AGENDA

FOR AUDIT AND RISK COMMITTEE MEETING TO BE HELD ON

12 JULY 2022 AT 6.30 PM

IN LITTLE PARA CONFERENCE ROOMS, SALISBURY COMMUNITY HUB, 34 CHURCH STREET, SALISBURY

MEMBERS

Cr G Reynolds (Chair)
Cr K Grenfell (Deputy Chair)
Ms P Davies
Mr N Ediriweera
Mr C Johnson

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Governance, Mr R Deco
Team Leader Corporate Governance, Mr B Kahland
Internal Auditor & Risk Coordinator, Mr H Rafeeu

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Audit and Risk Committee Meeting held on 12 April 2022.

REPORTS

Administration

For Decision

QUESTIONS ON NOTICE
There are no Questions on Notice.

MOTIONS ON NOTICE
There are no Motions on Notice.

OTHER BUSINESS
Questions Without Notice, Motions Without Notice, CEO Update

ORDER TO EXCLUDE THE PUBLIC

7.4.1 **Internal Audit Report on Cybersecurity Improvement Program Pre-Implementation Audit**

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)(b)(i) and (d)(i) and (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 information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*

   - *commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*

   - *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*

   *On that basis the public's interest is best served by not disclosing the **Internal Audit Report on Cybersecurity Improvement Program Pre-Implementation Audit** 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 AND RISK COMMITTEE MEETING HELD IN THE LITTLE PARA CONFERENCE ROOMS, SALISBURY COMMUNITY HUB, 34 CHURCH STREET, SALISBURY ON

12 APRIL 2022

MEMBERS PRESENT

  Cr G Reynolds (Chair)
  Cr K Grenfell (Deputy Chair)
  Ms P Davies
  Mr N Ediriweera – via video conference
  Mr C Johnson – via phone and then video conference

OBSERVERS / PRESENTERS

  Mr T Muhlhausler, Partner, Galpins – via video conference

STAFF

  Chief Executive Officer, Mr J Harry
  General Manager Business Excellence, Mr C Mansueto
  Manager Governance, Mr R Deco
  Team Leader Corporate Governance, Mr B Kahland
  Internal Auditor & Risk Coordinator, Mr H Rafeeu
  Team Leader Council Governance, Ms J O'Keefe-Craig
  General Manager City Infrastructure, Mr J Devine
  Manager Financial Services, Ms K George
  Director Business Transformation, Ms J Emerson

The meeting commenced at 6:35pm.

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

APOLOGIES

Nil.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

> Moved Cr K Grenfell
> Seconded Ms P Davies
>
> The Minutes of the Audit and Risk Committee Meeting held on 16 February 2022, be taken as read and confirmed.

CARRIED

REPORTS

With Leave of the Meeting, the Chair changed the order of the Agenda Items to accommodate presenters, with the order set as listed below.

Administration

7.0.1   Future Reports for the Audit Committee

(please note there are no forward reports as a result of a Council resolution to be listed at this time)

7.0.2   Actions List

> Moved Cr K Grenfell
> Seconded Ms P Davies
>
> That Council:
>
> 1.   Notes the report.

CARRIED

A&R-OB1 - Presentation on Business Transformation Project *(No Report - Verbal Presentation)*

> City of Salisbury, Director Business Transformation gave a verbal update on Business Transformation.
>
> **Note:**
> Tim Muhlhausler, Partner at Galpins, proceeded by expressing his appreciation of the Business Transformation presentation, as part of his pre-amble on the Galpins audit report on Capital Works Project Audit. Mr Muhlhausler stated that he found the Business Transformation project presentation very interesting, and that he considers City of Salisbury to be one of the more entrepreneurial and progressive councils in South Australia, which has been demonstrated in a range of different ways from the Civic Centre to water project and other industry leading activities.

For Decision

7.1.3   Internal Audit Report on Capital Works Projects Audit

Moved Ms P Davies
Seconded Cr K Grenfell

<u>That Council:</u>

1.   Notes the final audit report for the Capital Works Projects audit with management comments as set out in Attachment 1 to this report (Audit & Risk Committee, 12 April 2022, Item No.7.1.3), and

2.   Notes that Administration will circulate the full audit report to the Audit & Risk Committee Members out of session, covering missing pages in Attachment 1 to this report (Audit & Risk Committee, 12 April 2022, Item No.7.1.3), and seek any further concerns or issues to be noted by Audit & Risk Committee.

CARRIED

Mr. T Muhlhausler left the meeting at 7:48 pm.

For Decision

7.2.1   Interim Strategic Asset Management Plan - Process Review

Moved Ms P Davies
Seconded Mr C Johnson

<u>That Council:</u>

1.   Notes that the Audit and Risk Committee has reviewed and endorses for Council's approval the Interim Strategic Asset Management Plan process as included in Attachment 2 – Draft Interim Strategic Asset Management Plan 2022 (Audit and Risk Committee – 12 April 2022 – Item No 7.2.1– Interim Strategic Asset Management Plan – Process Review) and notes the content of the Interim Strategic Asset Management Plan provides alignment between the City Plan and Long Term Financial Plan as part of the City of Salisbury Strategic Management Plans, pursuant section 126(4)ab) of the *Local Government Act 1999.*

CARRIED

Cr K Grenfell left the meeting at 8:24 pm.
Cr K Grenfell returned to the meeting at 8:30 pm.

A&R-OB2 - Presentation on Long Term Financial Plan *(Verbal Presentation)*

City of Salisbury, Manager Financial Services provided a presentation on the Long Term Financial Plan, prior to the Audit and Risk Committee considering item 7.1.7.

BREAK

In accordance with the Code of Practice for Meeting Procedures, the Chair provided a break to all present. The meeting was suspended at 9:22 pm.

The meeting reconvened at 9:30 pm.

For Decision

7.1.1   Audit & Risk Committee Annual Work Plan 2022/2023

Moved Ms P Davies
Seconded Mr C Johnson

That Council:

1.   Approves the revised Audit & Risk Committee Annual Work Plan for the next financial year 2022/2023 and changes to the remaining reporting period 2021/2022 as set out in Attachment 1 to this report (Audit & Risk Committee, 12 April 2022, Item No.7.1.1).

CARRIED

7.1.2   3-Year Internal Audit Plan 2022/23-2024/25

Moved Ms P Davies
Seconded Cr K Grenfell

That Council:

1.   Approves the updates made to the 3-year Internal Audit Plan 2022/2023 to 2024/2025 as set out in Attachment 1 to this report (Audit and Risk Committee, 12/04/2022, Item No.7.1.2).

2.   Approved the accompanying high-level indicative scope for pending audits as set out in Attachment 2 of this report (Audit and Risk Committee, 12/04/2022, Item No.7.1.2).

CARRIED

7.1.4 Outstanding Actions Arising From Internal Audits

Moved Ms P Davies
Seconded Mr C Johnson

That Council:

1.   Notes the update in this report and the full Internal Audit Log Actions Register in Attachment 1 to this report (Audit Committee, 12/04/2022, Item No.7.1.4).

CARRIED

7.1.5 Risk Management and Internal Controls Activities

Moved Ms P Davies
Seconded Cr K Grenfell

That Council:

1.   Notes the update on Risk Management and Internal Control Activities for 2021/2022 since the 16th February 2022 Audit & Risk Committee meeting, as set out in Attachment 1 to this report (Audit & Risk Committee, 12/04/2022, Item No.7.1.5).

2.   Notes the Strategic Risk Register as set out in Attachment 2 to this report (Audit & Risk Committee, 09/11/2021, Item No. 7.1.5).

CARRIED

7.1.6 Audit & Risk Committee Performance Self-Assessment Survey Outcome

Moved Cr K Grenfell
Seconded Ms P Davies

That Council:

1.   Notes the report.

CARRIED

7.1.7 Draft 2022/23 Long Term Financial Plan and Annual Business Plan

Moved Ms P Davies
Seconded Mr C Johnson
That Council:

1.   Notes that the Audit Committee has reviewed the Council's Draft 2022/23 Long Term Financial Plan and Annual Business Plan in accordance with S126(4) (ab) of the *Local Government Act 1999*.

2.   Adopts the Audit and Risk Committee's recommendation that Council adopt a 3.9% rate increase for 2022/23, and the long term financial plan be set at CPI+0.6% (consistent with scenario 1 in paragraph 7, of Audit and Risk Committee meeting 12 April 2022, Item 7.1.7).

3.   Notes that the rate increase of 3.9% is reflective of the December 2021 Adelaide Actual CPI of 3.3% + 0.6% and that this is consistent with the long term approach taken in our Long Term Financial Plan noting that in the event of a CPI above 4 % for the March quarter, 3.9 % remains an acceptable position, and that:

       a.   further consideration be given to addressing service levels that support the continued financial sustainability of Council, to align to the work being undertaken on the Strategic Asset Management Plan.

CARRIED
UNANIMOUSLY

QUESTIONS ON NOTICE

There were no Questions On Notice.

QUESTIONS WITHOUT NOTICE
Nil

MOTIONS ON NOTICE

There were no Motions On Notice.

MOTIONS WITHOUT NOTICE
Nil

OTHER BUSINESS
Nil

The meeting closed at 10:02pm.

CHAIRMAN………………………………….

DATE……………………………………….

ITEM	7.0.2
	AUDIT AND RISK COMMITTEE
DATE	12 July 2022
HEADING	Actions List
AUTHOR	Hussain Rafeeu, Internal Auditor & Risk Coordinator, CEO and Governance
CITY PLAN LINKS	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 actions arising out of the Audit and Risk Committee meetings. These actions do not replace the minutes from the Audit and Risk Committee, or the recommendations of the Committee that were submitted to the Council for adoption. They are included in this report to support the Audit and Risk Committee.

RECOMMENDATION

That Council:

1.   Notes the report.

ATTACHMENTS

There are no attachments to this report.

1.   BACKGROUND

   1.1   The Audit and Risk 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 and Risk Committee meetings.

   1.2   The list of actions does not replace the minutes from the Audit and Risk Committee.

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 and Risk Committee meetings, which has been compiled for the purpose of supporting the Audit and Risk Committee.

   2.3   Actions will remain on the action list until reported as completed. Once the action has been completed, and that completion has been reported to the Audit and Risk Committee, the item will be removed from the actions list.

No	Date	Action	Owner	Due Date	Status
24.	13/07/2021	Provide an assurance map for the City of Salisbury and include an intermediate update on the status of overall risk management practices and plans at the City of Salisbury.	Internal Auditor and Risk Coordinator	~~Mar 2022~~ June 2022	Completed. Included in 12th July 2022 Audit & Risk Committee meeting.

Item 7.0.2

3. CONCLUSION / PROPOSAL

3.1 An action list has been developed for the Audit and Risk Committee. The action list will be maintained and presented to each Audit and Risk Committee meeting with an update on status of the relevant items. Any additional actions identified by the Audit and Risk Committee will be included on the action list as they arise.

ITEM	7.1.1
	AUDIT AND RISK COMMITTEE
DATE	12 July 2022
HEADING	BDO's Annual Audit Plan for 30 June 2022 covering the interim status update on Internal Controls Audit
AUTHOR	Hussain Rafeeu, Internal Auditor & Risk Coordinator, CEO and Governance
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community.
SUMMARY	Council engaged BDO to provide external audit services for the financial year ending 30th June 2022 in accordance with the requirements of the *Local Government Act 1999* and associated regulations. The initial phase comprises the conduct of an internal controls audit which commenced in May 2022.
	The status of the internal controls audit is provided in BDO's updated Annual Audit Plan for 30 June 2022, which will be presented by BDO at the Audit & Risk Committee meeting in July 2022.
	BDO's status update on the Annual Audit Plan report states that based on the work to date, they have not noted any reportable points or material exceptions that would lead to a qualification to the audit report on internal controls.
	The outcome of the internal controls audit will be included within the final audit completion report to be issued following the final year-end audit.

RECOMMENDATION

THAT COUNCIL

1. Notes the report

ATTACHMENTS

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

1. BDO's Annual Audit Plan covering the interim status update on Internal Controls Audit

1. BACKGROUND

1.1 Section 129(3) of the *Local Government Act 1999* states that:

The auditor must provide to the council

(a) an audit opinion with respect to the financial statements; and

(b) an audit opinion as to whether the controls audited under subsection (1)(b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law.

1.2   Section 125 of the *Local Government Act 1999* states that:

(1) A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records.

(2) The policies, practices and procedures of internal financial control under subsection (1) must be in accordance with a standard or document (such as a model relating to financial controls) adopted by the regulations.

1.3   Section 10A of the *Local Government (Financial Management) Regulations 2011* states that "For the purposes of section 125(2) of the Act, the policies, practices and procedures of internal financial control of a council must be in accordance with the *Better Practice Model—Internal Financial Controls*."

1.4   Section 19(2) of the *Local Government (Financial Management) Regulations 2011* states that "In forming an audit opinion for a council under section 129(3)(a) of the Act, the auditor must give due consideration to the adequacy of the council's policies, practices and procedures of internal control under section 125 of the Act."

1.5   Section 19(3) of the *Local Government (Financial Management) Regulations 2011* states that "In forming an audit opinion for a council under section 129(3)(b) of the Act, the auditor must assess the internal controls of the council referred to in section 129(1)(b) of the Act based on the criteria in the *Better Practice Model—Internal Financial Controls.*"

1.6   In accordance with section 126(4)(c) of the *Local Government Act 1999* the functions of Audit and Risk Committee include "reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis."

1.7   In accordance with section 126(4)(b) of the *Local Government Act 1999* the functions of Audit and Risk Committee include "liaising with the council's auditor."

2.   REPORT

2.1   BDO conducted an interim audit as part of the overall 2021/2022 external audit process. Representatives from BDO attended at the Salisbury Community Hub from 16 to 20 May 2022 to perform an audit on the internal controls of City of Salisbury.

