



## **AGENDA**

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

**12 AUGUST 2020 AT 6:30PM**

**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 (Deputy Chairman)

### **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 15 April 2020.

Presentation of the Minutes of the Confidential Audit Committee Meeting held on 15 April 2020.

Presentation by the Manager Business Systems and Solutions on the Outstanding Actions from the Business Systems and Solutions Audit.

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**REPORTS**

*Administration*

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**OTHER BUSINESS**

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## CONFIDENTIAL ITEMS

### 4.4.1 Auditor General's Examination of Management of Road Asset Maintenance in the City of Salisbury

#### Recommendation

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

1. *Pursuant to Section 90(2) and (3)(j)(i) 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 information the disclosure of which would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the Council, or a person engaged by the Council).*
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 Auditor General's Department have requested that this matter remain confidential*

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

CLOSE







**MINUTES OF AUDIT COMMITTEE MEETING HELD IN LITTLE PARA  
CONFERENCE ROOMS, SALISBURY COMMUNITY HUB, 34 CHURCH STREET,  
SALISBURY ON**

**15 APRIL 2020**

**MEMBERS PRESENT**

Cr G Reynolds (Chairman)  
Mr N Ediriweera (*via videoconference*)  
Mr C Johnson (*via videoconference*)  
Ms K Verrall (*via videoconference*)  
Cr K Grenfell (Deputy Chairman)

**OBSERVERS**

Ms Tania Occhiuto, Senior Manager Advisory, BDO (*via videoconference*)

**STAFF**

Chief Executive Officer, Mr J Harry  
General Manager Business Excellence, Mr C Mansueto  
General Manager City Development, Mr T Sutcliffe  
Manager Governance, Mr M Petrovski  
Manager Business Systems and Solutions, Mr D Bevan  
Risk and Governance Program Manager, Ms J Crook

The meeting commenced at 6:42pm

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

**APOLOGIES**

Nil.

**LEAVE OF ABSENCE**

Nil

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## PRESENTATION OF MINUTES

Moved Cr K Grenfell  
Seconded Mr C Johnson

The Minutes of the Audit Committee Meeting held on 18 March 2020,  
be taken and read as confirmed.

**CARRIED**

## REPORTS

### *Administration*

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

Moved Ms K Verrall  
Seconded Cr K Grenfell

1. The information is received.

**CARRIED**

#### **4.0.2 Actions List**

Moved Cr K Grenfell  
Seconded Mr C Johnson

1. The information is noted.

**CARRIED**

### *Reports*

#### **4.2.1 Food Safety Audit Report**

*Ms Tania Occhiuto, Senior Manager Advisory, BDO, provided the Committee with an outline of the Food Safety Audit Report and respond to questions of Members.*

*General Manager, Mr T Sutcliffe will speak with Manager Environmental Health & Safety, Mr J Darzanos about amending completion checklists to include registration of official business correspondence in Data Works.*

Moved Cr K Grenfell  
Seconded Ms K Verrall

1. That the final audit report for the Food Safety audit as set out in Attachment 2 to this report (Item 4.2.1, Audit Committee, 15/04/2020) is noted and that the responses of the Administration to the Food Safety Audit contained therein is endorsed.

**CARRIED**

*Ms Occhiuto left the meeting*

#### 4.2.2 Draft 2020/21 Annual Plan and Budget

Moved Cr K Grenfell  
Seconded Mr C Johnson

1. The information be received
2. Council notes that the Audit Committee have reviewed the Council's Annual Plan and Long Term Financial Plan in accordance with S126(4)(ab) Local Government Act 1999 and has provided part 3 for consideration.
3. Recognising the response that Council are wanting to take in relation to COVID-19 and the impact that will have on key financial indicators, Council endorses consideration of the following measures are taken:
  - Revision of the Financial Sustainability targets from 40% to 70%.
  - Rate increases of more than CPI+0.6% from 2021/22 onwards
  - Ongoing Service/ Cost Reductions/ Income Gains/ Potential Income Losses yet to be identified, of at least \$2.4M, are incorporated into 2020/21

and that these measures are incorporated into the Draft Annual Plan and Long Term Financial Plan for consultation, in a combination that results in financial sustainability targets being met over the 10 year period of the long term financial plan.

**CARRIED**

#### 4.2.3 Risk Management and Internal Controls Activities

*The revised date in Item 2 in the Business Systems and Solutions outstanding actions arising out of completed internal audits is to be updated to 31 May 2020.*

Moved Mr C Johnson  
Seconded Ms K Verrall

1. The information is received.
2. The Update on Risk Management and Internal Controls Activities, as set out in Attachment 1 to this report (Item 4.2.3, Audit Committee, 15/04/2020) is endorsed.
3. Council notes the update on outstanding actions from completed Internal Audits, as set out in Attachment 2 to this report (Item 4.2.3, Audit Committee, 15/04/2020).

**CARRIED**

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#### **4.2.4 Update on Internal Audit Plan**

Moved Cr K Grenfell  
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 (Item 4.2.4, Audit Committee, 15/04/2020) are endorsed.

**CARRIED**

#### **OTHER BUSINESS**

Nil

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**CONFIDENTIAL ITEMS**

**4.4.1 Cyber Security Improvement Program**

Moved Cr K Grenfell  
Seconded Ms K Verrall

1. *Pursuant to Section 90(2) and (3)(e) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:
  - it relates to matters affecting the security of the council, members or employees of the council, or council property; or the safety of any person.*
2. *In weighing up the factors related to disclosure,
  - disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations
  - Non disclosure of this item at this time will protect information contained within the report which provides an assessment of the vulnerability of the City of Salisbury to a cyber-attack. This information would be of significant benefit to a third party attempting to access City of Salisbury business systems and solutions and the data held within them.

*On that basis the public's interest is best served by not disclosing the **Cyber Security Improvement Program** 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 8:11pm

The meeting moved out of confidence and closed at 8:29pm

CHAIRMAN.....

DATE.....



<b>ITEM</b>	4.0.1
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	12 August 2020
<b>HEADING</b>	Actions List
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	4.2 We deliver quality outcomes that meet the needs of our community. 4.4 We plan effectively to address community needs and identify new opportunities.

**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 is 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
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	Complete. Presentation provided to August 2020 Audit Committee
14.	18.03.20	Update the Management Response for recommendation 9 of the Contract Management Audit to reflect training and awareness for staff	GM Business Excellence	May 2020	Complete. Refer Item 4.2.6
15.	15.04.20	General Manager City Development to speak with Manager Environmental Health & Safety about amending completion checklists to include registration of official business correspondence in Data Works.	GM City Development	August 2020	Complete.  Staff reminded to Dataworks official emails being sent to SA Health, and training has been provided. No automated process is available at this time. All other correspondence generated in Pathways is automatically registered in Dataworks

### 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:



<b>ITEM</b>	4.0.2
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	12 August 2020
<b>HEADING</b>	Future Reports for the Audit Committee of Council
<b>AUTHOR</b>	Michelle Woods, Projects Officer Governance, CEO and Governance
<b>CITY PLAN LINKS</b>	4.2 We deliver quality outcomes that meet the needs of our community
<b>SUMMARY</b>	This item details reports to be presented to the Audit Committee of Council as a result of a previous Council resolution. If reports have been deferred to a subsequent meeting, this will be indicated, along with a reason for the deferral.

**RECOMMENDATION**

1. The information is 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 The following table outlines reports to be presented to the Audit Committee as a result of a previous Council resolution:

<b>Meeting Item</b>	<b>Heading and Resolution</b>	<b>Officer</b>
23/03/2020 4.2.2	<b>Contract Management Audit Report</b> 3. That the Administration prepare a report for the July 2021 Audit Committee meeting informing the Committee on management's progress on completion of the agreed actions. <b>Due:</b> July 2021	Janet Crook
23/03/2020 4.2.6	<b>Update on Internal Audit Plan</b> 2. That a report be brought back to the Audit Committee on a model for the appointment of contractors for conduct of internal audits. <b>Due:</b> August 2020 <b>Deferred to:</b> November 2020 <b>Reason:</b> Development of a model for the appointment of contractors for conduct of internal audits will be deferred until following the appointment of the internal auditor	Janet Crook

### 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: 03/08/2020

<b>ITEM</b>	4.2.1
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	12 August 2020
<b>HEADING</b>	Bentley's Interim Report on Audit Findings
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	4.2 We deliver quality outcomes that meet the needs of our community.
<b>SUMMARY</b>	City of Salisbury has engaged Bentleys to provide external audit services. The initial phase of that process comprises the conduct of an interim audit. This report attaches the presentation which will be given by Bentleys at the Audit Committee meeting in August 2020.

**RECOMMENDATION**

1. The information be received.

**ATTACHMENTS**

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

1. Interim Report on Audit Findings 30 June 2020 - Bentleys

**1. BACKGROUND**

- 1.1 In accordance with section 125 of the *Local Government Act 1999* and the Audit Committee Terms of Reference, the Audit Committee will satisfy itself that appropriate policies, practices and procedures of internal control are implemented and maintained. The Audit Committee will ensure that these controls are appropriate for achieving the Council's goals and objectives, safeguarding the Council's assets and as far as possible maintaining the accuracy and reliability of council records.
- 1.2 In accordance with section 126 of the *Local Government Act 1999* and the Audit Committee Terms of Reference, the Audit Committee will liaise with the Council's external auditor and review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of council on a regular basis.
- 1.3 Bentleys conducted an interim audit as part of the overall 2019/2020 external audit process. The interim audit was conducted remotely and comprised a review of core financial internal controls.

**2. REPORT**

- 2.1 Bentleys representatives David Papa, Director Assurance & Advisory and Matthew Brunato, Manager Audit & Assurance will attend the August 2020 Audit Committee meeting to present the findings of the interim audit.

- 2.2 The internal assessments and reviews of the financial internal controls have been completed. Residual risk assessments are yet to be completed but will be completed prior to the finalisation of Bentley's review.
- 2.3 No 'Critical', 'Significant', or 'Area for Improvement' findings were identified by Bentleys in the audit.
- 2.4 One (1) 'Not Material' finding was identified in relation to new accounting standard AASB 16. This is as follows;

Observation – Based on conversations with the management, it was noted that:

- The Council received IT equipment in both 2018/19 and 2019/20 financial years. The first part received in 2018/19 had already been depreciated in the 2018/19 financial year.
- There was a sale and leaseback transaction related to the IT equipment with Macquarie Bank in 2019/20.
- The sale of IT equipment is approximately worth \$362k. The lease term is 5 years.
- At the time the arrangement was entered in, the sale and leaseback transaction comprised of all the IT equipment received in both 2018/19 and 2019/20.

This transaction potentially has some nuances that will need to be considered in order to comply with the Accounting Standards.

Status – Bentleys will work with management before the year end work to investigate and understand the terms of the arrangement to ensure the transaction is accounted for in compliance with AASB 15 and AASB 16.

- 2.5 A previous issue raised in the Interim Report on Findings 30 June 2019 related to credit card approvals. Management provided documentation on the progress of the Purchase Card Review project. Bentleys notes that the project report and recommendations are yet to be considered by the Executive Group. Executive have now reviewed the report and endorsed the recommendations, in principle. A further update has been sought by Executive, which will contain updated statistical information. Bentleys will provide a status update at the end of year final visit.
- 2.6 Bentleys intend to issue an unmodified assurance opinion over the internal control environment of City of Salisbury.

### **3. CONCLUSION / PROPOSAL**

- 3.1 Bentleys will complete their work on financial internal controls and the financial statements over the coming months and report their findings to the October 2019 meeting of the Audit Committee.
- 3.2 Actions arising from this audit will be followed up by Internal Audit & Risk Coordinator and progress on completion will be reported to the Audit Committee.

### **CO-ORDINATION**

Officer:

Date:



June 2020

## City of Salisbury

Report of Audit Finding – Interim

David Papa, Partner  
Level 5, 63 Pirie St, Adelaide SA 5000  
Telephone +61 8 8372 7900  
[dpapa@adel.bentleys.com.au](mailto:dpapa@adel.bentleys.com.au) | [bentleys.com.au](http://bentleys.com.au)

➤ Advisors    ➤ Accountants    ➤ Auditors

Item 4.2.1 - Attachment 1 - Interim Report on Audit Findings 30 June 2020 - Bentleys



**Executive summary**

**We are providing our Interim report on the audit of City of Salisbury for the year ending 30 June 2020.**

Dear Mr Graham Reynolds,

We have conducted our Interim audit of City of Salisbury for the year ending 30 June 2020 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action:

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

	Internal controls	Financial Statements
Critical	-	-
Significant	-	-
Not Material	-	AASB 16 Lease
Area for Improvement	-	-

- We intend to issue an unmodified assurance opinion over the internal control environment of City of Salisbury.

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

Sincerely,

David Papa  
 Partner,  
 +61 8 8372 7900  
[dpapa@adel.bentleys.com.au](mailto:dpapa@adel.bentleys.com.au)





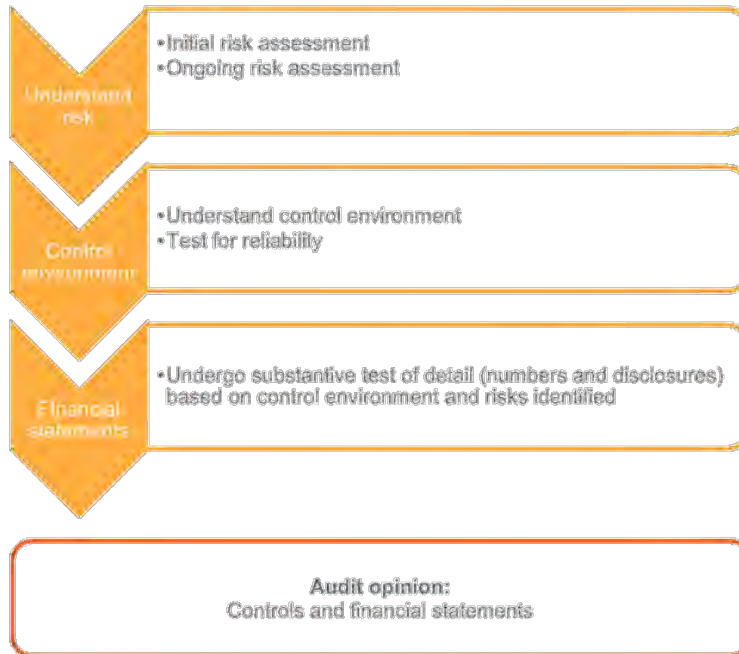


**Audit approach**

Helping businesses achieve their goals and aspirations.

Bentleys SA's audit approach is based on organisational and financial risk. We develop an understanding of risks for your organisation that relate to the financial statements based on our understanding of your people, your organisation and your sector. This understanding helps us build an audit program that is tailored to you each year and enables us to form an opinion on your financial statements through a target "risk based" approach. The benefits of this approach are:

- Audit efficiency
- Increased organisational assurance
- A review of your control environment
- Timely and effective audits





**Financial Identified audit risks**

**We have identified financial statement risk relating to this year's audit.**

As your auditor, our requirement to identify risk commences at the planning phase of our audit and continues throughout the audit process until complete and the audit report is signed. Below we have detailed identified risks relating to the financial statements.

**Risks identified at planning**

**Area**

Impact of COVID-19 – Internal Controls

**Risk**

Significant changes in work practices are occurring as organisations adapt to new working arrangements. This will likely result in a change to the control environment and therefore increase the risk of control failure.

**Audit Approach**

Conducted additional testing over the February to April period and tested changes in the control environment to ensure they were operating effectively.

**Outcome**

Satisfactory

**Area**

Impact of COVID-19 - cashflows

**Risk**

Organisational cashflow may undergo strain in the short term as relief/support is offered to rate payers and lease holders. Whilst we do not expect a material impact on revenue or annual surplus, there will likely be a strain on cash resources that will need to be factored into budgets and long term financial plans and may impact disclosure in the financial statement.

**Audit Approach**

This will be reviewed as part of our year end testing.

**Outcome**

Pending





**Identified audit risks**

<b>Area</b>	Asset revaluations
<b>Risk</b>	The revaluation and useful lives assessment and timing process for buildings and infrastructure assets.
<b>Audit Approach</b>	We will be reviewing the Fixed Assets Registers and independent valuations and compared to the amounts reported at our year end visit.
<b>Outcome</b>	Pending
<b>Area</b>	Capital WIP
<b>Risk</b>	Accounting treatment of items in the Capital WIP account including the Generational Investment projects.
<b>Audit Approach</b>	We will be reviewing the treatment of the Capital WIP account and testing a sample of transactions to ensure they were capital in nature at our year end visit.
<b>Outcome</b>	Pending



Item 4.2.1 - Attachment 1 - Interim Report on Audit Findings 30 June 2020 - Bentleys



**Identified audit risks**

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**Area**

New accounting standards

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**Risk**

Risk that adoption of new accounting standards being AASB 15, 16 and 1058 are materially incorrect.

Risk that disclosure within the financial statements is insufficient and not in line with the requirements of the new accounting standards.

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**Audit Approach**

A review of IT equipment leaseback has indicated that there might be an impact on the financial statement under AASB 16.

The impacts of AASB 15, 16 and 1058 will be assessed as part of our year end testing.

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**Outcome**

Refer to the next page

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Item 4.2.1 - Attachment 1 - Interim Report on Audit Findings 30 June 2020 - Bentleys



**Financial statement matters for the year**

**We bring the following financial statement matters to your attention in relation to your financial statements.**

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**Issue**

AASB 16 Lease

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**Observation**

Based on conversations with the management, we noted that:

- The Council received IT equipment in both 2018/19 and 2019/20 financial years. The first part received in 2018/19 had already been depreciated in the 2018/19 financial year
- There was a sale and leaseback transaction related to the IT equipment with Macquarie Bank in 2019/20
- The sale of IT equipment is approximately worth \$362k. The lease term is 5 years
- At the time the arrangement was entered in, the sale and leaseback transaction comprised of all the IT equipment received in both 2018/19 and 2019/20

This transaction potentially has some nuances that will need to be considered in order to comply the Accounting Standards.

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**Status**

We will work with management before the year end work to investigate and understand the terms of the arrangement to ensure the transaction is accounted for in compliance with AASB 15 and AASB 16.

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**Item 4.2.1 - Attachment 1 - Interim Report on Audit Findings 30 June 2020 - Bentleys**



**Status of prior points raised**

Below we list the matters identified throughout our audit, details of those matters and whether or not we believe the issue requires attention, or the matter is satisfactory, after consideration of qualitative and quantitative aspects of that business area.

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**Area**

Credit card approvals

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**Recommendation**

The previous review of the monthly management reports for the various managers may not reflect the most up to date expenditure, in turn impacting timely accurate reporting.

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**Status**

- A project report regarding the Purchase Card Review has been provided.
- Our review has confirmed that the project initiated by the City of Salisbury is designed to improve the process for procurement cards and gain efficiencies by reducing the number of cards in circulation by an indicative 30%, re-align current credit limits and provide training for card holders in relation to the reconciliation process.

We note the project report and recommendations contained therein are yet to be considered by the Executive Group.

We look forward to receiving this report and providing a status update at our year end final visit.

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**Outcome**

Pending

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**Item 4.2.1 - Attachment 1 - Interim Report on Audit Findings 30 June 2020 - Bentleyys**



**Matters for those charged with governance**

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**Fraud**

Whilst fraud is not the primary consideration when conducting an external audit, we have not identified any fraud as a result of our audit.

We believe it is important for management to continually consider and assess the control environment of the entity to identify areas where fraud can occur and ensure that those opportunities are removed and or monitored to reduce the risk and impact of fraud.

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**Legal compliance**

Through our audit procedures we have not become aware of any non-compliance with applicable laws and regulations.

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**Financial reporting and accounting policies**

We believe the accounting policies elected for the Council are reasonable and their application provides sufficient information for use of the decision makers.

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**Going concern**

As part of our assessment we considered the appropriateness of the going concern assumption concluded by the Council and management. Our procedures indicate that this assumption is fair and that the going concern convention is appropriate.

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**Cooperation with management**

The management team has been helpful and cooperative throughout the conduct of this year's audit.

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Our assessment of the above areas relates to the interim period only and will be reassessed at year end.

Where you want to be

Address a critical business issue. Gain efficiency. Achieve strategic growth. Propel your organisation's success.

Contact Bentleys.

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➤ Advisors    ➤ Accountants    ➤ Auditors

<b>ITEM</b>	4.2.2
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	12 August 2020
<b>HEADING</b>	Asset Management Audit - follow up report
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	4.2 We deliver quality outcomes that meet the needs of our community. 4.4 We plan effectively to address community needs and identify new opportunities.
<b>SUMMARY</b>	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. An audit report was presented to the Audit Committee on 18 March 2020 and the Committee recommended that the responses of the Administration to the Asset Management audit be reviewed and updated by the Administration, and the auditors be requested to extend the audit to verify the updated responses and a report be provided to the Audit Committee at its August 2020 meeting.

### RECOMMENDATION

1. That the updated responses of the Administration to the Asset Management audit as set out in Attachment 2 to this report (Item 4.2.2, Audit Committee, 12 August 2020) be endorsed for Council approval.
2. That the verification of the updated responses to the Asset Management Audit as set out in Attachment 2 to this report (Item 4.2.2, Audit Committee, 12 August 2020) be noted.

### ATTACHMENTS

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

1. Asset Management Audit Report 18 March 2020
2. Update for Audit Committee - Management Responses to Asset Management Internal Audit Recommendations

### 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 Following a tendering process, Galpins were engaged to conduct the audit on behalf of the Governance Division.

- 1.3 The audit reviewed governance and risk management frameworks in place for creating, managing, monitoring and reviewing matters relating to asset management.
- 1.4 Galpins' audit report and management's responses to the audit report were provided to the Audit Committee as item 4.2.3 at its meeting on 18 March 2020.
- 1.5 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.
- 1.6 Management noted that some of the findings made by Galpins were no longer accurate due to changes made in business processes between the start of the audit process and the delivery of the final audit report. As a result, the Audit Committee made a recommendation that the responses of the Administration to the Asset Management audit be reviewed and updated by the Administration, and the auditors be requested to extend the audit to verify the updated responses.
- 1.7 On 23 March 2020, Council resolved as follows:

#### **4.2.3 Asset Management Audit Report**

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 reviewed and updated by the Administration, and the auditors be requested to extend the audit to verify the updated responses and a report be provided to the Audit Committee at its August 2020 meeting.*

*Resolution No. 0461/2020*

- 1.8 Management reconsidered the responses to the audit findings and recommendations. Updated responses and evidence to support them were provided to Galpins for review. Galpins have issued an update for the Audit Committee summarizing their review of management's updated responses to the audit against new audit evidence collected.

## **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



### **3. REPORT**

- 3.1 Attachment 1 to this report is a copy of item 4.2.3 to the Audit Committee on 18 March 2020.
- 3.2 In light of the resolution made by Council on 23 March 2020, Management reconsidered the responses to the audit findings and recommendations. The updated responses identified those areas where management have already performed mitigation tasks between the time of the audit being performed and the time that the report was presented to the Audit Committee.
- 3.3 The updated responses and evidence to support them were provided to Galpins for review.
- 3.4 Galpins have issued an update for the Audit Committee summarizing their review of management's updated responses to the audit against new audit evidence collected.
- 3.5 Galpins is of the view that the responses provided by management are appropriate for addressing the audit findings. The testing performed by Galpins confirmed the accuracy of the statements made by management in their updated responses regarding progress towards implementation of findings.
- 3.6 Details of the updated management responses and the audit evidence collected are set out in Attachment 2 to this report.

### **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 Further information was provided to Galpins following the March 2020 Audit Committee meeting.
- 4.3 Galpins have issued an update for the Audit Committee summarizing their review of management's updated responses to the audit against new audit evidence collected.
- 4.4 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:



## ITEM 4.2.3

<b>ITEM</b>	4.2.3
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	18 March 2020
<b>HEADING</b>	Asset Management Audit Report
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	4.3 Have robust processes that support consistent service delivery and informed decision making. 4.4 Embed long term thinking, planning and innovation across the organisation.
<b>SUMMARY</b>	<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>
<b>RECOMMENDATION</b>	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol>
<b>ATTACHMENTS</b>	<p>This document should be read in conjunction with the following attachments:</p> <ol style="list-style-type: none"> <li>1. Asset Management Audit Scope</li> <li>2. Asset Management Audit Report</li> <li>3. Asset Management Audit - Management Responses</li> </ol>

## ITEM 4.2.3

**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

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## ITEM 4.2.3

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



## ITEM 4.2.3

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

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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:

Item 4.2.3

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**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.

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4.2.3 Asset Management Audit Scope

- 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.

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4.2.3 Asset Management Audit Scope

**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

Item 4.2.3 - Attachment 1 - Asset Management Audit Scope

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# Galpins

Accountants, Auditors & Business Consultants

## Asset Management Internal Audit Report



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City of Salisbury – Asset Management Internal Audit 2  
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## 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.



4.2.3 Asset Management Audit Report



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	80	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	40	45	45	65	45
3.5	Financial Planning	60	85	85	80	85	85	80	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	65	65	65	65	65	40	55
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.

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4.2.3 Asset Management Audit Report



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

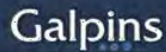
**1.5 Key Findings and Observations**

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	

Item 4.2.3 - Attachment 2 - Asset Management Audit Report

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## 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**

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4.2.3 Asset Management Audit Report



**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**

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# Galpins

## 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**

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4.2.3 Asset Management Audit Report



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

<b>Audit Risk Rating</b>	<b>CoS Risk Rating</b>
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**

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**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 Conform.

**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**

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**2.7 Opportunity to review contents included in the Asset Management Plans as per IPWEA standards and the ISO55000 series**

<b>Audit Risk Rating</b>	<b>CoS Risk Rating</b>
<b>Better Practice</b>	

**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.

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**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**

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# Galpins

## 2.8 Improving controls to ensure that capitalisations are processed on a more regular basis and based on 'as constructed' drawings

<b>Audit Risk Rating</b>	<b>CoS Risk Rating</b>
<b>Opportunity</b>	

### 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

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## 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"> <li>Serious and sustained impact on operations or functions, eg disruption to core business function for greater than two days, Business Continuity Plan initiated</li> <li>Severe decline in quality and level of service</li> <li>Certain and severe decrease in the community's confidence in Council</li> <li>Severe breakdown in process that impacts on illegal activities, such as fraudulent transactions being processed</li> <li>Breach of legislation or contractual non-compliance that will result in litigation, prosecution and/or penalty</li> <li>Actual death or life threatening injuries</li> <li>Excessive negative media coverage (greater than two days)</li> <li>Major impact on operations or functions, eg disruption to core business function for one to two days, Business Continuity Plan initiated</li> <li>Major decline in quality and level of service</li> <li>Moderate to serious decrease in the community's confidence in Council</li> <li>Serious breakdown in process that may lead to increased and unacceptable risk, such as many transactions not properly authorised or evidenced</li> <li>Breach of legislation or contractual non-compliance that may result in litigation, prosecution and/or penalty</li> <li>Potential to cause life threatening or extensive injuries</li> <li>Short term negative media coverage</li> <li>Moderate impact on operations or functions, eg disruption to core business function for greater than four hours and less than one day</li> <li>Moderate decline in quality and level of service</li> <li>Possible/moderate decrease in the community's confidence in Council</li> <li>Moderate breakdown in process that could lead to increased risk, such as isolated instances of non-compliance with property authorisation or evidenced process and/or penalty</li> <li>Potential to cause moderate injuries</li> <li>Possibility of negative media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Issue reported to the line Manager immediately and the departmental Director and CEO within 24 hours</li> <li>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 a substantial improvement within 30 days</li> <li>Audit report noted in report, reported in detailed findings</li> <li>Director's Group status re implementation of action reported monthly as 'significant project'</li> <li>Audit Committee: status re implementation of action reported quarterly</li> <li>Reported to the CEO, departmental Director and line Manager</li> <li>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</li> <li>Responsibility for action with Line Manager or Team Leader/supervisor</li> <li>Audit report: Noted in executive summary and report, reported in detailed findings</li> <li>Director's Group: status re implementation of action reported monthly as 'significant project'</li> <li>Audit Committee: status re implementation of action reported quarterly</li> <li>Reported to departmental Director and line Manager</li> <li>Line Manager and Team Leader attention</li> <li>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</li> <li>Responsibility for action with Team Leader/supervisor</li> <li>Audit report: noted in report, reported in detailed findings</li> <li>Director's Group: status re implementation of action reported monthly as 'significant project'</li> <li>Audit Committee: status re implementation of action reported quarterly</li> </ul>
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"> <li>Minor impact on operations or functions, eg minor impact on internal business only</li> <li>Minimal or no decline in the quality and level of service</li> <li>Not likely to affect the community's confidence in Council</li> <li>Minor breakdown in process that is not likely to affect risk</li> <li>Breach of legislation or contractual non-compliance that is not likely to result in litigation, prosecution and/or penalty</li> <li>Unlikely to cause injuries</li> <li>Internally contained and not likely to result in media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Reported to line Manager and Team Leader</li> <li>Line Manager and Team Leader attention</li> <li>Action within a reasonable time period - timeframe may be subject to competing priorities and cost/benefit analysis, eg 6-12 months</li> <li>Responsibility for action with Team Leader/supervisor or individual officer</li> <li>Audit report: Noted in report, reported in detailed findings</li> <li>Director's Group: status re implementation of action reported monthly as 'significant project'</li> <li>Audit Committee: status re implementation of action reported quarterly</li> </ul>
MEDIUM	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"> <li>Minor control weakness which could have or is having a reportable adverse impact on the ability to achieve the process objectives</li> </ul>	<ul style="list-style-type: none"> <li>Reported to line Manager and Team Leader</li> <li>Line Manager and Team Leader attention</li> <li>Action within a reasonable time period - timeframe may be subject to competing priorities and cost/benefit analysis, eg 6-12 months</li> <li>Responsibility for action with Team Leader/supervisor or individual officer</li> <li>Audit report: Noted in report, reported in detailed findings</li> <li>Director's Group: status re implementation of action reported monthly as 'significant project'</li> <li>Audit Committee: status re implementation of action reported quarterly</li> </ul>
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"> <li>Minor control weakness which could have or is having a reportable adverse impact on the ability to achieve the process objectives</li> </ul>	<ul style="list-style-type: none"> <li>Reported to line Manager and Team Leader</li> <li>Line Manager and Team Leader attention</li> <li>Action within a reasonable time period - timeframe may be subject to competing priorities and cost/benefit analysis, eg 6-12 months</li> <li>Responsibility for action with Team Leader/supervisor or individual officer</li> <li>Audit report: Noted in report, reported in detailed findings</li> <li>Director's Group: status re implementation of action reported monthly as 'significant project'</li> <li>Audit Committee: status re implementation of action reported quarterly</li> </ul>





## 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 sections of the IIMM.

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**SECTION 2.3 SETTING THE STRATEGIC DIRECTION**

Section	Aware	Basic	Core	Intermediate	Advanced
<b>2.1 AM Policy Development</b>	Corporate awareness of the benefits of AM	Corporate expectation 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 movements) analysed and implications for the AM system documented in the Strategic AM Plan	AM Policy and Strategic AM Plan fully integrated into the organisations business processes and subject to defined audit, review and updating procedures.
<b>2.2 Levels of Service and Performance Management</b>	Level of service requirements generally understood but not documented/quantified	Asset description to organisation's objectives and some basic levels of service have been defined. Customer Groups defined and requirements identified and understood	Levels of service and performance measures in place covering a range of service attributes. Annual reporting against performance targets. Customer Group needs analysed and requirements understood	Performance measures and options significant service levels and options	Customer communications plan in place. Levels of service are integral to decision making and business planning.
<b>2.3 Demand Forecasting</b>	Future demand generally understood but not documented/quantified	Demand forecasts, with consideration of known past demand trends and likely future growth patterns.	Level of service and cost requirements understood. Demand forecast based on robust factors (eg population growth) and extrapolation of historic trends. Risk associated with demand change known/understood and documented	A range of forecasts captured in demand forecast. Demand forecast is considered in all strategic and project decisions	Key elements of a future demand forecast, with mitigation actions identified
<b>2.4 Asset Register Data</b>	Asset information in various sources and formats. Awareness of need for asset register	Basic physical information recorded in spreadsheet or similar (e.g. location, size, model, assumptions or not complete)	Sufficient information to compare asset valuation (basis, attributes, replacement cost, and asset age) and support preparation of proposals for replacement and attribute systems documented	Available register of physical, financial and risk attributes recorded in an information system with data analysis and reporting functionality. Operational requirements considered in project decisions	Information on work history type and cost, condition, performance, etc. recorded at asset component level. Systematic and fully recognised approach to data gathering with supporting metadata
<b>2.5 Asset Condition</b>	Condition and performance understood but not quantified or documented	Adequate data and information to confirm condition and performance against AM objectives	Condition and performance information suitable for use in decision making. Data is available to meet over the short term	Future condition and performance information recorded in a system that meets AM requirements. Information in the system, contained in information such as demand, is used to estimate likely performance	The type, quality and amount of data collected and recorded in the system is made. The underlying data collection programme is adapted to reflect the assets lifecycle stage.
<b>3.1 Decision Making</b>	AM decisions based largely on staff judgement	Corporate priorities, identified into decision making.	Formal decision making techniques, such as cost-benefit analysis, are used to make projects and programmes, where criteria are based on the organisation's AM objectives	Formal decision making and analysis 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 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 and robust sensitivity analysis is carried out

Table 2.1.2: Asset Management Maturity Index

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SECTION 2.1 SETTING THE STRATEGIC DIRECTION

Section	Aware	Basic	Core	Intermediate	Advanced
<b>3.2 Risk Management</b>	Risk management has been identified as a future improvement opportunity. This framework is developed.	Critical services and assets understood and prioritised for future 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 risk mitigated 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. Risks quantified and risk mitigation options evaluated. Risk is integrated into all aspects of decision making. Continual improvement can be demonstrated for all operational programmes developed using comparison with all (50/50): requirements complete.
<b>3.3 Operational Planning</b>	Operational processes based on historical functions.	Operating procedures are available for critical operational processes. Operations support requirements are in place and roles assigned.	Operating procedures are available for all operational processes. Operations support requirements are in place.	Risk and opportunity planning completed. Operational objectives and requirements defined and implemented. Alignment with organisational objectives can be demonstrated. Formal options analysis and business case development has been completed for major projects in the 3-5 year period.	Continual improvement can be demonstrated for all operational programmes developed using comparison with all (50/50): requirements complete.
<b>3.4 Capital Works Planning</b>	Capital investment projects are identified using annual budget process.	There is a schedule of proposed capital projects. High priority projects are identified on shortlisting of future requirements.	Projects have been collated from a wide range of sources and collated into a project register. Capital projects for the next 3-5 years are fully scoped and estimated. A prioritisation framework is in place to rank the importance of capital projects.	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 a predictive renewal modelling.
<b>3.5 Financial and Funding Strategies</b>	Financial planning is based on budget process, but there is attention to develop longer term forecasts.	Assets reviewed in financial reporting and accounting standards. 10 year financial forecasts are based on extrapolation of past trends and broad assumptions. Expenditure categories compliant with FRS.	Assets reviewed in financial reporting and accounting standards. 10 year financial forecasts based on current comprehensive AMPs with detailed supporting assumptions / reliability factors.	Assets reviewed have a 'B' grade. 10 year financial forecasts based on current comprehensive AMPs with detailed supporting assumptions / reliability factors.	Assets reviewed have an 'A' grade. 10 year financial forecasts based on comprehensive AMPs with detailed underlying assumptions and high confidence in accuracy. Advanced financial modelling. Assets reviewed have a 'B' grade. 10 year financial forecasts based on current comprehensive AMPs with detailed supporting assumptions / reliability factors.
<b>4.1 AM Teams</b>	Leadership is supportive of AM.	AM functions are carried out by small groups. Roles reflect AM requirements.	Position descriptions incorporate AM roles. AM organisation processes established. Oversight and support of AM by leadership. Awareness of AM across most of the organisation.	Organisational structures support AM. Roles reflect AM requiring position descriptions for all roles. Consistent approach to AM across the organisation. Internal communication channels established.	Roles reflect AM requirements. Roles reflect AM requiring position descriptions. Formal documented assessment of AM capability and capacity requirements to achieve AM objectives. AM systems and individual responsibilities.

