficient governance and risk management established to meet compliance obligations and to prevent, identify and correct the potential for fraudulent activities associated with the payroll processes and associated systems.	Internal		●			Work yet to commence
18	# 3 Lack of Management of public and environmental health risks.	Food Safety	The CoS has obligations under the Food Act, failure to meet these obligations may result in death or injury to public, financial penalties and/or government or regulator intervention. This audit will 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			●		Taken forward to Q1 2020

Item 4.2.6 - Attachment 1 - 2018-2022 Internal Audit Plan

Internal Audit Plan 2022

Audit Ref	Strategic Risk Numbers	Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2022				Current Status
					Q1	Q2	Q3	Q4	
19	# 6 City of Salisbury financial sustainability is compromised.	Fleet and Heavy Vehicle Management	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
20	# 10 Lack of alignment and integrity of IT Systems to support business needs.	IT Investment Strategy	The City of Salisbury has significant reliance upon technology to maintain and drive business requirements and efficiency gains. Failure to correctly manage the future IT acquisitions and costings may impact the CoS with inefficient processes, legacy IT issues and lagging IT systems leading to inefficiencies, financial impost, service interruption and inability to maximise continued improvements. This review is to provide CoS with assurance that the IT Investment Strategy is sufficiently robust to support current and changing business requirements and continuous improvement initiatives.	Co-Sourced		●			Work yet to commence
21	# 8 Organisation suffers detriment as a result of fraud, misconduct or maladministration.	High Value & Portable Asset review	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. Failure to correctly manage these assets may lead to financial impost and service interruption. This review is to provide CoS with assurance that the governance and risk management in place is sufficiently robust to manage these assets.	Internal		●			Work yet to commence

Item 4.2.6 - Attachment 1 - 2018-2022 Internal Audit Plan