2.2   The Administration provided key necessary documentation to BDO prior to their attendance at the Salisbury Community Hub.
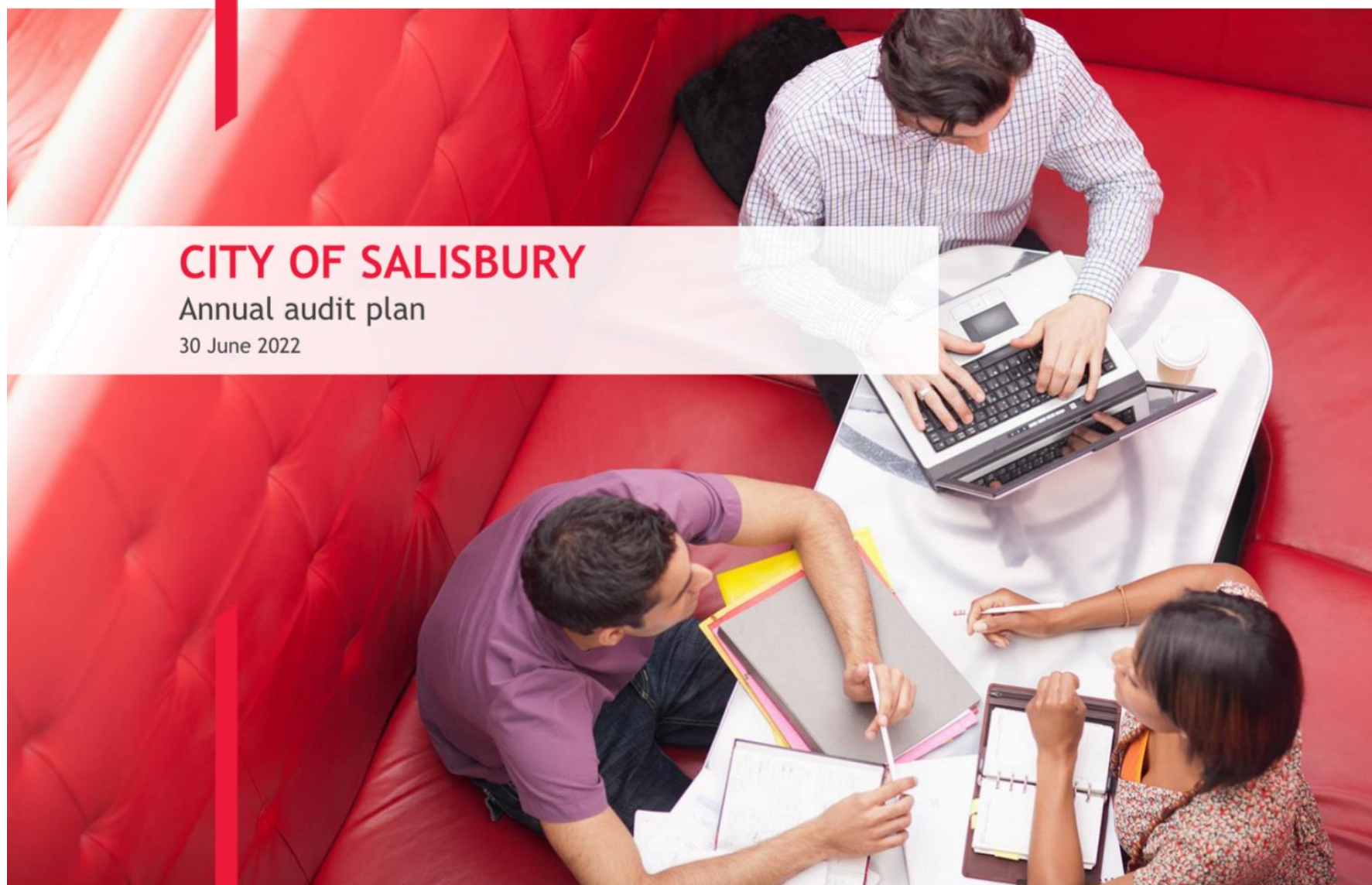
2.3   The City of Salisbury maintains LG Better Practice Model—Internal Financial Controls within Control Track software.

2.4 BDO selected 85 internal controls, based on risk prioritisation. The approach to the audit sample selection and categories of internal controls tested is covered within the BDO Annual Audit Plan as set out in Attachment 1 to this report.

2.5 BDO representatives Andrew Tickle, Partner, and/or Chelsea Aplin, Senior Manager, will be in attendance for the July 2022 Audit and Risk Committee meeting to present the Annual Audit Plan.

The internal assessments and reviews of the financial internal controls have been completed. BDO report states that based on the work to date, they have not noted any reportable points or material exceptions that would lead to a qualification to the audit report on internal controls.

3. CONCLUSION / PROPOSAL

3.1 BDO will complete their work on financial internal controls and the financial statements over the coming months and report their findings to the October 2022 meeting of the Audit and Risk Committee.

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

CITY OF SALISBURY

Annual audit plan

30 June 2022

IDEAS | PEOPLE | TRUST |BDO

CONTENTS

Dear Audit and Risk Committee

Thank you for the opportunity to present our annual audit plan ('plan') for City of Salisbury for the year ending 30 June 2022.

Our plan has been developed with input from City of Salisbury management and continues to be based on our understanding of City of Salisbury's business and operating environment.

We acknowledge that throughout the year there may be business developments, circumstances may change and additional matters may arise. Our plan will be responsive to your needs and will maximise audit effectiveness so we can deliver the high-quality audit you expect.

This plan is intended solely for management and the Audit and Risk Committee and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss our plan with you at the Audit and Risk Committee on 12 July 2022.
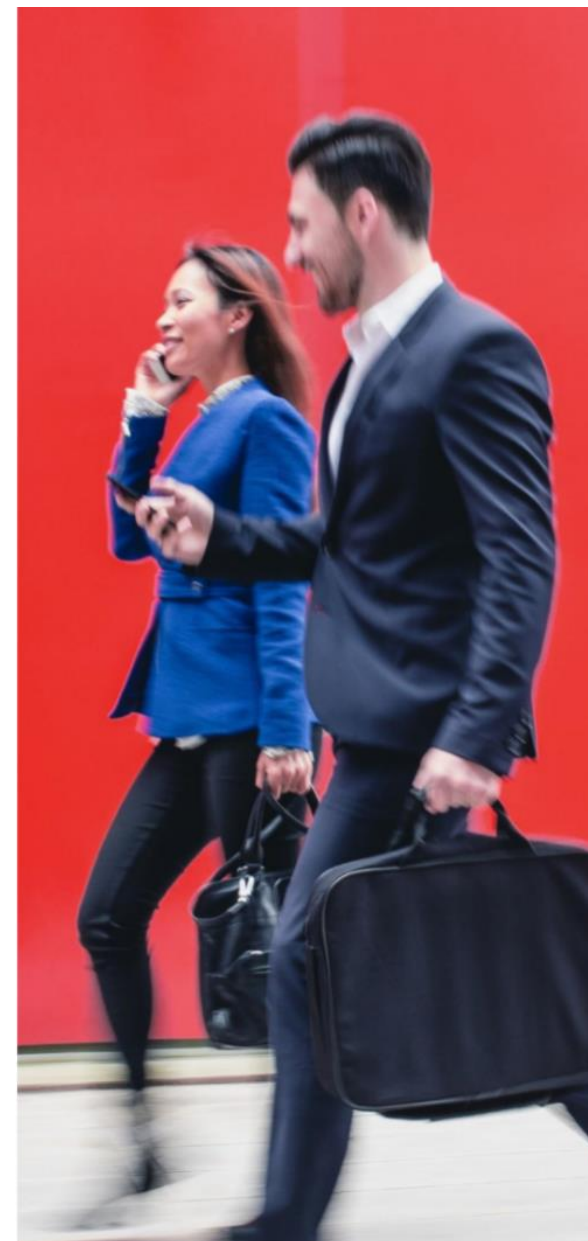
Please feel free to contact me on +61 8 7324 6082 if you have any questions or would like to discuss the content of this plan further.

Yours faithfully

Andrew Tickle
Lead audit partner

Adelaide, 29 June 2022

Item 7.1.1 - Attachment 1 - BDO's Annual Audit Plan covering the interim status update on Internal Controls Audit

YOUR BDO TEAM

Your engagement team provides a combination of continuity and fresh ideas. This helps to ensure that we build on previous experience and make the audit process as smooth as possible.

YOUR BDO TEAM

Our audit of City of Salisbury will be led by Andrew Tickle as Engagement Partner. Andrew will oversee the co-ordination of the audit and will have primary responsibility for working with Kate George and her team.

Supporting Andrew will be Linh Dao as Quality Control Reviewer and Chelsea Aplin as senior audit manager.

Chelsea is responsible for the day-to-day direction of the audit work and is the key point of contact for Kate George.

The day-to-day audit team will be led by Chelsea Aplin.

SPECIALISTS

When auditing complex areas, we are often required to engage specialists who have qualifications and expertise not possessed by the core audit team. Supporting the engagement team will be our IT Specialist, who will review the IT environment and any relevant IT general controls as part of the audit.

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AUDIT OBJECTIVES AND APPROACH

AUDIT OBJECTIVES

The objective of the audit is to enable us to express an opinion as to whether:

► The financial report is prepared, in all material respects, in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, and Assessing the risk of material misstatements and the controls in place to address and prevent these risks

► Controls exercised by Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law based on criteria established in the Better Practice Model – Financial Internal Control for South Australia Councils issued by the Local Government Association of South Australia.

OUR APPROACH

Our audit is performed in accordance with the BDO Audit Approach which consists of six phases and is documented using our global audit tool, APT.

The approach is centred around:

► Obtaining an understanding of the business being audited from an internal and external point of view

► Assessing the risk of material misstatements and the controls in place to address and prevent these risks

► Choosing appropriate procedures to obtain evidence, including the use of data analytics where appropriate

► Ensuring rigorous quality control over audit performance

► Providing constructive ideas for improving internal controls and business systems.

A summary of the other key aspects of the BDO Audit Approach is set out on subsequent pages.
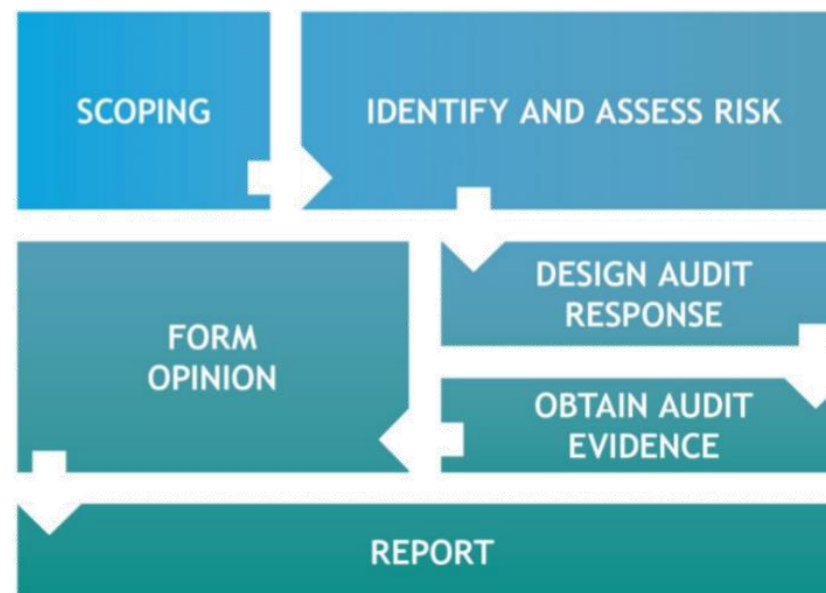
OUR APPROACH *CONTINUED*

INTERNAL CONTROL

We obtain an understanding of the system of internal control relevant to the audit to assist us with our risk assessment procedures. Our understanding covers:

▶ The overall control environment

▶ The entity's risk assessment process

▶ The information system, including the related business processes, relevant to financial reporting, and communication

▶ Control activities relevant to the audit

▶ Activities the entity uses to monitor internal control relevant to financial reporting.

This understanding is also supported by our assessment of internal controls based on the criteria in the Better Practice Model – Financial Internal Control for South Australian Councils, to allow us to express an opinion on the matters set out in Section 129(b) of the Local Government Act 1999.

We communicate to the Audit Committee in writing any significant deficiencies that come to our attention during the audit on a timely basis.

In addition, we communicate with management the significant deficiencies being reported to those charged with governance and any other deficiencies identified that in our judgement are of sufficient importance to merit management's attention.

FRAUD

During the course of our audit we make enquiries of those charged with governance, management and others to identify any known instances of fraud. We also make enquiries to understand where you consider the risks are in relation to fraud and if you have any knowledge of actual or suspected fraud. This also includes considering the risk of management override of controls.