Table 2.1.2: Asset Management Maturity Index

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SECTION 2.1 SETTING THE STRATEGIC DIRECTION

Section	Aware	Basic	Core	Intermediate	Advanced
4.2 AM Plans	Started intention to review AM Plans	AM Plans contain basic information on assets, risks and financial forecasts (5-10 years) and future improvements.	AM objectives are defined with approach to risk and critical assets detailed. Top-down forecast of performance assessment, future demand forecasts, description of future service levels, and financial forecasts. Local AM improvement plan.	Analysis of asset condition and customer engagement in setting LOS. OCM/mix techniques applied to major programmes. Strategic context analysed with risks, issues, and responses described.	Robustness of programmes proven through evidence of asset condition, risk management programmes, and levels of service/outcome/outcome analysis. Improvement programmes, supply complete with focus on ongoing maintenance of current practice.
4.3 Management Systems	Awareness of need for multiple systems and processes.	Single 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 processes meet the requirements of ISO 55001.	Process documentation implemented in accordance with the AM System to appropriate level of detail. Internal management systems are applied.	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 registers can record core asset attributes - size, material etc. Asset information reports can be manually generated for AM planning.	Asset register enables hierarchical reporting (at component to facility level). Customer requires functional and planned maintenance functionality enabled. System enables financial results to be generated for individual assets, renewal forecasting.	Spatial relationship capability. More automated analysis reporting on a wider range of information.	Financial, about and customer service systems are integrated and all advanced AM functions are enabled. Asset optimisation analysis carried out.
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 in place. Internal service level agreements in place with the primary internal service providers. Internal service providers clearly defined.	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	Incorporation of AM requirements.	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, responsibilities, requirements and dependencies.	Formal monitoring and reporting on the improvement programme to Executive team. Project briefs, approved by all key improvement actions.	Improvement plans specify key performance indicators (KPIs) for monitoring AM improvement and these are monthly reported.

Table 2.1.2: Asset management maturity model

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## 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"> <li>1.1 The Purpose of the Plan</li> <li>1.2 Asset Description</li> <li>1.3 Level of Service</li> <li>1.4 Future Demand</li> <li>1.5 Lifecycle Management Plan</li> <li>1.6 Financial Summary</li> <li>1.7 Asset Management Practices</li> <li>1.8 Monitoring and Improvement Programme</li> </ul>		<p>The AMPs contain an Executive Summary and most of the sections summarised in the 'Details from the Standard' column are included in the plans.</p>	N/A

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Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
2. Introduction	Section 2.1 of the IPWEA is the background section, it requires the Asset Management Plan to have a: <ul style="list-style-type: none"> <li>- Purpose of the plan</li> <li>- Relationship with other planning documents</li> <li>- Infrastructure assets included in the Plan</li> <li>- Key stakeholders in the plan</li> <li>- Organisational structure</li> </ul> Section 2.2 Goals and Objectives of Asset Ownership states that the AMP should have: <ul style="list-style-type: none"> <li>- Reasons and justification for asset ownership links to organisation vision, mission, goals and objectives</li> <li>- Plan Framework</li> <li>- Key elements of the plan</li> </ul> Section 2.3 Core and Advanced AM states that the AMP should have: <ul style="list-style-type: none"> <li>- Sophistication/ Limitations of this AM plan.</li> </ul>		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
<p>3 Level of Service</p> <p>Section 3.1 Customer Research and Expectations</p> <ul style="list-style-type: none"> <li>- Background and customer research undertaken and proposed approach to future consultation</li> <li>- Details of how knowledge of customer requirements has been considered in setting levels of service</li> </ul> <p>Section 3.2 Strategic and Corporate Goals</p> <ul style="list-style-type: none"> <li>- Organisation, strategic goals and impacts on the level of service</li> </ul> <p>Section 3.3 Legislative Requirements</p> <ul style="list-style-type: none"> <li>- Background legislation or regulations which affect asset operation or require certain levels of service</li> </ul> <p>Section 3.4 Current level of service</p> <ul style="list-style-type: none"> <li>- Define current levels of service being provided by the asset</li> <li>- Identify related performance measures</li> <li>- How does the organisation compare to other similar organisations</li> </ul> <p>Section 3.5 Desired level of service</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- Provide details of differences between current and desired levels of service and how these gaps will be progressively closed.</li> </ul>		<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"> <li>- 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.</li> <li>- 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.</li> <li>- 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</li> </ul>	<p>Section 2.1.</p>	

4.2.3 Asset Management Audit Report




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 Factors influencing demand- anticipated changes in customer expectations, changes in technology; population changes, economic changes, etc</p> <p>Section 4.2 Demand Forecasts Details of projected growth or decline of demands on services</p> <p>Section 4.3 Demand Impacts on assets Impact of changes in demand on assets (utilisation/ capacity, loading/ condition)</p> <p>Section 4.3 (sic) Demand Management Plan. Non-asset solutions available as alternatives to asset-based solutions (ie demand management, insurance, managed failures)</p> <p>Section 4.4 Asset programs to meet demand Major Programs and costs.</p>		<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>	N/A

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4.2.3 Asset Management Audit Report



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"> <li>- Physical Parameters</li> <li>- Asset capacity/ performance</li> <li>- Asset condition</li> <li>- Asset valuations</li> <li>- Historic Data</li> </ul> <p>Section 5.1 [sic] Operations and Maintenance operations and maintenance plan</p> <ul style="list-style-type: none"> <li>- operations and maintenance strategies</li> <li>- Summary of future costs</li> </ul> <p>Section 5.2 Renewal/ replacement plan</p> <ul style="list-style-type: none"> <li>- Renewal identification</li> <li>- Renewal Strategies</li> <li>- Summary of future costs</li> </ul> <p>Section 5.3 Creation/ Acquisition/ Augmentation Plan:</p> <ul style="list-style-type: none"> <li>- Selection Criteria</li> <li>- Capital Investment Strategies</li> <li>- Summary of Future Costs</li> </ul> <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"> <li>- Forecast future disposal of assets including timing and costs.</li> <li>- Cashflow forecast of income/ expenditure from asset disposal.</li> </ul>		<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>

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4.2.3 Asset Management Audit Report



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 How critical assets are identified and managed</p> <p>6.2 Risk Assessment Approach for assessing risks (may reference a separate Risk Management Plan) Top risks and how these will be managed.</p> <p>6.3 Infrastructure Resilience Approach 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>		<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 These should be prepared for at least 10 years and include: 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> <p>7.2 Funding Strategy Provide details of how expenditure will be financially treated (e.g. Capitalisation policies) and funded.</p>		<p>Asset management plans are not yet suitable for full integration into the LTIP 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>

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Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
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- Determine whether any planning is needed to smooth out variations in cashflow.

7.3 Variation Forecasts

- Forecast of future value of asset and valuation methodology  
 - Forecast of depreciation

7.4 Key assumptions made in financial forecasts

- what are the key assumptions made in preparing the forecasts and risks that these might change

7.5 Forecast Reliability and Confidence

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.

4.2.3 Asset Management Audit Report



Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
8. Plan Improvement and Monitoring	<p>8.1 Status of AM practices</p> <ul style="list-style-type: none"> <li>Current and desired state of AM processes, data and systems</li> </ul> <p>8.2 Improvement Programme</p> <ul style="list-style-type: none"> <li>Details of actions proposed and timetables for improve accuracy and confidence in the AM plan, indicating responsibility for each action</li> <li>Details of resources required to implement the improvement programme.</li> </ul> <p>8.3 Monitoring and review procedures</p> <ul style="list-style-type: none"> <li>Procedures and timetable for performance reporting (3 yearly review of AM plan).</li> <li>Timetable for external audit and review of process, data integrity, level of service)</li> </ul> <p>8.4 Performance Measures</p> <ul style="list-style-type: none"> <li>Outline of performance measures for the AM system.</li> <li>Describe how the effectiveness of the AM plan will be measured.</li> </ul>		<p>Future improvements identified in different sections of the asset management plans are not always included in the Improvement Plan table in section 7.2. For example, some asset management plans provide the following information:</p> <ul style="list-style-type: none"> <li>critical assets and service-level objectives are still to be developed (section 3.2.1)</li> <li>cash flow projections from asset disposal will be developed in future revisions of the plans (section 5.6)</li> <li>A condition profile is not available and will be developed in future revision of the asset management plan (section 5.1.3).</li> <li>The "renewal and replacement priority ranking criteria" and the "new assets priority ranking criteria" are still to be developed (sections 5.4.2 and 5.5.1).</li> </ul> <p>However, the items mentioned above have not been included in the Improvement Plan shown in section 7.2.</p> <p>The improvement plan table included in section 7.2 does not always provide a target date for completion or the person responsible for the improvements listed in the table.</p> <p>The improvement plan table in section 7.2 is outdated as</p>	<p>Section 2.7</p> <p>Section 2.7</p> <p>Section 2.7</p>

Item 4.2.3 - Attachment 2 - Asset Management Audit Report

4.2.3 Asset Management Audit Report



Section of the Asset Management Plan	Details from the Standard	Traffic Light Assessment	Observations and Commentary	Referencing IA Finding
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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. This information is included in the asset management plans.



9. Appendices Maintenance response service levels, capital works programs etc.

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.

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## 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 Jöhänsen	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

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Item 4.2.2 - Attachment 1 - Asset Management Audit Report 18 March 2020



## 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.



4.2.3 Asset Management Audit - Management Responses

ASSET MANAGEMENT INTERNAL AUDIT 2019 – MANAGEMENT RESPONSE

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<p><b>2.1 Focusing on customer levels of service and enhancing processes for monitoring and reporting levels of service.</b></p> <p><b>Recommendation 2.1.1</b> Engage with key stakeholders to establish performance measures and desired levels of service based on customer consultation and assessments of satisfaction.</p> <p><b>Recommendation 2.1.2</b> Establish levels of service based on targets that are measurable, achievable, relevant and timely.</p> <p><b>Recommendation 2.1.3</b> 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 (SMCI); Manager Property &amp; Buildings (MP&amp;B); Manager Infrastructure Management (MIM).</p>	<p>2023</p>
<p><b>2.2 Improving controls to ensure buildings condition assessment and 'fit for purpose' audits are performed on a regular basis</b></p> <p><b>Recommendation 2.2.1</b></p>	<p>Building condition audits are undertaken regularly</p>			

Item 4.2.3 - Attachment 3 - Asset Management Audit - Management Responses



4.2.3 Asset Management Audit - Management Responses

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
<b>2.3 Formalising and documenting building maintenance plans and operational procedures</b>  <b>Recommendation 2.3.1</b> 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.	Disagree with findings and recommendations. Asset Management Improvement Project (AMIP) implemented these changes  In place	No action required apart from ongoing improvements		
<b>Recommendation 2.3.2</b> 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.	In place			
<b>Recommendation 2.3.3</b> Ensure that maintenance history is maintained in the asset register.	In place			

Item 4.2.3 - Attachment 3 - Asset Management Audit - Management Responses

4.2.3 Asset Management Audit - Management Responses

Item 4.2.3 - Attachment 3 - Asset Management Audit - Management Responses

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<p><b>2.4 Defining clear criteria for upgrades and renewal of buildings</b></p> <p><b>Recommendation 2.4.1</b> 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. Working with Council on defining 'fit for purpose' and future demand and priorities. Currently working the AMSC and developing a Place Activation Strategy to assist with this.</p>	<p>Ongoing formal presentations and reports to Council Committees.</p>	<p>MP&amp;B</p>	<p>Ongoing</p>
<p><b>2.5 Ensuring Asset Management Plans are 'living documents' fully integrated with the Long Term Financial Plan</b></p> <p><b>Recommendation 2.5.1</b> 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>	<p>No action apart from ongoing reviews and improvement</p>	<p>MIM &amp; MP&amp;B</p>	<p>Ongoing</p>
<p><b>2.6 Improving Parks, Streetscapes and Street Trees Renewal processes and maintenance regime</b></p> <p><b>Recommendation 2.6.1</b> Review current capital investment planning in place for</p>	<p>Currently underway with the AMSC Street tree audit completed in January</p>	<p>Present process to the AMSC and Audit</p>	<p>MIM &amp; MP&amp;B</p>	<p>Oct 2020</p>

4.2.3 Asset Management Audit - Management Responses

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><b>Recommendation 2.6.2</b> Establish formal maintenance and operational plans for parks, streetscapes and street trees assets.</p>	<p>2020 to enable a review to occur</p>	<p>Committee</p>		
<p><b>2.7 Opportunity to review contents included in the Asset Management Plans as per IPWEA standards and the ISO55000 series</b></p> <p><b>Recommendation 2.7.1</b> 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><b>Recommendation 2.7.2</b> 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><b>2.8 Improving controls to ensure that capitalisations are processed on a more regular basis and based on</b></p>	<p>Has been implemented as part of the AMIP. Preventative, routine and reactive maintenance programs are in place.</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>Staff are working in line with finance policy and will adapt as required.</p>	<p>No action required except for ongoing improvement</p> <p>See above</p> <p>Continue discussions with Financial Services.</p>	<p>MIM &amp; MP&amp;B</p> <p>MIM &amp; MP&amp;B</p>	<p>Ongoing</p>

Item 4.2.3 - Attachment 3 - Asset Management Audit - Management Responses



4.2.3 Asset Management Audit - Management Responses

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date
<p><b>'as constructed' drawings</b></p> <p><b>Recommendation 2.8.1</b> Process capitalisations on a more regular basis (i.e. not concentrating capitalisations towards year end).</p> <p><b>Recommendation 2.8.2</b> 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 4.2.3 - Attachment 3 - Asset Management Audit - Management Responses

City of Salisbury

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Audit Committee Agenda - 18 March 2020



**Update for Audit Committee –  
Management Responses to Asset  
Management Internal Audit  
Recommendations**



**Background**

The Asset Management Internal Audit report was presented to the Audit Committee at the meeting held 18 March 2020. At this meeting, the Committee moved the following motion:

*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 reviewed and updated by the Administration, and the auditors be requested to extend the audit to verify the updated responses and a report be provided to the Audit Committee at its August 2020 meeting.*

This motion reflected the passage of time that had passed since the audit fieldwork was performed during a period of significant change in the asset management activities of Council, resulting in some of management's responses to audit findings reflecting circumstances not in place at the time of the audit.

This report provides an update for the Audit Committee summarising our review of management's updated responses to the audit against new audit evidence collected.

**Scope and Methodology**

Our review of management's responses included:

- Obtaining a revised summary of management responses to the original audit findings, reflecting circumstances as at July 2020.
- Reviewing the reasonableness of responses in addressing audit findings.
- Obtaining audit evidence, on a sample basis, to confirm the progress made towards implementation of recommendations as described in the updated management responses (excluding actions to be implemented in future).

**Summary of results**

In our view, responses provided by management are appropriate for addressing audit findings.

The findings of our testing confirmed the accuracy of statements made by management regarding progress towards implementation of findings.

Details of updated management responses reviewed (highlighted in **green text**) and audit evidence collected are summarised in the table on the following pages.

**ASSET MANAGEMENT INTERNAL AUDIT 2019 – UPDATED MANAGEMENT RESPONSE**

Finding and Recommendation	Management Response - Including whether the suggestion was accepted	Actions	Responsibility	Due Date	Audit Comment
<p><b>2.1 Focusing on customer levels of service and enhancing processes for monitoring and reporting levels of service.</b></p> <p><b>Recommendation 2.1.1</b> Engage with key stakeholders to establish performance measures and desired levels of service based on customer consultation and assessments of satisfaction.</p> <p><b>Recommendation 2.1.2</b> Establish levels of service based on targets that are measurable, achievable, relevant and timely.</p> <p><b>Recommendation 2.1.3</b> Implement mechanisms to ensure that performance targets are compared to actual performance and reported to key stakeholders on a regular basis.</p>	<p>Council has an Asset Management Sub Committee (AMSC) and will work through the levels of service progressively for each asset category.</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>Levels of service for footpaths, playspaces, (and associated assets), have now been presented and approved by AMSC.</p> <p>Street Tree Assets are being reviewed this month and Buildings will be in September 2020.</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 &amp; Buildings (MP&amp;B), Manager Infrastructure Management (MIM)</p>	<p>2023</p>	<p>Sighted evidence of review / approval of Footpath Policy and Playspace Policy and Play Activation Strategy discussion by Council, Works &amp; Services Committee and Asset Management Sub Committee.</p>

Item 4.2.2 - Attachment 2 - Update for Audit Committee - Management Responses to Asset Management Internal Audit Recommendations

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date	Audit Comment
<p><b>2.2 Improving controls to ensure buildings condition assessment and 'fit for purpose' audits are performed on a regular basis</b></p> <p><b>Recommendation 2.2.1</b> 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)</p>	<p>Building condition audits are undertaken regularly</p> <p>Building Condition Assessment and Fit for Purpose audit has just been completed, by an external Consultant. The results and outcomes regarding levels of service will be presented to AMSC in September 2020.</p>	<p>Audit completed and findings and recommendation will be presented to the AMSC</p> <p>Prioritise 21/22 and beyond capital program in line with above</p>	<p>MP&amp;B</p>	<p>March 2021</p>	<p>Confirmed completion of Building Condition Assessment and Fit for Purpose audit.</p>
<p><b>2.3 Formalising and documenting building maintenance plans and operational procedures</b></p> <p><b>Recommendation 2.3.1</b> 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>Disagree with findings and recommendations. Asset Management Improvement Project (AMIP) implemented these changes</p> <p>In place</p> <p>Confirm includes all preventative maintenance regimes, ongoing monitoring occurs as contracts are reviewed or inspections undertaken.</p> <p>In Place</p>	<p>No action required apart from ongoing improvements</p>			<p>Sighted evidence of Proactive Inspection Regimes implemented within 'Confirm' system, in addition to inspection spreadsheets.</p>

Item 4.2.2 - Attachment 2 - Update for Audit Committee - Management Responses to Asset Management Internal Audit Recommendations

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date	Audit Comment
<p><b>Recommendation 2.3.2</b> 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><b>Recommendation 2.3.3</b> Ensure that maintenance history is maintained in the asset register.</p>	<p>Proactive Inspection Regimes have been implemented within Confirm, producing updated Maintenance Programs and these are within Confirm.</p> <p>All Buildings are proactively inspected every 6 months to supplement the existing Maintenance Programs.</p> <p>In Place</p> <p>All maintenance is recorded in confirm with associated costs.</p>				
<p><b>2.4 Defining clear criteria for upgrades and renewal of buildings</b></p> <p><b>Recommendation 2.4.1</b> 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> <p>Current condition &amp; fit for purpose audit addresses the current state with the Community Planning and Vitality Division preparing a report for ASMC regarding future demands and trends including specifications and gaps.</p>	<p>Ongoing formal presentations and reports to Council Committees.</p>	<p>MP&amp;B</p>	<p>Ongoing</p>	<p>Confirmed completion of Building Condition Assessment and Fit for Purpose audit.</p> <p>Sighted evidence of progress for Place Activation Strategy, including presentation to Council, Works &amp; Services Committee and Asset Management Sub Committee.</p>

Item 4.2.2 - Attachment 2 - Update for Audit Committee - Management Responses to Asset Management Internal Audit Recommendations



Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date	Audit Comment
	<p>analysis with respect to Council's sporting facilities.</p> <p>Council's Community Hub model has been adopted with respect to the community facilities, with Burton and Ingle Farm Community Hubs being constructed over the next few years.</p>				
<p><b>2.5 Ensuring Asset Management Plans are 'living documents' fully integrated with the Long Term Financial Plan</b></p> <p><b>Recommendation 2.5.1</b> 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>	<p>No action apart from ongoing reviews and improvement</p>	<p>MIM &amp; MP&amp;B</p>	<p>Ongoing</p>	<p>N/A</p>
<p><b>2.6 Improving Parks, Streetscapes and Street Trees Renewal processes and maintenance regime</b></p> <p><b>Recommendation 2.6.1</b> 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</p>	<p>Currently underway with the AMSC Street tree audit completed in January 2020 to enable a review to occur</p> <p>Street Tree Policy is being presented to AMSC in August 2020 for approval of Levels of Service, including principles around tree type and removal guidelines, and associated maintenance and renewal regimes.</p>	<p>Present process to the AMSC and Audit Committee</p>	<p>MIM &amp; MP&amp;B</p>	<p>Oct 2020</p>	<p>Sighted evidence of Unit Pruning regime in the 'Confirm' system.</p>

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date	Audit Comment
<p>condition, asset hierarchy and asset criticality.</p> <p><b>Recommendation 2.6.2</b> Establish formal maintenance and operational plans for parks, streetscapes and street trees assets.</p>	<p>Preventative inspection regimes are in place as part of the ongoing Unit Pruning in the Confirm System.</p> <p>Has been implemented as part of the AMIP. Preventative, routine and reactive maintenance programs are in place.</p>	<p>No action required except for ongoing improvement</p>			
<p><b>2.7 Opportunity to review contents included in the Asset Management Plans as per IPWEA standards and the ISO55000 series</b></p> <p><b>Recommendation 2.7.1</b> 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><b>Recommendation 2.7.2</b> Review the revised asset management strategy and ensure it includes internal and external factors that may impact on asset</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>Council currently uses the IPWEA templates. This will be revised and improved as the AMSC completes the review of assets by asset management plan.</p> <p>Being considered as part of the (Strategic Asset Management Plan (SAMP) as presented to Council on 29 February 2020.</p> <p>Asset Management Sub-committee is working through the Levels of Service for each Asset Management Plan.</p>	<p>See above</p>	<p>MIM &amp; MP&amp;B</p>	<p>N/A</p>	

Item 4.2.2 - Attachment 2 - Update for Audit Committee - Management Responses to Asset Management Internal Audit Recommendations

Finding and Recommendation	Management Response - including whether the suggestion was accepted	Actions	Responsibility	Due Date	Audit Comment
management objectives as well as strategic risk issues and risks relating to these factors.	This will result in the upgrade of the Asset Management Plans late in 2020.				
<p><b>2.8 Improving controls to ensure that capitalisations are processed on a more regular basis and based on 'as constructed' drawings</b></p> <p><b>Recommendation 2.8.1</b> Process capitalisations on a more regular basis (i.e. not concentrating capitalisations towards year end).</p> <p><b>Recommendation 2.8.2</b> Base asset capitalisations on 'as constructed' drawings.</p>	<p>Staff are working in line with finance policy and will adapt as required.</p> <p>Discussions to occur with Financial Services on appropriate frequency.</p> <p>Base valuations on normal industry methodology.</p> <p>Council now has a process of continual asset take up. Contracts are being revised and redeveloped, particularly around the Road Reseal Reconstruction Program and Building Programs, with Asset Constructed now compulsory. This is a continuous improvement project between City Infrastructure and Procurement.</p>	Continue discussions with Financial Services Division	MIM & MP&B	Ongoing	<p>Sighted updated contract clauses mandating "as- constructed" drawings.</p> <p>Revised clause states: "Further to the requirements for Practical Completion set out in the definition thereof the General Conditions of Contract, provision to the Superintendent of 'as-constructed' Drawings, specifications and survey certificates shall be a requirement for issue of a Certificate of Practical Completion."</p>

Item 4.2.2 - Attachment 2 - Update for Audit Committee - Management Responses to Asset Management Internal Audit Recommendations





<b>ITEM</b>	4.2.3
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	12 August 2020
<b>HEADING</b>	Annual Report 2019/2020 - Internal Controls Framework and Audit Committee sections
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	4.4 We plan effectively to address community needs and identify new opportunities. 4.5 We engage meaningfully and our community is aware of Council initiatives.
<b>SUMMARY</b>	The City of Salisbury Annual Report refers to the operations and financial activities of Council in the previous financial year. It also contains sections which detail the operations and membership of the Audit Committee of Council and the Financial Internal Controls Framework. This report contains the draft text for these sections of the annual report for review by the Audit Committee.

**RECOMMENDATION**

1. That the proposed inclusions in the annual report relating to the operations and membership of the Audit Committee for the 2019/2020 financial year as set out in Attachment 1 to this report (Item 4.2.3, Audit Committee, 12/08/2020) be approved.

**ATTACHMENTS**

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

1. Internal Controls Framework and Audit Committee section for inclusion in the Annual Report 2019/2020

**1. BACKGROUND**

- 1.1 Council is required, under Section 131 of the *Local Government Act 1999* to publish an annual report. The annual report must be prepared and adopted by 30 November each year. Contained within the annual report is information regarding Council's operating and financial activities for the previous financial year. It also includes information relating to the operations of the Audit Committee of Council. The annual report is coordinated and published by the Community Experience and Relationships Division.
- 1.2 Paragraph 6.3 of the Audit Committee Terms of Reference provides that the committee will review the statements to be included in the annual report concerning internal audit and risk management.
- 1.3 The full annual report is presented each year to the Resources and Governance Committee for review and recommendation to Council. To allow the Audit

Committee to consider sections relevant to its operations prior to inclusion in the annual report, the relevant text is presented separately to the Audit Committee.

## **2. REPORT**

- 2.1 The City of Salisbury's annual report is a vehicle for the publication of Council's end of financial year statements and a summary of its operating activities over the previous financial year. Financial statements will be presented to the Audit Committee for review at the October 2020 meeting.
- 2.2 The operations of the Audit Committee, together with information regarding the Financial Internal Controls Framework are outlined in the annual report. A draft of the proposed text for inclusion in the annual report on these subjects is provided as Attachment 1.
- 2.3 The proposed text is concise and prepared on the basis that the audience will be a variety of stakeholders including local residents and the Minister for Local Government. It gives a brief explanation of the Financial Internal Controls Framework, the work of the Audit Committee and its membership throughout the year.
- 2.4 Once the Audit Committee have reviewed the proposed text the next step in the process is to forward it to the Community Experience and Relationships division for inclusion in the draft annual report, which will be presented to the Resources and Governance Committee.

## **3. CONCLUSION / PROPOSAL**

- 3.1 The proposed inclusions in the annual report provide information relating to the operations and membership of the Audit Committee of Council in the 2019/2020 financial year. The draft text is provided for review, prior to submission for inclusion in the draft annual report.

## **CO-ORDINATION**

Officer:

Date:

## Audit Committee of Council

The Audit Committee reports to Council and is a critical component of the Council's governance framework. The Audit Committee is established in accordance with Section 126 of the *Local Government Act 1999*. Its role is to comply with the legislative obligations and the requirements of its terms of reference.

The Audit Committee will:

- 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.

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

### Audit Committee Membership July 2019 – June 2020

Name	Elected Member Or Independent Member	Dates	Attendance
Cr Graham Reynolds	Elected Member (Chairman)	July 2018 – June 2019	4 of 4 meetings
Cr Kylie Grenfell	Elected Member (Deputy Chairman)	December 2019 – June 2020	2 of 2 meetings
Cr Lisa Braun	Elected Member (Deputy Chairman)	July 2019- November 2019	2 of 2 meetings
Mr Craig Johnson Independent consultant	Independent Member	July 2018 – June 2019	4 of 4 meetings
Ms Kristyn Verrall General Manager Governance and Strategy/General Counsel, Statewide Super	Independent Member	July 2018 – June 2019	3 of 4 meetings
Mr Neil Ediriweera Director, KPMG	Independent Member	July 2018 – June 2019	4 of 4 meetings

## Financial Internal Controls Framework

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

### Number of internal controls rating 4 or higher

The City of Salisbury utilises a risk and control management application called ControlTrack, to monitor and review its internal financial controls. There are 260 controls within ControlTrack across 6 classes: Assets, Expenses, External Services, Liabilities, Revenue and Strategic Financial Planning.

We use a five point rating scale when self-assessing the effectiveness of our internal financial controls (1=ineffective, 2=requires significant improvement, 3=partially effective, 4=majority effective and 5=effective).

Of the controls assessed and reviewed in 2019/20, six controls were assessed as being partially effective or lower. Treatment plans have been established to improve the rating for these six controls.

### High risk outcomes / findings from internal audits

Eight high risk outcomes / findings from internal audits were identified and reported on to the Audit Committee in the 2019/2020 financial year.

The City of Salisbury operates a risk-based Internal Audit Plan, where audits are conducted in order to provide assurance on the risks identified in the Strategic Risk Register.

The following audits were completed and reported to the Audit Committee in the 2019/2020 period:

- Financial Sustainability;
- Contract Management;
- Asset Management; and
- Food Safety.

An audit on financial sustainability was performed to provide assurance regarding the effectiveness of the processes that are in place to manage and monitor the financial sustainability of the City of Salisbury. No high, moderate or low risk findings were identified in the audit.

An audit on contract management was performed to provide assurance on the efficiency and effectiveness of the current tools and processes used to manage contracts at the City of Salisbury and identify any areas where outcomes could be improved. Six risk findings were identified in the audit, and of those, four findings were rated as high. 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 Work Health Safety responsibilities.

An audit on asset management was performed to provide assurance that the established processes and controls in place in relation to Asset Management are robust. Six risk findings were identified in the audit and of those, four findings were rated as high. The high risk findings related 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.



An audit on food safety was performed 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. Four risk findings were identified in the audit, and of those, no findings were rated as high.

The actions identified to address the risk findings from internal audits are being progressed by Council.



<b>ITEM</b>	4.2.4
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	12 August 2020
<b>HEADING</b>	Local Government Reforms: City of Salisbury response to Local Government Statutes Amendment (Review) Bill 2020
<b>AUTHOR</b>	Mick Petrovski, Manager Governance - CEO/Governance, CEO and Governance
<b>CITY PLAN LINKS</b>	4.2 We deliver quality outcomes that meet the needs of our community.
<b>SUMMARY</b>	To provide the Audit Committee information about the <i>Local Government Statutes Amendment (Review) Bill 2020</i> that is currently before the Parliament, and a copy of City of Salisbury's draft response to the Bill to the State Government. The draft response addresses key elements of the Bill. The response will also be provided to the Local Government Association in response to its call for input from councils as it formulates a response to the Bill on behalf of the whole Local Government sector.

**RECOMMENDATION**

1. The information is noted.

**ATTACHMENTS**

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

1. Local Government Reform - LGA Summary and City of Salisbury Draft Response to LG Statutes Amendment (Review) Bill 2020

**1. BACKGROUND**

- 1.1 During 2019, the State Government released its Reforming Local Government in South Australia Discussion Paper and undertook public consultation on possible reforms it might pursue regarding the functions of councils in South Australia.
- 1.2 Within a similar timeframe, the State Government also directed the South Australian Productivity Commission to undertake an inquiry into local government costs and efficiency, who also released a Methodology Paper for the purposes of public consultation seeking input about what councils do on behalf of their communities and how councils could improve performance of their roles and reduce costs to ratepayers.
- 1.3 The City of Salisbury considered both Papers and provided responses to both, and in addition also responded to the Commission's request for comment on its draft findings.
- 1.4 On Wednesday, 17 June 2020 the State Government introduced its *Local Government Statutes Amendment (Review) Bill 2020* (the Bill) in the House of Assembly of State Parliament.

- 1.5 The State Government did not undertake consultation on its draft Bill prior to its introduction in the Parliament.
- 1.6 The Local Government Association (LGA) has called for input from councils so that it can formulate a response to the Bill on behalf of the whole Local Government sector. In doing so, the LGA prepared a table identifying the key elements of the Bill and indicating preliminary advice.

## **2. CONSULTATION / COMMUNICATION**

### **2.1 Internal**

- 2.1.1 GM Business Excellence;
- 2.1.2 Manager Environmental Health & Safety.

### **2.2 External**

- 2.2.1 The LGA.

## **3. REPORT**

- 3.1 On Tuesday, 14 July 2020, a workshop for Elected Members was held to consider the Bill and to provide feedback to the administration, to assist in the drafting of a response to the key elements of the Bill.
- 3.2 The Bill includes a wide range of proposals across financial management, elected member conduct, representation and elections, and community engagement. Some of the key proposals include:
  - New behavioural standards for elected members and establishing a new Local Government Behavioural Panel;
  - Introducing a sector-wide community engagement charter to consolidate and improve public consultation requirements;
  - Independent setting of CEO salaries by the Remuneration Tribunal and expanded requirements for CEO recruitment and performance reviews;
  - Expanded functions for Audit and Risk Committees;
  - Capping the number of elected members of a council to twelve and removing representation review requirements;
  - Rate capping powers through a mandatory review of council draft Annual Business Plans by a 'Designated Authority', and new powers for the Minister to 'direct' a council to amend its Business Plan or change its rate revenue and proposed rate increases.
- 3.3 While Council was prepared to indicate its support for a significant proportion of the changes proposed in the Bill, there are also critical elements that, if passed by the Parliament into legislation, do have the potential to significantly impact on the ability of councils to make decisions that they consider are in the best interest of their community.
- 3.4 Further, several of the changes strike at basic tenets of the democratic process, such as determining that no South Australian council can have more than 12 Elected Members, whereas the current process requires a council to undertake a representation review every eight years in order to determine, through a public consultation process, the representative model the local community would prefer;



- ward councillors versus area councillors, number of electors per ward and number of representatives for those electors etc.
- 3.5 The Bill also proposes to introduce the ability to impose changes to policies of councils by regulation. Current governance frameworks for councils are sufficiently robust so as to require contemporary thinking and contemporary processes to develop policies for the management and governance of a local council area for the benefit of the local community.
  - 3.6 The risk associated with this is that it could have the effect of a blanket order as to where councils must focus (according to state Government) their efforts and resources irrespective of what the local community might think.
  - 3.7 One of the most significant changes proposed would impose a series of expensive and unwarranted new requirements on councils in drafting and adopting their Annual Business Plan and Budget.
  - 3.8 The State Government, while claiming that it wishes to cut council expenditure, proposes to introduce another layer of bureaucracy through additional reporting requirements that give a significant role to a new and unelected body that has no relationship with or accountability to the local community; a “Designated Authority”.
  - 3.9 The Designated Authority will in effect critique a council’s Annual Business Plan which is to include a statement on the proposed change in total revenue from general rates for the coming financial year.
  - 3.10 The Annual Business Plan will have been prepared by a council, taking into account local circumstances and the views of its electors and, when appropriate broader economic, social, environmental and political agendas, and determine a balanced development agenda for the local area.
  - 3.11 The Designated Authority, not having had any process to inform itself, except requiring councils to justify their positions to the Authority, about whether the proposed business plan and subsequent budget are right or appropriate for the local community will then issue an advice to the council in advance of preparing the council budget and if a council does not adhere to the advice, they are vulnerable to a direction from the Minister.
  - 3.12 The Designated Authority will have no mandate from any local community, only from State Government. Yet this Designated Authority will have to be resourced (significantly) if it is to undertake the individual assessment of annual business plans and budget of every council, every year. It is likely that the resourcing requirement will fall to councils.
  - 3.13 The key elements of the Bill are contained in Attachment 1 to this report, which reflects preliminary advice from the LGA, as well as City of Salisbury feedback provided at the workshop of 14 July.
  - 3.14 The risk being promulgated here is that the process for community engagement and councils having to give due consideration to community feedback is exposed or placed at risk by the opportunity for a vocal minority (single issue groups) having the opportunity and power to influence beyond their representative capacity via a Minister.

- 3.15 This strikes at the heart of what the system of Local Government is about in South Australia. Local Government, by its very nature enables local interests to be heard, to be respected and to be represented. It encourages diversity in community character and community aspirations.
- 3.16 Significantly, these measure risk having the effect of dampening innovation at the local community level.
- 3.17 The Local Government reforms of the past 30 years have been focused on enabling the local government sector to thrive by focusing on encouraging and strengthening the ability of Councils to engage with their communities, strengthening the financial management and strategic development frameworks of councils so that they provide services and infrastructure that adds value and purpose to their local community.
- 3.18 The most significant of the reforms proposed in the current Bill have the potential to weaken the autonomy of councils, and dilute the direct relationship between local voters and their representatives and place focus on a more centralized model for local service and infrastructure delivery.

#### **4. CONCLUSION / PROPOSAL**

- 4.1 The *Local Government Statutes Amendment (Review) Bill 2020* currently before the Parliament contains a number of elements that will help to improve the workings of the local government sector.
- 4.2 However, compared to the most critical elements which potentially have the effect of taking decision making powers away for local councils and shifting the authority to the Minister of the day to be able to direct councils, the positive elements of the Bill are outweighed.
- 4.3 The feedback of the City of Salisbury, both positive and negative, should be made known to the Minister for Local Government and provided to the LGA to assist them with developing a sector wide response to the Bill.
- 4.4 This report and the information contained within Attachment 1 are provided to the Audit Committee for noting.

#### **CO-ORDINATION**

Officer:

Date:

Local Government Reform - LGA Summary and CoS Draft response to Bill 2020

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
<p><b>s6 Principal role of council. NEW.</b></p> <p>"6(b) to make decisions about the provision of various public services and facilities that will benefit the community in the context of the capacity and willingness of ratepayers to pay for those services and facilities."</p>		<p>The LGA is seeking clarification on what that means in practice and whether this additional principal creates grounds for council budgetary decisions to be contested.</p>	<p><b>OPPOSE</b></p> <p><i>The proposed change in itself seems benign. Current practice by the CoS and all councils is focussed on doing this; in the context of the Designated Authority contemplated elsewhere in the Bill and the lack of clarity about the breadth of "any direction given by the Minister", the implications of the change are ambiguous, and in particular the reference to "willingness to pay".</i></p> <p><i>The rationale for this proposed change, displacing the current paragraph 6(b) is not explained.</i></p>
<p><b>s7 Functions of a Council. NEW.</b></p> <p>(ba) to determine the appropriate financial contribution to be made by ratepayers to the resources of the council.</p>		<p>A number of additions in the 'role' and 'functions' sections tie into later changes relating to rate setting and Ministerial directions. These preliminary sections related to the role and functions of council are considered to be acceptable, but the later sections on rate capping and new Ministerial ability to override council policies are strongly opposed.</p>	<p><b>SUPPORT</b></p> <p><i>The proposed change adds little or no value to current provisions.</i></p>
<p><b>s8 Principles to be observed by a council</b></p> <p>(ea) Seek to collaborate, form partnerships and <b>share resources</b> with other councils.</p> <p>(h) seek to ensure that council resources are used fairly, effectively and efficiently <b>and council services, facilities and programs are provided effectively and efficiently.</b></p> <p>(ia) seek to balance the provision of services, facilities and programs with the</p>		<p>The additional wording introduced by this clause is in <i>italics</i>.</p> <p>A number of additions in the 'role' and 'functions' and 'principles' sections tie into later changes relating to rate setting processes.</p>	<p><b>OPPOSE</b> s8(ea)</p> <p><b>SUPPORT</b> s8(h) and (ia)</p> <p><i>This reflects current practice across the sector as councils already do these things.</i></p> <p><i>The CoS consideration of the proposed change to s8(ea) is that it leaves councils vulnerable to possible direction from the Minister to make councils share resources.</i></p> <p><i>This is in the context of other proposed changes</i></p>



Local Government Reform - LGA Summary and CoS Draft response to Bill 2020

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
financial impact of the provision of those services, facilities and programs on ratepayers.			<i>discussed elsewhere in this document.</i>
<p><b>s11A Number of elected members</b> <b>NEW.</b></p> <p>The number of members of a council (including the Mayor) will be capped at 12.</p> <p>Remove current Representation Review clauses.</p> <p>New requirement to review number of wards and number of electors per ward. But no longer need to review the number of members.</p> <p>If a council conducts a review by 2022, they can implement this change for 2022 council elections.</p> <p>If not, then must implement by the 2026 elections.</p>		<p>This proposal needs to be tested with member councils before the LGA forms a position.</p> <p>During sector consultation in 2019, most councils preferred to retain their current arrangements.</p> <p>If councils have started a Representation Review under current Act, they can use this process for purpose of this section.</p> <p>This proposal is designed to be a simpler process and respond to feedback from councils that the current Representation Review process is overly complex.</p>	<p><b>OPPOSE</b></p> <p><i>Why? While the removal of the requirement to undertake representation reviews might on the face of it represent a cost saving, the rationale for "12" is not explained.</i></p> <p><i>Among SA's 68 councils there are significant variations in geographical and population size.</i></p> <p><i>Representation Reviews are an appropriate mechanism to facilitate community input to the nature of local representation.</i></p> <p><i>Further, the implication of this change is an increased size of Wards, with potential for new Wards in the CoS which are two thirds the size of a state electorate. There is an added implication for increased resources to support Elected Members (EMs) to service more constituents.</i></p> <p><i>This will have the opposite effect of a cost saving measure. Allowances will increase based on workload, and will not be cost saving measure.</i></p> <p><i>The proposed 12 EMs, including the Mayor, creates an uneven number of wards and adds an unnecessary complexity to the traditional two-EMs per Ward.</i></p> <p><i>A better solution would be a tiered approach with a cap created based on the population in a council and establishing a maximum of 15 EMs for larger councils (including the Mayor).</i></p> <p><i>CoS is supportive of the need to review Wards.</i></p>



**Local Government Reform - LGA Summary and CoS Draft response to Bill 2020**

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
<p><b>s12 Rep review process - deleted</b></p> <p>If a council has area councillors but not wards, they will not need to perform a representation review.</p> <p>Councils must consult with the public re the representation report. The resulting report must include public submissions.</p>		<p>If a council has wards, they may still need to conduct a representation review on the optimal number of electors in each ward.</p> <p>The Bill includes transitional provisions that will capture reviews that have already commenced or will commence before the 2022 council elections.</p>	<p><b>OPPOSE</b></p> <p><i>As above.</i></p>
<p><b>s44 Delegations</b></p> <p>Amendment to include Joint Planning Boards as a possible delegate.</p>		<p>Councils retain the ability to make decisions about delegations and the terms and conditions of a delegation. There is no requirement to make a delegation.</p>	<p><b>OPPOSE</b></p> <p><i>This lends itself more to large metropolitan councils.</i></p>
<p><b>s50 Current public consultation sections – deleted. NEW.</b></p> <p>Introduces one Community Engagement Charter for the whole local government sector.</p> <p>This will replace many individual sections requiring councils to report info, consult, publish in newspapers, keep hard copies at principal office, etc.</p> <p>The Charter will be decided by the Minister and Gazetted and will apply across all councils.</p> <p>Some parts will be mandatory, others will be up to council policy (See 50A).</p> <p>The Minister approves and varies the Charter, after consultation with the LGA.</p>		<p>This proposal needs to be tested with member councils before the LGA forms a position.</p> <p>The concept of a state-wide Community Engagement Charter is consistent with the LGA's previous local government reform submission.</p> <p>Consolidating consultation arrangements within one state-wide charter could lead to savings and efficiencies by reducing duplication and allowing for more targeted and effective consultation to occur.</p> <p>Local government will be consulted on the development of and any variation to the Charter, via a process facilitated by the LGA.</p> <p>To be effective, it is considered that the</p>	<p><b>SUPPORT</b></p> <p><i>Support is conditional on Councils retaining the ability to set higher standards of community consultation and engagement to reflect what our community expects.</i></p> <p><i>Past experience suggests that if there is a mandated charter as a base, then the base will likely become the norm. The reason this is critical is that it brings into focus the capacity of councils, therefore a mandated model will have to accommodate councils with smaller budgets and fewer resources.</i></p> <p><i>While the City of Salisbury will seek to have a community engagement and consultation framework that sets a higher standard, the need for this change is not sufficiently well explained.</i></p>

**Local Government Reform - LGA Summary and CoS Draft response to Bill 2020**

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
		Charter needs to: <ul style="list-style-type: none"> <li>• Clarify the matters that councils must consult on, but not require councils to consult on minor or uncontroversial decisions; and</li> <li>• Ensure complaints about non-compliance with the Charter are dealt with in an efficient manner through an administrative process.</li> </ul>	
<p><b>s50A</b> Each council must have its own policy on how to implement the Community Engagement Charter.</p>		<p>A large number of sections in the Act relating to specific consultation on specific matters are deleted, as a consequence of new ss 50 and 50A.</p> <p>Councils must consult with the community regarding adoption of their Policy or if they want to vary it. This policy must be consistent with the Charter.</p> <p>A failure to comply with a Community Engagement Charter or the council's related community engagement policy still exposes the subsequent council decision to judicial review.</p>	<p><b>SUPPORT</b> <i>As per previous comment.</i></p>
<p><b>s54 Casual vacancy</b> If a council member resigns to take up another position (eg Mayor) their position as member becomes vacant.</p> <p>Councils can go to next election without filling the casual vacancy if an election is to be held within the next 12 months (currently 7 months) or 1 January.</p>		<p>This proposal is consistent with the LGA's previous local government reform submission.</p>	<p><b>SUPPORT</b> <i>Clarification is sought.</i> <i>CoS assumes this applies to any vacancy on Council regardless of why an EM resigns.</i></p>



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<p><b>s55A Elected Members running for Parliament</b></p> <p>If a council member runs for State Parliament, they are automatically granted a 'leave of absence'.</p> <p>The leave commences at the close of nominations –even if the member/candidate is campaigning earlier.</p> <p>The provision applies to any council office - including council committees and subsidiaries.</p> <p>If a candidate withdraws their nomination, - they are automatically reinstated to their council position.</p> <p>Members will not receive remuneration/ allowances during the leave period.</p> <p>In subsection 5, candidates can't use council facilities in this leave period.</p>		<p>This proposal is consistent with the LGA's previous local government reform submission.</p> <p>During previous elections, there have been inconsistent approaches by candidates in relation to standing down from council roles and payment of allowances. These proposed provisions create a level playing field for all council members.</p> <p>It appears that council members can still call themselves 'Mayor' or 'Councillor' during the leave of absence.</p> <p>The LGA will seek feedback from member councils on the optimal wording for this section.</p>	<p><b>SUPPORT</b></p> <p><i>This is consistent with City of Salisbury position as articulated during consultation on the Local Government Reform discussion paper.</i></p>
<p><b>s58 Role of Principal Member</b> (usually called Mayor)</p> <p>New sections clarifying the role of a principal member of council. This includes:</p> <ul style="list-style-type: none"> <li>• "Providing leadership and guidance to the council.</li> <li>• To lead the promotion of positive and constructive working relationships amongst members of the council</li> <li>• To provide guidance to council members on the performance of their role; and</li> </ul>		<p>This proposal needs to be tested with member councils before the LGA forms a position.</p> <p>Mayors are not given specific new powers.</p> <p>The proposed section states general principles, setting out what the principal member's leadership role entails.</p>	<p><b>SUPPORT</b></p> <p><i>The CoS comment on the 2019 discussion paper:</i></p> <p><i>"While dealing with disruptive behaviour at meetings is part of the leadership role of the principal member, without clarity about the "powers" being suggested and how and when they can be used, it is difficult to indicate either support or opposition.</i></p> <p><i>Perhaps the emphasis should be placed on "the will of the meeting" and the role of the principal is to</i></p>

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<ul style="list-style-type: none"> <li>To support council members understanding on the separation of responsibilities between elected representatives and employees of the council."</li> </ul>			<p><i>manage "low-level" disruptive behaviour by issuing warnings. However, where a threshold is reached (post warnings) the principal member should have the power to suspend further deliberations of the meeting so as to put a proposition (to be prescribed in regulation) to the meeting regarding the behaviour/s of a councillor, and that proposition <u>must</u> be dealt with by a vote before a meeting can continue.</i></p> <p><i>In this way, the principal member can act as moderator but it is the will of the meeting that determines what action should be taken to deal with unwanted behaviours."</i></p>
<p><b>s59 Role of members of council. NEW.</b> It will be a role of council members to act with integrity.</p>		<p>"Integrity" is not defined and will have a common law definition.</p> <p>The existing Act and Bill contain specific sections about integrity, which are still primarily regulated by ICAC, the OPI and Ombudsman.</p>	<p><b>SUPPORT</b></p> <p><i>Request that "integrity" be a defined term within the Act, e.g. the common law definition.</i></p>
<p><b>s62 General Council Member duties</b> The prohibitions on disclosure of confidential council information are extended to documents that the council member "knows or ought reasonably to have known is ...required to be treated confidentially".</p>		<p>This change will clarify council member confidentiality obligations and make it easier to establish that a breach has occurred.</p>	<p><b>OPPOSE</b></p> <p><i>This measure will make Councils more secretive and less transparent as EMs are likely to err on the side of caution, whereas the policy focus should be on transparency and disclosure wherever possible.</i></p> <p><i>This definition casts a broader net and the wording introduces subjectivity and ambiguity.</i></p> <p><i>The focus should be on councils having robust systems to ensure clarity about what is or is not confidential.</i></p>



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<p><b>s68 Council Member Register of Interests</b></p> <p>(1a) If a council member fails to return their Register after a defined period (in most cases 12 months) the member will be suspended.</p> <p>(1b) If a member is suspended under this section, so are their member allowances.</p> <p>(3a) If the member subsequently submits a return, to the satisfaction of the CEO, the CEO will publish a notice on website to this effect.</p> <p>(3a)(b) The suspension is revoked upon publication of this notice.</p> <p>(3b) If the failure to submit a return continues, the CEO may refer to SACAT.</p>		<p>Consultation with member councils in 2019 showed support for clear consequences for a breach of this requirement.</p> <p>The proposed clause gives council CEOs a role in imposing consequences, including exercising a degree of discretion (ie determining whether the return is satisfactory).</p> <p>The LGA will seek feedback from member councils on the optimal wording for this section.</p>	<p><b>SUPPORT</b></p> <p><i>However, the proposed role of CEO imposing sanctions is not desirable. Where sanctions might be deemed appropriate, there is greater transparency for the responsibility to rest with objective body...perhaps the proposed Behavioural Standards Panel.</i></p> <p><i>It should not be the role of a CEO to validate the accuracy of an EM's return, which is implicit in the use of "to the satisfaction of the CEO".</i></p> <p><i>Re: 1a to 3a(b) – for purposes of simplicity of calculation, a portion of a week should equal a week.</i></p>
<p><b>s70 Inspection of a Register</b></p> <p>The Register will now no longer publish the home address of a councillor.</p> <p>Additional information can be suppressed for personal safety.</p>		<p>This proposal is consistent with the LGA's previous local government reform submission.</p>	<p><b>SUPPORT</b></p>
<p><b>s73 Register of gifts and benefits</b></p> <p>The Minister will declare the threshold amount for the purpose of this clause.</p> <p>The Minister must consult the LGA prior to making this declaration.</p>		<p>This proposal is consistent with the LGA's previous local government reform submission.</p>	<p><b>SUPPORT</b></p>
<p><b>s74-s75C Conflicts of Interest</b></p> <p>The three categories of Conflict of Interest</p>		<p>The new sections are simpler and less confusing. They should allow greater council member participation in decision-</p>	<p><b>SUPPORT</b></p> <p><i>Subject to the clarification referred to by the LGA.</i></p>

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<p>are reduced to two: 'General Conflicts of Interest' and 'Material Conflicts of Interest'.</p> <p>A member of a council will not be regarded as having a conflict of interest in a matter if the interest is held in common with a 'substantial proportion' of the ratepayers, electors or residents of the council area (if that interest is equal).</p> <p>Onus is on the council member to declare/decide whether they have a conflict. Failure to declare a conflict can result in penalties.</p>		<p>making where there is no actual conflict, or the conflict can be managed appropriately.</p> <p>Areas where further clarification is required include:</p> <ul style="list-style-type: none"> <li>• circumstances where the council has nominated an elected member to the board of another legal entity,</li> <li>• mechanisms for abstaining; and</li> <li>• the 'substantial proportion' test.</li> </ul>	<p><i>the intent to simplify is well supported. It is imperative that</i></p> <p><i>EMs who are active participants in community activities and organisations should not be excluded from decision making that impacts those community organisations, as long as that EM does not derive a personal benefit.</i></p> <p><i>The requirement to declare an interest (perceived) ought to remain and qualified to enable participation in deliberations.</i></p>
<p><b>s75E Member 'Behaviour Standards'</b></p> <p>The Minister may publish and vary 'Member Behaviour Standards'. These Standards are not set out in the Bill.</p> <p>They apply State-wide.</p> <p>The Minister must consult the LGA first.</p> <p>Minister's decision will be published in the Government Gazette.</p>		<p>There will continue to be multiple (but slightly different) sources of rules that govern member behaviour. This includes:</p> <ul style="list-style-type: none"> <li>• the Act,</li> <li>• in these proposed 'Member Behaviour Standards'; and</li> <li>• in the 'Council Behavioural Support Policies' (see s75F).</li> </ul> <p>This could be confusing, and it will be important for the LGA to provide support and guidance.</p> <p>These standards will be reviewable by Parliament, which provides a level of oversight of the decisions made by a Minister.</p>	<p><b>SUPPORT</b></p>
<p><b>s75F Council Behavioural Support Policies.</b></p> <p>Council may implement their own policies on how to support "appropriate behaviour</p>		<p>Sector feedback indicated that dedicated meetings (usually just after elections), where councillors deliberated and then agreed on behavioural standards, led to strong improvements in meeting culture.</p>	<p><b>SUPPORT</b></p>



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<p>by members of the council". These can't be inconsistent with the Behavioural Standards.</p> <p>Council must review these within 6 months of general elections.</p> <p>Council must consult the public on these.</p> <p>Council members must comply with their CBSPs.</p>		<p>The Bill will enable each council to address these issues and to approve their own policy.</p> <p>Members may face sanctions for a breach of a CBSP.</p> <p>The Council itself can impose limited sanctions (see s262C).</p> <p>A breach of the CBSP could constitute 'misbehaviour' (s262E), could be referred to the new Behavioural Standards Panel and could result in more serious sanctions or penalties.</p>	
<p><b>s75G Council member health and safety obligations. NEW.</b></p> <p>Council members are not 'workers' for the purpose of the WHS Act. But they will now have specific WH&amp;S obligations.</p> <p>Council members must not adversely affect the health and safety of other members of council or employees.</p> <p>Could include a direction that a member of a council not attend a meeting of the council.</p> <p>Council members must follow the reasonable directions of a responsible person (usually the CEO) in this respect.</p>		<p>This proposal needs to be tested with member councils before the LGA forms a position.</p> <p>The CEO will have clear powers to put in place arrangements to ensure employee safety. This could include, for example implementing administrative arrangements to limit contact between council members or between a council member and an employee.</p> <p>The LGA has sought advice from Norman Waterhouse Lawyers to clarify the proposed role of CEOs in administering this provision.</p> <p>Where appropriate in the circumstances, provision for alternative participation in a council or committees should be considered.</p>	<p><b>SUPPORT</b></p> <p><i>Recognition that EMs have a responsibility to deal with each other and staff respectfully is important.</i></p> <p><i>While recognising that the "reasonable direction" is prescribed and dependent on context and prevailing circumstances, CoS is supportive of the concept that a EMs have clear obligations and that give the CEO more rights.</i></p> <p><i>However, more consideration should be given to the implications of creating an ability for the CEO to direct a EM not to attend a meeting of the council. The responsibility for such a decision should be made by an independent authority, such as the Behaviour Panel, recognising that issues regarding timeliness need to be resolved.</i></p>

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<p><b>s76 Member Allowances</b></p> <p>Remaining:</p> <p>Member Allowances set by Remuneration Tribunal.</p> <p>LGA to pay Remuneration Tribunal their "reasonable costs".</p>		<p>The requirement of the Remuneration Tribunal to consult with the LGA and reach agreement on arrangements has been deleted.</p> <p>Clarification is required regarding "reasonable costs" to ensure there are appropriate limits on the cost to councils (via the LGA).</p> <p>100% of South Australian councils are currently members of the LGA and the enjoy the numerous savings and benefits that result from their membership.</p> <p>However, provisions need to be made that enable an equitable proportion of the costs to be recovered from a council that may withdraw or be expelled from the LGA in the future.</p>	<p><b>SUPPORT</b></p>
<p><b>s80A Training &amp; Development</b></p> <p>'LGA Training Standards' will still be specified in the Regs.</p> <p>Each council must adopt their own policy for conduct and completion of training and development by their members.</p> <p>If a council member has not completed the training, the CEO must suspend the council member unless the council member satisfies the CEO that good reasons exist.</p> <p>(See s262 for referral to Behavioural Standards Panel and penalties)</p>		<p>The LGA submission recommended that there be approved candidate training and candidates must indicate whether they have completed the approved candidate training, when nominating for council elections.</p> <p>At present, the State Government does not intend to include these in the (yet to be drafted) Regulations.</p> <p>Feedback from members is required about the proposed role for council CEOs in enforcing compliance with the training standards.</p>	<p><b>SUPPORT</b></p> <p><i>Re: LGA submission recommending approved candidate training – this is potentially discriminatory to people for whom English is a second language. Such a measure may have a deleterious effect on the number of people prepared to nominate for election.</i></p> <p><i>The current arrangements where awareness sessions are provided to prospective candidates are appropriate.</i></p> <p><i>CoS supports the intent but considers that it should not be the role of the CEO to suspend an EM. Perhaps this could be the subject of a report to council, and responsibility to rest with council.</i></p>



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<p><b>s80B Suspension of Council Member subject to an intervention order</b></p> <p>Suspend a council member who is the subject of an intervention order.</p> <p>The CEO will have discretion to suspend a member.</p>		<p>This proposal needs to be tested with member councils before the LGA forms a position.</p> <p>The LGA has sought advice from Norman Waterhouse Lawyers to clarify the proposed role of CEOs in administering this provision.</p> <p>Feedback from members is required about the proposed role for council CEOs.</p>	<p><b>SUPPORT</b></p> <p><i>While the intent of this proposal is supported, the proposed role of CEO is not.</i></p> <p><i>The CEO should not be placed in a position of having to suspend an elected representative.</i></p> <p><i>Clarification is also required in relation to potential conflict with provisions that provide for an EM losing their position on Council if they are absent without leave from three or more consecutive ordinary meetings of the council...is suspension deemed leave?</i></p> <p><i>Clarification is sought on whether this would apply to any intervention order.</i></p>
<p><b>s90(3)(o) Meetings held in public</b></p> <p>New exemption, allowing councils to discuss potential award recipients in confidence.</p>		<p>This is a minor but welcome amendment.</p> <p>This will allow the names of award-winners to not enter the public domain until the award is presented.</p>	<p><b>SUPPORT</b></p>
<p><b>s90(8) Informal Meetings held in public</b></p> <p>The rules relating to informal gatherings are simplified.</p> <p>The Bill replaces 'informal gatherings or discussions' with a simpler scheme of clearly defined 'information and briefing sessions'.</p>		<p>The current provisions are confusing and unintentionally broad. These new sessions will enable councils to more easily discuss and better understand their business but will also retain the expectation that these sessions cannot be used to obtain, or effectively obtain, decisions that should be made in a public council meeting.</p>	<p><b>SUPPORT</b></p>
<p><b>s90A NEW.</b></p> <p>The concept of 'Information or briefing session' is described more carefully. If it is one of these, it needs to be open to the</p>		<p>As per s90(8) above.</p>	<p><b>SUPPORT</b></p>

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<p>public and a record made.</p> <p>The CEO makes decisions regarding whether a matter will be on the agenda and if the group has 'effectively made the decision'.</p>			
<p><b>s92 Access to meetings and documents</b></p> <p>Councils must already have a Code of Practice about meetings and access to documents. The new obligation requires councils to consult with the public before adopting, altering or substituting the Code.</p> <p>Council reporting obligations are taken out of the various sections of the Act and will be replaced by a schedule, making it easier for councils and the public to understand what needs to be reported (and how).</p>		<p>Almost all of the reporting consultation provisions are removed from the Act and will be replaced by a schedule.</p> <p>Similarly, the Bill also removes requirements to have documents available to the public (online or in office) e.g. sections 77, 79, 105, 252, 259.</p>	<p><b>SUPPORT</b></p>
<p><b>s97(3)(a) Terminate a CEO</b></p> <p>Before council can terminate a CEO's employment, they must have regard to advice from a "qualified independent person".</p> <p>Definition: "a legal practitioner OR someone determined by the council to have appropriate qualifications or experience in human resource management".</p>		<p>The detail of this proposal needs to be tested with member councils before the LGA forms a position.</p> <p>Council must consider the advice but is not bound by it.</p> <p>This provision only applies to some of the grounds for termination. There is no requirement to obtain this advice if the CEO is 'guilty of an offence', etc.</p>	<p><b>SUPPORT</b></p> <p><i>CoS considers it appropriate and contemporary practice to seek professional advice to inform itself about a critical decision that it is ultimately responsible for.</i></p>
<p><b>s98 Fill CEO Vacancy</b></p> <p>Councils no longer need to advertise in a newspaper - instead, can use a website.</p> <p>Selection Panel: At least one is not a council member or member of staff.</p>		<p>Councils will typically engage a suitably qualified and experienced third party to assist with CEO recruitment.</p> <p>The detail of this proposal needs to be tested with member councils before the LGA forms a position.</p>	<p><b>SUPPORT</b></p> <p><i>Councils should be required to engage the services of appropriately skilled recruitment specialists to undertake an assessment of applications and make objective recommendations about short listing candidates for the selection panel to consider.</i></p>



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Before the CEO appointment, council must obtain and consider independent advice on the assessment of applications and recommendation on appointment			<p><i>CoS suggests that consideration should be given to requiring EMs who are appointed as selection panel members to receive appropriate training.</i></p> <p><i>The reference to advertising a position should be broad and accommodate newspaper AND website and other appropriate and transparent means.</i></p>
<p><b>s99(ia) and (ib) Role of CEO</b></p> <p>New subsections relating to CEO functions.</p> <p>A CEO must:</p> <ul style="list-style-type: none"> <li>ensure council has effective policies systems procedures, etc</li> <li>Report annually to the relevant audit and risk committee on the council's internal audit process.</li> </ul>		The section clarifies a role that most council CEOs perform already.	<b>SUPPORT</b>
<p><b>s99A Remuneration Tribunal extends to CEOs</b></p> <p>The Remuneration Tribunal will determine minimum and maximum remuneration for CEOs.</p> <p>The Remuneration Tribunal may have regard to any matter set out in the Regulations.</p> <p>ss(4) remuneration may differ based on geographical factors or other factors.</p> <p>Amounts may be indexed.</p> <p>The LGA will pay for the Remuneration</p>		<p>The proposed provisions are modelled on the Western Australia legislative scheme are were broadly supported by councils and the LGA in previous local government reform submissions.</p> <p>Clarification is required about how additional allowances (such as mobile phone, travel/fuel for country CEOs etc) will be considered/determined by the Tribunal.</p> <p>The Bill allows for a determination to be made 'from time to time'. Greater certainty should be provided about the minimum / maximum frequency of</p>	<b>SUPPORT</b>

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<p>Tribunals' reasonable costs.</p> <p>Councils must ensure the remuneration they pay is within the range set by the Remuneration Tribunal.</p>		<p>determinations, particularly as the cost of this process will be borne by councils (via the LGA).</p> <p>100% of South Australian councils are currently members of the LGA. However, provisions need to be made that enable an equitable proportion of the costs to be recovered from a council that may withdraw or be expelled from the LGA in the future.</p>	
<p><b>s102A CEO Performance review. NEW.</b></p> <p>A CEO Performance Review must occur at least once a year and "if relevant" before reappointment.</p> <p>Council must obtain independent advice by "qualified independent person" who is not a member of council and determined by the council (same as the requirements for CEO termination but a legal practitioner is not listed as an option. see 97(3), above).</p>		<p>The detail of this proposal needs to be tested with member councils before the LGA forms a position.</p>	<b>SUPPORT</b>
<p><b>s110 Code of conduct for employees</b></p> <p>This is replaced by s119A.</p>		<p>The employee register is designed to mirror the requirements for council members, CEOs have responsibility to manage this through council policies and industrial arrangements.</p>	<b>SUPPORT</b>
<p><b>s110A Duty to protect confidential information</b></p> <p>Duty of employees to protect confidential information. Adds a new limb "employee knew or ought to have known that the information is to be treated confidentially".</p>		<p>This is consistent with the clarification for council members' confidentiality obligations.</p>	<b>SUPPORT</b>

Item 4.2.4 - Attachment 1 - Local Government Reform - LGA Summary and City of Salisbury Draft Response to LG Statutes Amendment (Review) Bill 2020



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<p><b>s119A Register of Gifts and Benefits for Employees</b></p> <p>This was previously dealt with by Code of Conduct. The limit is intended to be the same as is currently declared by Minister.</p>		<p>The aim is for consistency in these arrangements, for employees and council members.</p>	<p><b>SUPPORT</b></p>
<p><b>s120A Employee Behavioural standards</b></p> <p>Council must prepare and adopt standards.</p> <p>An employee must comply with these standards. These standards will set out grounds for suspending or dismissing, disciplinary action against the employee.</p> <p>Before a council adopts or alters these standards, they must consult with relevant industrial association re the Employee Behavioural standards and any subsequent variation.</p> <p>Within 6 months of periodic election, council must review these standards.</p>		<p>While the council will adopt the overall policy, the CEO otherwise remains in charge of employee matters.</p> <p>The LGA will consult with member councils and with the relevant trade unions</p>	<p><b>OPPOSE</b></p> <p><i>There should be set industry-wide behavioural standards for LG employees.</i></p> <p><i>Individual councils should not be negotiating behavioural standards for individual organisations.</i></p> <p><i>Council should not be required to set behavioural standards.</i></p>
<p><b>s122 Strategic Management Plan</b></p> <p>A Council's Long-Term Financial Plan - must be for a 10yr period and must <b>(NEW)</b>:</p> <ul style="list-style-type: none"> <li>• outline council's approach to funding services and infrastructure</li> <li>• Set out council total revenue for the period</li> <li>• Outline the sources of revenue including fees, grants, rates and charges.</li> </ul> <p>(3a) Regulations may require the inclusion of other information.</p>		<p>The LGA acknowledges the significant work that almost all councils have undertaken in developing their LTFFPs and is comfortable with this codification of existing practice. NOTE that the Consultation Charter arrangements:</p> <ul style="list-style-type: none"> <li>• will require councils to consult with their communities on their LTFFPs; and</li> <li>• are likely to require councils to undertake further consultation before changes are made to the LTFFP.</li> </ul>	<p><b>SUPPORT</b></p>

**Local Government Reform - LGA Summary and CoS Draft response to Bill 2020**

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
<p><b>s123 Annual Business Plan NEW.</b></p> <p>An Annual Business Plan (ABP) must include:</p> <ul style="list-style-type: none"> <li>a statement on the proposed change in total revenue from general rates for the financial year and if ABP sets out a growth component in relation to general rates it may only relate to growth in the no of rateable properties and must not relate to the growth in the value of rateable properties.</li> <li>an explanation of how the proposed change is consistent with the council's LTFP.</li> <li>A summary of other reasons for the proposed change.</li> <li>Details of impact of the proposed change on average rates for each land use category.</li> <li>The advice received from the 'Designated Authority' (which looks like being the Essential Services Commission of SA); and</li> <li>The council's response to the advice which must set out whether the proposed change in total revenue from general rates is consistent with the advice and if not the reasons for the inconsistency.</li> </ul> <p>(3a) The draft ABP must be provided to the Designated Authority by 31 Dec in the FY preceding and must include:</p> <ul style="list-style-type: none"> <li>The proposed change in total revenue</li> </ul>		<p>This section would impose a series of expensive and unwarranted new requirements on councils in drafting and adopting their Annual Business Plan and Budget.</p> <p>This proposal introduces another layer of bureaucracy and gives a significant role to an unelected body that has no relationship with or accountability to the local community.</p> <p>This process will place councils in a continuous cycle of administrative planning and reporting that will detract from the councils' role in providing local services and facilities that benefit the local community.</p> <p>The timeframes outlined in this section are unrealistic and unworkable. A council will be required to adopt a draft Annual Business Plan and Budget in December – 6 months prior to the commencement of the new financial year. This provides limited flexibility to respond quickly and effectively to changing economic and social circumstances, such as those we have experienced in 2020 during the Covid-19 public health emergency.</p> <p>In 2019, the South Australian Productivity Commission undertook an Inquiry into Local Government Costs and Efficiency. The Inquiry found that SA councils are achieving high levels of efficiency and did</p>	<p><b><u>STRONGLY OPPOSE</u></b></p> <p><i>The remarks provided by the LGA are broadly supported but Council is of the view that the proposed changes will have a severe detrimental effect on how Council responds and delivers on its community's needs.</i></p> <p><i>The proposed changes reflect a poor understanding of how Councils go about determining the rate increase.</i></p> <p><i>Councils already account for the general increase in property values (by discounting the previous year's rate in the dollar by the average increase in property values) so that there is no "double dipping" in rates revenue.</i></p> <p><i>Growth is also not just about the number of new properties but also includes improvements to property (not general increase in values). This was an issue with the rate capping model that the Minister previously proposed and failed to garner sufficient support in the Parliament.</i></p> <p><i>It is noted that the State Government use the same capital value used by Local Government in calculating the Emergency Services Levy and also used in the calculation of water supply charge and sewerage access charges by SA Water.</i></p> <p><i>What is not known is if this value is discounted to not factor growth as being proposed for councils in the Bill.</i></p> <p><i>The development the City of Salisbury's Annual Business Plan (ABP), how it informs the annual budget, and its links to our City Plan, which projects a long term vision for the city, and its links</i></p>