It should be noted that our audit is not designed to detect fraud however, should instances of fraud come to our attention, we will report them to you.
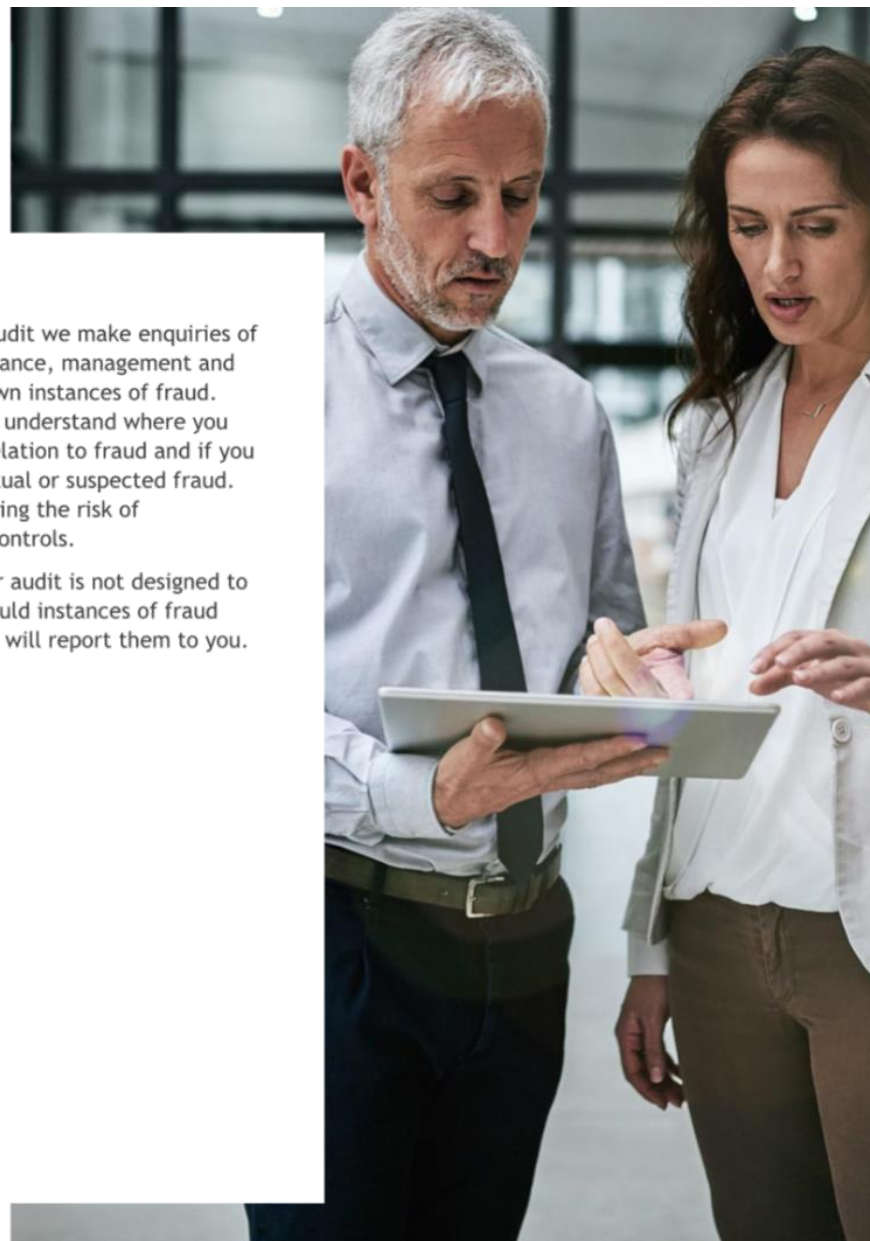
OUR APPROACH *CONTINUED*

AUDIT QUALITY AND PROFESSIONAL SCEPTICISM

To support and promote audit quality at BDO, we have implemented an Audit Quality Framework (AQF) that sets out the key drivers of audit quality, including the specific attributes that are important for audit quality to be maintained and enhanced. Refer to our Transparency report for further information.

The AQF recognises that professional scepticism is essential to obtain audit evidence which is sufficient and appropriate to reduce the likelihood of a material misstatement to an acceptable level.

The application of professional scepticism by all members of the engagement team is central to BDO's Audit Approach.

GOING CONCERN

As part of our audit we will review management's assessment of the ability of City of Salisbury to continue as a going concern for the 12 months from the date of signing the financial report and therefore whether the going concern basis for the preparation of the financial report is appropriate.

LAWS AND REGULATIONS

We make enquiries in relation to any non-compliance with laws and regulations impacting the period under audit. If we become aware of any instances of non-compliance with laws and regulations which would materially impact on the financial position or performance of the entity, then we will report them to you on a timely basis to consider the impact on the financial report.

COVID-19 AND YOUR AUDIT

We understand that this changing environment may create concerns in relation to the conduct, process and logistics of the audit process. BDO continues to use a range of technology solutions, which - ensure a seamless review process through continued communication. In addition, we continue to adopt the following elements into the audit process:

▶ Use of BDO's Global Portal

▶ Utilising other technology and communication platforms to facilitate effective face to face discussions

▶ Access to the engagement team and engagement partner

▶ Alternative audit procedures where required.

If you have any questions on the above or the upcoming audit engagement, please do not hesitate to contact your engagement partner.

Item 7.1.1 - Attachment 1 - BDO's Annual Audit Plan covering the interim status update on Internal Controls Audit
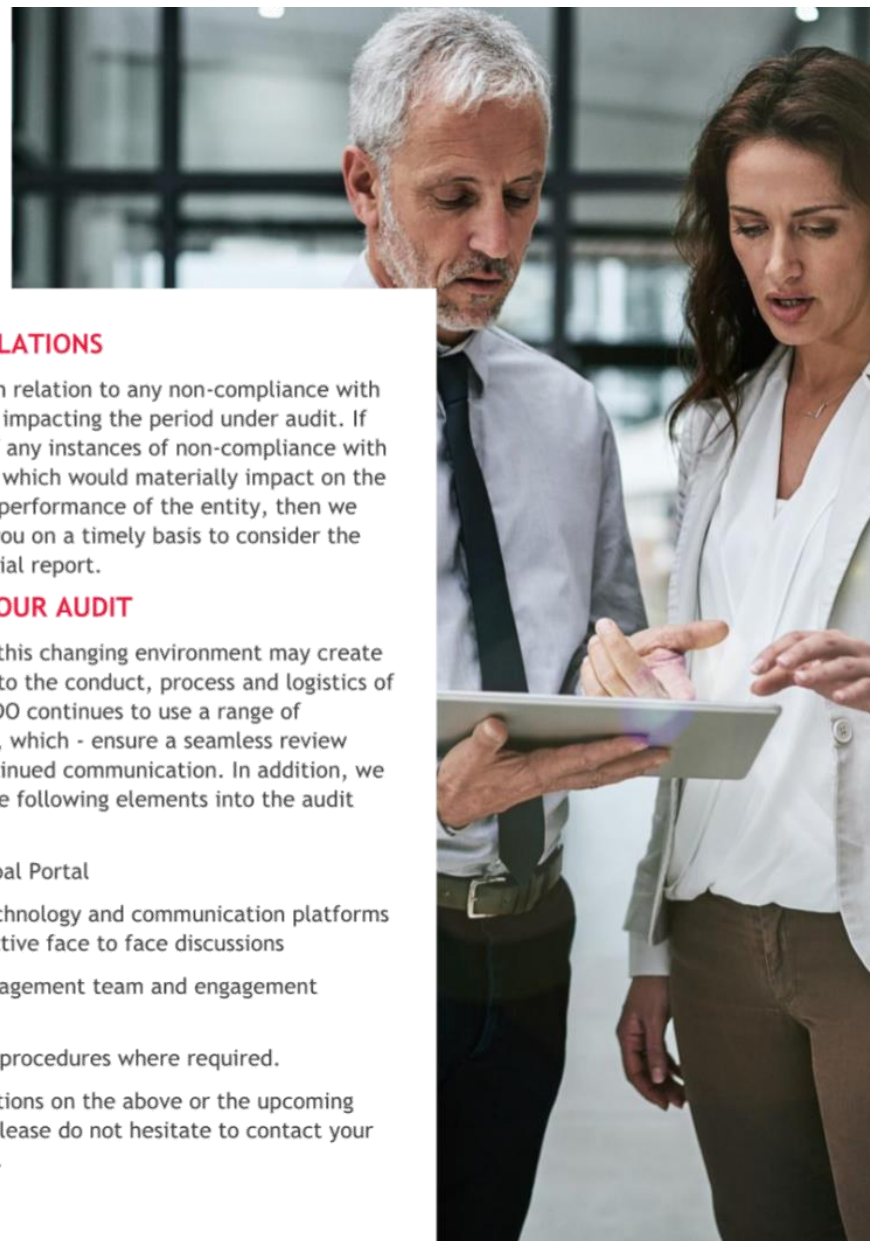
MATERIALITY

Materiality means, in the context of an audit, if financial information is omitted, misstated or not disclosed it has the potential to (adversely) affect the decisions of users of the financial report. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and for evaluating the effect of misstatements. Materiality is initially calculated at the planning stage and re-assessed prior to providing our opinion.

During the course of our audit we may identify misstatements and these will be reported to you at the conclusion of our work based on our assessment of materiality at that stage (this may have been updated from the materiality calculated at the planning stage). It should be noted that the auditing standards do not require us to communicate misstatements that are considered 'clearly trivial' and as such, if we identify such misstatements we will not communicate these to you.

We determine materiality by considering a range of both qualitative and quantitative factors when applying our professional judgement.

Our materiality for the 30 June 2022 audit is based on 1.9% of forecasted expenditure. Our estimated materiality levels are set out in the table below:

MATERIALITY	$3,201,500
CLEARLY TRIVIAL THRESHOLD	$160,075
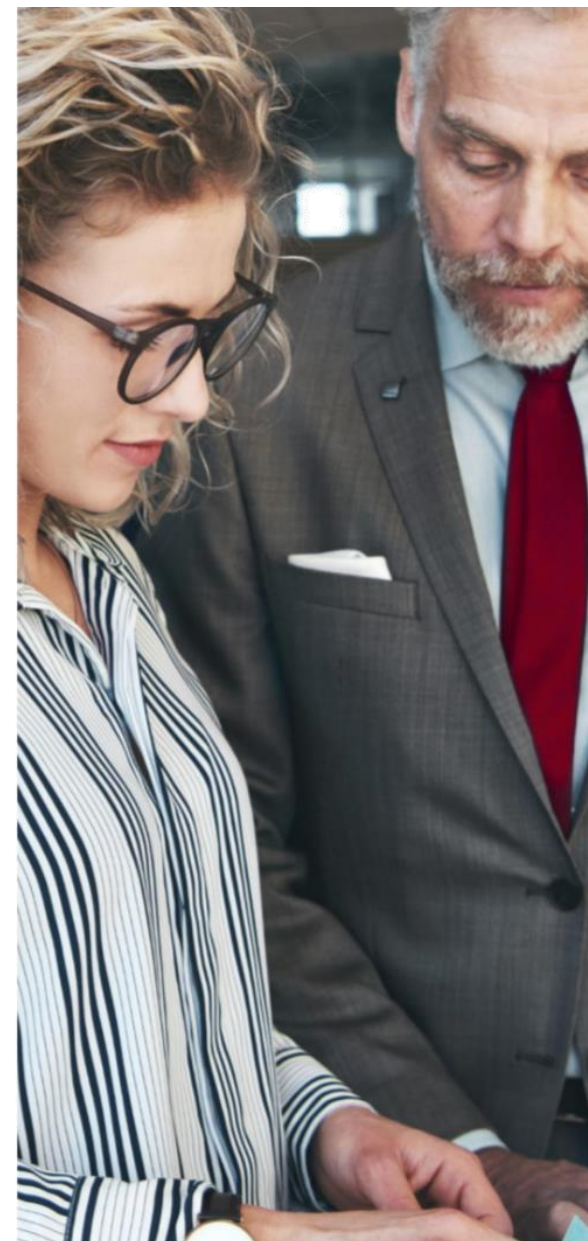
ENHANCING THE CLIENT EXPERIENCE

BDO'S CLIENT PORTAL

To enhance our communication and to reduce any potential expectation gaps, we will continue to use the BDO Global Portal ('portal').

In addition to facilitating the secure exchange of information, the use of the portal assists with project management and provides a live view of progress to both BDO and City of Salisbury.

We will consult with you about how you would like us to communicate during the engagement, and the frequency of our status updates. In addition, whether it is to provide ad-hoc support, brainstorm ideas, or discuss any aspect of our services, the portal can assist. The key features of the portal are illustrated below:
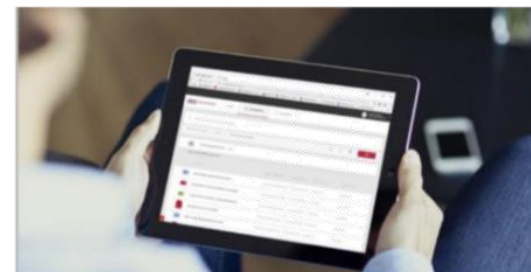
ONLINE CLIENT COLLABORATION

▶ Upload information and documentation in one secure place
▶ Track actions and milestones for BDO and client responsibilities.

A FLEXIBLE, SECURE PLATFORM WITH LOCAL CUSTOMISATION

▶ Security - permission and access can be set at a project level for different users such as your staff or our BDO teams
▶ You can receive a daily or weekly digest, summarising all activity that has occurred on the portal
▶ View document audit trails, reducing the risk of email misdirection.

DIGITISED PAPERWORK AND WORKFLOW

▶ Approve and sign documents all within the portal, allowing for better transparency and speedier project progress
▶ Set dates with calendar reminders for when BDO requires certain documentation or information to be uploaded or completed
▶ Assign tasks to specific users
▶ Portal supports multiple document types and views.

RISK ASSESSMENT AND AREAS OF AUDIT FOCUS

In line with our audit approach, and based on our understanding of City of Salisbury, we have identified and assessed the risks of material misstatement at both the engagement and assertion level.

Our audit procedures are focused on areas that are considered to represent risks of material misstatement to the financial report. We identified the risk areas as part of our risk assessment procedures during the planning phase and will continue to be alert for risks during the course of the audit. We set out below the key areas of focus, our perspective of the potential impact on the financial statements and our proposed approach. The associated risks are categorised between those that are considered to be significant and other than significant.

AREAS OF FOCUS	OUR PERSPECTIVE	PLANNED RESPONSE
Revaluation of infrastructure, property, plant and equipment	Council's infrastructure, property, plant and equipment is carried at valuation. There is a risk that these balances are misstated as a result of the inappropriate application of valuation methodologies or the use of incorrect underlying assumptions.	We will evaluate the competence, capability and objectivity of the independent valuers, if any, obtain an understanding of their work and evaluate appropriateness of conclusions reached.
Accounting treatment of Capital work in progress (WIP)	There is a risk that the accounting treatment of items captured within Capital WIP may not be in accordance with Australian Accounting Standards.	We will obtain the Capital WIP schedule and review in detail a sample of projects outstanding at the end of the year to ensure they are likely to generate assets. We will also review a sample of assets transferred out of Capital WIP to check that the categorisation and value allocated to the relevant fixed asset class is appropriate.
Management override of internal controls	Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override control that otherwise appear to be operating effectively.	Our response will include a review of key internal controls at the Council to mitigate the risk of management override.