**Local Government Reform - LGA Summary and CoS Draft response to Bill 2020**

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
<p>from general rates.</p> <ul style="list-style-type: none"> <li>The council's view of the impact of the change.</li> <li>Information about consideration given by council to alternatives to the proposed change including total revenue resulting from such alternative measures.</li> </ul> <p>(d) information as to how the proposal is consistent with the Council's LTFFP.</p> <ul style="list-style-type: none"> <li>Any other matter set out in the in Regs.</li> </ul> <p>The Designated Authority must provide its advice back to the council by 31 March of each year.</p> <p>The Designated Authority must have regard to:</p> <ul style="list-style-type: none"> <li>Information provided by, AND any matter directed by the Minister; and</li> <li>Any other matter considered relevant by the Designated Authority.</li> </ul> <p>The Designated Authority must publish a copy of any direction given by the Minister as soon as practicable.</p> <p>If the Designated Authority considers a council has failed to respond to its advice - it May provide a report to the Minister.</p>		<p>not make any recommendations that are consistent with the rate capping proposals contained within the Bill.</p> <p>The Commission did, however, find that regulatory compliance costs and the expansion of mandated responsibilities under state legislation have created additional cost pressures for councils.</p> <p>This Bill introduces a range of new compliance requirements that will need to be funded by councils. The costs of this process are likely to be significant. A 'Designated Authority' (likely to be ESCOSA) will need to undertake an individual assessment of every councils plans and budget, every year.</p> <p>As a reference, the Essential Services Commission in Victoria spent \$2 million in 2018/19 administering its local government regulatory role.</p> <p>Every extra dollar that is needed to fund new reporting requirements in an extra dollar that needs to be paid by ratepayers, or one less dollar that is invested in local services and facilities.</p> <p>This proposal is inconsistent with the LGA's longstanding policy position to oppose rate capping in any form.</p>	<p><b>to our Long Term Financial Plan, is a significant area of activity for us.</b></p> <p><b>The City Plan provides measures (financial and non-financial) to monitor and assess the performance of the council against its objectives, and our ABP and the corresponding annual budget are annual "building blocks" to achieving those objectives.</b></p> <p><b>Integral to these processes is regular community engagement and consultation to ensure that we are focussed on doing what our community expects.</b></p> <p><b>The proposed change requiring Councils to table a draft Annual Business Plan to the Designated Authority by the 31 December in the financial year preceding will likely lead to less time to consult with the community and counter the intent of ensuring the Annual Business Plan reflects the community's needs.</b></p> <p><b>Further, the Designated Authority must provide its advice back to Council's by the 31 March, which would include any matter directed by the Minister. This further reinforces that the Authority is not an independent body. Should substantial changes be required to a Council's Annual Business Plan arising from such directions, the ability for Councils to adopt its Annual Business Plan in a timely manner may be compromised.</b></p> <p><b>The City of Salisbury framework described (very simply) above is undertaken under the current legislative requirements.</b></p> <p><b>The injection of a Designated Authority, which can apparently be directed by the Minister, to comment on Council's proposed ABP, when it has no formal</b></p>

**Local Government Reform - LGA Summary and CoS Draft response to Bill 2020**

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
		<p style="font-size: 48px; opacity: 0.3; transform: rotate(-45deg);">DRAFT</p>	<p><i>linkages to the Council area and no apparent role to engage with our community, is at its simplest yet "another layer of bureaucracy".</i></p> <p><i>This creates in the Authority a formal and external "critique" mechanism where accountability rests only with Council. If, by the description provided, the Designated Authority must have regard to:</i></p> <ul style="list-style-type: none"> <li><i>o Information provided by, AND any matter directed by the Minister; and</i></li> <li><i>o Any other matter considered relevant by the Designated Authority,</i></li> </ul> <p><i>how will it be possible for the Authority OR the Minister to differentiate between circumstances among councils and make comment about a specific council area when all 68 councils are different.</i></p> <p><i>The established and long-held democratic relationship is between the community and its elected representatives. This proposal is a dilution of that relationship, and no evidence has been provided to show that councils are neither representative nor responsive to their communities.</i></p> <p><i>While the questions raised (or points made) by the LGA in relation to timelines, additional costs and rate capping are appropriate and correct, the critical point here is that with the proposed measures the autonomy of Councils and their representative role to act in the best interests of their communities would be significantly eroded, and councils left vulnerable to a State Government agenda.</i></p>



**Local Government Reform - LGA Summary and CoS Draft response to Bill 2020**

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
<p><b>Ch 13 s273 Reviews Initiated by Minister</b></p> <p>Minister may ask the council to report.</p> <p>If the council has "failed to adequately respond" to the Minister / Designated Authority advice, then....</p> <p>The Minister can give directions to the council to "rectify the matter" or to prevent recurrence of the "act, failure or irregularity".</p> <p>This is not limited to situations where there has been a breach or failure by a council. It could relate to any council budgetary decision -eg where the Minister and council merely have different financial priorities.</p>		<p>Councils already publicly consult and report on Annual Business Plans and Budgets, which outline proposed rate increases.</p> <p>Councils also have Audit Committees and are subject to an annual external audit. The Auditor General also has broad powers to review a councils' financial decision making.</p> <p>Ultimately, councils are accountable to the community and are held to account via democratic elections that are held every 4 years.</p> <p>This proposal centralised more power with an individual Minister, who will be given extremely broad scope to direct a council in relation to its budget and the delivery of local services and projects.</p> <p>This proposal is inconsistent with the LGA's longstanding policy position to oppose rate capping in any form.</p>	<p><b><u>STRONGLY OPPOSE</u></b></p> <p><i>See above comment.</i></p>
<p><b>s125 Internal Control policies</b></p> <p>New Regulation making powers. Councils must ensure their policies, practices and procedures comply with these Regulations</p>		<p>This is a potentially significant power and has the potential for the State government to significantly encroach on the decision-making of local representatives.</p> <p>The scope of the section extends to any policy, procedure, etc.</p> <p>The section could be used to effectively take away almost all council discretion and undermines the role of local government as an independent,</p>	<p><b><u>STRONGLY OPPOSE</u></b></p> <p><i>The remarks provided by the LGA are broadly supported.</i></p> <p><i>CoS considers the suggestion that a council's policy content could or should be adjusted by regulatory change is a blunt and aggressive attack on the autonomy of democratically elected public authorities.</i></p> <p><i>Current governance frameworks for councils are sufficiently robust so as to require contemporary</i></p>

**Local Government Reform - LGA Summary and CoS Draft response to Bill 2020**

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
		democratic sphere of government.	<p><i>thinking and contemporary processes to develop policies for the management and governance of a local council area for the benefit of the local community.</i></p> <p><u><i>There is already transparency and significant oversight over how councils undertake those processes.</i></u></p> <p><i>What is not transparent is any evidence that there is a need for this legislative change that places significant power in a Minister of State Government, and therefore the State Cabinet, to affect policy deliberations, strategic directions and therefore budget deliberations of a local council who have been elected to work for the local community, expending funds managed on their behalf, for their benefit and in their local area.</i></p> <p><i>There is no supporting information provided that suggests that State Government departments are either resourced or directed to undertake community consultation that will be sufficiently responsive or sensitive to local context, circumstances and prevailing community expectations so as to be able to frame policy changes that reflect the needs of our communities.</i></p> <p><i>At best such a power for regulatory change will have to be so broad as to be rendered meaningless and simply an added drain of resources for the need to make the changes.</i></p> <p><i>At worst such a power will be used to leverage local government resources to deliver state-wide policy objectives, regardless of whether local communities are supportive and have an expectation that their council will deliver.</i></p>

DRAFT

Item 4.2.4 - Attachment 1 - Local Government Reform - LGA Summary and City of Salisbury Draft Response to LG Statutes Amendment (Review) Bill 2020



**Local Government Reform - LGA Summary and CoS Draft response to Bill 2020**

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
<p><b>s126 Audit and Risk Committee</b></p> <p>A majority of members of council Audit and Risk Committees must not be members of the council and may not be an employee of the council.</p> <p>The role of these committees is expanded to include 'risk', and 'Functions' of Audit and Risk Committees expanded:</p> <p>New functions include:</p> <ul style="list-style-type: none"> <li>• <b>Monitoring expenses of council.</b></li> <li>• to make recommendations for improvements based on previous audit/risk assessments.</li> <li>• Review powers when CEO assists audit committee.</li> <li>• Liaise with council auditor in accordance with the Regulations</li> </ul> <p>(g) if a council has an internal audit function -to review/comment on an annual report by CEO in internal report re the scope of internal audit work; and</p> <ul style="list-style-type: none"> <li>• The objectivity and standard demonstrated in the carrying out of the function.</li> </ul> <p>If a council does not have internal audit function, the CEO must report on polices of council etc</p> <p>There must be one meeting of the Audit and risk Committee each quarter and the Audit and risk Committee must provide a report to council every 3 months.</p>		<p>The LGA's previous local government reform submission provided broad support for an expanded role for council Audit Committees. will seek advice on these details from the sector.</p> <p>The detail of this proposal needs to be tested with member councils before the LGA forms a position.</p>	<p><b>SUPPORT</b></p> <p><i>This is largely consistent with current City of Salisbury practise; however the reference to "monitoring expenses of council" is not appropriate or supported. It is at a level of detail that is not and should not be a function of an audit committee, but is the responsibility of the council and its oversight of the administration.</i></p>

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Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
<p><b>s126A</b> Regional audits permitted, where 2 or more councils share audit resources. This is optional.</p>		<p>This option may be useful for regional councils who struggle to recruit qualified independent auditors.</p>	<p><u>NEITHER SUPPORT or OPPOSE</u></p>
<p><b>s128 Auditor</b> Councils must use a different audit firm at least every 5 years.  Then a council must wait five years before re-engaging that same auditor.</p>		<p>Unlike the Corporations Act, councils can't just change the particular auditor within the same firm.</p>	<p><u>SUPPORT</u></p>
<p><b>s129 Conduct of Audit</b> If the SA Auditor-General exercises (existing) powers to perform the council audit, then a normal audit is not required.  If the Auditor -General conducts the audit, the council must pay for the reasonable costs incurred.</p>		<p>Note that the Auditor-General also has new powers to conduct a 'review' which is not a full audit but might be, for example, an investigation into a particular aspect of a council's affairs.  The broad powers that are already available to the Auditor General to review or audit a council's financial management are further justification that the additional, expensive rates oversight processes outlined in the Bill are unnecessary and unwarranted.</p>	<p><u>SUPPORT</u></p>
<p><b>s151 Basis of rating</b> Delete council power to use 'site value' as a means of rating. All councils will use 'capital value' method.</p>		<p>The OLG advise that currently only 8 councils use site value.  This will mean state-wide consistency for ratepayers, but the detail of this proposal needs to be tested with member councils before the LGA forms a position.</p>	<p><u>SUPPORT</u></p>
<p><b>s170 Notice of declaration of rates</b> Requirements to give the public notice of</p>		<p>The specific requirements to give the public notice of the declaration of rates will be set out in the Community</p>	<p><u>SUPPORT</u></p>



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Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
the declaration of rates.		Engagement Charter.	
<p><b>s194 Revocation of community land</b></p> <p>Simplification of current unwieldy process to revoke community lands. Cases where the Minister will be required to make the decision is clarified.</p> <p>More situations where councils can make the decision to revoke uncontroversial community land (eg unmade roads).</p> <p>Does not apply to Adelaide Parklands.</p>		<p>On an initial review of this proposed clause the LGA is not convinced that the drafting achieves the policy intention. With assistance from Norman Waterhouse Lawyers, we hope to clarify this and ensure the Minister is not required to approve minor or uncontroversial applications.</p>	<p><b>SUPPORT</b></p> <p><i>The intent is supported because council decisions about management, use and potential sale of land it owns should be based, wherever possible on robust community engagement and consultation.</i></p>
<p><b>s222 (1a) permits for mobile food vending business</b></p> <p>Removal of automatic granting of permits to mobile food vendors (food trucks).</p>		<p>Mobile food vending business will now be treated like any other business seeking a council permit. This is consistent with ongoing submissions from the sector and LGA advocacy.</p>	<p><b>SUPPORT</b></p>
<p><b>s262A Council Member Behaviour</b></p> <p>First step requires the council deal with issue in accordance with their (new) behaviour management policy and behaviour support policy.</p>		<p>Council has initial obligation to deal with council member behavioural issues, according to their own 'Code'.</p> <p>This is consistent with previous LGA local government reform submissions.</p>	<p><b>SUPPORT</b></p>
<p><b>s262C Member Behaviour – Action</b></p> <p>Council has powers to insert consequences/ penalties into their policy for breaches of their Council policy. Councils may:</p> <p>a) censure b) Require a public apology.</p>		<p>Most of these changes are welcome.</p> <p>Legal advice, mediation and other options can be used, if a council elects.</p> <p>Based on the consultation with the sector in 2019, there may be some concern if a majority of council members have a power to suspend a council member,</p>	<p><b>SUPPORT</b></p> <p><i>The intent of the proposed amendment is supported as it potentially will help to resolve matters before they might escalate to become a Code of Conduct matter that requires a formal process and seeking legal advice.</i></p> <p><i>The inclusion of mediation and similar mechanisms</i></p>

Item 4.2.4 - Attachment 1 - Local Government Reform - LGA Summary and City of Salisbury Draft Response to LG Statutes Amendment (Review) Bill 2020

**Local Government Reform - LGA Summary and CoS Draft response to Bill 2020**

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
<p>c) Require the councillor to undertake a specified course of training or instruction.</p> <p>d) remove or suspend the member from 1 or more offices held by the member.</p> <p>In dealing with these, council must proceed with as little as possible formality and technicality</p> <p>The clause has been designed in an attempt to enable councils to operate without requiring lawyers.</p> <p>Councils are not bound by the rules of evidence but must provide procedural fairness</p> <p>Council can refuse to deal with a matter because it is frivolous, vexatious, trivial. Council can also decide to take a matter no further.</p>		<p>even after a formal process had been completed.</p> <p>The LGA will seek feedback from member councils on the detail of this proposal.</p>	<p><i>that are aimed at swift and transparent resolution would be useful.</i></p>
<p><b>s262D Member Behaviour - Reasons</b></p> <p>If a council refuses to deal with a complaint or determines to take no further action, then the council must provide written reasons.</p>		<p>This is a new administrative step that, ideally, will be part of an overall scheme that is faster and less expensive than currently operating.</p>	<p><b>SUPPORT</b></p>
<p><b>s262E Behaviour Panel</b></p> <p>Misbehaviour means:</p> <ul style="list-style-type: none"> <li>• A failure by a member of council to comply with a requirement under 262C(1) (ie the council determination about the complaint)</li> <li>• Failure to comply with a council behaviour management policy.</li> </ul>		<p>Classifying these levels of poor behaviour will enable the new Behaviour Panel to issue guidelines on likely penalties.</p> <p>The proposal will give the Panel power to define bullying and harassment, for the purposes of the Local Government Act.</p>	<p><b>SUPPORT</b></p> <p><i>For the sake of consistency, the WHS Act definitions of bullying and harassment should be used.</i></p>



**Local Government Reform - LGA Summary and CoS Draft response to Bill 2020**

Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
<p>A failure to comply with an agreement reached following mediation, conciliation arbitration, dispute resolution process (ie a councillor has agreed and reneged).</p> <p>Repeated misbehaviour.</p> <p>Misbehaviour, repeated behaviour and serious misbehaviour are defined.</p> <p>'Serious misbehaviour' means bullying or harassment of another member or employee of council.</p>			
<p><b>s262F Panel</b></p> <p>Local Government Behaviour Panel will have 3 members:</p> <ol style="list-style-type: none"> <li>1. one jointly appointed by Minister and LGA</li> <li>2. one appointed by Minister and</li> <li>3. one appointed by LGA.</li> </ol>		<p>This proposal is consistent with the LGA's previous local government reform submissions.</p>	<p><b>SUPPORT</b></p> <p><i>A process to enable member councils of the LGA to vote on and determine the 3<sup>rd</sup> panel member instead of "joint appointment" between the Minister and the LGA would give confidence to councils that the Panel is truly independent and objective.</i></p> <p><i>The amendments should include a "skill set" as a requirement for appointment to the panel.</i></p>
<p><b>s262J Panel remuneration</b></p> <p>Remuneration and expenses of the Panel will be determined by Governor.</p>		<p>Early estimates (based on Local Government Grants Commission Model) indicate costs will be \$300-350K for all three Panel Members (and including an Executive Officer and one administrative person).</p> <p>It is proposed that the LGA pay these fixed costs with councils paying on a fee for service basis when their matters come before the Panel. The LGA seeks feedback on whether the sector is prepared to fund the proposed model.</p>	<p><b>SUPPORT</b></p>

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Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
<p><b>s262N</b></p> <p>The Panel must</p> <ul style="list-style-type: none"> <li>• Publish guidelines</li> <li>• Publish model behavioural management policies</li> <li>• Practice directions</li> </ul> <p>Panel can perform other functions assigned.</p>		<p>The LGA will seek further details on funding model. At present, the LGA would pay extra, if the Minister assigned the Panel additional functions. This appears to present an open-ended financial commitment. There is a danger that the State Government could use LGA to take on extra regulatory roles (cost shifting). Extra LGA and sector funding needs to be <i>by agreement</i>.</p>	<p><b>SUPPORT</b></p>
<p><b>s262Q Referral</b></p> <p>Matters can be referred to the Panel by</p> <ul style="list-style-type: none"> <li>• Resolution of council</li> <li>• CEO of council</li> <li>• at least 3 members of council</li> <li>• the Minister</li> </ul> <p>+ any person dissatisfied with council decision.</p>		<p>Council policies should have processes to deal with complaints from the public, council staff and council members. However, appeals do not need to be treated consistently.</p> <p>This clause needs to distinguish members of the public complaining about council member behaviour (already dealt with by s273 with appeals to Ombudsman) and complaints from staff and council members. The public already have the ability to complain about council member behaviour. There is no need (and have been no calls) for an additional grievance process for members of the public.</p> <p>Council staff and members should have access to the Panel where internal council processes have not been successful. This is the specific problem that the Panel is established to solve.</p>	<p><b>SUPPORT</b></p> <p>CoS support is only for the first dot point, namely, a matter can only be referred to the Panel by a resolution of council.</p>



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<p><b>s262S</b></p> <p>Panel may arrange for investigations, compel reports from council, etc.</p>		<p>Council will often conduct an initial investigation. While the Panel should be a fast and low-cost forum, it may need to (but should not be required to) conduct its own investigation.</p>	<p><b>SUPPORT</b></p>
<p><b>s262W</b></p> <p>Powers of the Behaviour Panel.</p> <p>The Panel may:</p> <ul style="list-style-type: none"> <li>• Reprimand</li> <li>• Direct a council to censure</li> <li>• Require a public apology</li> <li>• Require a councillor to undertake a course of training or development.</li> <li>• Require a councillor to reimburse an amount of money.</li> <li>• Remove or suspend an office in capacity as member of another body</li> <li>• Suspend for up to 3 months</li> <li>• Direct council to lodge complaint with SACAT (SACAT can suspend for longer or remove a person from council).</li> </ul> <p>If a councillor fails to comply with an order, this is defined as an integrity issue and goes to SACAT (not OPI) and the Panel must make a report to the Minister.</p>		<p>The LGA queries why the Panel refers censures back to councils and doesn't have the power to censure, itself.</p>	<p><b>SUPPORT</b></p> <p><i>The reference to "integrity" contradicts the proposed change to s262Y below.</i></p>
<p><b>s262Y</b></p> <p>If corruption or integrity issue - it goes to Office of Public Integrity.</p>		<p>Clarification is required regarding where appeals from Panel go, where there is not corruption.</p>	<p><b>SUPPORT</b></p> <p><i>Refer comment above.</i></p>

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Section of Act to change and what it does.	LGA Guide	LGA Comments	City of Salisbury: SUPPORT or OPPOSE and Comment
<p><b>s273 Action a Minister can take on Report</b></p> <p>A Minister may, on the basis of information received from:</p> <ul style="list-style-type: none"> <li>• ICAC</li> <li>• Ombudsman</li> <li>• A Designated Authority under s123</li> <li>• A report of the Small Business Commissioner</li> <li>• A report of the behavioural standards panel; or</li> <li>• A report of a council administrator,</li> </ul> <p>ask council why s/he shouldn't direct it.</p> <p>If not satisfied, Minister can direct Council.</p>		<p>This is the clause that gives the Minister broad powers to direct a council on matters arising out of these bodies.</p>	<p><b><u>OPPOSE</u></b></p> <p><i>There is no evidence that the current governance and oversight frameworks do not work or are somehow deficient.</i></p> <p><i>The Minister should not have the ability to intervene or overrule where a council has acted lawfully.</i></p>

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<b>ITEM</b>	4.2.5
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	12 August 2020
<b>HEADING</b>	Update on Internal Audit Plan
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	4.2 We deliver quality outcomes that meet the needs of our community. 4.4 We plan effectively to address community needs and identify new opportunities.
<b>SUMMARY</b>	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 April 2020.

**RECOMMENDATION**

1. That the updates made to the 2018 - 2022 Internal Audit Plan as set out in Attachment 1 to this report (Item 4.2.5, Audit Committee, 12/08/2020) are endorsed.

**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.
- 1.2 This report provides progress updates to the Internal Audit Plan since it was last presented to the Audit Committee in April 2020.

**2. REPORT****2.1 The Internal Audit Plan Update****2.1.1 Management of Contaminated Sites**

BlueSphere Environmental Pty Ltd were successful with the tender for this audit program. A draft audit report has been issued to City of Salisbury. The Infrastructure Management and Salisbury Water business units are finalising their management comments prior to the final report being presented to the Committee in November 2020.

## **2.2 Internal Audit Plan review**

- 2.2.1 The Internal Auditor and Risk Coordinator role has been vacant since November 2019.
- 2.2.2 The Strategic Reporting Process and Legislative Compliance audits, scheduled to be performed in 2020, were going to be performed internally, but, in the absence of an Internal Auditor, have not progressed.
- 2.2.3 The Data Governance and Incident Management Framework audits have been deferred.
- 2.2.4 In relation to the Data Governance audit, 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 2020 post the divisional re-structuring. An organizational review has commenced as a result of the ICAC Evaluation of the City of Playford Practices, Policies and Procedures. A part of that review relates to records management practices. Therefore the Data Governance audit will be deferred until following that review.
- 2.2.5 In relation to the Incident Management Framework audit, the audit program was postponed 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, respectively. Due to the COVID-19 pandemic, this audit remains on hold.
- 2.2.6 Consideration has been given to those co-sourced Internal Audits which could be progressed. The Work Health Safety Deep Dive, and Capital Works Projects audits are co-sourced and consideration will be given to progressing them while the recruitment for the Internal Auditor and Risk Coordinator continues.
- 2.2.7 The IT Disaster Recovery audit will be scheduled for the 2021/2022 financial year following the implementation of the Cyber Security Improvement Program.
- 2.2.8 The Internal Audit Plan has been updated to reflect the changes in the Strategic Risk Register to the inherent risk ratings of risks 2 and 9.

## **3. CONCLUSION / PROPOSAL**

- 3.1 This report outlines the progress made towards the completion of the Internal Audit Plan since it was last presented to the Audit Committee in April 2020.
- 3.2 This report seeks Audit Committee endorsement of the proposed 2018 – 2022 Audit Plan.

## **CO-ORDINATION**

Officer:

Date:



City of Salisbury Internal Audit Plan 2018 - 2021

Audit Ref	Strategic Risk Number	Risk Description	Inherent Risk	Residual Risk	www.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 & Visibility	Governance	Technical Services	Business Systems and Solutions	Business Support	Environmental Health & Safety	Projects	Strategic Development Projects	Financial Services								Communications & Customer Relations	Salisbury Water			
1	7	Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.	High	Medium																Risk-Based						<b>Strategic reporting process</b> Assurance on the processes and controls in place, specifically in relation to the City Plan, Business Planning and Annual Planning.
2	7	Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.	High	Medium																Risk-Based						<b>Contract Management</b> Assurance on the efficiency and effectiveness of the current tools and processes that are used to manage contracts at the City of Salisbury, identifying any areas where outcomes could be improved.
3	2	Inadequate response to contamination of the recycled water systems	Very High	High																Risk-Based						<b>Management of contaminated sites</b> 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						<b>Financial sustainability</b> Assurance on the financial sustainability of City of Salisbury, for example recognising the possibility of the introduction of rate capping
5	7	Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.	High	Medium																Compliance and Risk-Based						<b>Legislative compliance</b> Assurance that the policies and processes in place ensure compliance with relevant legislation.
6	7	Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.	High	Medium																Performance						<b>Complaint Handling</b> Assurance that processes provide for comprehensive, organisation wide handling of complaints
7	7	Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.	High	Medium																Risk-Based						<b>Data Governance</b> Assurance that City of Salisbury data governance processes ensure adequate protection of information

Item 4.2.5 - Attachment 1 - 2018-2022 Internal Audit Plan





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 - Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.	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 on hold due to resourcing constraints in the Governance division.
2	# 7 - Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.	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. Draft report has been issued and is being considered by management. Final report to be provided to November 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

Item 4.2.5 - Attachment 1 - 2018-2022 Internal Audit Plan



Internal Audit Plan 2019

Audit Ref	Strategic Risk / Objective	Critical Area / Driver	Rationale for Audit	Internal Control / Co-sourced				Risk	Current Status
				Q1	Q2	Q3	Q4		
5	# 7 Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.	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 legislative obligations are being complied with and that the processes in place to maintain up to date legislation is robust.	Internal					Audit programme currently on hold due to resourcing constraints in the Governance division.
6	# 7 Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.	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 Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation; # 9 Lack of alignment and integrity of IT Systems and data 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					The level of change in information and data management that is currently in implementation has meant that this audit programme best positioned to be undertaken during 2021 or 2022 post the review of records management practices.
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

Internal Audit Plan 2020

Audit Ref	Strategic Risk Question	Internal Audit Project	Scope of Audit	Internal/External					Current Status
				Internal	External	Q1	Q2	Q3	
8	# 7 Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.	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	# 8 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	# 9 Lack of alignment and integrity of IT Systems and data 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					This audit is to be deferred until 2021/2022 financial year following the implementation of the Cyber Security Improvement Program.
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 Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.	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
10	# 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					Complete
7	# 7 Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation; & # 9 Lack of alignment and integrity of IT Systems and data 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					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 2021 or 2022 post the review of records management practices.
6	# 4 Inadequate response to a major incident at a council run community event, that affect 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 2020 Work yet to commence 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

Item 4.2.5 - Attachment 1 - 2018-2022 Internal Audit Plan

Internal Audit Plan 2020

Internal Audit Plan 2021

Audit Title	Strategic Risk Number	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	# 9 Lack of alignment and integrity of IT Systems and data 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 Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation;	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		Payroll	The payroll administration function has stringent legislative (including Payroll Tax Act 2008) 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 4.2.5 - Attachment 1 - 2018-2022 Internal Audit Plan



Internal Audit Plan 2022

Audit Ref	Strategic Risk Number	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	#9 Lack of alignment and integrity of IT Systems and data 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		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 4.2.5 - Attachment 1 - 2018-2022 Internal Audit Plan



<b>ITEM</b>	4.2.6
	<b>AUDIT COMMITTEE</b>
<b>DATE</b>	12 August 2020
<b>HEADING</b>	Risk Management and Internal Controls Activities
<b>AUTHOR</b>	Janet Crook, Risk & Governance Program Manager, CEO and Governance
<b>CITY PLAN LINKS</b>	4.2 We deliver quality outcomes that meet the needs of our community. 4.4 We plan effectively to address community needs and identify new opportunities.
<b>SUMMARY</b>	This report provides an update on the risk management and internal controls activities conducted in the 2019/2020 financial year, and a summary of the planned activities proposed for the 2020/2021 year. The report also includes an update on the outstanding actions from internal audits.

**RECOMMENDATION**

1. The information is received.
2. The Update on Risk Management and Internal Controls Activities for 2019/2020, as set out in Attachment 1 to this report (Item 4.2.6, Audit Committee, 12/08/2020) is endorsed.
3. The proposed schedule of Risk Management and Internal Controls Activities for 2020/2021, as set out in Attachment 6 to this report (Item No. 4.2.6, Audit Committee 12/08/2020), is endorsed.
4. Council notes the update on outstanding actions from completed Internal Audits, as set out in Attachment 7 to this report (Item 4.2.6, Audit Committee, 12/08/2020).

**ATTACHMENTS**

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

1. Schedule of Risk Management and Internal Controls Activities 2019/2020
2. Financial Internal Controls self assessment 2019/2020
3. Financial Internal Controls self assessment - treatment plans
4. Budget and Finance Committee Report 9 June 2020 - Operating Savings Initiatives
5. Strategic Risk Register March 2020
6. Proposed Schedule of Risk Activities and Internal Controls for 2020/2021
7. Outstanding Actions from completed Internal Audits August 2020

## 1. BACKGROUND

- 1.1 This report provides an annual review of the risk management and internal controls activities completed in the 2019/2020 financial year. It also proposes a schedule of risk management and internal controls activities for the 2020/2021 financial year and gives an update on the actions outstanding from internal audits. The report allows the Audit Committee to monitor and review the activities and the assurance that they provide.

## 2. REPORT

- 2.1 Attachment 1 is a summary of the risk management and internal controls activities completed 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 April 2020:
- 2.2.1 As a result of the considerable impact of City of Salisbury's response to the COVID-19 pandemic, some timeframes in Attachment 1 have been amended.
- 2.2.2 Control self-assessments are performed in preparation for the performance by the external auditors of their review of the financial internal controls. The financial internal control review has been performed. A summary of the review has been included below.
- 2.2.3 Several activities which were scheduled for 2019/2020 but not completed have been carried forward into the 2020/2021 plan. These activities are:
- Review of the Fraud and Corruption Prevention Strategy.
  - Develop documented risk management framework.
  - Develop a consistent Policy Framework.
  - Risk Maturity Survey.
- 2.3 Updates to the risk management and internal controls activities will continue to be provided at each Audit Committee meeting.

### **Completion of Control Self-Assessments through the Control Track system**

- 2.4 City of Salisbury ("CoS") performs an annual self-assessment of its financial internal controls using Control Track.
- 2.5 The External Auditors perform a review of our internal financial controls as part of their annual external audit.
- 2.6 The self-assessment for the 2019/2020 period has been completed and appears as Attachment 2.
- 2.7 The City of Salisbury utilises a risk and control management application called ControlTrack, to monitor and review its internal financial controls. There are 260 controls within ControlTrack across 6 classes: Assets, Expenses, External Services, Liabilities, Revenue and Strategic Financial Planning.
- 2.8 We use a five point rating scale when self-assessing the effectiveness of our internal financial controls (1=ineffective, 2=requires significant improvement, 3=partially effective, 4=majority effective and 5=effective).



2.9 Of the controls assessed and reviewed in 2019/20, six controls were assessed as being partially effective or lower. Treatment plans have been established to improve the rating for these six controls, as follows.

2.9.1 “Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans.”

This is a control for the risk “Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.” That risk is rated residually High. The action plan is to update the Asset Management Operational Plans.

2.9.2 “Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.”

This is a control for the risk “Fixed Asset maintenance and/or renewals are inadequately planned.” That risk is rated residually Medium. The action plan is to complete the Asset Management Operational Plans.

2.9.3 “Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.”

This is a control for the risk “Fixed Asset maintenance and/or renewals are inadequately planned.” That risk is rated residually Medium. The action plan is to update the Strategic Asset Management Plan.

2.9.4 “Inventory is appropriately insured”

This is a control for the risk “Inventory is inadequately safeguarded.” That risk is rated residually Low. The action plan is that updated valuations should be carried out during the 2020/2021 year in collaboration with the City Infrastructure Department.

2.9.5 “There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.”

This is a control for the risks “Council does not obtain value for money in relation to its Contracting” and “Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.” Both risks are rated residually Medium. The action plan is to implement the actions from the Contract Management Audit, which was approved by the Council in March 2020.

2.9.6 “There is a process to ensure staff are aware of policies and procedures referenced in the Better Practice Model.”

This is a control for the risk “Staff are not aware of their responsibilities to ensure good governance including compliance with policies, procedures and relevant legislation.” That risk is rated residually Medium. The action plan includes undertaking a Policy Framework Review and implementing a process for advising staff of changes to existing policies or implementation of new policies.”

2.10 The Treatment Plans will be monitored with the Improvement Owners to completion. A schedule of the Treatment Plans appears as Attachment 3.

- 2.11 Bentleys conducted an interim audit as part of the overall 2019/2020 external audit process. The interim audit was conducted remotely and comprised a review of core financial internal controls.
- 2.12 Bentleys intend to issue an unmodified assurance opinion over the internal control environment of City of Salisbury.

### **COVID-19 UPDATE**

- 2.13 CoS has implemented measures to assist the community in light of the COVID-19 pandemic.
- 2.14 In April 2020, the Audit Committee was asked to consider the draft Annual Plan and Long Term Financial Plan prior to it being presented to Council for endorsement.
- 2.15 The Audit Committee recommended to Council and Council resolved that:
1. *The information be received*
  2. *Council notes that the Audit Committee have reviewed the Council's Annual Plan and Long Term Financial Plan in accordance with S126(4)(ab) Local Government Act 1999 and has provided part 3 for consideration.*
  3. *Recognising the response that Council are wanting to take in relation to COVID-19 and the impact that will have on key financial indicators, Council endorses consideration of the following measures are taken:*
    - *Revision of the Financial Sustainability targets from 40% to 70%.*
    - *Rate increases of more than CPI+0.6% from 2021/22 onwards*
    - *Ongoing Service / Cost Reductions / Income Gains / Potential Income Losses yet to be identified, of at least \$2.4M, are incorporated into 2020/21*

*and that these measures are incorporated into the Draft Annual Plan and Long Term Financial Plan for consultation, in a combination that results in financial sustainability targets being met over the 10 year period of the long term financial plan.*

*Resolution No 0511/2020*

- 2.16 There were several Council resolutions regarding CoS' response to the COVID-19 pandemic and its adoption of its 2020/21 Annual Plan and Budget. In particular in relation to the Audit Committee's recommendation that ongoing service/ cost reductions/ income gains/ potential income losses yet to be identified being incorporated into the 2020/21 budget, the Administration provided a report to Council discussing ongoing operational savings. The recommendation of that report was adopted as follows:

#### **6.4.2 Operating Savings Initiatives**

1. *The ongoing savings measures totaling \$0.6M as listed at Section 4.13 (Item 6.4.2, Budget and Finance Committee, 09/06/2020) are adopted by Council and incorporated into the 2020/21 Annual Plan and Budget.*
2. *That the one off savings measures totaling \$3.0M as listed at Section 4.14 (Item 6.4.2, Budget and Finance Committee, 09/06/2020) are adopted by Council for the 2020/21 financial year and reflected in the 1<sup>st</sup> Quarter Budget Review as non-discretionary items.*

- 2.17 The relevant Budget & Finance report appears as Attachment 4.
- 2.18 A meeting of the COVID-19 Working Group is scheduled for 12 August 2020 in order to debrief on the learnings arising out of the response to the COVID-19 pandemic and to plan for the possibility of a second wave.