We will test the appropriateness of journal entries and other adjustments made in the preparation of the financial report. We will also review accounting estimates for bias, and evaluate the business rationale (or lack of) of any significant transactions that are outside of the normal course of business or that otherwise appear to be unusual. |

RISK ASSESSMENT AND AREAS OF AUDIT FOCUS *CONTINUED*

AREAS OF FOCUS	OUR PERSPECTIVE	PLANNED RESPONSE
Cut-off of grant funding and accuracy of any amounts deferred at 30 June 2022	There is a risk of error in the calculation of grant income recognised and deferred at the end of the year by reference to grant agreements and Australian Accounting Standards.	We will obtain the schedule of grant income recognised and deferred at year end. We will select a sample of grants and obtain the agreements to test that funding has been recognised in accordance with *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Income of Not-for-Profit Entities*.
Supplier Masterfile (Inherent Risk)	There is an inherent risk that the supplier master file does not remain accurate and / or unauthorised changes are made to the supplier master file.	We will review the processes in relation to updating supplier details when requests are received and who has access the Masterfile to ensure that these controls are sufficient for the Council.
Payroll Masterfile / Fictitious Employees (Inherent Risk)	There is an inherent risk that the payroll master file does not remain accurate and / or unauthorised changes are made to the supplier master file, particularly in relation to the inclusion of fictitious employees.	We will review the following: • the user access lists of the payroll software to ensure that appropriate staff have access to the Masterfile • The on boarding process for new staff members • The process in relation to disabling terminated staff
Unauthorised Bank Transactions (Inherent Risk)	Due to the nature and volume of the transactions, there is an inherent risk in relation to unauthorised transactions being made in relation to payroll and operating expenditure.	We will review the controls of each bank account to ensure that all accounts require two signatories to release a payment.

INTERNAL CONTROL ASSESSMENT

We are required to provide an audit opinion on Council's internal controls in accordance with Section 129(1)(b) of the *Local Government Act 1999*. Our assessment of internal controls is based on the criteria in the Better Practice Model – Financial Control for South Australian Councils as issued by the Local Government Association of South Australia.

The Better Practice Model emphasises a risk based approach to internal financial controls. It states that a Council should design and implement internal financial controls activities and monitoring systems that prioritise extreme and high financial risk as identified by the Council's risk tolerance framework.

RISK ASSESSMENT

BDO has used the risk assessment matrix per the Better Practice Model to create a general expected risk assessment. The assessment is only focused on the business impact of the risks. Each risk is assigned risk category of low, moderate, high. The results of our initial assessment is as follows:

	RISK LEVEL		
RISK CATEGORY	HIGH	MODERATE	LOW
Strategic Financial Planning	-	3	9
Assets	3	7	17
Liabilities	-	4	10
Revenue	3	6	5
Expenses	6	6	7
External Services	-	2	-
Financial Governance	-	-	3

We expect to receive Council's risk assessment of internal controls as part of the planning process. Once received we will compare and understand any differences between the two assessments. Based on the results of this comparison, we will consider the impact on our audit approach.

CONTROL ASSESSMENT

Once the risk assessment is complete, we undertake a control assessment classifying each control as key or non-key. All controls associated with high risks are considered to be key controls. Controls with moderate risks are assessed and allocated key or non-key.

CONTROL TYPE	DESCRIPTION
Key Control	The absence of these controls operating may have a significant impact on mitigating the risks. All key controls are included within our audit testing.
Non-Key Control	The absence of these controls in place may not have a significant impact on mitigating the risks as the operation of a key control in the same area may provide sufficient mitigation. The level of testing of non-key controls is dependent on the risk assessment. See the next section for more details.

INTERNAL CONTROL ASSESSMENT *CONTINUED*

CONTROL TESTING

The risk and control assessments performed by BDO will then determine our level of testing of the controls in place to address the risks.

RISK LEVEL	LEVEL OF TESTING OF CONTROLS	REASON
High	All controls to be tested, all considered to be key.	Control failure may result in a significant business impact, therefore an increased level of assurance is required in relation to the effectiveness of the controls supporting high risks.
Moderate	All identified key controls and a selection of non-key controls selected based on our professional judgement.	Control failure may result in a moderate business impact, therefore a normal level of assurance is required in relation to effectiveness of the controls supporting moderate risks.
Low	No testing of controls.	Control failure is unlikely to result in a significant business impact.

The number of controls to we plan to test for each risk category is as follows:

RISK CATEGORY	CONTROLS TO BE TESTED
Strategic Financial Planning	9
Assets	21
Liabilities	8
Revenue	18
Expenses	26
External Services	3
Financial Governance	-
Total	85

Due to the number of controls involved we have not provided a detailed list of controls in this report. We can provide the detailed list of controls separately as required. The controls selected for testing represent our assessment of those required to be tested to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law based on criteria established in the Better Practice Model – Financial Internal Control for South Australia Councils issued by the Local Government Association of South Australia.

TIMELINE

PROGRESS OF INTERNAL CONTROL WORK

During our interim visit in May 2022, we commenced our testing of internal controls for the purpose of providing an audit opinion on Council's internal controls. Below is a table that shows the progression of the work completed to date on internal controls:

RISK CATEGORY	CONTROLS TO BE TESTED	COMPLETED - SATISFACTORY	COMPLETED - UNSATISFACTORY	IN PROGESS	NOT STARTED
Strategic Financial Planning	9	9	-	-	-
Assets	21	5	-	3	13
Liabilities	8	7	-	-	1
Revenue	18	13	-	5	-
Expenses	26	7		19	-
External Services	3	-	-	3	-
Financial Governance	-	-	-	-	-

Based on the work to date, we have not noted any reportable points or material exceptions that would lead to a qualification to the audit report on internal controls. We will continue our work on internal controls at the year-end visit and will report to Council accordingly.

TIMELINE CONTINUED

AUDIT MILESTONES

We recognise that regular, timely communication with management and the Audit and Risk Committee is critical to maintaining an effective and transparent relationship. Our audit process operates throughout the year so that we can respond to issues as they arise and maintain close communication, with management and the Audit and Risk Committee, as the audit cycle progresses.

We have set out below the timing of significant milestones to include on-site visits, key meeting dates and reporting deadlines with respect to the completion of the audit.

MILESTONE	RESPONSIBILITY	DATE
Interim audit visit commenced, including review of internal controls and transactional testing	BDO & Management	16 May 2022
Draft audit plan to be provided to management	BDO & Management	End of June 2022
Audit and Risk Committee meeting and submission of Annual Audit Plan	BDO & Audit and Risk Committee	12 July 2022
Final audit visit commences	BDO & Management	29 August 2022
Draft financial statements to be provided to BDO	Management	31 August 2022
Close out meeting with management	BDO & Management	19 September 2022
Audit clearance and Initial Draft Audit Completion Report delivered to management for comments	BDO & Management	21 September 2022
Issue Final Audit Completion Report with Management Comments (if any) included	BDO	5 October 2022
Audit and Risk Committee meeting and presentation of Audit Completion Report	BDO & Audit and Risk Committee	11 October 2022
CEO and Mayor of Council to approve and sign off Regulation 14 Certificate of financial statements	CEO & Mayor	12 October 2022
Certificate of Auditor Independence and Audit Report to be signed	BDO	12 October 2022

Item 7.1.1 - Attachment 1 - BDO's Annual Audit Plan covering the interim status update on Internal Controls Audit

FEES

The proposed fee for all services provided for the year ending 30 June 2022 is $33,000 as per our contract. All amounts are exclusive of GST.

ASSUMPTIONS

Our proposed fee is based on our understanding of your current operations and the required scope of the audit. If these alter, the proposed fee will need to be revised. Any reasonable out of pocket expense are charged to you as disbursements when incurred.

Our proposed fee does not include any advice or assistance that may be given in respect of accounting issues. Whilst brief ad hoc information provided in the course of our audit is generally included in our proposed fee, formal advice, assistance with complex issues or meetings to discuss these issues falls outside the scope of our proposed fee. Fees for assistance provided will be negotiated prior to services being performed.

Our proposed fee is inclusive of two acquittal audits. Any additional acquittal audits will be conducted at the price of $800 each.

ASSISTANCE REQUIRED

In order to keep our time and costs to a minimum, we appreciate your assistance with the following:

▶ Management providing all deliverables in line with the agreed timetable

▶ Assistance from your staff with supporting documentation and explanations during the audit process

▶ Disclosure by your staff of all information relevant to the engagement in a timely manner

▶ Prior to the commencement of our audit, we will provide you with an audit preparation package.

APPENDIX 1   NEW DEVELOPMENTS

WHAT'S NEW FOR YOUR FINANCIAL REPORT?

AASB 2020-1 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

Effective for annual reporting periods beginning on or after 1 January 2023, there are four main changes to the classification requirements within AASB 101 *Presentation of financial statements*:

1. The requirement for an 'unconditional' right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights.

2. The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date.

3. Classification is based on the right to defer settlement, and not intention (paragraph 73), and

4. If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under IAS 32.

As these amendments only apply for the first time to the 30 June 2024 balance sheet (and 30 June 2023 comparative balance sheet), companies are not yet able to make an assessment of the impacts regarding the right to defer settlement, compliance with bank covenants, and intention to settle.

APPENDIX 2   OTHER COMMUNICATIONS

ETHICS AND INDEPENDENCE

In conducting our audit, we are required to comply with the independence requirements of the *Local Government Act 1999, the Local Government (Financial Management* and Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

We obtain independence declarations from all staff engaged in the audit. We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

Should any independence matters arise, we will bring them to your immediate attention.

For the comfort of those charged with governance, we note that the following processes assist in maintaining our independence:

▶ Restrictions on BDO employees having financial interests in audit clients
▶ No other work is permitted to be undertaken by any BDO division or office without the express approval of the engagement director/partner
▶ Services including valuation and similar services are specifically prohibited to be provided by any other BDO office to you
▶ All services performed by any BDO division or office have been reported below.

BDO has not provided any other services during the year to City of Salisbury.

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

City of Salisbury has an Audit and Risk Committee and it is common practice for the auditor to liaise directly with the Audit and Risk Committee. All our reporting will be to Presiding Member of Audit and Risk Committee.

To enhance our communication and to reduce any potential expectation gaps with clients, BDO has adopted a structured reporting system. We will communicate with the Audit and Risk Committee and management through various means. This includes but is not limited to:

▶ This audit plan
▶ The BDO Client Portal
▶ An audit completion report at the conclusion of the audit
▶ The audit report.

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We have prepared this report solely for the use of City of Salisbury. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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ITEM	7.1.2
	AUDIT AND RISK COMMITTEE
DATE	12 July 2022
HEADING	Audit & Risk Committee Annual Work Plan 2022/2023
AUTHOR	Hussain Rafeeu, Internal Auditor & Risk Coordinator, CEO and Governance
CITY PLAN LINKS	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	The Audit & Risk Committee Annual Work Plan for the year 2022/2023 is attached for review by the Audit & Risk Committee.

RECOMMENDATION

That Council:

1.   Approves the revised Audit & Risk Committee Annual Work Plan for the year 2022/2023 as set out in Attachment 1 to this report (Audit & Risk Committee, 12 July 2022, Item No.7.1.2).

ATTACHMENTS

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

1.   Audit Committee Annual Work Plan 2022-2023

1.   BACKGROUND

1.1   The Annual Work Plan 2022/2023 was last presented to the Audit & Risk Committee at its meeting held on 12 April 2022.

1.2   The purpose of the Audit & Risk Committee Annual Work Plan is to ensure that all essential areas are covered by the Audit & Risk Committee, in performing its roles and responsibilities mandated under the *Local Government Act 1999* ("the Act").

2.   REPORT

2.1   The key changes made to the Audit & Risk Committee Annual Work Plan 2022/2023 are as follows:

2.1.1   Fleet/Heavy Vehicle Management, High Value & Portable Asset Audit fieldwork was put on hold, due to the Internal Auditor & Risk Coordinator having to prioritise risk management initiatives and develop the Assurance Map. This audit is scheduled to recommence in July 2022 and is expected to be completed and presented to the November 2022 Audit & Risk Committee meeting.

2.1.2   Data Governance Audit: This was originally scheduled to be reported to the Audit & Risk Committee at the November 2022 meeting. COS is

currently undertaking a procurement process for a new Enterprise Resource Planning system and this is likely to have a significant impact on the audit area. On this basis, the commencement of this audit has been rescheduled to July 2024.

CONCLUSION / PROPOSAL

2.2   This report outlines the new Audit & Risk Committee Annual Work Plan for 2022/2023 financial year period.

Audit & Risk Committee - Annual Work Plan 2022/2023

(Updated for 12/07/2022 Meeting)

No.	Activity	Relevant Touch points (LG Act / TOR)	Jul-22	Oct-22	Nov-22 (TBA)	Feb-23	Apr-23	Comments
1.0	Financial Reporting	s126(4)(a)						
1.1	Review Annual Financial Statements for FY2022/23 - Review Asset Valuations 2022/23 - Review methodology and approach to Depreciation 2022/23	"		⚫				
1.2	Reviewing significant accounting and reporting issues, recent changes in standards and industry updates 2022/23	"		⚫				
1.3	Review Asset Valuations 2022/23	"	🟢	⚫				
1.4	Review methodology and approach to Depreciation 2022/23	"	🟢	⚫				
2.0	Internal Controls	s126(4)(c)						
2.1	Review Better Practice Model Self-Assessment (External Auditor reviews as part of Controls certification)	"	🟢					
2.2	Annual Report - Internal Controls Framework and Audit Committee sections (draft in April / Final in July)	"	🟢					
3.0	Risk Management	s126(4)(c)						
3.1	Review of Strategic Risk Register	"	🟢		⚫	⚫	⚫	
3.2	Risk Management & Internal Control Activities	"	🟢		⚫	⚫	⚫	
3.4	Assurance Map	"	🟢					
3.5	ERM Framework	"	🟢					
4.0	Internal Audit	s126(4)(c)						
4.1	Review Internal Audit Plan	"	🟢		⚫	⚫	⚫	
4.2	Review the status of Outstanding Audit Actions	"	🟢		⚫	⚫	⚫	
4.3	IA Report - Capital Works Project Audit	"						

Item 7.1.2 - Attachment 1 - Audit Committee Annual Work Plan 2022-2023

Audit & Risk Committee - Annual Work Plan 2022/2023

(Updated for 12/07/2022 Meeting)

No.	Activity	Relevant Touch points (LG Act / TOR)	Jul-22	Oct-22	Nov-22 (TBA)	Feb-23	Apr-23	Comments
4.4	IA Report - Cybersecurity Improvement Program Pre-Implementation Audit	"	🔔					
4.5	IA Report - Fleet/Heavy Vehicle Management, High Value & Portable Asset Audit	"			🔔			Audit fieldwork put on hold, due to Internal Auditor and Risk Coordinator taking up Assurance Map review and report. Audit is now rescheduled to recommence in July 2022 and report to Audit & Risk Committee in November 2022.
4.6	IA Report - Strategic Reporting Process Audit	"			🔔			
4.7	IA Report - Data Governance Audit	"			🔔			Removed from 2022 /2023 as the commencement had to be rescheduled from July 2022 to July 2024, as the audit area is affected by the new ERP system acquisition and deployment in progress.
4.8	IA Report - IT Investment Strategy	"				🔔		
5.0	**External Audit**	s126(4)(b)						
5.1	Review Interim Audit Report	"	🔔					
5.2	Review final External Audit Report	"		🔔				
5.3	Review Management Representation Letters	"	🔔	🔔				
5.4	Assess the appropriateness of Council's response to the Auditor's findings and recommendations	"	🔔	🔔				
5.5	Oversee actions to follow up on matters raised by External Auditor	"	🔔	🔔				

Audit & Risk Committee - Annual Work Plan 2022/2023

(Updated for 12/07/2022 Meeting)

No.	Activity	Relevant Touch points (LG Act / TOR)	Jul-22	Oct-22	Nov-22 (TBA)	Feb-23	Apr-23	Comments
5.6	Meet with External Auditor to: - invite presentation of audit methodology and risk assessments within the External Audit plan - discuss any qualifications and comments made in management letter - invite comments on financial management and internal controls, relative to other benchmarks - discuss any other relevant matters	TOR 3.2	🔔 (green)	🔔				
5.7	In-confidence session with External Auditor	Better Practice		🔔				
6.0	**Reporting**	s126(4)(c)						
6.1	Audit Committee Self-Assessment report	"					🔔	
6.2	Report on Audit Committee Work program status and future proposals	"	🔔 (green)	🔔	🔔	🔔	🔔	Standard Agenda Item, review on need arising basis.
7.0	**Strategic, Financial and Management Planning**	s126(4)(ab)						
7.3	Review Annual Plan 2023/24 & LTFP	"					🔔	
7.4	Review Annual Budget, Fees & Charges 2023/24	"					🔔	
8.0	**Policy and Procedure Review**	s126(4)(c)						
8.1	Treasury Policy	"	🔔 (blue)					Treasury Policy brought forward from Oct 2022 to Jul 2022.
8.2	Internal Audit Charter	"			🔔			Due for review in Nov 2022.
9.0	**Other Matters**	s126(4)(ac)						
9.1	Review/Approve Audit Committee Annual Work Program	"	🔔 (green)	🔔	🔔	🔔	🔔	
9.2	Reports on other relevant matters (if any)	"		🔔	🔔	🔔	🔔	
9.3	Proposing and reviewing the exercise of powers under s130A of the Act (if any)	s130A						
9.4	Public Interest Disclosures cases reported and investigations undertaken (if any)	"						

Audit & Risk Committee - Annual Work Plan 2022/2023

(Updated for 12/07/2022 Meeting)

No.	Activity	Relevant Touch points (LG Act / TOR)	FY 2022 / 2023					Comments
			Jul-22	Oct-22	Nov-22 (TBA)	Feb-23	Apr-23	
9.5	Internal Controls Framework and Audit Committee section for inclusion in the Annual Report 2021/2022		🔔					

🔔	Past Reporting / Review
🔔	Current Month Reporting / Review
🔔	Rescheduled / Deferred
🔔	Future Reporting / Review
🔔	Excluded / Removed

Item 7.1.2 - Attachment 1 - Audit Committee Annual Work Plan 2022-2023

ITEM	7.1.3
	AUDIT AND RISK COMMITTEE
DATE	12 July 2022
HEADING	3-Year Internal Audit Plan 2022/23-2024/25
AUTHOR	Hussain Rafeeu, Internal Auditor & Risk Coordinator, CEO and Governance
CITY PLAN LINKS	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	Recommendations from the last Audit and Risk Committee meeting are incorporated in the 3-year Internal Audit Plan 2022/2023 to 2024/2025. Changes since it was last presented to the Audit and Risk Committee in February 2022 are highlighted.

RECOMMENDATION

That Council:

1. Approves the updates made to the 3-year Internal Audit Plan 2022/2023 to 2024/2025 as set out in Attachment 1 to this report (Audit and Risk Committee, 12/07/2022, Item No.7.1.3).

2. Notes the accompanying high-level indicative scope for pending audits as set out in Attachment 2 of this report (Audit and Risk Committee, 12/07/2022, Item No.7.1.3).

ATTACHMENTS

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

1. 3 year Internal Audit Plan 2022-2023 to 2024-2025

2. Indicative Scopes for Pending Audits on 3-year Internal Audit Plan

1. BACKGROUND

1.1 The 3-year Internal Audit Plan 2022-2023 to 2024-2025 and the accompanying indicative scope of audit were last approved by the Audit & Risk Committee in April 2022.

1.2 No specific changes were suggested by Audit & Risk Committee in the April 2022 meeting.

2. REPORT

The updated 3-year Internal Audit Plan 2022-2023 to 2024-2025 is set out in Attachment 1 to this report.

Key changes and updates to the 3-year Internal Audit Plan 2022-2023 to 2024-2025 are as follows:

2.1 Update on Completed and Ongoing Audits

2.1.1 Cybersecurity Improvement Program Pre-Implementation Audit

The internal audit report is finalised with management comments, and included in Agenda item 7.1.2, to be presented by OpSys.

2.1.2 Fleet, Heavy Vehicle, High Value and Portable Assets Audit

The Fleet, Heavy Vehicle, High Value and Portable Assets Audit is rescheduled to commence in mid July 2022 and report to Audit & Risk Committee in November 2022.

2.2 Pending Audits to commence in the Current Year and Audits Rescheduled to Next Year

The following audits are on schedule in accordance with the last update to the Audit and Risk Committee in April 2022.

- Strategic reporting process Audit – to commence in August 2022.

- IT Investment Strategy Audit – to commence in November 2022.

- IT Disaster Recovery Audit – to commence in April 2023.

- Independent External Review of Internal Audit Function – brought forward from 2024/2025 to commence in June 2023. This is a quality assurance audit requirement as per the City of Salisbury's Internal Audit Charter.

- Rates Setting Process, Revenue and Debtors Audit – rescheduled commencement from May 2023 to August 2023 considering best availability and least impact to Finance team.

2.3 Audits deferred

Following audits are rescheduled from what it was updated to April 2022 Audit & Risk Committee:

2.3.1 Data Governance

This audit was originally planned to commence in July 2022, and is now rescheduled to commence in July 2024, due to the ongoing procurement process for an Enterprise Resource Planning (ERP) system for the City of Salisbury, and its foreseeable high impact on the area subject to audit.

2.3.2 Budgetary Control Audit

Proposed to reschedule from 2023/2024 to 2024/2025 in order to rationalise the number of audits to a maximum of 5 audits per year.

2.4 Indicative Scopes for Pending Audits for the 3-year Internal Audit Plan

Indicative scopes for the remaining audits on the revised 3-year Internal Audit Plan are set out in Attachment 2 to this report. No further changes are made to the indicative scopes since its update to the Audit & Risk Committee in April 2022. However, the indicative scopes are given in attachment as a reference. The scopes are indicative only, and a more detailed scope of audit will be written and approved by the CEO, with input and feedback following further stakeholder consultation.

3. CONCLUSION / PROPOSAL

This report outlines the progress made towards the completion of the 3-year Internal Audit Plan since it was last presented to the Audit and Risk Committee in April 2022 and seeks the Audit and Risk Committee's input and feedback on the revised 3-year Internal Audit Plan 2022/2023 to 2024/2025 and indicative draft scopes for pending audits.

Item 7.1.3

City of Salisbury 3 Year Internal Audit Plan 2022/23 - 2024/25

Strategic Risk							3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025							
									3-Yr IA Plan					
Risk	Risk Description	Inherent Risk	Residual Risk	Relevant Causes from Strategic Risk Register	Audit Ref	Audit Title	Audit Title and Summary Description	2022/2023	2023/2024	2024/2025	Rationale for Inclusion	Internal Key Stakeholder Divisions Impacted	Status Update (as at 12 July 2022)
5	City of Salisbury financial sustainability is compromised by internal decisions and / or external events.	High	Medium	• Unplanned spending • Inadequate valuation of assets or inaccurate depreciation • Inadequate planning for infrastructure repairs or upgrades	1	Fleet, Heavy Vehicle, High Value & Portable Assets Audit	**Fleet, Heavy Vehicle, High Value & Portable Assets** This audit is to provide assurance that the established governance and risk management is sufficiently robust to protect and ensure the viability of the fleet, heavy vehicles, high value and portable assets.	⬤			The City 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.	People & Culture; Community Experience; Strategic Development Projects; Financial Services; Field Services; and Strategic Procurement.	Audit is rescheduled to recommence in July 2022 and report to Audit & Risk Committee in November 2022.
6 & 8	SR#6: Ineffective governance results in the provision of services which do not meet community expectations. (High / Medium). SR#8: Lack of alignment and integrity of IT systems and data to support service delivery (High / High)	High	Medium	• Limited meaningful corporate performance indicators in place • Inconsistent reporting and data collection • Lack of business engagement and clarity of roles • External pressure for changes to systems • Failure to adequately involve IT when developing plans, strategies and projects • Failure to consider all options when improving a system or process • Organisational change is not conducted in a structured and logical manner	2	Data Governance Audit	**Data Governance Audit** Audit on data governance is to provide assurance that City of Salisbury data governance processes ensure adequate protection of information and effective data management required to meet business needs. Audit on IT investment strategy is to provide assurance that the strategy around IT investment is sufficiently robust to support the current business requirements and continuous improvement initiatives.	⬤	⬤		There is the risk that City's data management processes could result in loss of data or the inability to utilize the data. This review will provide assurance regarding the adequacy of protection of City of Salisbury information. The City 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 City of Salisbury with inefficient processes, legacy IT issues and lagging IT systems leading to inefficiencies, financial impost, service interruption and inability to maximize continued improvements. This review is to provide City of Salisbury with assurance that the IT Investment Strategy is sufficiently robust to support current and changing business requirements and continuous improvement initiatives.	People & Culture ; Community Experience; Economic Development & Urban Policy; Business Systems and Solutions; Financial Services; and Communications & Customer Relations. Governance; and Strategic Procurement	Commencement date rescheduled from July 2022 to July 2024, as the audit area is affected by the new ERP system acquisition and deployment in process.
8	SR#8: Lack of alignment and integrity of IT systems and data to support service delivery	High	High	• Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs • Lack of auditing and logging functions to capture events	3	IT Disaster Recovery Audit	**IT Disaster Recovery Audit** Provide assurance that adequate disaster recovery processes are in place at City of Salisbury and the processes are likely to be effective in the event of a disruption.	⬤			Cybersecurity risk is recognised as an emerging and ever changing risk for many organisations which may lead to financial loss, service interruption, data loss and/or reputation damage from an event impacting the City's information systems. COS has developed a Disaster Recovery Plan in Jan 2022 and is currently being implemented. COS's disaster recovery processes are however not tested/audit independently in the past to ensure that the plan and processes are adequately designed and effectively implemented.	Business Systems and Solutions	Retain as previously scheduled to commence in last quarter of 2022/2023.
6	Ineffective governance results in the provision of services which do not meet community expectations.	High	Medium	• Inadequate performance measures which are not linked to objectives or strategies • Failure to deliver what is expected by the local community due to a lack of alignment of strategic plans • Limited meaningful corporate performance indicators in place • Inconsistent reporting and data collection of corporate performance indicators • Processes and systems fail to address customer needs • Failure to engage with all stakeholders in developing the City Plan	4	Strategic reporting process Audit	**Strategic reporting process audit** Assurance on the processes and controls in place, specifically in relation to the City Plan, Business Planning and Annual Planning.	⬤			City of Salisbury has established its strategic plan, City Plan 2035, covering its 4 strategic key directions, followed by critical actions and performance indicators for the medium to long term. The audit will review the strategic reporting processes including but not necessarily limited to reporting on; the City Plan 2035, and other relevant plans including Annual Plan and Business Plans.	People & Culture; Economic Development & Urban Policy; Governance; Business Systems and Solutions; Environmental Health & Safety; Financial Services; Communications & Customer Relations; and Strategic Procurement	On scheduled for 2022/2023 as per previous update. Commencement rescheduled from August to October 2022.

Item 7.1.3 - Attachment 1 - 3 year Internal Audit Plan 2022-2023 to 2024-2025

City of Salisbury 3 Year Internal Audit Plan 2022/23 - 2024/25

| Strategic Risk | | | | | 3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025 | | | | | | | | |
| | | | | | | | | 3-Yr IA Plan | | | | | |
Risk	Risk Description	Inherent Risk	Residual Risk	Relevant Causes from Strategic Risk Register	Audit Ref	Audit Title	Audit Title and Summary Description	2022/2023	2023/2024	2024/2025	Rationale for Inclusion	Internal Key Stakeholder Divisions Impacted	Status Update (as at 12 July 2022)
8	Lack of alignment and integrity of IT systems and data to support service delivery	High	High	• Lack of business engagement and clarity of roles • External pressure for changes to systems • Failure to adequately involve IT when developing plans, strategies and projects • Failure to consider all options when improving a system or process • Organisational change is not conducted in a structured and logical manner	5	IT Investment Strategy Audit	**IT Investment Strategy Audit** To provide assurance that the strategy around IT investment is sufficiently robust to support the current business requirements and continuous improvement initiatives.	⬛			The City 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 City of Salisbury with inefficient processes, legacy IT issues and lagging IT systems leading to inefficiencies, financial impost, service interruption and inability to maximize continued improvements. This review is to provide City of Salisbury with assurance that the IT Investment Strategy is sufficiently robust to support current and changing business requirements and continuous improvement initiatives.	Governance; Business Systems and Solutions; Financial Services; and Strategic Procurement	On schedule to commence in 2nd Quarter of 2022/2023 as per last update.
5	City of Salisbury financial sustainability is compromised by internal decisions and / or external events.	High	Medium	• Inadequate revenue and a failure to maximise revenue from all sources • Short term revenue is maximised at the expense of longer term revenue • Revenue from the sale of assets (land) is not invested for the longer term benefit of the community • Introduction of draft legislation regarding rate capping • Fraud, misconduct or maladministration • Changes to legislation/obligations imposed by other levels of government • Potential new revenue streams/opportunities are not fully investigated • Council ultimately becomes financially unsustainable • City revenue has to be raised increasingly through more traditional methods (rate rises) • Financial cost associated with falling rates revenue or increasing bad or doubtful debts	6	Rates Setting Process, Revenue and Debtors Audit	**Rates Setting Process, Revenue and Debtors Audit** Ensure that the Rates setting process comply with legislative compliance requirements, and appropriately reviewed and validated for accuracy, impact on financial sustainability. Ensure that there are no revenue leakages, and that the revenue charged and collected are accurate and complete, and revenue and debtor management process is effective as per approved policies and procedures in accordance with relevant legislation.	⬛			The City has recorded a total revenue of $127.39m for FY2019/20 ($125.75m for FY 2018/19), of which 80% is from Rates, 13% from Grants, Subsidies and Contributions, and remaining 7% from fees, and other charges/income. City of Salisbury has pre-agreed chargeable price amounts for Rates, Levies, Fees, Fines, concessions, rebates etc. used for invoicing purposes for the respective years. Debtors reflected on the Statement of Financial Position under Trade and Other Receivables amounts to $8.07m for FY2019/20 ($8.97m for FY2018/19). Although revenue and debtors testing is included within the external audit scope, the focus is more on true and fair view of revenue and debtors figure reflected on the financial statements; and the internal control assessment is often not reviewed in greater depth and breadth with expanded detailed testing of the revenue and collection process and controls as it is done in a typical internal audit. Therefore, it is recommended to cover this audit at least once in every 3 years as part of our internal audit program, as an industry best practice measure. The aim of this audit is to ensure that there are no revenue leakages, and that the revenue charged and collected are accurate and complete, and revenue and debtor management process is effective as per approved policies and procedures in accordance with relevant legislation.	Business & Admin Support; and Financial Services	Commencement rescheduled from May 2023 to August 2023 considering best availability and least impact to Finance team.