#### **Review of Business Continuity corporate documentation**

- 2.19 A critical review of the Incident Management Team (IMT) Command Plan and critical business area Business Continuity Plans was conducted in March 2020, in response to the COVID-19 pandemic.
- 2.20 In addition, a Pandemic Response Plan was developed to inform the business of the delivery of Council services during COVID-19.
- 2.21 In accordance with section 3 of the IMT Command Plan, a Pandemic Action Plan was prepared for every business unit within City of Salisbury.
- 2.22 An independent review of the amended documentation was commissioned and a report was delivered in April 2020. Recommendations from the independent report are being incorporated into the corporate documentation.

#### **Strategic Risk Register Workshop**

- 2.1 The Strategic Risk Register Workshop with Elected Members, Audit Committee and the Executive Group was held on 17 March 2020.
- 2.2 The workshop was facilitated by David Powell and the Governance Division.
- 2.3 As a result of the workshop, changes and updates have been considered for the Strategic Risk Register. The revised Register, with track changes, is attached as Attachment 5 to this report.
- 2.4 In relation to the financial sustainability risk, discussion included what might some financial consequences of coronavirus be? Has Council experience budget savings/losses by not holding events? What stressors have there been on the community, for example – capacity to pay rates? Costs associated with running councils remotely. Sourcing materials for projects – locally rather than remotely. Allocation of grants might be impacted.
- 2.5 The Risk Description for Risk 7 (“Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation”) referred to governance frameworks, systems and business processes being inadequate to ensure robust decision making. However, governance, frameworks, systems and business processes are then listed as controls for the risk. Therefore, the Risk Description should just refer to inadequate decision making to enable the meeting of strategic objectives.
- 2.6 It was recognized that there is a lot of information in the Register and that thought should be given to making the document easier to digest. Management agrees with this commentary and will work towards developing a simpler lay out of the Register.

**Proposed Risk Management and Internal Controls Activities 2020/2021**

- 2.7 The activities proposed for 2020/2021 and set out in Attachment 6 seek to improve the overall effectiveness and efficiency of both the risk management and internal controls activities undertaken at the City of Salisbury.
- 2.8 A rationale for conducting each piece of work is provided. In addition to the activities carried forward, the following activities have been included:
- External Audit of financial internal controls;
  - Cash management;
  - Report on findings of the Audit Committee self-assessments;
  - Completion of Control Self-Assessments and Risk Assessments through the ControlTrack system, including external audit preparation;
  - Review of Business Continuity corporate documentation;
  - Development of a consistent Policy Framework;
  - Emergency Management Project.

**Cash Management**

- 2.9 The petty cash and till float reconciliations were performed in July 2020 for the 2019/2020 period to substantiate the information to be contained within the Annual Financial Statements. A report to the GM Business Excellence was prepared outlining the outcomes of the reconciliation. No issues were identified.

**Outstanding actions from completed Internal Audits**

- 2.10 Attachment 7 to this report provides an update on the status of all agreed action items arising from completed internal audits.
- 2.11 Progress against all outstanding actions is monitored with regular updates sought from the relevant divisional managers.
- 2.12 A presentation by the Manager Business Systems and Solutions will be given to the Audit Committee at its August 2020 meeting on the progress against the outstanding audit actions of the Business Systems and Solutions audit.
- 2.13 On 23 March 2020, Council endorsed the recommendation made by the Audit Committee on 18 March 2020 in relation to the Contract Management Audit as follows:

**4.2.2 Contract Management Audit Report**

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, subject to the management response for recommendation 9 being updated to reflect training and awareness for staff.*



3. *That the Administration prepare a report for the July 2021 Audit Committee meeting informing the Committee on management's progress on completion of the agreed actions.*

*Resolution No. 0461/2020*

- 2.14 In accordance with paragraph 2 of the resolution, the management response for recommendation 9 of the Contract Management Audit has been updated to reflect training and awareness for staff. The changes have been tracked in Attachment 7.
- 2.15 All action items from the recent audits performed on Contract Management and Asset Management have been included in Attachment 7. Some of those actions have not been accepted, or no further action is required to be performed. The actions have still been included for the purposes of this report, however will be removed for future reports.
- 2.16 All action items from the recent audit performed on Food Safety have been included in Attachment 7. All actions have been completed and included for completeness. These items will be removed from the outstanding actions schedule following the August 2020 meeting.

### **3. CONCLUSION / PROPOSAL**

- 3.1 This report has provided:
- 3.1.1 A summary of the risk management and internal controls work performed since the last Audit Committee meeting, including the outstanding actions from Internal Audits; and
- 3.1.2 The proposed risk management and internal controls work to be performed in 2020/2021; and
- 3.1.3 An update on the status of all agreed action items arising from completed internal audits.

### **CO-ORDINATION**

Officer:

Date:



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

v1.4

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	Completed	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. The financial internal control review has been performed. A summary of the review has been included in item 4.2.6.
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.

Item 4.2.6 - Attachment 1 - Schedule of Risk Management and Internal Controls Activities 2019/2020

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

v1.4

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

v1.4

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.	<p>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>.</p> <p>The finalisation of the PID Act means that the Fraud and Corruption Strategy will now be reviewed.</p> <p>As a result of the considerable impact of City of Salisbury's response to the COVID-19 pandemic, and the lack of an Internal Auditor and Risk Coordinator this item will be carried forward into the 2020/2021 plan.</p>

Item 4.2.6 - Attachment 1 - Schedule of Risk Management and Internal Controls Activities 2019/2020

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

v1.4

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	Completed	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.	A review of the Business Continuity corporate documentation was performed during the COVID-19 pandemic. Refer item 4.2.6 for further commentary.
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. As a result of the considerable impact of City of Salisbury's response to the COVID-19 pandemic, and the lack of an Internal Auditor and Risk Coordinator this item will be carried forward into the 2020/2021 plan.

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

v1.4

Annual Plan - July 2019 to June 2020					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress
Develop Operational Risk Register	Risk Management	Internal	Completed	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. Further development of operational risk registers within City of Salisbury will be ongoing.
Develop a consistent Policy Framework	Risk Management / Governance	Internal	In progress	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 during the 2020/21 financial year.
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. As a result of the considerable impact of City of Salisbury's response to the COVID-19 pandemic, and the lack of an Internal Auditor and Risk Coordinator this item will be carried forward into the 2020/2021 plan.





ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Owner	Assessor	Assessment	Reviewer	Review Date
STR-BUD-0009	There is a process in place to review actual compared to budget and significant variances investigated.	Kate George			Charles Mansueto	noted and agreed, regular meetings to discuss variances
STR-BUD-0008	There is a process in place to ensure the finance system reflects the original adopted budget and any changes adopted by Council.	Kate George		The original budget is prepared within the finance system and the budget module is utilised to become the original budget. There are reconciliation processes in place to ensure that the original budget and adjustments through budget reviews in the system reflect endorsed original and reviewed budgets.	Charles Mansueto	noted and agreed
STR-BUD-0007	The process to establish the annual Budget and any budget amendments are compliant with the Local Government Act 1999 and associated Regulations.	Kate George			Charles Mansueto	noted and agreed
STR-BUD-0006	The original budget and any budget amendments must be made in accordance with the Local Government Act 1999 and associated Regulations.	Kate George			Charles Mansueto	noted and agree with score, the FS team have a strong understanding of the legislated requirements and ensure compliance across organisation.
STR-BUD-0005	The adopted budget and budget amendments approved by Council are reviewed and the impact on financial sustainability considered.	Kate George		The budget and LTFP are prepared concurrently so that Council is aware of the impacts of decisions on the long term financial sustainability of council. Budget reviews are prepared with detail of forecast financial statements and forecast indicators included, together with commentary of the impacts of decisions to support Council in understanding financial sustainability impacts	Charles Mansueto	noted and agreed
STR-BUD-0004	Process to establish the annual budget and ensure it is aligned with the Annual Business Plan and Strategic Management Plans, including Long Term Financial Plan and Asset Management Plans.	Melissa Hamilton			Kate George	
STR-BUD-0003	Council has in place a process which is delegated to council administration who are responsible to put in place a framework of internal controls over budget formulation and management.	Kate George		The framework for Council budget formation is detailed in budget context paper endorsed by executive and budget timetable report endorsed by Council each year	Charles Mansueto	noted and agreed, process has been tested & refined over many years.
STR-BUD-0002	Budgets and budget amendments are based on realistic and achievable assumptions at time of preparation.	Melissa Hamilton			Kate George	
STR-BUD-0001	Access to edit Budget information and master file is restricted/limited to appropriately authorised personnel.	Melissa Hamilton			Kate George	

ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Assessor	Assessor Position	Reviewer	Reviewer Position
General Ledger					
STR-GEN-0012	There is a process in place to review actual vs budget and significant variances investigated.	Tim Apin	Comprehensive review process as part of EOM Management Reporting and also Quarterly Budget Reviews to Council	Kate George	
STR-GEN-0013	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure.	Tim Apin	Undertaken bi-monthly, and reviewed by Senior Accountant. Occasionally due to work loads and other priorities there can be delays however they are followed up and finalized as soon as possible	Kate George	
STR-GEN-0010	Journal entry access is restricted to appropriately authorised personnel.	Matthew Coldwell	User Security Settings within the Finance system restrict access to functions including Journals and other Data Entry screens to appropriate staff	Kate George	
STR-GEN-0009	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Tim Apin		Kate George	
STR-GEN-0008	Formal disaster recovery plan is in place and communicated to relevant staff.	Khal Rahman	Documented disaster recovery testing plan and business impact analysis in place for core critical systems. Also, redesigned and implemented the systems architecture to ensure higher availability and suite fail-over as a part of Salisbury community hub project. In addition to that, all critical production systems are physically hosted in a third party data center which ensures higher continuity and availability.	David Bevan	
STR-GEN-0007	Financial data is backed up and stored offsite.	Khal Rahman		David Bevan	
STR-GEN-0006	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Matthew Coldwell	Data Entry Control settings within each data entry screen in the Finance system are set to ensure each document (journal) are balanced before it will enable posting to occur. Other clearing type accounts utilised for integration with other systems, utilise account reconciliation processes in the Finance system to ensure these are regularly cleared out via journal to the appropriate GL account.	Kate George	
STR-GEN-0005	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Tim Apin	Generally undertaken by Senior Staff, or if done by others reviewed before hand. Further comprehensive review happens as part of the EOM Management Reporting process	Kate George	
STR-GEN-0004	All major updates and changes to General ledger finance system are authorised, tested and documented.	Khal Rahman		David Bevan	
STR-GEN-0003	All journals, including manual entries, identify data posted, narration, author, journal and posting reference.	Melissa Hamilton		Tim Apin	

ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Assessor	Assessor Position	Reviewer	Reviewer Position
STR-GEN-0002	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Tim Aplin	Prepared bi-monthly by Accounting Services Staff and reviewed by Senior Accountant. Occasionally a account is missed or requires further information and this resolved as part of the ongoing reviews.	Kate George	
STR-GEN-0001	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Matthew Caldwell	User Security Settings within the finance system restrict access to functions including general ledger maintenance to appropriate staff such as finance staff.	Kate George	
<b>Management Reporting</b>					
STR-MAN-0008	There is a process in place to ensure relevant staff are clearly informed of their duties and responsibilities in relation to financial management reporting.	Melissa Hamilton		Kate George	
STR-MAN-0007	There is a process in place for the review of financial management reporting for reasonableness and accuracy.	Melissa Hamilton		Kate George	
STR-MAN-0006	There are automated exception reports that identify variances to budget based on a predetermined threshold to be investigated.	Melissa Hamilton		Kate George	
STR-MAN-0005	The long term financial plan is reviewed in accordance with the Local Government Act 1999 and resubmitted in line with key financial targets.	Tim Aplin		Kate George	
STR-MAN-0004	Management and/or Council review the financial management reports on a regular basis and investigate all significant variances to budget.	Melissa Hamilton		Kate George	
STR-MAN-0003	Council reviews and reports on its financial performance in accordance with relevant legislative requirements.	Kate George		Charles Mansueto	noted and agreed
STR-MAN-0002	Council has adopted a set of key financial indicators and targets that are consistent with the corporate objectives	Kate George		Charles Mansueto	noted and agreed
STR-MAN-0001	Council has a suite of accounting policies and procedures that are regularly reviewed, and updates are communicated to appropriate personnel.	Tim Aplin		Kate George	
<b>Statutory Reporting</b>					

ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Assessor	Assessor Rating	Reviewer	Reviewer Rating	Reviewer's Reason
STR-STA-0010	There is a process to ensure that appropriate personnel responsible for preparing statutory reports are aware of changes to reporting requirements.	Tim Apfin	5	Kate George	5	
STR-STA-0009	There is a process in place to review actual vs budget and significant variances investigated.	Melissa Hamilton	5	Kate George	5	
STR-STA-0008	Statutory financial reports prepared by appropriate personnel are reviewed by senior management and/or Audit Committee.	Tim Apfin	5	Kate George	5	
STR-STA-0007	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure.	Tim Apfin	5	Kate George	5	
STR-STA-0006	Liaison with legal and tax advisors as required to assist in timely completion and lodgement of statutory documents.	Tim Apfin	4	Kate George	4	We seek tax advisor on a needs basis
STR-STA-0005	Liaison with external auditors to ensure completion and lodgement of statutory documents.	Tim Apfin	5	Kate George	5	
STR-STA-0004	Financial policies and procedures, and related guidance are reviewed and updated as required.	Tim Apfin	5	Kate George	5	
STR-STA-0003	Council has complied with all of its financial reporting requirements as per the Local Government Act 1999 and relevant regulations	Kate George	5	Charles Mansueto	5	noted and agreed
STR-STA-0002	Council has a process in place to ensure statutory reporting deadlines are met.	Kate George	5	Charles Mansueto	5	noted and agreed
STR-STA-0001	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Tim Apfin	5	Kate George	5	



ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Assessor	Assessor Position	Reviewed	Reviewed Position
REV-GRA-0005	There is a process in place to ensure that grant funding received is reconciled to the budget and the funding agreement.	Christy Martin		Jared Collins	
REV-GRA-0004	There is a process in place for the regular review of all grant income to monitor compliance with the terms of the grant.	Christy Martin		Jared Collins	
REV-GRA-0003	Management and/or Council to approve all tied grants (prior to funds being received by Council) to ensure that Council will be able to meet the terms and obligations of the grant.	Christy Martin		Jared Collins	We are currently on top of the grants process and reporting requirements.
REV-GRA-0002	Grant funding is identified as part of the budget process and/or subsequent budget reviews.	Melissa Hamilton		Kate George	
REV-GRA-0001	Council reviews services where grant funding has ceased to ensure it understands the financial impact on its sustainability.	Melissa Hamilton		Kate George	
<b>Investment/Interest Income</b>					
REV-INV-0003	There is a process in place to ensure that interest attributable to a specific project is correctly recorded in line with the conditions of the agreement or relevant legislation.	Melissa Hamilton		Kate George	
REV-INV-0002	Investment balances and the interest earned are reconciled on a regular basis to third party statements and are accounted for in the relevant period.	Melissa Hamilton		Kate George	
REV-INV-0001	Actual investment income compared to budget on a regular basis; variances are investigated.	Melissa Hamilton		Kate George	
<b>Other Revenue</b>					
REV-OTR-0001	There is a process in place to ensure that all other revenues are accurately recorded and there is an audit trail.	Brod Scholefield		John Barzand	Revenues are all recorded in Pathways and can be tracked to the relevant officer on duty

ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Assessor	Assessment	Assessor Position	Reviewed	Reviewed Position
Rates/Rate Rebates						
REV-RAT-0010	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Matthew Coldwell	Green	Kate George	Green	
REV-RAT-0009	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Matthew Coldwell	Green	Kate George	Green	
Rates/Rate Rebates						
REV-RAT-0008	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.	Matthew Coldwell	Green	Kate George	Green	
REV-RAT-0007	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Matthew Coldwell	Green	Kate George	Green	
REV-RAT-0006	There is a process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Matthew Coldwell	Green	Kate George	Green	

ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Assessor	Assessment	Reviewed	Reviewed Person
REV-RAT-0005	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Hannah Walters	Green	Julie Kuchair	Green
REV-RAT-0005	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Matthew Coldwell	Green	Kate George	Green
REV-RAT-0004	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finishing rate generation.	Matthew Coldwell	Green	Kate George	Green
REV-RAT-0003	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Matthew Coldwell	Green	Kate George	Green
REV-RAT-0002	All rate rebates and adjustments (including write offs) are appropriately authorised, with reference to Delegations of Authority and source documents.	Matthew Coldwell	Green	Kate George	Green
REV-RAT-0001	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Matthew Coldwell	Green	Kate George	Green

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Item 4.2.6 - Attachment 2 - Financial Internal Controls self assessment 2019/2020

ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Assessor	Assessor Position	Reviewer	Reviewer Position
<p>Receiving</p>					
REV-REC-0010	There is a review process for the authorisation of the reversal of transactions.	Hannah Walters	✓	Julie Kushnir	✓
REV-REC-0009	There is a process in place to ensure that the third party receiving downloads are reconciled to the third party substantiation documents.	Debbie Rimington	✓	Hannah Walters	✓
REV-REC-0009	There is a process in place to ensure that the third party receiving downloads are reconciled to the third party substantiation documents.	Karen Wehmann	✓	Matthew Caldwell	✓
REV-REC-0008	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Hannah Walters	✓	Julie Kushnir	✓
REV-REC-0007	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Hannah Walters	✓	Julie Kushnir	✓
REV-REC-0006	Process in place to ensure all monies received (including that from all offsite locations) are receipted and recorded in a timely manner.	Hannah Walters	✓	Julie Kushnir	✓
REV-REC-0005	Prior to and during the banking process, cash is stored securely at all times.	Hannah Walters	✓	Julie Kushnir	✓
REV-REC-0004	Officers who create debtors invoices do not have access to receipting payments and/or reversing receipt transactions.	Hannah Walters	✓	Julie Kushnir	✓
REV-REC-0003	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Hannah Walters	✓	Julie Kushnir	✓
REV-REC-0002	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Melissa Hamilton	✓	Tim Apin	✓
REV-REC-0001	Appropriate process is in place to manage the funds collected on behalf of third parties.	Melissa Hamilton	✓	Tim Apin	✓
<p>User Pay Income - Fee for Service</p>					

General Payments into the Bank - Accounting Services look at the Banking transactions and then forward this onto Rates to investigate where payment is needed to be applied against an assessment. Only Karen and Lauren can receipt into Pathway (TL and Senior Rates Officer do not have access) Accounting Services then reconcile the Pathway receipt to the bank transactions. A similar process occurs for payroll deductions for Staff Rate Payments.



ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Assessor	Assessor Position	Reviewer	Reviewer Reason
REV-USE-0008	There is a process in place to manage and reconcile bonds and deposits.	Melissa Hamilton		Tim Aglin	
REV-USE-0007	There is a process in place to establish fees and charges (including GST treatment) which are reviewed annually and adapted by Council.	Melissa Hamilton		Kate George	
REV-USE-0006	There is a process in place to ensure the fees and charges are applied in accordance with those adopted in the fees and charges register.	Melissa Hamilton		Kate George	
REV-USE-0005	There is a process in place to ensure that fee for service income is accounted for.	Melissa Hamilton		Kate George	
REV-USE-0004	There is a process in place to ensure that amounts charged are in accordance with the Council's Fees and Charges register.	Karen Wehrmann		Matthew Coldwell	Approved Fees and Charges in the Budget Module are reference directly by the web form when staff raise a debt.
REV-USE-0003	Regular reviews are conducted to ensure formal lease agreements and other Council facilities contracts are being met and payments are made on time.	Tim Starr		Karen Pepe	
REV-USE-0002	Fees and Charges register is maintained and made available to the public.	Melissa Hamilton		Kate George	
REV-USE-0001	Delegations are in place for adjusting or waiving fees for service charges adopted in the fees and charges register.	Melissa Hamilton		Kate George	
<div style="background-color: #cccccc; padding: 2px;">Accounts Payable</div>					
LIA-ACC-0016	There is a system generated report detailing supplier invoices due for payment at any one time.	Veronica Timmermans		Kate George	Payments happen weekly on a Friday. A report is generated by selecting a due date. All invoices due on or before that date will be picked up for payment.
LIA-ACC-0015	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Matthew Coldwell		Kate George	Changes to the Creditors Chart are reported out weekly via a standard system generated report, matched to source documents and reviewed by independent staff to ensure that changes made are accurate. Reviews of creditor payment histories are undertaken less frequently to see if there are any creditors who have not been used in a number of years and these are inactivated within the chart.

ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Authoriser	Assessor	Assessor Position	Reviewed	Reviewer Position
LIA-ACC-0014	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Veronica Timmermans		Statements are reconciled and followed up if there is an amount showing as Overdue. If required, Accounts Payable request copies of the invoices and follow them up for payment.	Kate George	
LIA-ACC-0013	Separation of Accounts Payable and Procurement duties.	Matthew Coldwell		Council have segregated the functions and staff relating to AP and Procurement into 2 different teams with different team leaders.	Kate George	
LIA-ACC-0012	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Matthew Coldwell		Proposed changes to key data such as EFT Details received via email or letter are confirmed via a phone call directly to the creditor utilising contact details held within Council Systems.	Tim Apin	
LIA-ACC-0011	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Veronica Timmermans		Matthew reviews the aged payables on a weekly basis and advises Accounts Payable. Accounts Payable then chase and advise Matthew of the results.	Kate George	
LIA-ACC-0010	Records must be maintained of all payments with supporting documentation.	Veronica Timmermans		A Payment Register is produced when payments are made and put into Data Works by Finance. All invoices are available to Finance One.	Matthew Coldwell	Payment Schedule is reviewed by Accounting Services prior to funds being released.
LIA-ACC-0009	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Matthew Coldwell		Changes to the Creditor Chart are reported out weekly via a standard system generated report, matched to source documents and reviewed by independent staff to ensure that changes made are accurate.	Kate George	
LIA-ACC-0008	Predetermined variances between Purchase Orders and invoices are assessed and payment released only after verification by the officer with delegation to do so.	Veronica Timmermans		Invoices are matched to Purchase Orders with a small variance amount. Accounts Payable will let the approving officer know that there are insufficient funds on a Purchase Order and amendment to the Purchase Order is required or a new Purchase Order is to be raised.	Matthew Coldwell	
LIA-ACC-0007	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Melissa Hamilton			Tim Apin	
LIA-ACC-0006	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Melissa Hamilton			Tim Apin	
LIA-ACC-0005	Goods returned notes are matched to credit notes; differences are investigated promptly.	Melissa Hamilton			Tim Apin	
LIA-ACC-0005	Goods returned notes are matched to credit notes; differences are investigated promptly.	Matthew Coldwell		Authorisers may receive Goods Returned notes and will be required to match these against the credit notes as they come through. Authorisers acknowledge that on the approval of a credit note that the goods sent back match the quantity listed on the credit note. AP will question anything that looks unusual and ask for additional information from the authoriser as required.	Tim Apin	

ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Assessor	Assessor Position	Reviewer	Reviewer Reason
LIA-ACC-0005	Goods returned notes are matched to credit notes differences are investigated promptly.	Vern Purdy		Mark Purdie	Through payables system
LIA-ACC-0004	Employee expenses claims must be approved by authorised staff and independently verified and include relevant substantiation.	Jen Payne		Gail Page	
LIA-ACC-0003	Blank cheques to be held securely and access restricted to relevant staff.	Veronica Timmermans	Blank cheques are locked in a cupboard with Accounts Payable having the only access.	Matthew Coldwell	Cheque Printer is also Restricted to AP Staff only
LIA-ACC-0002	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Veronica Timmermans	All invoices and payment requests are approved electronically. The system will not let a person approve a payment if it is over their Delegation or not within their Budget Line. The payment would then be referred to someone else with the Delegated Authority. (Team Leader/Manager)	Matthew Coldwell	Delegations are all held within the Tech 1 Finance system with system Workflow processes used to manage the approvals
LIA-ACC-0001	Access to the supplier master file is restricted to authorised staff	Matthew Coldwell	User Security Settings within the Finance system restrict access to functions including the Creditors Chart to appropriate staff	Kate George	
<p>Approved Expenses</p>					
LIA-EXP-0001	Accrued expenses reconciliations are completed in accordance with a schedule of review and/or procedure.	Jen Payne		Gail Page	
<p>Borrowings</p>					
LIA-BOR-0010	There is a process in place to ensure that loan repayments are made in accordance with the loan schedule.	Tim Aglin	All loans are held with the LGFA and they direct debit our account in accordance with the loan covenants.	Kate George	
LIA-BOR-0009	The loan register and loan approvals are subject to management and/or internal audit review.	Melissa Hamilton		Tim Aglin	
LIA-BOR-0008	Loan repayments made via automated direct debit, where applicable, are approved appropriately and monitored for on-going relevance.	Melissa Hamilton	We don't have loan repayments via direct debit, however the Building Upgrade Finance loan is paid via Direct Debit and all relevant controls are adhered to.	Tim Aglin	
<p>Debt Repayments</p>					
LIA-BOR-0007	Debt repayments are transacted and recorded in the correct accounting period, and are reconciled to ensure they are matched to the loan schedule where applicable.	Tim Aglin		Kate George	

ControlTrack

CoS 19/20 BPM Control Assessment

Code	Description	Assessor	Assessor Position	Reviewer	Reviewer Reason
LIA-BOR-0007	Debt repayments are transacted and recorded in the correct accounting period, and are reconciled to ensure they are matched to the loan schedule where applicable.	Melissa Hamilton		Tim Aglin	
LIA-BOR-0006	Cashflow forecasts are considered to ensure sufficient working capital is available	Tim Aglin		Kate George	
LIA-BOR-0006	Cashflow forecasts are considered to ensure sufficient working capital is available	Melissa Hamilton		Tim Aglin	
LIA-BOR-0005	All new loan repayment schedules and conditions are checked prior to accepting cash loan.	Melissa Hamilton		Tim Aglin	
LIA-BOR-0004	All loans are in accordance with treasury management policies which outline appropriate approval mechanisms and authority required.	Tim Aglin		Kate George	
LIA-BOR-0003	All additions, deletions, and other changes to the loan register and loan repayment data are undertaken by relevant staff, and are compared to the loan agreement to ensure that they were input accurately. Identified errors are corrected.	Melissa Hamilton		Tim Aglin	
LIA-BOR-0002	A review is undertaken to identify unrecorded loan liabilities at key reporting dates.	Tim Aglin		Kate George	
LIA-BOR-0001	A loan register is maintained including reference to Council resolution approving the loan and schedule of the loan liability and loan repayments from the lender. This also includes details of any Cash Advanced Obligations.	Melissa Hamilton		Tim Aglin	
<b>Employee Provisions</b>					
LIA-EMP-0004	Where appropriate, employee provisions are calculated by an automated process and the integrity of the calculations are verified for accuracy to ensure consistency with statutory reporting requirements.	Tim Aglin	Undertaken at EOFY in accordance with the requirements of the AASB's. Subject to external audit at EOFY	Kate George	
LIA-EMP-0003	There is an approval process for all staff requests for leave and leave taken is recorded by somebody independent from the approval.	Jan Payne		Gail Page	

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Code	Description	Assessor	Assessor Rating	Reviewer	Reviewer Rating
LIA-EMP-0002	There is a process in place to ensure the accuracy and completeness of inputs into the calculation of the employee provisions.	Jen Payne	Green	Gail Page	Green
LIA-EMP-0001	Leave balances are recorded on pay advices for verification by staff.	Jen Payne	Green	Gail Page	Green
<b>Taxation</b>					
LIA-TAX-0005	There is a process in place to ensure that all taxation returns are lodged within statutory timescales.	Melissa Hamilton	Green	Tim Apin	Green
LIA-TAX-0004	There is a process in place to ensure relevant staff responsible for preparation of taxation returns, are up to date and comply with relevant legislative requirements.	Melissa Hamilton	Green	Tim Apin	Green
LIA-TAX-0003	Relevant staff periodically review a selection of transactions to ensure appropriate tax treatment.	Melissa Hamilton	Green	Tim Apin	Green
LIA-TAX-0002	External advice is sought where staff requires additional technical expertise.	Melissa Hamilton	Green	Tim Apin	Green
LIA-TAX-0001	All lodgement statements and returns are reviewed and approved by relevant staff prior to lodgement.	Melissa Hamilton	Green	Tim Apin	Green
<b>Financial Governance</b>					
<b>Governance</b>					
FIG-GOV-0004	There is a process to ensure staff are aware of policies and procedures referenced in the Better Practice Model.	Joy Rowett	Orange	Mick Petrovski	Orange
FIG-GOV-0004	There is a process to ensure staff are aware of policies and procedures referenced in the Better Practice Model.	Kate George	Green	Charles Mansueto	Green
FIG-GOV-0003	There is a process in place to ensure all policies and procedures referenced in the Better Practice Model are reviewed for appropriateness and relevance.	Joy Rowett	Green	Mick Petrovski	Green
FIG-GOV-0003	There is a process in place to ensure all policies and procedures referenced in the Better Practice Model are reviewed for appropriateness and relevance.	Kate George	Green	Charles Mansueto	Green

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Code	Description	Responsible	Assessment	Assessor	Reviewed	Reviewed Person
FIG-GOV-0002	There is a process in place for staff to be made aware of the Code of Conduct and Conflict of Interest.	Gail Page	Green	Annual Employee Conduct Refresher occurs for all employees. Conflict of Interest declaration sent by Procurement at the initiation of a procurement process.	Charles Mansueto	Green noted and agreed
FIG-GOV-0001	Delegations of authority referenced in the Better Practice Model are reviewed for appropriateness, with changes approved as required.	Jay Rowlett	Green	The Delegations under the Development Act are awaiting commencement of the Act on 1 September 2020. The last Variations to Delegations report was completed in September 2019	Mick Petrovic	Green
<p>Contracts</p>						
EXT-CON-0007	There is an ongoing management in place that identifies and manages deliverables, key contract clauses, responsibilities, milestones and includes dispute resolution procedures.	Adnan Pheol	Green	All deliverables are managed through the Forme Agreements that mitigates the risk	Simone Schmidt	Green Only Strategic Procurement develop contract documents, any departures from standard CoS terms and conditions require approval from Strategic Procurement and/or relevant General Manager. Contract management activities dependent on individual contract manager - refer recent report to Audit Committee.
EXT-CON-0006	There is a process in place to ensure that commitments are made with approval by Council or delegated staff.	Adnan Pheol	Green	Commitments are made through a system Finance 1 and signing of the agreements, subject to the approval from the relevant CoA	Simone Schmidt	Green
EXT-CON-0005	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	Adnan Pheol	Orange	SP responsibility is to award the contract, however managing of the contract in regards to performance of services and contractual obligations lies with the respective contract managers.	Simone Schmidt	Orange Dependent on individual contract manager. Contract management currently outside the scope of Strategic Procurement division. No contract management framework or responsible area within CoS - refer recent report to Audit Committee.
EXT-CON-0004	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Simone Schmidt	Green	All procurements valued >\$150,000 GST exclusive are led by Strategic Procurement team member. Evaluation process documented and approved prior to market approach. Evaluation process and recommendation is documented for approval by relevant financial delegate / Executive Group.	Charles Mansueto	Green noted and agreed
EXT-CON-0003	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Adnan Pheol	Green	For Strategic Procurement (above 150k), Conflict of Interest information is sought before the evaluation team comes on board for the evaluation of the submissions.	Simone Schmidt	Green Selection panel sometimes requires external advice / input. Commercial's (price and risk) evaluated by Strategic Procurement team. Minimum panel of 3 to ensure multiple opinions/views considered. All recommendation reports approved within delegation, over \$150k excl GST by Executive Group.
EXT-CON-0002	Tender Documents are kept securely.	Adnan Pheol	Green	For Strategic Procurement activities (AUD 150k and above) the Tender Documents are kept securely on drive. Low value RFQs are managed by the other business units separately.	Simone Schmidt	Green Procurement activities valued greater than \$150,000 GST exclusive - Datavault/ECM storage for tenders is secured for access by relevant staff only e.g. evaluation panel. Strategic Procurement network drive has access limited to our team only. Evaluation panel members complete a Confidentiality and Conflict of Interest Declaration. All staff undertake refresher Code of Conduct training which includes confidentiality obligations.
EXT-CON-0001	Council maintains a current contract register.	Adnan Pheol	Green	Yes, SP maintains the contract register and ensures the priority is taken care of.	Simone Schmidt	Green Current contracts recorded in PCMS

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Code	Description	Assessor	Assessor Position	Reviewed	Reviewer Position
<b>EXP-CRE</b>					
<b>Credit Cards</b>					
EXP-CRE-0007	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Sue Barclay		Simone Schmidt	Request form reviewed/signed by new cardholder's General Manager, General Manager Business Excellence and Chief Executive Officer prior to a new card being applied for from the bank.
EXP-CRE-0006	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	Simone Schmidt	Procurement Business Partners maintain regular communication across the organisation with their internal customers. Issues with credit card payments can be raised then. Review of credit card program report submitted for approval, recommendations will be implemented July 2020 (fewer cards, higher use/ limits).	Charles Mansueto	noted, agree process in place and once review recommendations are implemented likely to assess as "effective"
EXP-CRE-0005	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Sue Barclay		Simone Schmidt	Cardholder's supervisor reviews transactions then they are audited by Accounts Payable during processing (including hard copy receipts / invoices).
EXP-CRE-0004	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	Sue Barclay	No new cards are requested without this declaration form being signed by cardholder	Simone Schmidt	yes
EXP-CRE-0003	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	Simone Schmidt	Cardholders reconcile their transactions on a monthly basis (minimum). Identification of unknown (potential fraud) or non-business transactions are identified then. Strategic Procurement team with assistance from Administrative Coordinator - Business Excellence monitor cardholder progress with reconciling outstanding transactions.	Charles Mansueto	noted, assessed as majority effective as still requires individuals to assess if transactions are legitimate, sign off by line manager reduces risk of personal transactions and potentially fraudulent transactions. note review into purchase cards
EXP-CRE-0002	Cardholders are advised in the policy and procedures that improper use of the credit card, such as purchases of a personal nature, may result in disciplinary action in accordance with the Code of Conduct.	Sue Barclay		Simone Schmidt	Purchase Card guidelines and Declaration form advise cardholders of this.
EXP-CRE-0001	Access to credit card details and supporting documentation is restricted to appropriate staff.	Sue Barclay		Simone Schmidt	System access controls in Dataworks/ECM and Technology One Financials.
<b>EXP-ELE</b>					
<b>Elected Members Expenses</b>					
EXP-ELE-0006	Where use of public assets or services by Elected members is identified debtors invoice is raised for reimbursement	Michelle Woods	There are no opportunities provided for Elected Members to use public assets or services for personal usage without the applicable fee.	Mick Petrovski	

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Code	Description	Assessor	Assessor Position	Reviewer	Reviewer Position
EXP-ELE-0005	Register of Allowances and Benefits maintained by designated person and is made publicly available. The Register is reviewed to ensure accuracy.	Michelle Woods	As part of my role, I ensure the register is maintained and available for public access.	Mick Petrovski	
EXP-ELE-0004	Elected Members must complete and sign an expense reimbursement form when claiming Council related expenditure in line with the policy (including providing valid substantiation) and is authorized by a relevant officer. The signing of the form confirms that the Elected Members have excluded all items of a personal nature.	Michelle Woods	As part of my role, I ensure proof of payment is provided and claim forms are signed by the Elected Member before processing reimbursements.	Mick Petrovski	
EXP-ELE-0003	Elected Members must complete and sign an expense reimbursement form when claiming Council related expenditure in line with the Policy (including providing valid substantiation) and are authorized by relevant staff.	Michelle Woods	It is a duplicate of EXP-ELE-0004.	Mick Petrovski	as above
EXP-ELE-0002	All Elected Members allowances are in accordance with the remuneration tribunal and are paid in a timely manner.	Michelle Woods	As per Council resolution, payment is made monthly in arrears.	Mick Petrovski	
EXP-ELE-0001	A policy clearly outlines what Elected Members can claim for council related expenses and is clearly communicated and adherence monitored.	Michelle Woods	Most reimbursement claims are standard (Internet, conference expenses). If I am unsure about a claim, I would discuss and seek guidance from the Manager Governance.	Mick Petrovski	
Employee Reimbursements					
EXP-EMR-0003	There is a process in place to ensure all employee reimbursements are valid with supporting documentation and approved by appropriate staff.	Jan Payne		Gail Page	Reimbursement of expenses now through automated process, requiring manager approval.
EXP-EMR-0002	Employee reimbursements are checked against the supporting documentation and compliance with relevant policies and procedures.	Jan Payne		Gail Page	Payroll checking process.
EXP-EMR-0001	A policy or procedure is in place setting guidelines for employee reimbursements.	Jan Payne		Gail Page	
Other Expenses					
EXP-QTE-0001	There is a process in place to ensure that all other expenses are accurately recorded and there is an audit trail.	Veronica Timmermans	Refunds have supporting documentation attached when processing for payment	Matthew Coldwell	Payment Requests are scanned into the system via OCR technology and checked against source documents.