Item 7.1.3 - Attachment 1 - 3 year Internal Audit Plan 2022-2023 to 2024-2025

City of Salisbury 3 Year Internal Audit Plan 2022/23 - 2024/25

| Strategic Risk | | | | | | 3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025 | | | | | | | | |
| | | | | | | | | | 3-Yr IA Plan | | | | | |
Risk	Risk Description	Inherent Risk	Residual Risk	Relevant Causes from Strategic Risk Register	Audit Ref	Audit Title	Audit Title and Summary Description	2022/2023	2023/2024	2024/2025	Rationale for Inclusion	Internal Key Stakeholder Divisions Impacted	Status Update (as at 12 July 2022)
4	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	Medium	• Inadequate understanding and planning for factors impacting the environment • Failure to consider environmental consequences when planning and designing infrastructure	7	Tree Management Framework Audit	**Tree Management Framework Audit** Provide assurance that COS has established a Tree Management Framework for the management of its urban forest, covering policy measures in the area of tree planting, tree protection, tree removal, tree asset management, community consultation and engagement, and risk management, and ensure that the framework is adequate and implemented effectively.		🚩		The City has a street tree population of over 76,000, made up of more than 70 different species, within its streetscapes, parks and open spaces including reserves and wetlands, which contribute to the Key Direction 2 'Sustaining Our Environment' and Key Direction 3 'The Living City' in our City Plan 2035. A replacement value of approximately $3.4m for trees is included within asset class "Roads, Bridges and Footpaths" in the Audited Financial Statements for FY2019/20. COS has an ongoing Street Tree Renewal Program that aims to renew about 1,000 trees each year. To ensure the sustainability of this strategy, COS has established a Tree Management Framework for the management of its urban forest, covering policy measures in the area of tree planting, tree protection, tree removal, tree asset management, community consultation and engagement, and risk management. This review is to provide assurance that the City's Tree Management Framework is adequate and implemented effectively.	Community Planning & Vitality; Community Experience; Economic Development & Urban Policy; Development Services; Environmental Health & Safety; Financial Services; Communications & Customer Relations; and Field Services .	On schedule to commence in 2023/2024 as per previous update.
5	City of Salisbury financial sustainability is compromised by internal decisions and / or external events.	High	Medium	• Fraud, misconduct or maladministration • Unplanned spending	8	Fraud and Corruption Prevention Control Audit	**Fraud and Corruption Prevention Control Audit** Provide assurance that current practices are effective to prevent, detect, and manage risks related to fraud, corruption, misconduct and maladministration, and ensure that controls are implemented as per agreed policies and procedures.		🚩		The revised Fraud and Corruption Prevention and Management Policy states that the City has a zero-tolerance stance towards fraud, corruption, misconduct and maladministration. The City has various policies and procedures and internal control measures for prevention of fraud, corruption, maladministration and misconduct, and independent assessment of systems and processes takes place as part of the annual external audit and remains a part of many internal audits. Given that there are continuous changes happening within the control environment, systems, process, and stakeholders involved, the emergence of newer risk and failure of controls may occur and therefore an assessment of controls for fraud is essential. Hence, the objective of this audit is to determine the effectiveness of fraud prevention strategies. This audit aims to ensure that current practices are effective to prevent, detect, and manage risks related to fraud, corruption, misconduct and maladministration, and ensure that controls are implemented as per agreed policies and procedures.	All Divisions	Retain as originally scheduled to commence in 2023/2024.
I-9	All Strategic Risks in the Strategic Risk Register	High	High	• Inadequate performance of risk assessments	9	Risk Management Audit	**Risk Management Audit** Ensure that the City of Salisbury has robust policies, procedures and framework in place for risk management and controls are in place to manage risks effectively.		🚩		Risk Management being an integral part of our organizational process, this is one of the essential areas to incorporate in the Internal Audit Plan as a recurring audit at least every 3 years. The objective of risk management audit is to ensure that the City of Salisbury has robust policies and procedures and framework in place for risk management and controls in place to manage risks are operating effectively.	All Divisions	Retain as originally scheduled to commence in 2023/2024.

City of Salisbury 3 Year Internal Audit Plan 2022/23 - 2024/25

| Strategic Risk | | | | | | 3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025 | | | | | | | | |
| | | | | | | | | 3-Yr IA Plan | | | | | |
Risk	Risk Description	Inherent Risk	Residual Risk	Relevant Causes from Strategic Risk Register	Audit Ref	Audit Title	Audit Title and Summary Description	2022/2023	2023/2024	2024/2025	Rationale for Inclusion	Internal Key Stakeholder Divisions Impacted	Status Update (as at 12 July 2022)
5	City of Salisbury financial sustainability is compromised by internal decisions and / or external events.	High	Medium	• Insufficient or reduction in grant funding • Inadequate revenue and a failure to maximise revenue from all sources • Unplanned spending • Inadequate valuation of assets or inaccurate depreciation • Inadequate planning for infrastructure repairs or upgrades • Introduction of draft legislation regarding rate capping • Fraud, misconduct or maladministration • Changes to legislation/obligations imposed by other levels of government • Potential new revenue streams/opportunities are not fully investigated • Changes to roles and responsibilities assigned to City of Salisbury by federal or state government • Short term revenue is maximised at the expense of longer term revenue • Poorly structured debt funding • Poor investment decision making • Unknown consequences of new infrastructure provision from other levels of government or private sector investment • Failure to encourage investment in	10	Budgetary Control Audit	**Budgetary Control Audit** Ensure that the City of Salisbury has robust policies and procedures covering the annual budget preparation process, and that budgetary control processes are implemented effectively and comply with any legislative requirements.		🔲➡🔲		Strategic Risk Register Review lead to identification of Risk Causes and factors, that have not been assured through internal audit testing in the past. Although Budgetary controls are tested annually as part of the externally audit process testing of LGA Financial Best Practice Model, a full fledge, end-to-end audit has not been performed on the effectiveness of the budget preparation and control process in the past.	Primarily Financial Services Division and touch base with other divisions as required.	Proposed to reschedule from 2023/2024 to 2024/2025 in order to rationalise the number of audits to a max of 5 per year as agreed earlier.
&8	SR 1: Inadequate response to a business continuity or emergency event, or major incident at a Council run Community event. SR8: Lack of alignment and integrity of IT systems and data to support service delivery	High	High	• Lack of business engagement and clarity of roles • External pressure for changes to systems • Failure to adequately involve IT when developing plans, strategies and projects • Failure to consider all options when improving a system or process • Organisational change is not conducted in a structured and logical manner	11	Business Continuity Audit	**Business Continuity Audit** provides assurance on the Business Continuity Management (BCM) Framework and the measures in place to ensure that, in the event of a disruption, critical business operations can be maintained, or restored in a timely manner, with minimal impact to the CoS and its stakeholders.		🔲		The previous BCP audits were undertaken in 2014 and 2018. Since then, BCP reviews for individual processes have been undertaken and it may be beneficial for COS to undertake an overall BCP audit to determine the adequacy and effectiveness of the current BCM framework and process.	All Divisions	Retain as originally scheduled to commence in 2023/2024.

Item 7.1.3 - Attachment 1 - 3 year Internal Audit Plan 2022-2023 to 2024-2025

City of Salisbury 3 Year Internal Audit Plan 2022/23 - 2024/25

Strategic Risk					3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025								
								3-Yr IA Plan					
Risk	Risk Description	Inherent Risk	Residual Risk	Relevant Causes from Strategic Risk Register	Audit Ref	Audit Title	Audit Title and Summary Description	2022/2023	2023/2024	2024/2025	Rationale for Inclusion	Internal Key Stakeholder Divisions Impacted	Status Update (as at 12 July 2022)
5 & 6	SR5: City of Salisbury financial sustainability is compromised by internal decisions and / or external events. SR6: Ineffective governance results in the provision of services which do not meet community expectations.	High	Medium	• Insufficient or reduction in grant funding	12	Grants Management Audit	**Grants Management Audit** Provide assurance that the grants provide to City of Salisbury community and businesses are awarded to eligible recipients, and managed effectively as per approved policies and procedures and aligned to the City Plan 2035.			♟	The City offers many grants to encourage develop and support community projects. COS offers many different categories of grants available for a broad range of activities with a business or community focus, as listed on its website. This audit is to provide assurance that the grants provide to City of Salisbury community and businesses are awarded to eligible recipients, and managed effectively as per approved policies and procedures and aligned to the City Plan 2035.	Community Planning & Vitality; Community Capacity & Learning; Community Experience; Infrastructure Delivery & Management; Economic Development & Urban Policy; Financial Services; and Communications & Customer Relations.	Retain as originally scheduled to commence in 2024/2025.
3	Lack of management of public and environmental health risks	High	High	• Inadequate management, monitoring or testing • Animal/vermon infestation • Noxious plants • Failure of waste disposal contractor to meet contractual obligations.	13	By-Laws Management and Enforcement Process Audit	Ensure that the City of Salisbury has appropriate policies and procedures for management and enforcement of by-laws, and ensure that the by-laws management and enforcement process is efficient, effective, and complies with relevant legislations.			♟	Strategic Risk Register Review lead to identification of Risk Causes and factors, and no specific end-to-end audit has been undertaken on the effectiveness of by-law management and enforcement process in the past.	Primarily Environmental Health & Community Compliance Division and touch base with other divisions as required.	Retain as originally scheduled to commence in 2024/2025.
N/A	N/A	N/A	N/A	N/A - not included in the strategic risk register.	14	Independent External Review of Internal Audit Function	**Independent External Review of Internal Audit Function** The audit is to obtain an understanding and form an opinion on the current Internal Audit function, compliance with the Internal Audit Standards, and existing issues and areas for improvement.			♟	In accordance with the best practice standards, COS's Internal Audit Charter states that "In order to ensure that the quality of internal audit work is of a consistently high standard, the CEO shall ensure that a quality review of the internal audit function is undertaken by an independent External Service Provider at least every five years". The last audit was undertaken in 2016, and is due for another review, to comply with the standards.	Governance	Brought forward from 2024/2025 to commence in June 2023.
10	City of Salisbury reputation suffers due to services provided not meeting community needs and expectations, resulting in a reduction in business investment.	High	High	• Elected Member cohesion • Lack of or ineffective community consultation and engagement • Failure to deliver services expected by the community • Customer service is not properly monitored or managed • Not meeting strategic objectives • Failure to undertake legislative requirements • Lack of or ineffective community consultation and engagement	15	Community Consultation Process, and Community Perception Survey Effectiveness Audit	**Community Consultation Process, and Community Perception Survey Effectiveness Audit** The audit is to provide assurance that the City's community consultation and engagement process is adequate and effective, and ensure that the community perception surveys undertaken are effective and achieving intended objectives.			♟	The mapping of internal audits against the strategic risk register identified that this area has not been audited for adequacy and effectiveness in the past. However, relevant policies and procedures are in place and community perception surveys are undertaken regularly. It may be beneficial for the City to determine the effectiveness of these surveys and how well the learnings from these surveys are incorporated in the service delivery and planning process of Council, and whether the relevant policies and procedures are effectively implemented.	Community Experience; Community Experience & Relationships; Community Development; City Development; and Any other Divisions that involve the development of policy, delivery of projects, including where this is a statutory requirement, etc that requires consultation with the community.	Retain as originally scheduled to commence in 2024/2025.

Legend for Status Update

🟩 Presented to Audit Committee Meetings

🟦 Ongoing Audits

🟧 Audit Commencement Planned for Future Period

Item 7.1.3 - Attachment 1 - 3 year Internal Audit Plan 2022-2023 to 2024-2025

INDICATIVE SCOPES FOR PENDING AUDITS ON THE 3 YEAR INTERNAL AUDIT PLAN 2022/2023-2024/2025

(The scopes are indicative only and in early draft format - actual scope will vary pending stakeholder engagement and further input)

1.   DATA GOVERNANCE AUDIT

The overall objective of the audit on data governance is to provide assurance that City of Salisbury data governance processes ensure adequate protection of information and effective data management required to meet organisational needs.

The specific objectives for the audit will be to ensure that:

- The City has appropriate policies and procedures covering all aspects of data governance and the data management lifecycle, including collection, maintenance, usage and dissemination that are clearly defined and documented.
- A process is in place for training of new staff and refresher training for existing staff to provide understanding of the Records Management system and requirements.
- Internal audit complies with necessary statutory and regulatory requirements related to data management and data governance.
- The City has an adequate governance structure and processes in place to support the management of data, including data privacy, confidentiality and Freedom of Information requests and disclosures.
- Data collection and retention levels are adequate and effective as per policies and procedures and industry best practice guidelines.
- Data and database structures are designed and developed in an efficient manner to ease data analytics and avoid data redundancies.
- Audit trails and history logs on master data changes are available for traceability and reviewed.
- Data inventories are maintained and managed with appropriate levels of data security level category classifications, where relevant.
- Controls related to data content management, record management, data quality, data access, data sharing, data security and data risk management are adequate and implemented effectively.

2.   IT DISASTER RECOVERY AUDIT

The overall objective of the audit is to provide assurance that City of Salisbury has adequate disaster recovery processes in place, and the processes are likely to be effective in the event of a disruption.

The specific objectives for the audit will be to ensure that:

- A Disaster Recovery Plan exists with the exact steps to be covered if a disaster event occurs.
- The Disaster Recovery Plan steps captures the relevant scenario expectations including Maximum Allowable Outages (MAO), Recovery Point Objective (RPO) and Recovery Time Objective (RTO).
- The approved Disaster Recovery Plan is tested appropriately with relevant test case scenarios.
- Critical systems required to be recovered following a disaster event have been identified.
- Single points of failure have been identified.
- Business Continuity Plans are fully linked with IT disaster recovery arrangements.
- Server infrastructure includes testing of the ability to recover systems; and
- Backups are completed and taken off-site to provide additional resilience in the event of a disaster event.

Item 7.1.3 - Attachment 2 - Indicative Scopes for Pending Audits on 3-year Internal Audit Plan

3.   STRATEGIC REPORTING PROCESS AUDIT

The overall objective of the audit is to provide assurance on the processes and controls in place, specifically in relation to the City Plan, Business Planning and Annual Planning.

The specific objectives for the audit will be to ensure that:
- The City has policies and procedures governing the strategic planning process.
- The City is in compliance with statutory and regulatory requirements in terms of strategic reporting.
- Strategic plan documents align to the City's approved 4 Strategic directions and goals.
- The deliverables identified in City Plan 2035 cascades down to goals, deliverables and performance indicators reflected on other strategic planning documents.
- All required departmental and/or divisional Business Plans are established as a 4-year rolling plan covering all the essential areas and are reviewed annually by end of June.
- Budgets and resources are planned for all critical action points under immediately noticeable impact areas.
- Appropriate systems are in place to capture the strategic reporting information.
- Established mechanism report performances against strategic plans.
- The strategic information reported is effective, accurate, reliable and timely.
- There are clear roles and responsibilities for the strategic planning process.
- The strategic planning process is resourced appropriately.
- There is simplicity and ease of reporting processes
- There is transparency and accountability in the strategic reporting process
- Strategic reporting process has agreed performance indicators and are reviewed appropriately.

4.   IT INVESTMENT STRATEGY AUDIT

The overall objective of the audit is to provide assurance that the strategy around IT investment is sufficiently robust to support the current business requirements and continuous improvement initiatives.

The specific objectives for the audit will be to ensure that:
- The City has a formalised and appropriate IT Investment Strategy process document.
- The City's IT investment strategy is aligned to the deliverables in City Plan 2035.
- IT investment strategy is fully integrated with an overall IS/IT strategy.
- IT investment strategy facilitates the maintenance of critical IS/IT infrastructure.
- IT investment strategy is fully backed by business cases and feasible economically and operationally.

5.   RATES SETTING PROCESS, REVENUE AND DEBTORS AUDIT

The overall objective of the audit on Rate setting process is to ensure that the Rates setting process comply with legislative compliance requirements, and is appropriately reviewed and validated for accuracy and impact on financial sustainability. The overall objective on review of debtors and revenue side is to ensure that there are no revenue leakages, and that the revenue charged and collected are accurate and complete, and revenue and debtor management process is effective as per approved policies and procedures in accordance with relevant legislation.

The specific objectives for the audit will be to ensure that:
- The City has formalised and adequately designed policies, procedures and framework covering the rate setting process and aligned to the legislative requirements.

- Applicable policies, procedures and legislative requirements are being followed in cases during the rate setting process.
- The relevant assumptions applied in the rate setting process are validated and tested appropriately.
- The public consultation and feedback process are adequately administered and taken sufficient account of ratepayers' feedback on their proposals before finalising rates.
- Rates calculation and application of rates through the rate setting system is accurate.
- Local Government Financial Best Practice Model controls related to rates setting, revenue and debtors are implemented effectively.
- There are no unnoticed, unaccounted, unrealised or unintended revenue losses.
- The City has formalised and adequately designed policies and procedures covering the revenue and debtor management process.
- The City's revenue and debtor management processes are implemented effectively as per agreed policies and procedures.

6.   TREE MANAGEMENT FRAMEWORK AUDIT

The overall objective of the audit is to provide assurance that COS has established a Tree Management Framework for the management of its urban forest, covering policy measures in the area of tree planting, tree protection, tree removal, tree asset management, community consultation and engagement, and risk management, and ensure that the framework is adequate and implemented effectively.

The specific objectives for the audit will be to ensure that:
- The City has formalised policies and procedures covering its Tree Management Framework that are adequately designed and established.
- The Tree Management Framework covers Environmental and Social factors including the trees in public open space and private sphere.
- The City's Tree Management Framework is implemented effectively.
- The City's tree management strategy is aligned to relevant deliverables in City Plan 2035.
- The City maintains appropriate level of traceability and verification and recording of Tree Assets reflected in the financial statements where relevant.
- Street Tree Renewal Program is implemented effectively.
- Public requests / complaints related to tree removal, tree planting, and other tree management related matters are resolved and reported effectively in accordance with clearly document policies and procedures.
- Any legislative compliance requirements related to tree management arising from Local Government Act 1999, Planning, Development and Infrastructure Act 2016, Commonwealth Environmental Protection and Biodiversity Conservation Act 1999, Natural Resource Management Act 2004, Environmental Protection Act 1993, Electricity Act 1996, Heritage Places Act 1993, Road Traffic Act 1961, Aboriginal Heritage Act 1988 and Water Industry Act 2012, are identified and their level of compliance assessed at a high level.
- City of Salisbury has efficient processes in place to identify and manage potential tree hazards and is implemented effectively.

7.   FRAUD AND CORRUPTION PREVENTION CONTROL AUDIT

The overall objective of the audit is to provide assurance that current practices are effective to prevent, detect, and manage risks related to fraud, corruption, misconduct and maladministration, and ensure that controls are implemented as per agreed policies and procedures.

The scope of the audit is to ensure that the City:
- has an effective fraud control framework, which is integrated with the City's organisation-wide risk management strategy.
- has appropriate, well understood and current fraud control plans, which address major risks
- has established effective fraud controls.
- has adequate internal systems, training and reporting processes to support effective implementation and monitoring of fraud control plans.
- regularly test, monitor and report on the effectiveness of the fraud control plan and associated practices.
- review the outcomes of testing and use the insights gained to inform continuous improvement in fraud prevention and to update fraud control plans to ensure their ongoing appropriateness.

8.   RISK MANAGEMENT AUDIT

The overall objective of the audit is to ensure that the City of Salisbury has robust policies, procedures and framework in place for risk management and controls are in place to manage risks effectively.

The specific objectives for the audit will be to ensure that:
- The City has formalised and adequately designed policies, procedures and framework covering its risk management process.
- The City's risk management processes are implemented effectively as per agreed policies and procedures.
- Risk tolerance limits and thresholds are defined along with corresponding action points on the risk management plan / framework for better transparency and avoidance of doubts.
- The City has up-to date registers for risk, including its strategic risk register and operational risk registers.
- Risk management is embedded within the whole organisational processes.
- Formalised and regular processes are implemented effectively for the identification of risks, assessment of risks, and treating risks.
- The status of risk treatment action plans (especially all the high-risk ones) is reported to senior management in a timely manner.
- The City has implemented any actions arising from LGA Mutual Liability Scheme review recommendations on risk management.

9.   BUDGETARY CONTROL AUDIT

The overall objective of the audit is to ensure that the City of Salisbury has robust policies and procedures in place covering the annual budget preparation process, and that budgetary control processes are implemented effectively and comply with legislative requirements.

The specific objectives for the audit will be to ensure that:
- The City has formalised and adequately designed policies and procedures covering its budgetary control and management process and aligned to relevant legislations.
- The City's approved budget and budgetary control management processes are implemented effectively as per agreed policies and procedures and comply with relevant legislative requirements.
- Budget responsibility and accountability are clearly defined, appropriately allocated and regularly reviewed.
- Budget requirements are effectively reviewed and monitored on a regular basis.
- Budget variances are identified, properly reported and approved.

- Accurate, relevant and timely management information is produced and used effectively to inform decision making and reporting.

10. BUSINESS CONTINUITY AUDIT

The overall objective of the audit is to assess the adequacy of practices and procedures to manage COS's business continuity. The audit will provide assurance that process and the measures in place to ensure that, in the event of a disruption, critical business operations can be maintained, or restored in a timely manner, with minimal impact to the CoS and its stakeholders.

The specific objectives for the audit will be to ensure that:
- The City has formalised an overarching policy / procedure document covering the business continuity management process.
- Critical systems and functions requiring Business Continuity Plans (BCPs) are identified.
- BCPs are current and adequately developed for all critical functions and systems.
- BCPs for critical functions and systems covers business resumption and continuity / contingency strategies.
- Business Impact Analysis approaches and process are determined and agreed in the BCPs.
- Effective communication plans are established to manage public and media relations in the event of a disruption.
- There is an agreed process in place for activating BCPs when emergencies occur.
- Business continuity plans are adequately monitored and maintained.
- A formalized business continuity training program exists, and all individuals responsible for developing and implementing BCP have been adequately trained.
- Business continuity plans are tested periodically and the test results and lessons learned are reviewed, documented, and applied.

11. GRANTS MANAGEMENT AUDIT

The overall objective of the audit is to provide assurance that the grants provided to City of Salisbury community and businesses are awarded to eligible recipients, and managed effectively as per approved policies and procedures and aligned to the City Plan 2035.

The specific objectives for the audit will be to ensure that:
- The City's policies and procedures covering its grant management process are adequately developed for all categories of grants and communicated appropriately to the relevant stakeholders.
- The eligibility criteria and award process for all grant categories have been established and communicated, and have been complied with.
- COS has a central register of fund recipients, capturing the details of previous funding received.
- Conflict of interest avoidance measures are incorporated in the grant awarding process.
- Grants schemes are aligned to City Plan 2035.
- All grants have terms and conditions or signed agreements specifying the expectations on usage and reporting requirements agreed by the Grant Recipient and COS.
- COS have a monitoring process in place to ascertain that Grant Recipients adhere to timely reporting requirements in the Grant Agreement.
- Any unused funding from the grant is dealt with appropriately as per the grant agreement or agreed terms and conditions.
- Any contingency percentages included in the grant scheme are appropriately allocated and disbursed.

- COS measures the effectiveness of the grant schemes, and use feedbacks for quality assurance purposes in future planning and grant scheme designing.

12.   BY-LAWS MANAGEMENT AND ENFORCEMEMENT PROCESS AUDIT

The overall objective of the audit is to ensure that the City of Salisbury has appropriate policies and procedures for management and enforcement of by-laws, and ensure that the by-laws management and enforcement process is efficient, effective, and complies with relevant legislations.

The specific objectives for the audit will be to ensure that:
- The City has formalised and adequately designed policies and procedures covering the by-law management and enforcement process.
- The City has appropriate Structure and governance of by-law enforcement teams.
- Feedback from rate payers are appropriately incorporated and by-laws are reviewed and updated on a regular basis.
- Enforcement fines and penalties comply with relevant legislations and are charged accurately.
- The City's methods and approaches to enforcement are adequate and effective.
- There are clearly identified performance measures and metrics for by-law enforcement.
- Enforcement team is sufficiently staffed and appropriately trained.
- By-law related complaints are handled effectively.

13.   INDEPENDENT EXTERNAL REVIEW OF INTERNAL AUDIT FUNCTION

The overall objective of the audit is to obtain an understanding and form an opinion on the current Internal Audit function, determine the level of compliance with the Internal Audit Standards, and identify existing issues and areas for improvement.

The specific objectives for the audit will be to ensure that:
- The City has formalised and adequately designed policies and procedures covering the internal audit process.
- The City is in conformance with mandatory internal auditing requirements, including the Internal Audit Standards.
- The Audit & Risk Committee and management expectations of Internal Audit are being met.
- The Internal Audit is value adding and contributing to the organisational objectives.

14.   COMMUNITY CONSULTATION PROCESS, AND COMMUNITY PERCEPTION SURVEY EFFECTIVENESS AUDIT

The overall objective of the audit is to provide assurance that the City's community consultation and engagement process is adequate and effective, and ensure that the community perception surveys undertaken are effective and achieving intended objectives.

The specific objectives for the audit will be to ensure that:
- The City has formalised, adequately designed and current policies, procedures and framework covering the community consultation, engagement and community perception survey process.
- Any legislative compliance requirements in relation to community consultation process are met.
- Contemporary engagement tools and best practices are incorporated within the community consultation process.
- Community engagement strategies are developed and implemented effectively.
- Community need assessments are undertaken effectively through the community consultative process, and applied in policy, planning, strategy formulation and service delivery.

- Community perception survey results are evaluated appropriately and systematically apply any resultant learning outcomes in policy, planning, strategy formulation and service delivery.
- Community consultation, engagement initiatives and perception survey outcomes are reported to senior management and Council appropriately.

ITEM	7.1.4
	AUDIT AND RISK COMMITTEE
DATE	12 July 2022
HEADING	Risk Management and Internal Controls Activities
AUTHOR	Brett Kahland, Team Leader Corporate Governance, CEO and Governance
CITY PLAN LINKS	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	This report provides an update on the risk management and internal control activities undertaken for the 2021/2022 reporting period. The Enterprise Risk Management (ERM) Roadmap was provided to the Audit & Risk Committee in November 2021, and its current status is updated in this report, along with the status of other risk management and control activities undertaken this year.

RECOMMENDATION

That Council:

1. Notes the update on Risk Management and Internal Control Activities for the 2021/2022 reporting period since the 12th April 2022 Audit & Risk Committee meeting, as set out in Attachment 1 to this report (Audit & Risk Committee, 12/07/2022, Item No.7.1.4).