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Code	Description	Assessor	Assessor Position	Reviewer	Reviewer Reason
<b>Payroll</b>					
EXP-PAY-0024	Where possible standard programmed formulae perform payroll calculations.	Jen Payne		Gail Page	
EXP-PAY-0023	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Jen Payne		Gail Page	
<b>Payroll</b>					
EXP-PAY-0022	There is adequate training of payroll staff to ensure they are up to date with relevant statutory and enterprise agreements.	Jen Payne		Gail Page	
EXP-PAY-0021	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Jen Payne		Gail Page	
EXP-PAY-0020	There is a process to ensure the total of payment summaries for the year is reconciled to the general ledger and payroll and is appropriately reviewed.	Jen Payne	Payment summaries are no longer required - The ATO has updated to income Statements in each persons My Gov account	Gail Page	
EXP-PAY-0019	There is a process to ensure employees are made inactive in payroll records upon termination.	Jen Payne		Gail Page	Termination process makes them inactive. Check by Manager on next report
EXP-PAY-0018	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Jen Payne		Gail Page	HRBP check after payroll
EXP-PAY-0017	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Jen Payne		Gail Page	Managers to approve
EXP-PAY-0016	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Jen Payne		Gail Page	Divisional Manager check of termination payment, as well as HRBP
EXP-PAY-0015	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Jen Payne		Gail Page	Separation of duties between setting up a position (HR Administrator) and creating payroll record (Payroll)

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Code	Description	Reviewer	Assessor	Reviewed	Reviewed By
EXP-PAY-0024	There is a process in place to ensure accurate data entry of payroll source documents.	Jen Payne	Green	Gail Page	Green
EXP-PAY-0013	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Jen Payne	Green	Gail Page	Green
EXP-PAY-0032	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Jen Payne	Green	Gail Page	Green
EXP-PAY-0031	The listing of payroll deductions is periodically reviewed by relevant staff for accuracy, compliance with statutory requirement and ongoing pertinence with changes compared to authorised source documents to ensure that they were input accurately.	Jen Payne	Green	Gail Page	Green
EXP-PAY-0010	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Jen Payne	Green	Gail Page	Green
EXP-PAY-0009	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Jen Payne	Green	Gail Page	Green
EXP-PAY-0008	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Jen Payne	Green	Gail Page	Green
EXP-PAY-0007	Payroll is periodically reconciled to the General Ledger accounts.	Jen Payne	Green	Gail Page	Green
EXP-PAY-0006	Managers periodically review listings of current employees within their departments and variances are investigated.	Jen Payne	Green	Gail Page	Green
EXP-PAY-0005	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Jen Payne	Green	Gail Page	Green
EXP-PAY-0004	Any non-routine payroll queries or unusual payroll transactions/requests are referred to management for investigation.	Gail Page	Green	Charles Mansueto	Green

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Code	Description	Assessor	Assessment	Reviewed	Reviewed Person
EXP-PAY-0003	All payroll deductions must be approved by the relevant employee.	Jen Payne	Green	Gail Page	Employee receives copy of payroll to check deductions
EXP-PAY-0002	All calculations for generating payroll payments are verified for accuracy.	Jen Payne	Green	Gail Page	Payroll checking process by second person.
EXP-PAY-0001	Access to the payroll deduction listing is restricted to authorised staff.	Jen Payne	Green	Gail Page	Payroll system access profiles in place.
Purchasing and Procurement					
EXP-PUR-0011	There is a process in place to review the supplier master file for ongoing performance and ensure all changes are checked against source documents to ensure they were input accurately.	Matthew Goldwell	Green	Tim Adair	Changes to the Creditors Chart are reported out weekly via a standard system generated report, matched to source documents and reviewed by independent staff to ensure that changes made are accurate.
EXP-PUR-0010	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.	Adnan Phool	Green	Simone Schmidt	Purchase orders can only be issued to existing creditors, use of CoS contracts is mandated. Reporting exists from Finance One and ArgBlue spend analysis dashboards.
EXP-PUR-0009	There is a process in place to follow up and action incomplete purchase orders.	Sue Barclay	Green	Simone Schmidt	Procurement intermittently run a report to review what incomplete POs are in the system and close them out if the initial requester or bid confirms they are no longer required. Procurement regularly receives and action requests from CI budget staff to close out POs once projects have been completed. Procurement also close out POs if a duplicate has been identified by AP.
EXP-PUR-0008	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Veronica Timmermans	Green	Matthew Goldwell	Invoices are matched to purchase orders where applicable. Accounts Payable will follow up if a Purchase Order is required for an invoice and there is not one in the system.
EXP-PUR-0007	The organization has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	Adnan Phool	Green	Simone Schmidt	Preferred suppliers are sent to Procurement for registration and approval, and services from most of them are low value but beneficial to the organizations and drives value for money. Business Units cannot place any order without registering the suppliers and attaining the correct documents.
EXP-PUR-0006	Purchase order numbers are either system generated and/or sequentially numbered.	Sue Barclay	Green	Simone Schmidt	System generated
EXP-PUR-0005	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Adnan Phool	Green	Simone Schmidt	All purchases are done in accordance with the policy and DoA, the systems are setup with right controls. A Purchasing Matrix is used for the procurement activities. Some Exemption Forms requires better control.

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Code	Description	Assessor	Assessor Position	Reviewed	Reviewer Position
EXP-PUR-0004	Employees must ensure all purchase orders are issued in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies	Sue Barclay		Simone Schmidt	Workflow rules enforce delegation limits and contract/quotation requirements.
EXP-PUR-0003	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Simone Schmidt	Policy last reviewed and approved by Council in May 2019, happens every 2 years. Procurement Policy supported by the Procurement Framework and How to Purchase matrix.	Charles Mansueto	noted and agreed with assessment
EXP-PUR-0002	All relevant staff should undertake training for the raising of orders, posting of goods received and the requirements of the creditors process.	Sue Barclay		Simone Schmidt	How To resources available, Procurement and Accounts Payable staff available for ad-hoc support.
EXP-PUR-0001	Access to the supplier master file and ability to make changes is restricted to appropriately authorized staff.	Matthew Coldwell	User Security Settings within the finance system restrict access to functions including the Creditors Chart to appropriate staff.	Kate George	
<p>4 Alerts</p> <p>4 Openings</p>					
ASS-BAN-0005	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Hannah Walters	Assessing this risk from the cash perspective as Finance look after the blank cheques and cheque signing machines.	Julie Kushnir	
ASS-BAN-0005	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Veronica Timmmons	Cheques and cash are locked in a cupboard with access only by Accounts Payable.	Matthew Coldwell	Cheque printer is only accessible to the Accounts Payable Team.
ASS-BAN-0004	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Hannah Walters		Julie Kushnir	
ASS-BAN-0003	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Tim Aglin		Kate George	
ASS-BAN-0002	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated. Assets - Banking	Melissa Hamilton		Tim Aglin	



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Code	Description	Prepared	Assessor	Reviewed	Reviewed Person
ASS-BAN-0002	Access to EFT Banking system is restricted to appropriately designated personnel.	Tim Apin		Kate George	
<b>Cash Floats and Petty Cash</b>					
ASS-PET-0011	Spot cash float and petty cash counts conducted periodically by independent personnel.	Janet Crook		Mick Petrovski	
ASS-PET-0010	Petty Cash to be approved in line with policy or procedure having regard to amounts, substantiation criteria and authorisation.	Veronica Timmermans		Matthew Coldwell	Employee Petty Cash claims are now being processed through Payroll
ASS-PET-0009	Petty Cash amounts paid out should be under a predetermined amount and payments cannot be split over more than one voucher to come under the predetermined amount.	Janet Crook		Mick Petrovski	
ASS-PET-0008	IOU's are prohibited.	Janet Crook		Mick Petrovski	
ASS-PET-0007	Custodians of cash floats are informed of and undertake their responsibilities and obligations including reconciliations and accountability for cash movements.	Hannah Walters		Julie Kushnir	
ASS-PET-0006	Cash handling and petty cash policy and/or procedures are available to all staff.	Hannah Walters		Julie Kushnir	
ASS-PET-0005	Cash floats and petty cash are stored in secured facilities (e.g. safes, registers) when not in use.	Hannah Walters		Julie Kushnir	
ASS-PET-0004	Cash floats and petty cash are reconciled and reviewed by a person other than the preparer.	Hannah Walters		Julie Kushnir	

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Code	Description	Assessor	Assessment Position	Reviewed	Reviewed Person
ASS-PET-0004	Cash floats and petty cash are reconciled and reviewed by a person other than the preparer.	Janet Crook		Mick Petrovski	
			Cash floats and petty cash are reconciled and reviewed by a team member in Governance annually, at the end of the financial year. In September 2020, processes for petty cash claims for staff and for staff reimbursements were changed. All reimbursements to staff, irrespective of the dollar amount will be processed through ESS. Petty Cash Custodians were contacted to arrange for final balancing and collection of the petty cash tins.		
ASS-PET-0003	Cash floats and petty cash are reconciled and reviewed by a person other than the person responsible for the petty cash	Janet Crook		Mick Petrovski	
			Cash floats and petty cash are reconciled and reviewed by a team member in Governance annually, at the end of the financial year. In September 2020, processes for petty cash claims for staff and for staff reimbursements were changed. All reimbursements to staff, irrespective of the dollar amount will be processed through ESS. Petty Cash Custodians were contacted to arrange for final balancing and collection of the petty cash tins.		
ASS-PET-0002	Access to the cash floats and petty cash is limited to authorised personnel.	Hannah Walters		Julie Kishinir	
<p>▲ <b>Points</b></p> <p>▲ <b>Cash Floats and Petty Cash</b></p>					
ASS-PET-0001	A register for cash floats and petty cash and custodians is maintained by authorised personnel to record all movements.	Melissa Hamilton		Tim Aglin	
<p>▲ <b>Debtors</b></p>					
ASS-DEB-0005	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Karen Wehrmann		Matthew Coldwell	
			Enhancement to the web form will enforce recognition of delegation by the requester		
ASS-DEB-0004	There is a process in place to ensure changes to the debtors master file are compared to source documents to ensure they are inputted accurately	Karen Wehrmann		Matthew Coldwell	
			The creation of Debtor details in the RAR, is maintained by multiple areas within Council, this can lead to some duplicates. The Rates team manage ongoing maintenance with system dashboards highlighting most issues with duplicated data. Rates match up the phone numbers/addresses and date of birth information available and then merge any duplicates together.		
ASS-DEB-0003	The organisation maintains a Debt Collection Policy and/or procedure.	Karen Wehrmann		Matthew Coldwell	
			Collections processes are well established and a Sundry Debtors Policy is in place providing additional guidance on collection of outstanding debts. BS Act also provides additional guidance on measures Council can use in the recovery of debts.		
ASS-DEB-0002	Statements are provided regularly to debtors.	Karen Wehrmann		Matthew Coldwell	
			Debtors receive ongoing communication relating to outstanding debts		

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Code	Description	Assessor	Assessor Rating	Reviewer	Reviewer Rating
ASS-DEB-0033	Relevant staff reviews sundry debtors ageing profile on a regular basis and investigates any outstanding items, and considers provision for doubtful debts at year end.	Matthew Coldwell	Green	Tim Apin	Green
ASS-DEB-0030	Relevant staff reviews debtors ageing profile on a regular basis and investigates any outstanding items, and considers provisions for doubtful debts.	Matthew Coldwell	Green	Tim Apin	Green
ASS-DEB-0009	Records of bad debt write-offs should be maintained.	Karen Wehrmann	Green	Matthew Coldwell	Green
ASS-DEB-0008	Invoice and credit note input data is balanced; out-of-balance batches are corrected promptly.	Karen Wehrmann	Green	Matthew Coldwell	Green
ASS-DEB-0007	Debtors system provides audit trail to record changes made to master file.	Matthew Coldwell	Green	Kate George	Green
ASS-DEB-0006	Debtors and revenue are compared to budget regularly and investigates significant variances.	Melissa Hamilton	Green	Kate George	Green
ASS-DEB-0005	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.	Melissa Hamilton	Green	Tim Apin	Green

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Code	Description	Assessor	Assessment	Reviewed	Reviewed Person
ASS-DEB-0004	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by an appropriate person.	Tim Apin		Reconciled as part of the bi-monthly GL reconciliation process	Kate George
ASS-DEB-0003	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.	Tim Apin		Debt write offs only approved under delegated authority by CMBB or CEO up to 5%, anything above needs to be approved by Council. Provision for (Doubtful) Debts reviewed at ECFY	Kate George
ASS-DEB-0002	All invoices raised and credit notes applied have an audit trail.	Karen Wehrmann			Matthew Coldwell  Pathway maintains an audit trail
ASS-DEB-0001	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence.	Matthew Coldwell		Access to the Property System (which contains the debtors master file) is managed via the Business Systems and Support team in IT who review requests for access to the system based on notes and reasons raised throughout Council.	Kate George
Fixed Assets					
ASS-FIX-0017	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, an acquisition to facilitate accurate identification.	Toby Henderson		The data of the Fleet Management System (FMS) is partially duplicated in Finance One however asset identification (such as Fleet number) originates from the FMS. The current FMS is Fleet 5 by Open Windows. This software is obsolete and is no longer supported for development by the manufacture and presents a risk to the organisation if failure occurs. Whilst the database is backed up and the manufacturer will restore the data as part of a paid annual support package, data loss of day to day information is a risk. The infrastructure (hardware and software) that the FMS runs on is obsolete and should be upgraded to allow the Fleet and Workshop (F&W) departments to operate effectively at current industry standards. The F&W is not able to respond and adapt with other legislative requirements such as the Heavy Vehicle National Law and Regulations (NHVR 2018) and other Chain of Responsibility requirements without substantial and unnecessary administration that would and could be easily withered to with a proper FMS.	Mark Purdie  Toby's points are valid and go to a bigger picture of Fleet Management and future improvements - however in my view the control of recording identification is mostly effective.
ASS-FIX-0016	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Toby Henderson			Mark Purdie
ASS-FIX-0016	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Grahame Mansfield			Mark Purdie
ASS-FIX-0016	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Grahame Mansfield			Mark Purdie



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Code	Description	Assessor	Assessor Position	Reviewed	Reviewer Position		
ASS-FIX-0019	Where appropriate, fixed assets are insured.	Tracy Roberts	█	As far as I am aware there is still no formal process in place for project staff (City Infrastructure) to notify the insurance officer of the construction of new buildings or major renovations. Likewise, there is no process in place for staff to notify insurance officer when demolition of buildings occur.	Nick Petrovski	█	requires Insurance Officer to regularly liaise with key personnel
ASS-FIX-0014	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	James Corlette	█	The Asset Management Information System (Confirm) has a mobile solution which enables staff to verify assets in the field including the creation of new assets. While the ability to create new assets is limited to staff in the relevant teams, field staff can request changes to the FAR through Confirm to the SAMS team for review.	Dameon Roy	█	The only opportunity for improvement is around the integration of the Asset and Financial systems, however in one way the "process gap" between the two actually provides a Risk Mitigation element
ASS-FIX-0013	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	Matthew Coldwell	█	Asset Accounting Policies and the details on component lives and thresholds are reviewed annually with Asset Owners and approved by the Strategic Asset Management Group and Executive. Revaluations are undertaken annually via a number of methods including a review of unit rates, increases to valuations based on an appropriate index (Building Indexes, CPL LGPI etc) or via regular asset audits. Depreciation methodology is reviewed and reported for endorsement to Council every 2 years.	Tim Apin	█	
ASS-FIX-0012	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	James Corlette	█	Changes are routinely made to the fixed asset register with a lockable history, additional date validation has recently been developed in the Asset Management Information System (Confirm) to improve data quality.	Dameon Roy	█	AMIP has fixed this with Administration of Confirm now on the SAM team. This risk can be completed and removed from the register.
ASS-FIX-0011	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Matthew Coldwell	█	Capitalisation of assets in the Confirm Asset Management generally occurs as part of the End of Year Asset Accounting Processes in July/August each year and is reconciled to financial balances in the General Ledger against relevant projects.	Tim Apin	█	
ASS-FIX-0010	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	Melissa Hamilton	█		Tim Apin	█	
ASS-FIX-0009	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Matthew Coldwell	█	Security settings within Confirm restrict access to particular functions (valuations, asset creation etc) to appropriate users and this is maintained by the Strategic Asset Management Team	Tim Apin	█	
ASS-FIX-0008	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Matthew Coldwell	█	Capitalisation of assets in the Confirm Asset Management generally occurs as part of the End of Year Asset Accounting Processes in July/August each year and is reconciled to financial balances in the General Ledger.	Tim Apin	█	

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Code	Description	Owner	Assessment Status	Assessment Evidence	Reviewed	Reviewed By
ASS-FIX-0007	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Matthew Colwell	Green	Depreciation is calculated based on pre-configured formulae within the Continim Asset Management System based on specific asset data in the system which contains the relevant lives, and residual values for that asset.	Tim Aglin	Green
ASS-FIX-0006	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Matthew Colwell	Green	Asset Accounting Policies and the details on components, lives and thresholds are reviewed annually with Asset Owners and approved by the Strategic Asset Management Group and Executive.	Kate George	Green
ASS-FIX-0005	Asset register calculations are reviewed for accuracy.	Matthew Colwell	Green	Calculations for Depreciation are managed via predefined formulae within Council's Asset Management System - Confirm	Tim Aglin	Green
ASS-FIX-0004	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	James Corletto	Red	Asset Management Plans were last reviewed and adopted by Council in 2015, a draft Strategic Asset Management Plan has been developed but has yet to be formally endorsed prior to consultation and Council adoption.	Dameon Roy	Red
ASS-FIX-0003	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	James Corletto	Red	Asset Management Plans have not been reviewed and updated since 2015, the Strategic Asset Management Plan has been reviewed and updated and is currently in draft form but has been based off the annual budget bid process and the Asset Management Operational Plans.	Dameon Roy	Yellow
ASS-FIX-0002	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	James Corletto	Yellow	Asset maintenance is planned out and monitored but is driven by operations staff not by the Asset Manager and not clearly defined as part of each Asset Management Operational Plan which were last updated in 2015.	Dameon Roy	Yellow
ASS-FIX-0001	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Matthew Colwell	Green	Assets are built, acquired or disposed of as part of programs endorsed by Council and paid for in accordance with delegations given to appropriate Council Staff.	Tim Aglin	Green
Inventory						
ASS-INV-0010	Usability of inventory and level of inventory is assessed at least annually.	Simon Bartosik	Green		Mark Purdie	Green
ASS-INV-0009	There is a process in place to ensure that invoices are paid after goods have been received.	Simon Bartosik	Green		Mark Purdie	Green
ASS-INV-0008	There is a process in place to ensure all inventory adjustments and stock transfers are valid and accurate	Simon Bartosik	Green		Mark Purdie	Green

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Code	Description	Assessor	Assessor Role	Reviewed	Reviewed Person	
ASS-INV-0007	Procurement of inventory is approved in accordance with the Delegations of Authority and relevant Procurement policy and/or procedure.	Simon Bartosak	Green	Mark Purdie	Green	
ASS-INV-0007	Procurement of inventory is approved in accordance with the Delegations of Authority and relevant Procurement policy and/or procedure.	Matthew Coldwell	Green	Delegation values for each position are built into the security settings within the Finance system. This is checked automatically via workflow approval processes when an order is raised or an invoice approved.	Kate George	Green
ASS-INV-0006	Physical inventory is counted periodically with review by an appropriate person and is reconciled against the general ledger, material variances investigated.	Simon Bartosak	Green	Mark Purdie	Green	
ASS-INV-0005	Inventory is appropriately insured.	Tracy Roberts	Red	The sum insured for inventory (ie. the contents of all City of Salisbury owned buildings) is based on historical figures and may therefore be inaccurate. Updated valuations should be carried out periodically. Having said that, the sum insured for contents at the new Salisbury Community Hub is now accurate as per valuations supplied at the time of construction, and occupancy (refer to emails in DataWorks from November 2019).	Mick Petrovski	Yellow
ASS-INV-0004	Goods are delivered to relevant inventory locations and checked for completeness and quality, and defective goods returned on a timely basis.	Simon Bartosak	Green	Checked and entered into Finance One and stocked on the shelves	Mark Purdie	Green
ASS-INV-0003	Assessment of appropriate inventory consumption having regard to risk is undertaken.	Simon Bartosak	Green	Weekly cycle counting is performed. A new inventory management system is being worked on.	Mark Purdie	Green
ASS-INV-0002	All inventory write-offs and provisions for obsolescence to be approved by appropriate staff in accordance with Delegations of Authority.	Simon Bartosak	Green	Old stock is signed off by the Team Leader Civil Services	Mark Purdie	Green
ASS-INV-0001	Access to inventory is restricted to authorised personnel, where appropriate.	Simon Bartosak	Green	Mark Purdie	Green	
Investments						
ASS-INS-0012	There is a process in place to monitor cash and anticipated future cash flows. Surplus funds invested in accordance with Council policy.	Tim Apth	Green	Kate George	Green	
ASS-INS-0011	There is a process in place to ensure compliance with Conflict of Interests and Code of Conduct.	Gail Page	Green	Employee signs Employee Conduct Policy as part of onboarding; Annual Employee Conduct refresher sessions	Charles Mansueto	Green
				Conflict of Interests to be declared on annual basis.		ected and agree, also relevant meetings require CoOs to be flagged as standing agenda items

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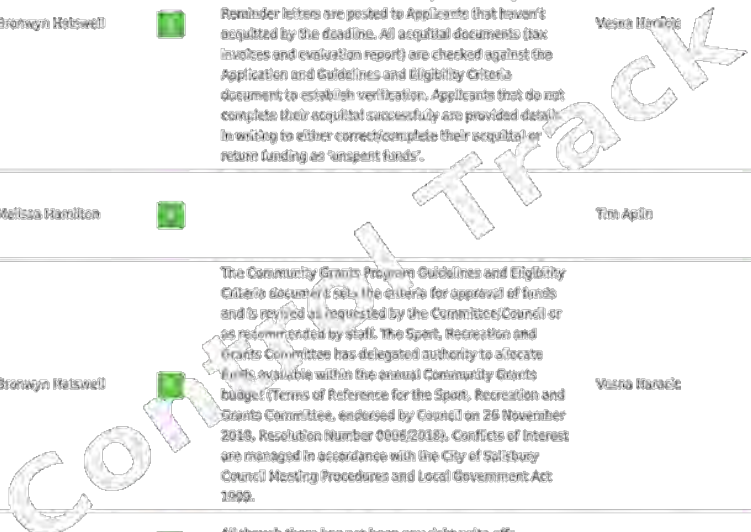
Code	Description	Assessor	Assessor Position	Reviewer	Reviewer Reason
ASS-INS-0010	Staff involved in the investment decision making process understands their obligations under the Investment Policy.	Gail Page	Staff obligations are enforced during procurement process.	Charles Mansueto	noted and agreed. note reference to Investment Policy not specific reference in our system
ASS-INS-0009	Records of investments are kept detailing amounts and maturity dates.	Melissa Hamilton		Tim Apfin	
<p>Investments</p>					
ASS-INS-0008	Journals are processed regularly for all investments and a reconciliation process is in place to verify accuracy of transactions.	Melissa Hamilton		Tim Apfin	
ASS-INS-0007	Delegations are in place for approving and making investment decisions.	Tim Apfin	Under delegated authority to nominated staff	Kate George	
ASS-INS-0006	Council reviews investment performance at least annually in accordance with relevant legislation.	Tim Apfin	Treasury Report at EDFY and Quarterly Finance Reports	Kate George	
ASS-INS-0005	Council has a clear and comprehensive investment policy to assist when making any decisions to invest funds.	Kate George	Council invests funds in accordance with its treasury policy.	Charles Mansueto	noted and agree with assessment. note regular reporting to Council on treasury position
ASS-INS-0004	Conflicts of interest are to be disclosed as part of investment decision process.	Gail Page	Requirement for staff to declare conflict of interest is in terms part of the process.	Charles Mansueto	noted and agreed with assessment
ASS-INS-0003	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Tim Apfin		Kate George	
ASS-INS-0002	All investments are to be held in the name of the Council or associated entities in accordance with the source of funds.	Tim Apfin		Kate George	
ASS-INS-0001	Actual investment income compared to budget on a regular basis; variances are investigated.	Melissa Hamilton		Tim Apfin	
<p>Loans / Grants to Clubs / Community Groups</p>					



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Control ID	Description	Assessor	Assessment Status	Reviewed By	Reviewed Date
ASS-LOA-0007	There is a process in place to ensure all grants issued are spent in accordance with the funding agreement.	Bronwyn Hetswell	Green	Vesna Maricic	Green
ASS-LOA-0006	Loan receivable reconciliations are prepared and reviewed by appropriate staff with follow up of all outstanding receipts.	Melissa Hamilton	Green	Tim Aglin	Green
ASS-LOA-0005	Council has a policy for issuing funds to Clubs/Community Groups. The Policy includes criteria for approval of funds with reference to the Delegations of Authority and Conflicts of Interest.	Bronwyn Hetswell	Green	Vesna Maricic	Green
ASS-LOA-0004	Bad-debt write-offs for loans receivable are approved in line with relevant delegations.	Tim Aglin	Green	Kate George	Green



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Code	Description	Assessor	Assessor Position	Reviewed	Reviewer Position
ASS-LOA-0003	Appropriate staff member compliance of the funding arrangements.	Bronwyn Habswell	The Personal Assistant to the General Manager Community Development keeps a register of all Applications received and assesses all Community Grants Program Applications against the Guidelines and Eligibility Criteria document that outlines the policy for issuing funds and is made available to Applicants via the City of Salisbury website. The Assistant General Manager Community Development is briefed on Community Grants Program Applications received, on a monthly basis and the CEO, General Managers and Manager Governance receive and review the draft and final Sport, Recreation and Grants Committee Agenda (monthly) which outlines the status of Community Grants Program applications along with the applications for consideration by the Committee (where eligible) or for information (where not eligible). All Applications received are assessed against the criteria and reported to the Sport, Recreation and Grants Committee in an individual report whether they are eligible for Community Grants Program funding or not, ensuring transparency accompanied by the availability of full information required for collective decision making by the Committee.	Kate George	
ASS-LOA-0001	A loan schedule is provided to the loan recipient.	Tim Starr		Karen Peze	
Prepayments					
ASS-PRE-0002	Procedures provide guidance as to the recognition, treatment and recording of prepayments.	Tim Aplin	Included in the AAS's and also guidance in the Model Financial Statements	Kate George	
ASS-PRE-0001	Repayment reconciliation performed in accordance with the schedule of review or procedure to the General Ledger and reviewed by relevant staff, with consideration of segregation of duties.	Tim Aplin	Prepayments only recognized at EOPY, and then is appropriate. All recognition need to be signed off by the Senior Accountant and are subject to external audit.	Kate George	
Project-Costing					
ASS-PRO-0005	Where there is a separate system to manage projects, relevant financial information is reconciled to the general ledger.	Melissa Hamilton		Kate George	

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Code	Description	Assessor	Assessor Position	Reviewed	Reviewer Position
ASS-PRO-0005	There is an on-going review of current projects having regard to project scope and delivery within budget and with variations communicated and endorsed within relevant Delegations of Authority.	Christy Martin		Javed Collins	
ASS-PRO-0004	The project costing methodology is reviewed to ensure appropriate costs are recorded.	Wiltisa Hamilton		Kate George	
ASS-PRO-0003	Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.	Christy Martin		Javed Collins	The controls in place are effective and being tied to an updated Capital Delivery Framework
ASS-PRO-0002	Exception report generated detailing all variances for project costs over a fixed threshold (i.e. percentage or dollar amount). Exception report reviewed by appropriate staff and all significant variances are investigated.	Christy Martin		Javed Collins	
ASS-PRO-0001	Actual project costs are regularly compared to budgets; significant variances are investigated by appropriate staff.	Christy Martin		Javed Collins	





Description	Find Description	Start Date	End Date	Responsible Officer
<b>ASS-FIX-0002</b>				
Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	Update AMOP's	02/03/2020	19/12/2020	Dameon Roy, Manager Infrastructure Management
<b>ASS-FIX-0003</b>				
Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	Complete AMOP's	02/03/2020	19/12/2020	Dameon Roy, Manager Infrastructure Management
<b>ASS-FIX-0004</b>				
Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Update SAMP	01/06/2020	30/06/2020	James Corletto, Team Leader Strategic Asset Management
<b>ASS-INY-0005</b>				
Inventory is appropriately insured.	Updated valuations should be carried out during the 20/21 year - in collaboration with City infrastructure	01/07/2020	30/06/2021	Tracy Roberts, Insurance Officer
<b>EXT-CON-0005</b>				
There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	Implement Contract Management Audit Report recommendations (approved by Audit Committee / Council)	01/06/2020	30/06/2021	Charles Mansueto, GM Business Excellence
<b>FIG-GOV-0004</b>				
There is a process to ensure staff are aware of policies and procedures referenced in the Better Practice Model.	undertake policy framework review	30/06/2020	31/12/2020	Joy Rowett, Governance Coordinator



## ITEM 6.4.2

<b>ITEM</b>	6.4.2
	<b>BUDGET AND FINANCE COMMITTEE</b>
<b>DATE</b>	09 June 2020
<b>HEADING</b>	Operating Savings Initiatives
<b>AUTHOR</b>	Charles Mansueto, General Manager Business Excellence, Business Excellence
<b>CITY PLAN LINKS</b>	4.3 Have robust processes that support consistent service delivery and informed decision making. 4.2 Develop strong capability and commitment to continually improve Council's performance.
<b>SUMMARY</b>	This report responds to a previous resolution of Council to consider how the impact of a 0% rate increase and other measures being taken by Council to manage the COVID-19 impact to the community can be financially managed to ensure financial sustainability.

**RECOMMENDATION**

1. That the ongoing savings measures totalling \$0.6M as listed at Section 4.13 (Item 6.4.2, Budget and Finance Committee, 09/06/2020) are adopted by Council and incorporated into the 2020/21 Annual Plan and Budget
2. That the one off savings measures totalling \$3.0M as listed at Section 4.14 (Item 6.4.2, Budget and Finance Committee, 09/06/2020) are adopted by Council for the 2020/21 financial year and reflected in the 1<sup>st</sup> Quarter Budget Review as non-discretionary items

**ATTACHMENTS**

There are no attachments to this report.

**1. BACKGROUND**

- 1.1 At its 1 April 2020 Special Council Meeting, Council resolved (0491/2020):
  - 1.1.1 *That the administration bring back a report to Council before adoption of the 2020/21 budget covering the following matters:*
    - *Account for the impact of a 0% rate increase and no fees and charges increase in 2020/21 and strategies to manage the impact over the life of the LTFP; and*
    - *Identify opportunities to offset the impact of 3a & 3b by reviewing new initiative bids, in particular any increased service levels and other operating costs that can be reduced or deferred.*
- 1.2 The reference to 3a and 3b in the above resolution was part of the resolution that endorsed the development of a draft 2020/21 Annual Plan & Budget with a 0% rate increase and the \$100M COVID-19 Capital Recovery Program.

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- 1.3 Since the resolution, Council has consulted with the community on the draft 2020/21 Annual Plan and Budget which, along with the 0% rate increase, also included a \$2.4M operating savings to offset the impact of the impact of the 0% rate increase.
  - 1.4 Various reports are listed on this Budget & Finance Committee agenda dealing with the status of the budget and any changes since presenting Council with the draft budget, noting that the estimated \$2,4M impact has been revised to \$2.8M (refer Item 6.6.2, Rating Strategy, Budget and Finance Committee, 9 June 2020)
  - 1.5 This report is specifically dealing with the various initiatives that Council needs to consider and adopt to achieve at least the \$2.4M in ongoing savings.
2. **CITY PLAN CRITICAL ACTION**
    - 2.1 Financial Sustainability
  3. **CONSULTATION / COMMUNICATION**
    - 3.1 Internal
      - 3.1.1 Various staff and Elected Members through the 12 May 2020 workshop
    - 3.2 External
      - 3.2.1 The proposed overall savings target was noted in the draft 2020/21 Annual Plan and Budget that was issued for community consultation.
  4. **REPORT**
    - 4.1 As noted above, this report is intended to update Council on the status of the proposed budget operating budget savings measures that will assist Council in managing the impact of the various COVID-19 community support measures, in particular the 0% rate increase being proposed.
    - 4.2 Overall the impact of all the proposed measures adopted and/or are being considered by Council equates to \$3.7M over the 2019/20 (\$0.4M) and 2020/21 (\$3.3M) financial years.
    - 4.3 It is not proposed to identify savings equating to the full impact of the \$3.7M but maintain the savings in line with what has been proposed in the draft 2020/21 Annual Plan & Budget (ie \$2.4M) that was used to consult with the community.
    - 4.4 A key consideration of any measures adopted is that the savings need to be ongoing and not just a one year impact.
    - 4.5 This is critical as the 0% rate increase has a substantial compounding impact on the Long Term Financial Plan given Council has also proposed no change to its rating strategy (maintained a CPI+0.6% Rating Strategy) to offset some of the impact.
    - 4.6 This then requires that the operating expenditure savings need to also be ongoing otherwise Council risks a negative impact on its financial sustainability (erosion of operating surplus).
    - 4.7 Council recognises that achieving \$2.4M in ongoing savings in one year is difficult, so a number of one off initiatives have also been proposed while



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administration progress further work during 2020/21 to confirm and/or implement longer term initiatives.

4.8 A summary of the proposed savings from the various initiatives is provided in the following tables.

## 4.9 Initiatives 2020/21 (High)

One Offs	\$M
Administrative	\$0.7
Change in Service Level	\$2.3
<b>One Offs – Total</b>	<b>\$3.0</b>
Ongoing	\$M
Administrative	\$0.4
Change in Service Level	\$0.2
<b>Ongoing – Total</b>	<b>\$0.6</b>

4.9.1 The initiatives listed in the High category reflect initiatives that can be delivered in the 2020/21 financial year.

4.9.2 In total, there are sufficient measures identified that will assist managing the impact for 2020/21, recognising that the objective is to identify ongoing savings.

4.9.3 The categorisation of Administration (no impact on service levels that impact the community directly) and Change in Service level (may have an impact on the community) assists Council in determining any impact on the community.

## 4.10 Initiatives 2021/22 &amp; Beyond (Medium)

One Offs	\$M
Administrative	-
Change in Service Level	\$0.3
Change in Capitalisation	\$1.3
<b>One Offs – Total</b>	<b>\$1.6</b>
Ongoing	\$M
Administrative	\$1.2
Change in Service Level	\$0.7
<b>Ongoing – Total</b>	<b>\$1.9</b>

4.10.1 The initiatives listed in the Medium category reflect initiatives that will require further investigation before they can be confirmed. This may also

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include initiatives that may require some form of community consultation before Council makes a decision.

- 4.10.2 It is also important to recognize that these items are only suggestions that need to be explored further before Council is in a position to consider and /or make a decision on.
- 4.10.3 Due to the initial stage of these as potential opportunities, the detail is provided as a confidential item on this month's Budget & Finance agenda (Item 6.9.1).
- 4.11 Although across the two categories (High & Medium) the total of the ongoing initiatives equate to \$2.5M, \$1.9M of these are in the medium category which will require further work as noted above before Council will be in a position to consider further.
- 4.12 In other words there is \$0.6M in ongoing savings that can be delivered in 2020/21, with the shortfall (at least \$1.8M) needing to be found from the one off high category initiatives.
- 4.13 It is proposed that all the ongoing initiatives (\$0.6M) listed in the high category are adopted by Council in 2020/21, namely:

Initiative	\$
<b>Administrative</b>	
No Enterprise Bargaining Increase to the Leadership group (CEO, General Managers & Divisional Managers)	\$100,000
Commercial Leasing Arrangements	\$35,000
Reduction in R&D program (Salisbury Water)	\$25,000
Enhanced contract management of waste contract	\$200,000
<b>Total Ongoing Administrative Measures 2020/21</b>	<b>\$360,000</b>
<b>Change in Service Levels</b>	
Tree Management – Pruning	\$100,000
Road Sweeping	\$50,000
Kerb House Numbering	\$63,000
Sports Development	\$10,000
<b>Total Ongoing Changes in Service levels</b>	<b>\$223,000</b>

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## 4.13.1 Proposed Changes in Service Levels

- The reduction in tree management – pruning will see a reduction of works being issued (predominately programmed pruning) to contractors but will be managed across the planned and reactive budgets to ensure the impact on the community is reduced and Council is still able to respond to urgent work.
- Road sweeping will see a reduction in contractual services used to support in-house programmed road sweeping. It is expected that this would have minimal impact on the community.
- The kerbside numbering program will cease. This is not expected to have a large impact the community as the need for house numbering diminishes with the use of GPS to locate properties.
- The reduction in sports development is associated with working with adjoining councils to partner in delivering training and development activities for clubs.

4.14 To support the ability to manage the impact in 2020/21 the following one offs are also proposed to be adopted for the 2020/21 financial year, noting that in total the initiatives are higher than the estimated \$2.4M impact:

Initiative	\$
<b>Administrative</b>	
Consultancy reduction across Council	\$100,000
Various Resourcing (eg defer filling positions)	\$287,000
LED Change Over Savings (full ongoing impact captured in 2021/22)	\$200,000
Reduction in travel, accommodation, conferences & seminars	\$75,000
<b>Total Administrative Initiatives</b>	<b>\$662,000</b>
<b>Change in Service Levels</b>	
Various Resourcing (eg defer filling positions)	\$335,000
Tree Pruning – Program	\$200,000
Footpath Maintenance	\$400,000
Drainage Systems	\$100,000
Sports field Maintenance	\$100,000

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Park Maintenance	\$100,000
Reduce water level in Main Lake (Mawson Lakes)	\$50,000
Verge Maintenance	\$150,000
Kerb & Gutter Reactive	\$100,000
Defer Kerb Work to align with Road Reseal Program	\$800,000
<b>Total Change in Service Levels</b>	<b>2,335,000</b>
<b>Total One-Offs (2020/21)</b>	<b>2,997,000</b>

## 4.14.1 Proposed Changes in Service Levels

- Various resourcing will be focused on where possible not replacing vacant positions if there is a minimal impact on service levels.
- The tree pruning program will be managed by deferring some of the programmed works
- Footpath maintenance will be managed by ensuring high priority areas are still focused on but a slightly higher tolerance on footpath faults across other areas.
- A reduction in drainage maintenance will be managed through a reduction in lower risk areas to ensure key drainage continues to be maintained at an appropriate level to reduce risk levels.
- Sportsfield maintenance savings will be delivered through a lower service level on lower standard fields.
- A reduction in costs associated with Park maintenance will be delivered through moving service levels from 2-3 weeks to 3-4 weeks.
- A marginal reduction in the water level in the Mawson Lakes main lake will see a reduction in water costs to maintain the higher level with minimal impact on the community.
- Verge maintenance will reduce from 7 to 6 cuts in low risk streets
- Kerb & Gutter works will be prioritized with only urgent works carried out
- The deferring of kerb work is associated with aligning kerb replacement with the road sealing work. This is likely to enhance community experience through having the works done together. This is a once off impact as once aligned the funding will be required to replace the kerbing.



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- 4.15 At this stage it is appropriate to consider initiatives that in total are greater than the savings required as Council may, during the year, need to ensure it maintains an ability to respond to new and emerging needs.
- 4.16 Council may also identify an impact from the various initiatives that was not identified and needing to reinstate some of the expenditure to minimize the impact during 2020/21 or alternatively enables further consideration at a later time as to implementing the one off changes to an ongoing basis.

**5. CONCLUSION / PROPOSAL**

- 5.1 This report has summarized the various initiatives that Council is asked to consider and endorse so that the impact of the various measures adopted by Council to manage the COVID-19 impact on the community is materially offset.
- 5.2 Where possible the proposed initiatives have been selected to minimise the impact on the community.
- 5.3 Subject to Council endorsing the various measures, the implementation will be monitored to identify any community impacts and in turn enable short or longer term actions or strategies to be put in place.
- 5.4 To administer the initiatives, the one offs will be adjusted as part of the first quarter budget review but ongoing savings will be included in the base budget Council will adopt later this month.

**CO-ORDINATION**

Officer:

Date:



Strategic Risk Register

v2.20 March 2020

<b>1</b>	<b>Event Description:</b> Inadequate response to a business continuity or emergency event		
<b>City Plan link:</b> Enabling Excellence, The Liveable City			
<b>Description:</b> 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).			
<b>Responsible Managers:</b> CEO, All General Managers, Manager Governance, Manager Business Systems and Solutions, Manager Communications & Customer Relations, Manager People and Culture			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>• Lack of plans and procedures to inform response strategies when a business continuity or emergency event occurs</li> <li>• Lack of communication/training for relevant staff required to respond to business continuity and emergency events</li> <li>• Information to facilitate action during business continuity or emergency events is insufficient or not available</li> <li>• Impact of climate change on weather patterns</li> <li>• <u>COVID-19 pandemic</u></li> </ul>		<ul style="list-style-type: none"> <li>• Service delivery to community severely compromised</li> <li>• Reputational damage</li> <li>• Loss of morale and resources</li> <li>• Compromised regulatory decisions</li> <li>• Death/critical injury of staff and/or public</li> </ul>	
<b>Likelihood:</b> Almost Certain	<b>Consequence:</b> Catastrophic	<b>Inherent Risk Rating:</b> Very High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>• Current and maintained Business Continuity Framework (including Plans and testing regime), 3</li> <li>• Business Continuity staff identified and trained on roles and responsibilities, 3</li> <li>• Incident Management Team identified and trained, 4</li> </ul>		<ul style="list-style-type: none"> <li>• Current and maintained IT Disaster Recovery Plan (including testing regime), 4</li> <li>• Current and maintained Emergency Management Plan, 3</li> <li>• Participation in Zone Emergency Management Committees – Northern Area, 5</li> <li>• Participation in LG Council Ready Program, 4</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> <del>Catastrophic</del> Major	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk as low as reasonably practicable?</b> No
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
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	<del>Complete</del> 30 June 2020
Determine the manner in which the Business Continuity corporate documentation will be stored and continually updated		Manager Governance	<del>30 June 2020</del> 30 September 2020
Develop and deliver training on business continuity to relevant staff		Manager Governance	31 August <del>December</del> 2020

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<b>2</b>	<b>Event Description:</b> Contamination of the recycled water systems		
<b>City Plan link:</b> The Sustainable City			
<b>Description:</b> 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.			
<b>Responsible Managers:</b> GM Business Excellence, GM City Infrastructure, Manager Salisbury Water, Manager Technical Services, Manager Field Services, Manager Communications and Customer Relations			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>• Inadequate monitoring plans and sample testing</li> <li>• Failure to respond appropriately in the event of contamination</li> <li>• Failure of controls within the Recycled Water Risk Based Management Plan</li> <li>• Wet weather could hamper clean-up operations or contribute to a contamination event</li> <li>• PFAS and PFOA infiltration.</li> <li>• Act of Terrorism</li> <li>• Illegal dumping</li> </ul>		<ul style="list-style-type: none"> <li>• Financial cost of replacing supply with SA Water and clean-up costs</li> <li>• Financial impost of rectification</li> <li>• Failure to fulfil commercial contractual obligations</li> <li>• Reputational damage</li> <li>• Regulatory or government intervention and/or fines</li> <li>• Revenue reduction</li> <li>• Health risk to staff and community</li> </ul>	
<b>Likelihood:</b> <u>LikelyPossible</u>	<b>Consequence:</b> Catastrophic	<b>Inherent Risk Rating:</b> <u>Very High</u>	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>• Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced, 4 includes:                             <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul> </li> <li>• Supply contracts to customers contain Force Majeure clauses which limit liability to Council in the event that water cannot be supplied, 5</li> <li>• 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</li> <li>• Employee Media Policy and Procedure and Elected Member Media Policy, 4</li> <li>• Implementation of the Water Course Management Plan including the renewal of Wetlands and desilting/removal of pollutants in waterways as required, 4</li> <li>• Review of Risk Based Management Plan every five years, 4</li> <li>• Maintenance of the CoS Contaminated Sites Register, 3</li> </ul>			
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk as low as reasonably practicable? Yes</b>
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
<u>Implementation of relevant findings from the Management of Contaminated Sites Audit</u>		<u>Manager Salisbury Water</u>	<u>TBC</u>



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<b>3</b>	<b>Event Description:</b> Lack of management of public and environmental health risks		
<b>City Plan link:</b> The Liveable City			
<b>Description:</b> 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).			
<b>Responsible Managers:</b> GM City Development, Manager Environmental Health and Safety			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>• Inadequate management, monitoring or testing</li> <li>• Failure to respond appropriately in the event of an incident</li> <li>• Animal/vermin infestation</li> <li>• Noctuous plants</li> <li>• Failure of waste disposal contractor to meet contractual obligations.</li> </ul>		<ul style="list-style-type: none"> <li>• Financial impost to rectify a health and safety incident</li> <li>• Reputational damage</li> <li>• Regulatory or Government intervention or censure/fines</li> <li>• Health risk to staff and the public</li> </ul>	
<b>Likelihood:</b> Likely	<b>Consequence:</b> Major		<b>Inherent Risk Rating:</b> High
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>• Compliance with Public Health and Environmental Policies and Procedures, 4</li> <li>• Provision of Immunisation Services, 5</li> <li>• Current and maintained Animal Management Plan, 5</li> <li>• Activating the relevant initiatives within the CoS Regional Public Health Plan, 5</li> <li>• Performance of General Inspections, 5</li> <li>• Undertaking Dog Patrols, 5</li> </ul>		<ul style="list-style-type: none"> <li>• Administration and management of CoS' responsibilities under the Food Act, 4</li> <li>• Compliance with and training on Employee Media Policy and Procedure and Elected Member Media Policy, 4</li> <li>• Enforcement of the CoS' responsibilities under the SA Public Health Act, 5</li> <li>• Enforcement of the CoS' responsibilities under the Dog and Cat Management Act, 5</li> <li>• Performance of infrastructure maintenance activities, 5</li> <li>• Undertaking the Mosquito Control Program, 4</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major		<b>Residual Risk Rating:</b> High
		<b>Is the Residual Risk as low as reasonably practicable? Yes</b>	
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>

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<b>4</b>	<b>Event Description:</b> Inadequate response to a major incident at a Council run community event, that affects public and staff safety		
<b>City Plan link:</b> The Liveable City, Enabling Excellence			
<b>Description:</b> 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.*			
<b>Responsible Managers:</b> GM City Development, GM City Infrastructure, GM Community Development, GM Business Excellence, Manager Development Services, Manager Field Services, Manager Property & Buildings, Manager People and Culture			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>• Inadequate procedures and plans in place to prevent incidents</li> <li>• Failure to maintain staff training</li> <li>• Inadequate performance of risk assessments</li> <li>• Lack of asset management and maintenance</li> <li>• Inadequate due diligence performed by CoS in order to identify relevant risks related to the management and delivery of community events</li> </ul>		<ul style="list-style-type: none"> <li>• Financial cost to rectify</li> <li>• Legal cost of failure to prevent a health and safety incident</li> <li>• Reputational damage</li> <li>• Regulatory and or Government intervention or censure</li> <li>• Injury or death of staff or member of the public</li> <li>• Service Interruption</li> </ul>	
<b>Likelihood:</b> Likely	<b>Consequence:</b> Catastrophic		<b>Inherent Risk Rating:</b> Very High
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>• Building Control and Inspections, 4</li> <li>• Evacuation procedures and testing, 4</li> <li>• Training of Incident Command Team</li> <li>• Provision and maintenance of Building safety systems – e.g. exit signs, fire extinguishers, wardens etc., induction process, 4</li> <li>• Risk assessments performed for community events, 4</li> </ul>		<ul style="list-style-type: none"> <li>• Reviewed and maintained Asset management plans, 4</li> <li>• Maintaining and reviewing Business Continuity Framework, 4</li> <li>• Performance testing of BCP scenarios 4</li> <li>• Key ICT members actively participating within the Zone Emergency Management Committee – Northern Area, 5</li> <li>• Maintaining and reviewing Event Management Plans 4</li> <li>• Compliance with Event Management Guidelines, 4</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> <del>Catastrophic</del> <u>Moderate</u>		<b>Residual Risk Rating:</b> High
		<b>Is the Residual Risk as low as reasonably practicable? No</b>	
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Identification of all potential event owners and the training of them on risk identification and due diligence assessment documentation.		GM Community Development / Manager Community Planning and Vitality	30 September 2020
Formalisation of information exchange between City Infrastructure bookings and Events team in order to identify community events involving CoS Assets		GM Business Excellence / Manager Community Experience and Relationships GM City Infrastructure / Manager Property and Buildings	30 June 2020

\*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

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<b>5</b>	<b>Event Description:</b> Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	
<b>City Plan link:</b> The Sustainable City, The Liveable City		
<b>Description:</b> The detrimental effect on Council assets and infrastructure caused by environmental factors, 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.		
<b>Responsible Managers:</b> GM City Development, GM City Infrastructure, GM Community Development, Manager Economic Development & Urban Policy, Manager Infrastructure Management, Manager Field Services, Manager Communications & Customer Relations, Manager Community Capacity & Learning		
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>
<ul style="list-style-type: none"> <li>• Inadequate understanding and planning for factors impacting the environment</li> <li>• Failure to consider environmental consequences when planning and designing infrastructure</li> <li>•</li> <li>• Insufficient modelling of weather events used within Asset Management Planning</li> <li>• Inadequate infrastructure within the City to manage stormwater and sea level rises due to storm events</li> <li>• Inadequate understanding of and planning for the impact of climate change on City infrastructure and assets</li> <li>• Failure to monitor and forecast demographic changes in the City and adjust objectives and plans accordingly</li> <li>• City Plan becomes obsolete or fails to anticipate the financial impact of demographic changes</li> <li>• Failure to maintain a social infrastructure plan for the existing and future assets</li> <li>• Coastal inundation and impact on biodiversity</li> <li>• Failure to update Asset Management Plans</li> </ul>		<ul style="list-style-type: none"> <li>• Financial cost of dealing with the consequences of frequent freak weather related events</li> <li>• Long term impact on infrastructure, its maintenance and replacement</li> <li>• Organisational plans and strategies are no longer valued or desired by the community</li> <li>• Failure to adapt to a changing external environment resulting in some services becoming irrelevant and others insufficient</li> </ul>
<b>Likelihood:</b> Likely	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b> High
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>		
<ul style="list-style-type: none"> <li>• Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEWNR, 5</li> <li>• Regular monitoring of risk sites e.g. land fill sites, dams, 5</li> <li>• Extreme Heat response process (for residents), 4</li> <li>• One in 100 year flood and Probable Maximum Flood modelling including tidal info. in place at individual house level, using digital terrain modelling, 4</li> <li>• Reviewed and maintained City Plan/Strategic Plans/Business Plans, 4</li> <li>• Bushfire Management Plan, 4</li> <li>• Watercourse Management capital program, 4</li> <li>• Reviewed and maintained Asset Management Policy and Plans, 4</li> <li>• Reviewed and maintained Growth Management Plan, 5</li> <li>• Asset Management Committee</li> <li>• Implementation of Youth Strategy and Intercultural Plan, 4</li> </ul>		<ul style="list-style-type: none"> <li>• Effective undergrowth management procedures, 5</li> <li>• Asset Management infrastructure audits, 5</li> <li>• Adapting Northern Adelaide Plan, 4</li> <li>• Reviewed and maintained Emergency Management Plan, 3</li> <li>• Participation in Zone Emergency Management Committee – Northern Area, 5</li> <li>• Compliance with grant funding applications process and reviews, 5</li> <li>• Compliance with Home Care Common Standards – Operating Manual, 5</li> <li>• Reviewed and maintained Learning Strategy, Wellbeing Strategy &amp; Intercultural Strategy, 4</li> <li>• Social Infrastructure Assessment Framework, 3</li> <li>• Planning controls, 4</li> <li>• Strategic Land Review, 5</li> </ul>

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Likelihood: Unlikely	Consequence: <del>Major</del> Moderate	Residual Risk Rating: Medium	Is the Residual Risk as low as reasonably practicable? No
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Update flood mapping periodically and communicate as necessary Updated flood modelling and mapping with risk indicators, and preparation of Community Engagement Strategy completed. Other strategies relating to Governance and Executive management responsibilities; floodplain mapping, management and risk mitigation; policy and planning; and provision of information have been initiated or are ongoing (refer Flood Planning Discussion Paper and Update of Council's Flood Management Strategy – Works and Services Committee 16/4/2018)		Manager Infrastructure Management / Manager Community Experience and Relationships	Ongoing
<del>Incorporate flood mapping into the development planning process (this treatment plan is dependent upon the development and communication of the updated flood mapping). Flood mapping is to be incorporated into the development plan process through the new Planning and Design Code being introduced across the State by the State Planning Commission.</del>		Manager Economic Development & Urban Policy	31 <del>July</del> <u>December</u> 2020
Updating and implementation of the Social Infrastructure Plan for the City which includes the: <ul style="list-style-type: none"> <li>• Future Directions for Community Hubs;</li> <li>• Future Directions for Indoor Facilities;</li> <li>• Place Activation Strategy (draft to be presented to Council); and</li> <li>• Future Direction for Libraries and Community Centres</li> </ul>		GM Community Development	Complete Complete <del>Complete</del> <u>30 June 2020</u> Complete
Development of a Sustainability Plan		GM City Development	TBC



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<b>6</b>	<b>Event Description:</b> City of Salisbury financial sustainability is compromised		
<b>City Plan link:</b> Enabling Excellence			
<b>Description:</b> 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.			
<b>Responsible Managers:</b> GM Business Excellence, GM City Infrastructure, GM City Development			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>			<b>Impacts (risks):</b>
<ul style="list-style-type: none"> <li>• Reduction in grant funding</li> <li>• Inadequate revenue and a failure to maximise revenue from all sources</li> <li>• Unplanned spending</li> <li>• Inadequate valuation of assets or inaccurate depreciation</li> <li>• Inadequate planning for infrastructure repairs or upgrades</li> <li>• Introduction of draft legislation regarding rate capping</li> <li>• Fraud, misconduct or maladministration</li> </ul>	<ul style="list-style-type: none"> <li>• Changes to legislation/obligations imposed by other levels of government</li> <li>• Potential new revenue streams/opportunities are not fully investigated</li> <li>• Changes to roles and responsibilities assigned to City of Salisbury by federal or state government</li> <li>• Short term revenue is maximised at the expense of longer term revenue</li> <li>• Poorly structured debt funding</li> <li>• Poor investment decision making</li> </ul>	<ul style="list-style-type: none"> <li>• Unknown consequences of new infrastructure provision from other levels of government or private sector investment</li> <li>• Failure to encourage investment in the City</li> <li>• Increased expectations of the community in relation to the demand for and breadth of services and standards delivered by CoS</li> </ul>	<ul style="list-style-type: none"> <li>• Council ultimately becomes financially unsustainable</li> <li>• City revenue has to be raised increasingly through more traditional methods (rate rises)</li> <li>• Revenue from the sale of assets (land) is not invested for the longer term benefit of the community</li> <li>• Financial cost associated with falling rates revenue or increasing bad or doubtful debts</li> </ul>
<b>Likelihood:</b> Likely	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b> High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>• Long term financial planning, by managing monitoring and reviewing 5</li> <li>• Managing monitoring and reviewing of Asset Management Plans, 4</li> <li>• Undertaking Quarterly Budget Review, 5</li> <li>• Annual Plan and Annual Report reviewed by Audit Committee, 5</li> <li>• Adhoc Prudential Reviews, 5</li> <li>• Regular reviews of rating system fairness and equity, 4</li> <li>• Appropriate execution of the Grant Management application Process, 3</li> <li>• Review of Financial information by the Budget &amp; Finance Committee, 4</li> </ul>		<ul style="list-style-type: none"> <li>• Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, NAWMA, Salisbury Memorial Park), 4</li> <li>• Compliance with Budget Policies and Procedures, 5</li> <li>• Business Case Modelling, 4</li> <li>• Growth Action Plan, 4</li> <li>• Business Support Agenda, 4</li> <li>• Annual external Audit activities</li> <li>• Project Management Methodology, 3</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Major	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk as low as reasonably practicable? Yes</b>
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Completion of Asset Management Plans to "Mature Status", including function and capacity matrices to inform the LTFP and Sustainability Index		Manager Infrastructure Management	30 June 2020
Completion of the Strategic Procurement Objectives – Road to Excellence		GM Business Excellence, Manager Strategic Procurement	30 September 2020 (majority completed, pending review of remaining objectives)
Assess the impact of NDIS/Home Community Support funding changes and develop response strategy		GM Community Development	31 December 2019
Project Management Improvement Project - Reviewing the link between the budget bid project brief and Project Management Methodology		GM City Infrastructure and GM Business Excellence	31 December 2019

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<b>7</b>	<b>Event Description:</b> Strategic objectives are not delivered due to inadequate monitoring and measuring of initiatives, poor planning, lack of or inappropriate resources, and lack of consultation.		
<b>City Plan link:</b> The Prosperous City, The Sustainable City, The Liveable City, Enabling Excellence			
<b>Description:</b> <del>Governance frameworks, systems and business processes are</del> inadequate to ensure robust decision making. <del>Inadequate, or the</del> Failure to integrate, governance to enable the meeting of strategic objectives.			
<b>Responsible Managers:</b> CEO, All General Managers			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>Inadequate performance measures which are not linked to objectives or strategies</li> <li>Failure to monitor organisational performance against stakeholder expectations and to take action when necessary to correct it</li> <li>Failure to deliver what is expected by the local community due to a lack of alignment of strategic plans</li> <li>Limited meaningful corporate performance indicators in place</li> <li>Inconsistent reporting and data collection of corporate performance indicators</li> <li>Processes and systems fail to address customer needs</li> <li>Unforeseen failure of infrastructure</li> <li>Intense period of organisational change and transformation</li> </ul>		<ul style="list-style-type: none"> <li>Inadequate capability and capacity (e.g. workforces plans, training and development, technology, systems etc.)</li> <li>Failure to engage with all stakeholders in developing the City Plan</li> <li>Customer service is neither monitored or managed</li> <li>Senior management and Elected Members fail to fully and appropriately demonstrate desired organisational values</li> <li>Actual organisational structure, vision, values, norms, systems, symbols, language, beliefs and habits are inconsistent with those desired.</li> <li>Insufficient prioritisation of projects and resource scoping</li> <li>Projects approved are not consistent with the strategic direction of CoS</li> </ul>	
<b>Impacts (risks):</b>		<ul style="list-style-type: none"> <li>Organisational performance is not adequately measured and therefore cannot be managed</li> <li>Organisational plans and strategies are not achieved</li> <li>Organisational resources are not used effectively</li> <li>Organisational plans and strategies are not valued or desired by the community</li> <li>Organisational plans and strategies are not delivered in a way that is consistent with the organisational values</li> <li>Lack of customer / community engagement</li> <li>Lack of employee engagement and commitment to City objectives</li> <li>Poor customer service</li> <li>Council lacks a coherent direction</li> <li>Failure to meet legislative obligations</li> <li>Not meeting community needs</li> <li>Reputational damage</li> <li>Poor organisational performance</li> <li>Negative impact on staff health and wellbeing</li> </ul>	
<b>Likelihood:</b> <del>Possible</del> Likely	<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b> High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>Compliance with Budget Process, 5</li> <li>Review of Annual Plan and Annual Report by Audit Committee, 5</li> <li>Review and approval of City Plan by elected members, 5</li> <li>Established and embedded Customer Service Framework, 4</li> <li>Monthly Strategic Executive Group meetings, 4</li> <li>Alignment of New Initiative Bid documentation to the City Plan, 4</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Planning and Accountability, 4</li> <li>Effective use of and compliance with Community Engagement Framework, 4</li> <li>Project Management Methodology, 3</li> <li>Conduct of bi-annual customer satisfaction survey, 4</li> <li>Business case development for aged care schemes, 4</li> <li>Change Management agenda, 4</li> </ul>	<ul style="list-style-type: none"> <li>Regular performance of CEO Review via CEO Review Committee, 4</li> <li>Annual setting of Performance and Development Plans (PDP's), 4</li> <li>Governance Framework and Statement, 5</li> <li>Delivery of IT support through BSS division, 4</li> <li>Regularly reviewed and communicated Delegations Register, 5</li> </ul>	<ul style="list-style-type: none"> <li>OCI/ABEF survey process, 4</li> <li>Regular Strategic Project Reporting, 4</li> <li>Skilled and experienced staff, 4</li> <li>Performance of Contract Management, 4</li> <li>Infrastructure Maintenance Activities, 5</li> <li>Succession Planning, 4</li> <li>LG Performance Excellence Program benchmarking activity, 4,</li> </ul>

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Likelihood: Unlikely	Consequence: <del>Major</del> Moderate	Residual Risk Rating: Medium	Is the Residual Risk as low as reasonably practicable? No
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Complete Implementation of the Change Management Framework and Program		Manager People and Culture	31 December 2020
Completion of relevant agreed actions arising out of the Business Systems and Solutions audit		Manager, Business Systems and Solutions	Various
Monitoring and reporting of PDP completion		Manager People & Culture	Ongoing
Resourcing Plan Major Project (2 Year)		Manager People & Culture	30 <del>September</del> June 2020



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<b>8</b>		<b>Event Description:</b> Failure to ensure a safe working environment	
<b>City Plan link:</b> Enabling Excellence			
<b>Description:</b> 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.			
<b>Responsible Managers:</b> GM Business Excellence, Manager People and Culture, CEO, GM City Infrastructure, GM Community Development, GM City Development, Elected Members			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>Inadequate controls in place to prevent incidents occurring</li> <li>Insufficient reporting of incidents and near misses</li> <li>Safe work practices not documented or communicated to employees</li> <li>Inadequate induction, training and supervision</li> <li>Inadequate hazard management system</li> <li>Organisational safety attitude does not recognise the importance of following WHS policies and procedures</li> </ul>		<ul style="list-style-type: none"> <li>An employee, contractor, volunteer or elected member is injured or dies as a result of a preventable incident or accident</li> <li>Potential financial consequences for the City of an incident affecting a member of staff including; medical/rehabilitation expenses, injury compensation claim, legal expenses, fines</li> <li>Regulatory censure including a SafeWork SA Prohibition Notice, Improvement Notice or prosecution/conviction</li> <li>Legal consequences for senior management should policies and procedures be determined as inadequate by SafeWork SA.</li> <li>Organisational reputation is damaged through the failure to prevent an accident or injury occurring at work</li> <li>Scheme losing self-insured status and resultant lack of financial sustainability</li> </ul>	
<b>Likelihood:</b> <u>Likely/Almost Certain</u>	<b>Consequence:</b> Catastrophic	<b>Inherent Risk Rating:</b> Very High	
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>WHS training and e-learning (mandatorily required for all employees on commencement of employment and thereafter routinely), 5</li> <li>Performance of Licensing qualifications checks, 5</li> <li>Training in WHS Procedures, 3</li> <li>Updated WHS IM Business Plan, 5</li> <li>Performance WHS Reviews, 4</li> <li>Principal WHS Committee, 5</li> <li>City Infrastructure WHS Committee, 5</li> <li>JSA, work instructions and plant risk assessments, 4</li> <li>Staff training on and compliance with Code of Conduct, 4</li> </ul>		<ul style="list-style-type: none"> <li>Compliance with Hazard and incident reporting and investigation procedures, 4</li> <li>Members of the Local Government Workers Compensation Scheme, requiring annual external audits, 5</li> <li>Work Health Safety representative team, 5</li> <li>Support from LG Sector/other councils/private sector organisations with development/implementation of WHS policies/procedures (including benchmarking partners), 5</li> <li>Contractual arrangements with external providers to assist compliance with WHS obligations, 4</li> <li>Quarterly Executive Report highlighting trends, outstanding actions and high risk rating incidents or hazards, 4</li> <li>Embedding of organisational values</li> </ul>	
<b>Likelihood:</b> Possible	<b>Consequence:</b> Catastrophic	<b>Residual Risk Rating:</b> High	<b>Is the Residual Risk as low as reasonably practicable?</b> No
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>

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**Strategic Risk Register**

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Completion of WHS and IM Business Plan Programs Includes: Program 1: Commitment & Policy - Program 3: Implementation (Hazard Management) – Program 4: Implementation (WHS Training)	Manager People and Culture	Complete <del>30 June 2020</del> 30 June 2020 (majority complete, pending final review) <del>30 June April 2021</del> (majority complete, one action deferred due to COVID-19 restrictions)
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Item 4.2.6 - Attachment 5 - Strategic Risk Register March 2020

**Strategic Risk Register**

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<b>9</b>		<b>Event Description:</b> Lack of alignment and integrity of IT systems and data to support business needs	
<b>City Plan link:</b> Enabling Excellence			
<b>Description:</b> Business and community needs are not met due to lack of, ineffective or outdated IT system and business processes			
<b>Responsible Managers:</b> GM Business Excellence, Manager Business Systems and Solutions			
<b>Contributory Factors ("root" causes / how and why the event arises):</b>		<b>Impacts (risks):</b>	
<ul style="list-style-type: none"> <li>• Failure to adequately involve IT when developing plans, strategies and projects</li> <li>• Failure to consider all options when improving a system or process</li> <li>• Organisational change is not conducted in a structured and logical manner</li> <li>• Failure to support the skill set of individuals responsible for the delivery of business systems</li> <li>• Lack of business engagement and clarity of roles</li> <li>• External pressure for changes to systems</li> <li>• Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs</li> <li>• Lack of monitoring of cybersecurity threats to organisational assets</li> <li>• Lack of communication/training for all staff regarding information security</li> <li>• Information to facilitate action during a cybersecurity incident is not available</li> </ul>		<ul style="list-style-type: none"> <li>• Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure</li> <li>• Council operations pause resulting in financial loss</li> <li>• Failure to adapt to a changing external environment</li> <li>• Inefficient and ineffective use of organisational resources</li> <li>• Poor service delivery</li> <li>• Reputational damage</li> <li>• Costs of litigation and restoration of services</li> </ul>	
<b>Likelihood:</b> <del>Likely</del> <del>Almost Certain</del>		<b>Consequence:</b> Major	<b>Inherent Risk Rating:</b> <del>Very High</del>
<b>Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):</b>			
<ul style="list-style-type: none"> <li>• IT Governance Framework, 3</li> <li>• Programmed testing of systems for security and reliability, 4</li> <li>• Compliance with Information Security Policies and Procedures, 4</li> <li>• Continuous Improvement Framework, 4</li> </ul>		<ul style="list-style-type: none"> <li>• IT Disaster Recovery Plan, 2</li> <li>• Business Continuity Plans, 4</li> <li>• Incident Management Team identified and trained, 4</li> <li>• Building security and access controls, 4</li> <li>• User access system controls, 4</li> <li>• Patch management and software maintenance procedures, 4</li> <li>• Performance of Cyber Security Risk Assessments, 4</li> </ul>	
<b>Likelihood:</b> Possible		<b>Consequence:</b> <del>Moderate</del> <del>Major</del>	<b>Residual Risk Rating:</b> High
		<b>Is the Residual Risk as low as reasonably practicable? No</b>	
<b>Treatment Plan:</b>		<b>Responsibility:</b>	<b>Target Completion Date:</b>
Develop digital strategy to enhance engagement with community and customer service		Manager Business Systems and Solutions	30 September 2020
Delivery of relevant aspects of the Smart Salisbury governance structure		Manager Business Systems and Solutions	Progressive Implementation

Item 4.2.6 - Attachment 5 - Strategic Risk Register March 2020

## Strategic Risk Register

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Table 1 – Consequence Ratings

RATING	AREA OF IMPACT					
	Environment/ Political/ Community	Reputation	Finance	Legal/ Regulatory	Injury/Operational Management	Service Interruption
<b>1</b> Insignificant	Nil	Nil	Less than \$20,000	None	Nil	Minor interruption to service provision capability, e.g. less than 4 hours.
<b>2</b> 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"> <li>• Unexpected/unplanned absence of a staff member.</li> <li>• Potential for minor injury.</li> <li>• First aid treatment required.</li> </ul>	Limited disruption to service provision requiring altered operational arrangements for a short period, e.g. up to 1 day
<b>3</b> 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"> <li>• Unexpected/unplanned absence of a key staff member.</li> <li>• Medical treatment required.</li> </ul>	Some disruption to service provision capability requiring altered operational arrangements, e.g. between 1 day and 1 week.
<b>4</b> 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"> <li>• Unexpected/unplanned absence of several key staff members from a single area.</li> <li>• Significant injury to staff disabling them/dangerous near miss.</li> </ul>	Significant impairment of service provision (capability or period), e.g. between 1 week and 1 month.
<b>5</b> 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"> <li>• Unexpected/unplanned absence of a significant number of staff, e.g. during a pandemic.</li> <li>• Death / critical injury to staff.</li> </ul>	Total loss of service provision capability for extended period, e.g. more than 1 month.

**Strategic Risk Register**

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**Table 2 – Likelihood Ratings**

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

**Table 3 - Risk Matrix**

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



**Strategic Risk Register**

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**Table 4 - Residual Risk Descriptors**

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

**Table 5 - Control Effectiveness Ratings**

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

The following defines the meaning of the control effectiveness ratings;

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

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

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

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

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

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

Source: Control Activity Owner Instruction Manual, ControlTrack®

Strategic Risk Register

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

Likelihood	E Almost Certain					
	D Likely				9	
	C Possible				2, 3, 5, 6	1, 4, 8
	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
2	Contamination of the recycled water systems	High	High	Yes	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
8	Failure to ensure a safe working environment	Very High	High	No	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
9	Lack of alignment and integrity of IT systems and business processes for support of business needs	Very High	High	No	Yes

Item 4.2.6 - Attachment 5 - Strategic Risk Register March 2020

Risk Management and Internal Controls Activities – July 2020 to June 2021

v1.0

Annual Plan - July 2020 to June 2021					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress
External Audit of financial internal controls	Internal Controls	External	In progress	This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work.	The final report from the external auditors will be delivered at the October 2020 meeting of the Audit Committee as a separate report. The interim report appears as item 4.2.1 on the agenda for the August 2020 meeting.
Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation	Internal Controls	Internal	Not yet commenced	The external auditor's expectations are that at least one control self-assessment will be conducted annually and a risk assessment should also be conducted on financial internal controls.	Control self-assessments are performed in preparation for the performance by the external auditors of their review of the financial internal controls. This task will be commenced in April 2021.
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 2020 for the 2019/2020 period to substantiate the information to be contained within the Annual Financial Statements. A memo to the GM Business Excellence was prepared. No issues were identified.

Item 4.2.6 - Attachment 6 - Proposed Schedule of Risk Activities and Internal Controls for 2020/2021

Risk Management and Internal Controls Activities – July 2020 to June 2021

v1.0

Annual Plan - July 2020 to June 2021					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress
Report on the findings of the Audit Committee self-assessments	Internal Controls	Internal	Not yet commenced	The annual self-assessment reviews the performance of the Audit Committee.	The self-assessment of the Audit Committee will take place by way of a questionnaire circulated to the Audit Committee members following the February 2021 meeting, with a view to results of the questionnaire being presented to the April 2021 meeting.
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 November 2020 meeting.

Item 4.2.6 - Attachment 6 - Proposed Schedule of Risk Activities and Internal Controls for 2020/2021



Risk Management and Internal Controls Activities – July 2020 to June 2021

v1.0

Annual Plan - July 2020 to June 2021					
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress
Review of Business Continuity corporate documentation	Risk Management	External	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.	An independent review of the amended BCP documentation was commissioned (following the COVID-19 pandemic) and a report was delivered in April 2020. Recommendations from the independent report will be incorporated into the corporate documentation.
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 a consistent Policy Framework	Risk Management / Governance	Internal	In progress	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 during 2020. An update on the progress of the task will be provided to the November 2020 meeting.
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.

Risk Management and Internal Controls Activities – July 2020 to June 2021

v1.0

Annual Plan - July 2020 to June 2021					
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
Emergency Management Project	Risk Management	Internal	In progress	Develop, implement and review the Emergency Management Framework, including the development of tools, plans and instructional guides. Provide an integrated model of emergency management for City of Salisbury, with assigned roles & responsibilities	An Emergency Management Project Coordinator has been appointed for 12 months, from 1 July 2020 to 30 June 2021, reporting to the Risk and Governance Program Manager. Periodic updates will be provided to the Audit Committee during 2020/2021.

Item 4.2.6 - Attachment 6 - Proposed Schedule of Risk Activities and Internal Controls for 2020/2021

## OUTSTANDING ACTIONS ARISING OUT OF COMPLETED INTERNAL AUDITS

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p><b>2. The current Disaster Recovery plans require updating to increase the likelihood of managing a disaster event</b></p> <p>2.a) Fully document the DR plans. Consider the use of an external party with experience in the development of technology DR plans if there are no in-house parties with this experience; <i>Action: Noted and agreed as recommended.</i></p> <p>2.b) Create a DR testing regime for major systems, that supports the business's documented MAO, RPO and RTO; <i>Action: Noted and agreed as recommended.</i></p> <p>2.c) Align back-up regimes of all systems to Business Continuity plan MAO, RPO and RTO requirements. <i>Action: Back up regimes will be reviewed and modified, if required.</i></p>	Team Leader, Information Technology Services	30/4/2019	30/09/2019 31/05/2020	<p><b>27/03/19</b> – 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.</p> <p><b>1/7/2019</b> – Work commencing July 2019 and will be actioned by Team Leader, Information Technology Systems and IT Service Delivery Manager</p> <p><b>5/11/2019</b> - DR plan has been created by the Team Leader Information Technology Services. This includes plans for testing in the 2020 calendar year.</p> <p><b>04/02/2020</b> – Plan created to be scheduled for review and endorsement through the new governance model.</p> <p><b>7/04/2020</b> – Review to be performed by Manager Business Systems and Solutions</p> <p><b>Update provided at August 2020 Audit Committee meeting</b></p>

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p><b>3. Review of the use of generic admin accounts for applications</b></p> <p>3.a) Replace all generic admin accounts where they are used, with named admin accounts for all systems;  <i>Action: Noted. A review will be performed and implemented where feasible to do so.</i></p>	Team Leader, Information Technology Services	30/11/2018	<p>30/06/2019</p> <p>30/07/2019</p> <p>31/03/2020</p> <p><b>30/06/2020</b></p>	<p><b>27/03/19</b> -- 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><b>1/7/2019</b> -- 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><b>5/11/2019</b> - 3a) Work is continuing however other priorities has resulted in delays to finalising.</p> <p><b>24/01/2020</b> - On plan for completion by 31/03/2020.</p> <p><b>7/04/2020</b> - date revised due to work required to be performed for COVID-19, however the aim will be to resolve before June 2020  <b>Update provided at August 2020 Audit Committee meeting</b></p>



<b>Audit: Business Systems and Solutions</b>				
<b>Opportunity for Improvement</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>4. No Service Level Agreements, and/or Key Performance Indicator's for Business Systems and Solutions</b></p> <p>4.a) Develop a Service Catalogue. <i>Action: Noted and agreed. Will be done as part of the work in 4.e.</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 <b>30/06/2020</b></p> <p>30/09/2019 <b>30/06/2020</b></p> <p>30/09/2019 <b>30/06/2020</b></p> <p>30/09/2019 <b>30/06/2020</b></p> <p>30/11/2018 30/09/2019 <b>30/06/2020</b></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> <p>Update provided at August 2020 Audit Committee meeting</p>

<i>Audit: Business Systems and Solutions</i>				
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  <b>30/06/2020</b></p>	<p><b>5/11/2019</b> – 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><b>24/01/2020</b> – On plan to deliver majority of these actions by 30/06/2020</p> <p>Update provided at August 2020 Audit Committee meeting</p>

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p><b>5. Maintain an up to date application register to reduce security risk and upgrade costs</b></p> <p>5.a) Re-instate the centralised application and technology support matrix / register, including the version number currently used, the latest version released by the vendor, timescales for the life of vendor support, issues and reasons for not upgrading to the latest version and any vendor arrangements.</p> <p><i>Action: Noted and agreed. These documents are in use and will be updated. This will form part of the information contained in the Service Catalogue</i></p> <p>5.b) Determine if a policy or position is necessary for keeping software current. (e.g. No system will be x versions behind the latest version) – A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.</p> <p><i>Action: A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.</i></p> <p>5.c) Once the application and support matrix / register has been re-introduced, complete a review of all major systems to determine potential upgrade projects required.</p> <p><i>Action: Noted and agreed. A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.</i></p>	5a.) Team Leader Service Desk	30/6/2018	30/09/2018 30/11/2018 28/03/2019 28/06/2019 30/09/2019 30/03/2020 <b>30/04/2020</b>	<p><b>23/03/2019</b> – 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&amp;S will then work with application owners to agree the relevant version of each application, subject to business process needs.</p> <p><b>1/7/2019</b> – 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&amp;S will then work with application owners to agree the relevant version of each application, subject to business process needs.</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 <b>30/04/2020</b>	<p><b>25/01/2019</b> 5.c) In progress see comment for 5.a) above</p>
	5.c) Manager Business Systems and Solutions	30/9/2018	30/11/2018 28/03/2019 28/06/2019 30/09/2019 <b>30/06/2020</b>	<p><b>5/11/2019</b> – All work delayed due to changing priorities. Due dates have been rebaselined.</p> <p><b>24/01/2020</b> – On plan for delivery by 30/03/2020 and 30/06/2020 as noted in the detail.</p> <p><b>Update provided at August 2020 Audit Committee meeting</b></p>

Item 4.2.6 - Attachment 7 - Outstanding Actions from completed Internal Audits August 2020

<b>Audit: Business Systems and Solutions</b>				
<b>Opportunity for Improvement</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>6. Continued focus is required on aligning business applications to business needs</b></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>28/02/2019</p>	<p>30/11/2018</p> <p>30/05/2019</p> <p>31/12/2019</p> <p><b>30/06/2020</b></p> <p>28/02/2019</p> <p>30/09/2019</p> <p>30/09/2019</p> <p><b>30/06/2020</b></p> <p><b>30/06/2020</b></p>	<p><b>23/03/2019 – 6 (a):</b> A process has been initiated to identify time spent by key resources with BS&amp;S to understand what initiatives are being worked on and to align them with organisational projects and initiatives <b>1/7/2019 – 6.a):</b> 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. <b>1/7/2019 – 6.c):</b> 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 <b>5/11/2019 – 6)</b> All activities delayed due to conflicting priorities. Dates have been rebaselined.</p> <p><b>27/03/2019 – 6 (d):</b> 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. <b>5/11/2019 – 6d) –</b> Service Catalogue has not yet been developed due to conflicting priorities. Date has been rebaselined.</p> <p><b>04/02/2020 –</b> On plan to deliver by 30/06/2020. Note some have been completed, eg governance structure and terms of reference.</p> <p><b>Update provided at August 2020 Audit Committee meeting</b></p>



<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p>6.f) Review the success of the Business Engagement Group over time and realign the Terms of Reference, if required.</p> <p><i>Action: Noted and agreed. An internal assessment will be performed with the independent assessment performed by the next external audit of the information technology areas of the BSS division.</i></p>	6f.) Team Leader Planning and Business Engagement	30/6/2018	<p>30/06/2019</p> <p><del>28/2/2020</del></p> <p><b>30/09/2020</b></p>	<p><b>1/7/2019</b> -- The engagement process for the organisation has been implemented since Nov 2018 and will be reviewed in Feb 2020.</p> <p><b>5/11/2019</b> -- Review still scheduled for Feb 2020</p> <p><b>11/3/2020</b> --Deferred to September 2020.</p> <p><b>Update provided at August 2020 Audit Committee meeting</b></p>

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p><b>7. Greater awareness is required of the ownership of systems and roles and responsibilities for applications</b></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>	<p>7a.)-b.) Team Leader Information Technology Services</p>	28/2/2019	<p>31/05/2019</p> <p>30/09/2019</p> <p>30/03/2020</p> <p><b>30/05/2020</b></p>	<p><b>23/03/2019</b> – 7 (a) and 9b): BS&amp;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>
		28/2/2019	<p>31/05/2019</p> <p>30/09/2019</p> <p>30/03/2020</p> <p><b>30/05/2020</b></p>	<p><b>1/7/2019</b> – 7 (a) and 9b): BS&amp;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><b>5/11/2019</b> – 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><b>04/02/2020</b> – Report to Exec scheduled for February 2020, so on track to deliver by 30/03/2020</p> <p><b>Update provided at August 2020 Audit Committee meeting</b></p>

Item 4.2.6 - Attachment 7 - Outstanding Actions from completed Internal Audits August 2020

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p><b>8. Continued alignment of the Digital Strategy to the Business Strategy is required</b></p> <p>8.a) Ensure that the Digital Strategy is able to achieve the City of Salisbury’s City Plan 2030 overarching strategy and vision. <i>Action: Noted and agreed. Action to be passed on to the digital strategy working group.</i></p> <p>8.b) Ensure that the Application Owners and members of the Applications Steering Committees continue to be involved in the development of the Digital Strategy. <i>Action: Noted and agreed.</i></p> <p>8.c) Ensure the IT strategy contains roadmaps and an execution plan for each system within the City of Salisbury portfolio. <i>Action: Noted and agreed. Information to be included in updated ICT Strategy.</i></p> <p>8.d) Consider changing the title of the IT strategy to an “Digital Execution Plan” or similar to reflect the outcome of the document being to define a program of work to deliver the Digital Strategy. This will assist in the measurement of goals and objectives of the strategies; <i>Action: Noted and agreed. Broader than responsibility of IT function within BSS.</i></p> <p>and</p> <p>8.e) Define a program of work to deliver the Digital Strategy. <i>Action: Noted and agreed. Broader than responsibility of IT function within BSS.</i></p>	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> <p>Update provided at August 2020 Audit Committee meeting</p>

Item 4.2.6 - Attachment 7 - Outstanding Actions from completed Internal Audits August 2020

<i>Audit: Business Systems and Solutions</i>				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<p><b>10. A formal change framework is required</b></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 31/05/2020</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&amp;S to review the process that has been implemented in February 2020</p> <p>Update provided at August 2020 Audit Committee meeting</p>



<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>There is a need to assign central ownership and to establish governance over contract management within Council</b></p> <p><b>Recommendation 1</b> Establish a governance structure to oversee contract management at the CoS. Consideration should include: 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> <p><b>Actions:</b> <i>Identify an Exec sponsor. Form a Group / Committee to oversight contract management and/or add contract management to the terms of reference of an existing Group / Committee. Obtain appropriate budget.</i></p>	<p>GM Business Excellence &amp; GM City Infrastructure</p>	<p>June 2020</p>		<p>This timing will need to be reconsidered due to resource constraints and focus on the COVID capital program</p>

Item 4.2.6 - Attachment 7 - Outstanding Actions from completed Internal Audits August 2020

<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>There is a need to assign central ownership and to establish governance over contract management within Council</b></p> <p><b>Recommendation 2</b>                      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"> <li>▪ developing high-level contract management guidance</li> <li>▪ monitoring select indicators, for example contract performance, trends, risk management approaches,</li> <li>▪ promoting/providing training across the organisation on contract management</li> <li>▪ reporting to a governance committee</li> <li>▪ sample-based monitoring of compliance with any established contract management guidelines.</li> </ul> <p><b>Actions:</b>  <i>Identify central team / position.</i>  <i>Undertake resourcing Gap analysis.</i>  <i>Allocate responsibility.</i>  <i>Monitoring and Reporting to outcome of Recommendation 1.</i>  <i>Resource accordingly.</i></p>	<p>Group / Committee identified in Recommendation 1 to allocate responsibility to an existing team / DM</p>	<p>Dec 2020</p>		

<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>There are a lack of procedures to provide explicit guidance for contract management</b></p> <p><b>Recommendation 3</b> Develop and document a clear policy outlining expectations for contract management across Council, including clearly identified roles and responsibilities.</p> <p><b>Actions:</b> <i>Develop / or review an existing Policy</i> <i>Develop a RACI matrix</i></p>	Existing team / DM identified in Recommendation 2	March 2021		

<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>There are a lack of procedures to provide explicit guidance for contract management</b></p> <p><b>Recommendation 4</b>                      Develop a contract management framework to guide staff, incorporating:</p> <ul style="list-style-type: none"> <li>▪ procedures (mandatory)</li> <li>▪ guidelines, and</li> <li>▪ clarification of roles and responsibilities (for example where responsibilities start and end – including responsibility for obtaining ongoing ‘due diligence’ documentation)</li> <li>▪ better practice examples from across Council.</li> </ul> <p>There is opportunity to ensure that requirements align to the risk/value of different contracts.</p> <p><b>Actions:</b>                      Develop framework, procedures.                      Develop / review templates, tools, etc...</p>	Existing team / DM identified in Recommendation 2	March 2021		



<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>There is a need for standardised storage of policies, procedures and contract documentation</b></p> <p><b>Recommendation 5</b> 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"> <li>▫ approval processes before documentation can be uploaded into the location</li> <li>▫ clear metadata/date information about each document</li> <li>▫ standard naming conventions</li> <li>▫ use of consistent document templates, and</li> <li>▫ reviewing security/access levels for documentation, including providing transparency that a document exists even if the user does not have permission to view it.</li> </ul> <p>This will assist in ensuring that staff are able to readily locate all information relevant to their roles and responsibilities.</p> <p><b>Actions:</b> <i>Review existing policies, guidelines</i> <i>Review naming convention, security etc...</i> <i>Provide training etc...</i> <i>Audit</i></p>	<p>DM Community Experience &amp; Relationships / Team Leader Business Intelligence &amp; Data Management</p> <p>Group / Committee identified in Recommendation 1</p>	June 2021		



<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>There is a need for a consistent approach to ensuring that ‘due diligence’ documentation is updated throughout the life of contracts</b></p> <p><b>Recommendation 7</b> 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><b>Action:</b> <i>Continue the CoI process built into the Strategic Procurement process for &gt;\$150k procurement activities.</i> <i>Amend the current induction / acting process to include an action to obtain CoI's for contracts the role is responsible for.</i>  <i>Annual review for ‘strategic’ contracts only.</i>  <i>Monitor conformance</i></p>	<p>Strategic Procurement</p> <p>People &amp; Culture</p> <p>Strategic Procurement &amp; Governance</p> <p>Governance</p>	<p>N/A</p> <p>June 2020</p> <p>Ongoing</p> <p>Ongoing</p>		

<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>A need for clear staff training and awareness regarding their contract-related WHS responsibilities</b></p> <p><b>Recommendation 8</b> 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><b>Management Comment:</b> a) The WHS&amp;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 Information on policy and procedure updates are rolled out via staff meetings with evidence retained in Dataworks and tracked through Empower.</p> <p><b>Actions:</b> a) Update policies and procedures as per due dates in policy and procedure b) Use CoSi as a primary interface with Dataworks</p>	<p>Team Leader Safety &amp; Wellbeing</p>	<p>N/A</p>	<p>N/A</p>	



<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>A need for clear staff training and awareness regarding their contract-related WHS responsibilities</b></p> <p><b>Recommendation 9</b> 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><b>Management Comment: Not accepted</b> 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><u>Responsible staff trained in the Work Health Safety Contractor Management Procedure in accordance with the training needs analysis.</u></p> <p><b>Actions:</b> <i>No further action proposed</i></p>	N/A	N/A	N/A	<p><u>The latest revision of the procedure has been updated in draft and is ready to go to the Work Healthy Safety Committee (August 2020 meeting), and then Executive, for endorsement. Following this, the procedure and accompanying training material will be released to the relevant parties.</u></p>

Item 4.2.6 - Attachment 7 - Outstanding Actions from completed Internal Audits August 2020

<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>A need for clear staff training and awareness regarding their contract-related WHS responsibilities</b></p> <p><b>Recommendation 10</b>                      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><b>Management Comment:</b>                      Agreed – review with LGAWCS as we adopt their policies &amp; procedures.</p> <p><b>Actions:</b>                      Group / committee identified in Rec 1 to provide decision forum</p>	GM Business Excellence / Manager People & Culture	September 2020		

<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>A need for clear staff training and awareness regarding their contract-related WHS responsibilities</b></p> <p><b>Recommendation 11</b> 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><b>Management Comment:</b> 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&amp;IM Business Plan. Operational leaders are assigned contractor work site inspections through Skytrust with Executive updated on completion status via the P&amp;C quarterly report to Executive.</p> <p><b>Actions:</b> <i>Facilitate creation of contractor induction portal with support from IT staff</i></p>	<p>Team Leader Safety &amp; Wellbeing</p>	<p>September 2020</p>		

Item 4.2.6 - Attachment 7 - Outstanding Actions from completed Internal Audits August 2020

<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>A need for clear staff training and awareness regarding their contract-related WHS responsibilities</b></p> <p><b>Recommendation 12</b> 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><b>Actions:</b> <i>Finalise review of contract templates with support from Manager Strategic Procurement</i> <i>Refer Recommendation 4 – guidelines and policy &amp; procedures to reflect this.</i></p>	Existing team / DM identified in Recommendation 2	December 2020		



<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>There is opportunity to strengthen record-keeping in relation to contracts</b></p> <p><b>Recommendation 13</b> To ensure that staff obtain and record quotations in relation to pieces of work conducted under contract:</p> <ul style="list-style-type: none"> <li>▪ 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.</li> </ul> <p><b>Actions:</b> <i>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.</i></p>	Strategic Procurement	December 2020		

<b><i>Audit: Contract Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>There is a need to clarify expected processes in relation to contract closure</b></p> <p><b>Recommendation 14</b>                      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"> <li>▪ capturing learnings/feedback on contract performance from a contractor's perspective</li> <li>▪ reviewing whether goods/services have been received in full as paid for</li> <li>▪ reviewing whether discounts/savings were applied appropriately as per some contract conditions</li> <li>▪ identifying lessons learned and ensuring that these are communicated within the Council, to facilitate future contract management improvements.</li> </ul> <p><b>Actions:</b>                      Refer Recommendation 4.</p>	Existing team / DM identified in Recommendation 2	March 2021		

<b><i>Audit: Asset Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>2.1 Focusing on customer levels of service and enhancing processes for monitoring and reporting levels of service.</b></p> <p><b>Recommendation 2.1.1</b> Engage with key stakeholders to establish performance measures and desired levels of service based on customer consultation and assessments of satisfaction.</p> <p><b>Management Comment:</b> Now Council has an Asset Management Sub Committee (AMSC) and will work through the levels of service progressively <u>for each asset category.</u></p> <p><b>Recommendation 2.1.2</b> Establish levels of service based on targets that are measurable, achievable, relevant and timely.</p> <p><b>Management Comment:</b> Existing levels of service in place but need to change to more community centric focus.</p> <p><b>Recommendation 2.1.3</b> Implement mechanisms to ensure that performance targets are compared to actual performance and reported to key stakeholders on a regular basis.</p> <p><b>Management Comment:</b> This is in place generally through the AMSC and SAMG</p> <p><u>Levels of service for footpaths, playspaces, (and associated assets), have now been presented and approved by AMSC.</u></p> <p><u>Street Tree Assets are being reviewed this month and Buildings will be in September 2020.</u></p> <p><b>Action:</b> <i>All Asset Managers to work with the AMSC and Council</i></p>	<p>General Manager City Infrastructure (GMCI), Manager Property &amp; Buildings (MP&amp;B), Manager Infrastructure Management (MIM)</p>	<p>2023</p>		

Item 4.2.6 - Attachment 7 - Outstanding Actions from completed Internal Audits August 2020

<b><i>Audit: Asset Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>2.2 Improving controls to ensure buildings condition assessment and ‘fit for purpose’ audits are performed on a regular basis.</b></p> <p><b>Recommendation 2.2.1</b> 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).</p> <p><b>Management Comment:</b> <del>Building Condition Assessment and Fit for Purpose audit has just been completed, by an external Consultant. The results and outcomes regarding levels of service will be presented to AMSC in September 2020. These are currently being undertaken.</del> <del>Working with Council on defining ‘fit for purpose’.</del></p> <p><b>Action:</b> <del>Audit e</del>Completed <del>audit</del> and <del>present</del> findings and recommendations <del>will be presented</del> to the AMSC. Prioritise 21/22 and beyond capital program in line with above.</p>	MP&B	March 2021		



<b><i>Audit: Asset Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>2.3 Formalising and documenting building maintenance plans and operational procedures.</b></p> <p><b>Recommendation 2.3.1</b> 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><b>Management Comment:</b> Disagree with findings and recommendations. Asset Management Improvement Project (AMIP) implemented these changes. In place, <u>Confirm includes all preventative maintenance regimes, ongoing monitoring occurs as contracts are reviewed or inspections undertaken.</u></p> <p><b>Recommendation 2.3.2</b> 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><b>Management Comment:</b> <u>In place. Proactive Inspection Regimes have been implemented within Confirm, producing updated Maintenance Programs and these are within Confirm. All Buildings are proactively inspected every 6 months to supplement the existing Maintenance Programs.</u></p> <p><b>Recommendation 2.3.3</b> Ensure that maintenance history is maintained in the asset register.</p> <p><b>Management Comment:</b> In place. <u>All maintenance is recorded in confirm with associated costs.</u></p> <p><b>Action:</b> No action required apart from ongoing improvements.</p>		<del>2023</del>		

Item 4.2.6 - Attachment 7 - Outstanding Actions from completed Internal Audits August 2020

<b><i>Audit: Asset Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>2.4 Defining clear criteria for upgrades and renewal of buildings</b></p> <p><b>Recommendation 2.4.1</b> 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><b>Management Comment:</b> Generally in place however further improvements currently underway. Working with Council on defining 'fit for purpose' and future demand and priorities. Currently working the AMSC and developing a Place Activation Strategy to assist with this.</p> <p><u>Current condition &amp; fit for purpose audit addresses the current state with the Community Planning and Vitality Division preparing a report for ASMC regarding future demands and trends including specifications and gaps analysis with respect to Council's sporting facilities. Council's Community Hub model has been adopted with respect to the community facilities, with Burton and Ingle Farm Community Hubs being constructed over the next few years.</u></p> <p><b>Action:</b> Ongoing formal presentations and reports to Council Committees.</p>	MP&B	Ongoing		

<b><i>Audit: Asset Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>2.5 Ensuring Asset Management Plans are ‘living documents’ fully integrated with the Long Term Financial Plan</b></p> <p><b>Recommendation 2.5.1</b>                      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><b>Management Comment:</b>                      This is currently in place. AMP’s are living documents and updated regularly. However the frequency of review will be improved.</p> <p><b>Action:</b>                      No action apart from ongoing reviews and improvement.</p>	MIM & MP&B	Ongoing		

<b><i>Audit: Asset Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>2.6 Improving Parks, Streetscapes and Street Trees Renewal processes and maintenance regime</b></p> <p><b>Recommendation 2.6.1</b> 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.</p> <p><b>Management Comment:</b> Currently underway with the AMSC Street tree audit completed in January 2020 to enable a review to occur. <u>Street Tree Policy is being presented to AMSC in August 2020 for approval of Levels of Service, including principles around tree type and removal guidelines, and associated maintenance and renewal regimes.</u></p> <p><b>Action:</b> <i>Present process to the AMSC and Audit Committee.</i></p> <p><b>Recommendation 2.6.2</b> Establish formal maintenance and operational plans for parks, streetscapes and street trees assets.</p> <p><b>Management Comment:</b> <u>Preventative inspection regimes are in place as part of the ongoing Unit Pricing in the Confirm System.</u> Has been implemented as part of the AMIP. Preventative, routine and reactive maintenance programs are in place.</p> <p><b>Action:</b> <i>No action required except for ongoing improvement.</i></p>	MIM & MP&B	October 2020		



<b><i>Audit: Asset Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>2.7 Opportunity to review contents included in the Asset Management Plans as per IPWEA standards and the ISO55000 series</b></p> <p><b>Recommendation 2.7.1</b> 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><b>Management Comment:</b> Review occurred in 2017 to do this and close alignment was identified. Some improvements to Level of Service as above. <u>Council currently uses the IPWEA templates. This will be revised and improved as the AMSC completes the review of assets by asset management plan.</u></p> <p><b>Recommendation 2.7.2</b> 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><b>Management Comment:</b> Being considered as part of the (Strategic Asset Management Plan (SAMP) as presented to Council on 29 February 2020. <u>Asset Management Sub-committee is working through the Levels of Service for each Asset Management Plan. This will result in the upgrade of the Asset Management Plans late in 2020.</u></p> <p><b>Action:</b> <i>See above.</i></p>	MIM & MP&B			

Item 4.2.6 - Attachment 7 - Outstanding Actions from completed Internal Audits August 2020

<b><i>Audit: Asset Management</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>2.8 Improving controls to ensure that capitalisations are processed on a more regular basis and based on 'as constructed' drawings</b></p> <p><b>Recommendation 2.8.1</b> Process capitalisations on a more regular basis (i.e. not concentrating capitalisations towards year end).</p> <p><b>Management Comment:</b> Staff are working in line with finance policy and will adapt as required. Discussions to occur with Financial Services on appropriate frequency.</p> <p><b>Recommendation 2.8.2</b> Base asset capitalisations on 'as constructed' drawings.</p> <p><b>Management Comment:</b> Base valuations on normal industry methodology. <u>Council now has a process of continual asset take up. Contracts are being revised and redeveloped, particularly around the Road Reseal Reconstruction Program and Building Programs, with Asset Constructed now compulsory. This is a continuous improvement project between City Infrastructure and Procurement.</u></p> <p><b>Action:</b> <i>Continue discussions with Financial Services Division.</i></p>	MIM & MP&B	Ongoing		

<b>Audit: Food Safety</b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>1. Complainants not advised of customer request outcomes.</b></p> <p><i>Recommended Action:</i> The Environmental Health Team should continue to monitor performance against the 10-Day Service Delivery Standard, and ensure compliance with the procedural requirement to advise complainants of customer request outcomes. It was acknowledged that the 10-day Service Delivery Standard has addressed this finding.</p> <p><i>Management Comment</i> The 10 Day service standard has allowed for improved monitoring of our responsibilities to not only action customer requests but also respond to the community member requesting the service or lodging the request. The absence of documented evidence indicating a response to the complainant does not indicate this did not occur as in many cases the responses are made verbally via phone call. The absence of this documented reply is acknowledged as a gap in service procedures and risk to record management but not a risk associated with food safety. Staff have been advised of their responsibilities to comply with service procedures and also records management procedures to send out standard letter and outcomes of complaint investigation to both complainant and offender, and or document in notes in cases of anonymous complaints or verbal feedback. Email responses are also to be included in notes and recorded in Dataworks as a corporate record.</p>	<p>Manager Environmental Health and Safety</p>	<p>April 2020</p>		<p>Complete.</p>

<b><i>Audit: Food Safety</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>2. Food Safety Audit Engagement Letter not signed by business.</b></p> <p><i>Recommended Action:</i> The Environmental Health Team should ensure that the signed Terms of Engagement Acknowledgement is returned to CoS prior to / or on commencement. Further, the Service Procedures for Environmental Health should be updated to include a requirement to return the signed Terms of Engagement Acknowledgement prior to (or on) audit commencement.</p> <p><i>Management Comment</i> The audit letter is often not returned by our repeat audit clients, however the audit is confirmed verbally when scheduling the appointment. To reduce the risk of potential disputes with audited business regarding the terms of food safety audit engagement, the audit report questionnaire has been amended to include the following questions at the start of the audit in order to ensure the business accepts our terms. Q1. Letter of Engagement Acknowledgement received? Yes/No Q2. Business accepts City of Salisbury Terms of Engagement? Yes / No / N/A These questions will require a Yes in both for the audit to proceed and the officer will request the signed copy of the engagement letter.</p>	<p>Manager Environmental Health and Safety</p>	<p>April 2020</p>		<p>Complete.</p>



<b><i>Audit: Food Safety</i></b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>3. Email correspondence not stored in Dataworks.</b></p> <p><b><i>Recommended Action:</i></b> The Environmental Health Team should ensure that copies of all ‘official business’ emails are stored in Dataworks.</p> <p><b><i>Management Comment</i></b> The absence of emails in Dataworks is acknowledged as a gap in service procedures and records management policy and a risk to record management but not a risk associated with food safety. This matter was reiterated with Environmental Health team during team meeting on the 26 February and all team members were reminded of their obligations under the Information Management Policy and Procedures and were provided copies of the policies. Staff have been reminded to Dataworks official emails being sent to SA Health, and training has been provided. No automated process is available at this time. All other correspondence generated in Pathways is automatically registered in Dataworks.</p>	<p>Manager Environmental Health and Safety</p>	<p>April 2020</p>		<p>Complete.</p>

<b>Audit: Food Safety</b>				
<b>Recommendation and Actions</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Revised Date</b>	<b>Comments</b>
<p><b>4. Food Safety inspection checklists not signed by business.</b></p> <p><i>Recommended Action:</i> EHOs should, at a minimum, record the name of the business representative on all electronic inspection checklists. Further, investigations should be revisited as to the possibility of enabling electronic signatures on the Pathways tablet software.</p> <p><i>Management Comment:</i> This functionality is not possible with the current version of Pathways and not a foreseeable option in the next iteration of Pathways. It has been corrected with the inclusion of the following questions to ensure staff record the name of the business representative on all electronic inspection checklists. Q: Business representative (and position) present at the time of inspection? This will allow staff to document who is present at the time of the inspection and will appear on the Inspection results. Further control is all documentation is sent to the Licensee (Proprietor) of the business and as such owners have the opportunity to comment or ask questions about findings and or results of inspection.</p>	<p>Manager Environmental Health and Safety</p>	<p>April 2020</p>		<p>Complete.</p>