2. Notes the Enterprise Risk Management Framework as set out in Attachment 2 to this report (Audit & Risk Committee, 12/07/2022, Item No.7.1.4).

3. Notes the Strategic Risk Register as set out in Attachment 3 to this report (Audit & Risk Committee, 12/07/2022, Item No.).

ATTACHMENTS

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

1. Risk Management and Internal Controls Activities June 2022

2. Enterprise Risk Management Framework

3. Strategic Risk Register June 2022

1. BACKGROUND

1.1 This report provides an update on the risk management and internal control activities undertaken for the 2021/2022 period. The report allows the Audit & Risk Committee to monitor and review the activities and assurance they provide.

2. REPORT

2.1 The risk management and internal control activities planned for the 2021/2022 reporting period are summarised in Attachment 1, which is updated to the Audit and Risk Committee on an ongoing basis.

2.2 *Financial Internal Controls:* The Local Government Best Practice Financial Controls Model is used to ensure financial controls are adequately covered, and this is managed through Control Track. The self-assessment for this year commenced in April 2022. This is being reviewed by the external auditor as part of the internal control certification process. The external auditors' Annual Audit Plan is scheduled to be presented to the Audit & Risk Committee in July 2022.

2.3 *Audit & Risk Committee Performance Assessment:* The self-assessment survey response was reported to the Audit & Risk Committee in April 2022 (see Audit & Risk Committee 12/04/2022, Item no. 7.1.6).

2.4 *Emergency Management Project:* The Emergency Management Policy and Emergency Management Plan have been adopted. The Incident Operations Framework has been drafted and presented to the Executive Leadership Team. The Incident Operations Framework is a comprehensive manual that provides Council's Incident Management Team guidance on the management of an incident or emergency event that impacts on the community, the environment, or Councils business operations, using an all hazards approach and a methodology consistent with the Local Government Sector and South Australian Emergency Response Agencies. A further report is to be presented to the Executive Leadership Team to assist clarify differences between the types of emergency events (e.g. community and the workplace) Council may be exposed to, and the different mechanisms in place to manage these events.

2.5 *Enterprise Risk Management (ERM) Framework:* The ERM Framework has been developed to support the implementation of the ERM Policy (Council adopted 22 November 2021). A summary is set out below.

    2.5.1 The ERM Framework is based on the 8 principles of effective and efficient risk management in accordance with ISO 31000:2018 Risk Management – Guidelines.

    2.5.2 The ERM Framework is based on the model template developed by the Local Government Authority Mutual Liability Scheme and replaces the Risk Management Guide.

    2.5.3 The ERM Framework covers risk management principles, risk management process, and how the internal controls process and assurance process will fit in and support the overall objective.

    2.5.4 The steps involved in the ERM process include risk identification, analysis, evaluation, monitoring and review, record keeping and reporting.

    2.5.5 Roles and responsibilities are clearly identified for key stakeholders involved in the ERM process.

2.5.6 The risk matrix has been updated to incorporate a revised consequence rating table. Key changes include the following:

- Quantification of risk rating scores ranging from 1 to 25 on the relative weight of likelihood of risk occurring (ranked between 1 and 5) and the impact or consequences of the risk (ranked between 1 & 5);

- Displayed summary steps on risk rating and evaluation, and a summary table on how the risk rating scale can be applied;

- The introduction of a table showing expectations for reporting strategic, operational and project risks, depending on risk profile, and the requirement for an action plan.

2.5.7 The Bow-tie Risk Assessment template is introduced, as a simple to use contemporary risk assessment and evaluation tool that can be used as part of the risk assessment process. The aim is that this tool can be interactively completed in risk workshops.

2.5.8 The next steps are for the Corporate Governance team to facilitate training and facilitate and support the development of operational risk registers. It is noted that some divisions already have operational risk registers in place, and it is proposed that existing registers are reviewed in collaboration with the Corporate Governance team.

2.5.9 A copy of the ERM Framework is set out in Attachment 3 to this report.

2.6 *Assurance Map*: The assurance map has been developed and is subject to a separate to report scheduled to be presented to the Audit & Risk Committee in July 2022 (Audit & Risk Committee, 12/07/2022, Item No.7.1.5).

2.7 The **Strategic Risk Register** is updated, highlighting all new additions in red text and striking through text that has become obsolete. The main areas of change are in the risk treatment control timelines. There are no changes noted in the risk ratings.

On 5 July 2022, the Executive Leadership Team held a workshop and commenced review of the Strategic Risk Register. Further work will be undertaken to develop an updated Strategic Risk Register through the first half of the 2022/23 reporting period.

3. CONCLUSION / PROPOSAL

3.1 This report has provided a summary of the risk management and internal controls activities undertaken for the 2021/2022 reporting period, since the last Audit and Risk Committee meeting.

Risk Management and Internal Controls Activities – July 2021 to June 2022　　　　　　　　　　　v1.5

Annual Plan - July 2021 to June 2022					
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
1. 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.	External auditors have commenced the internal controls audit for the year 2021/2022 and an update on this will be provided by the external auditor to the Audit and Risk Committee in July 2022.
2. Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation	Internal Controls	Internal	In progress	The external auditor's expectations are that at least one control self-assessment will be conducted annually and a risk assessment should also be conducted on financial internal controls.	The control self-assessment has commenced in May 2022. An update will be provided as part of the external auditor's Annual Audit Plan to be presented to the Audit and Risk Committee in July 2022.
3. Cash Management	Internal Controls	Internal	In progress	This work needs to be completed annually as a part of the financial internal controls framework; it includes the end of year reconciliations of petty cash and till floats.	The petty cash and till float reconciliations will be performed in July 2022 for the 2021/2022 period to substantiate the information to be contained within the Annual Financial Statements.

Item 7.1.4 - Attachment 1 - Risk Management and Internal Controls Activities June 2022

Risk Management and Internal Controls Activities – July 2021 to June 2022   v1.5

Annual Plan - July 2021 to June 2022					
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
4. Report on the findings of the Audit & Risk Committee self-assessments	Internal Controls	Internal	Completed	The annual self-assessment reviews the performance of the Audit & Risk Committee.	Survey commenced in March 2022 and outcome reported to Audit & Risk Committee and Council in April 2022.
5. Review the Fraud and Corruption Prevention Strategy	Internal Controls	Internal	Not yet commenced	The Fraud and Corruption Prevention Strategy was reviewed and replaced with a Policy and a Framework.	The Fraud and Corruption Policy was adopted by Council in February 2021 and the Fraud and Corruption Prevention and Management Framework was approved by the Executive Group in July 2021. Note: The Framework requires further review and updates to reflect legislative changes to the ICAC Act and Ombudsman Act.
6. 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	The Emergency Management Policy and Emergency Management Plan have been endorsed. The Incident Operations Framework has been drafted. The project has been substantially completed from a design and documentation point of view.

Item 7.1.4 - Attachment 1 - Risk Management and Internal Controls Activities June 2022

Risk Management and Internal Controls Activities – July 2021 to June 2022   v1.5

Annual Plan - July 2021 to June 2022					
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
7. 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.	Business Impact Assessments have been completed for all critical and non-critical functions. BCP will be finalised for all functions during the 2022/23 financial year.
8. Develop documented risk management framework	Risk Management	Internal	Completed	Contributes to the vision of having an organisation wide, consistent, usable risk management framework to encourage and inform risk management.	The Enterprise Risk Management (ERM) Framework was reviewed and endorsed by the Executive Management. This is reported to the Audit & Risk Committee in July 2022.
9. ERM Program Roadmap	Risk Management	Internal	In progress	Following the development of an ERM Policy, it was decided that a Road Map is developed to ensure effective implementation is monitored as per an agreed plan.	The ERM Roadmap milestones are delivered and progressing, with ERM Framework and Assurance Map developed as key deliverables; see update below (in item 10).
10. ERM Roadmap Deliverable – Assurance Map	Risk Management	Internal	Completed	CEO asked to prepare an overall Assurance Map for the City of Salisbury to determine where we are in terms of assurance. Audit & Risk Committee has also asked for a brief on this as was agreed as an action item.	The Assurance Map has been developed and is to be presented to the Audit & Risk Committee meeting in July 2022.

Item 7.1.4 - Attachment 1 - Risk Management and Internal Controls Activities June 2022

Risk Management and Internal Controls Activities – July 2021 to June 2022   v1.5

Annual Plan - July 2021 to June 2022					
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**
11. ERM Roadmap Deliverable – Operational Risk Registers for all Divisions	Risk Management	Internal	In progress	As part of the ERM Program Road Map deliverable.	Risk workshops are to be held, and operational risk registers will be developed as part of the ERM framework implementation process in 2022/23.

Item 7.1.4 - Attachment 1 - Risk Management and Internal Controls Activities June 2022

Enterprise Risk Management (ERM) Framework

ERM Framework

Issued:

Next Review: 30.11.2027

First Issue/ Approved	
Classification	Procedure / Guideline
Last Reviewed	-
Next Review	30.11.2027
File Reference	
Department	CEO & Governance
Function	Governance
Responsible Officer	Manager Governance
Relevant Legislation	*Local Government Act 1999*
	Local Government (Financial Management Regulations) 2011
	Work Health and Safety Act 2012
	Civil Liabilities Act 1936
	State Records Act 1997
	Commonwealth Privacy Act 1988
	Freedom of Information Act 1991
Related Documents	City of Salisbury Enterprise Risk Management Policy
	AS ISO 31000:2018 - Risk Management Guidelines
	SA HB:436.1:2020 Risk Management Guidelines – companion to AS ISO 31000:2018, Part 1: Boards and executives
	City of Salisbury Fraud and Corruption Prevention and Management Policy
	Relevant Work Health & Safety (WHS) Policies & Procedures
	Local Government Association Mutual Liability Scheme Risk Management Framework Template
Availability	The ERM Framework is available to Council employees on Council's intranet.
Further Information	For further information on this Policy please contact:
	Responsible Officer: Team Leader Corporate Governance Address: 34 Church Street, Salisbury SA 5108 Telephone: 8406 8222
	Email: BKahland@salisbury.sa.gov.au

Review History

Version No:	Issue Date:	Description of Change
1.0	April 2022	New Document

Item 7.1.4 - Attachment 2 - Enterprise Risk Management Framework

ERM Framework

Issued:

Next Review: 30.11.2027

Contents

Item 7.1.4 - Attachment 2 - Enterprise Risk Management Framework

ERM Framework

Issued:

Next Review: 30.11.2027

1   Introduction

The ERM Framework (Framework) is derived from the ERM Policy. This Framework is a comprehensive operating manual or guideline document developed for the City of Salisbury (City or COS), covering the key elements of risk management principles, risk management processes, and how these apply to COS.

COS is committed to an integrated approach to risk management to assist in setting appropriate strategies, achieving objectives and making informed decisions, in the best interests of our community.

COS's vision is for Salisbury to be a progressive, sustainable and connected community.

The risk management process is not an isolated function and should be applied to all activities, and decision making at all levels. Effective identification, analysis, evaluation and treatment of risks is critical to COS achieving its objectives and meeting stakeholder expectations. This Framework acknowledges the positive aspects of risk and views the risk management process as a way to exploit opportunities and drive new organisational innovation. The greatest risk to COS achieving its vision is taking no risk at all.

2   Purpose

The purpose of ERM Framework is to outline the requirements and processes required for supporting COS's ERM Policy to create and protect value by improving performance, encouraging innovation and supporting the achievement of strategic objectives. This will encompass embedding a systematic risk management approach across the Council in relation to all activities, functions, service delivery and decision-making.

This Framework:

a)   Aligns with the objectives of COS's ERM Policy;

b)   Establishes roles and responsibilities for managing risk;

c)   Documents a standardised, formal and structured process for identification of risks, assessment, evaluation, treatment and monitoring of identified risks;

d)   Will assist COS in maximising its opportunities, whilst minimising negative impacts identified during the risk management process;

e)   Establishes the process for risks outside the defined risk appetite to be escalated to the appropriate level and for additional treatment options to be implemented;

f)   Sets out reporting protocols for relevant risk information to be provided to the Council, Audit & Risk Committee, Executive Management and throughout the organisation;

g)   Will support the development of a continuous improvement culture by integrating risk management processes throughout the organisation.

h)   Will lay out the standard ERM supporting tools that can be used by the relevant stakeholders in effective risk management, including risk registers, risk rating tables, and bow tie analysis templates.

ERM Framework

Issued:

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3   Risk Management Principles

The Australian standard for Risk Management Guidelines (AS ISO 31000:2018) describes risk as:

"…the effect of uncertainty (either positive, negative or both) on objectives…"

The goal is not to eliminate all risks, but rather to manage risks involved in delivering COS's functions and services and to create and protect value for stakeholders and community.

AS ISO 31000:2018 recommends the use of its eight principles (as in below table), when establishing organisation's risk management framework and processes.

Principles	Explanations
1. Integrated	Effective risk management is an integrated process covering all organisational activities and processes.
2. Structured and comprehensive	A structured and comprehensive approach to risk management contributes to efficiency, consistent and comparable results
3. Customised	The risk management framework and processes need to be customised and aligned to the internal and external context related to COS's City Plan 2035 objectives and goals
4. Inclusive	Appropriate and timely involvement of relevant stakeholders enable their knowledge, views and perceptions to be considered, resulting in improved awareness and informed risk management.
5. Dynamic	Risks can emerge, change or disappear due to the ever-changing dynamism of organisational internal and external environment. Risk management needs to anticipate, detect, acknowledge and respond COS's internal and external contexts in the risk management process, in an appropriate and timely manner.
6. Best available information	The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management need to explicitly consider any limitations and uncertainties associated with such information and expectations. Information should be timely, clear, and available to relevant stakeholders.
7. Human and cultural factors	Human behaviour and culture significantly influence all aspects of risk management at each level and stage.
8. Continual improvement	Risk management is continually improved through learning and experience.

In addition to the above eight principles, it is important to focus on the value creation opportunities often hidden in risks. COS's risk management framework aims to help create a better understanding of the risks that the organisation takes to support the evaluation and management of opportunities related to taking risks.

Item 7.1.4 - Attachment 2 - Enterprise Risk Management Framework

 ERM Framework

Issued:

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4   ERM Approach

The below diagram illustrates Council's ERM approach:
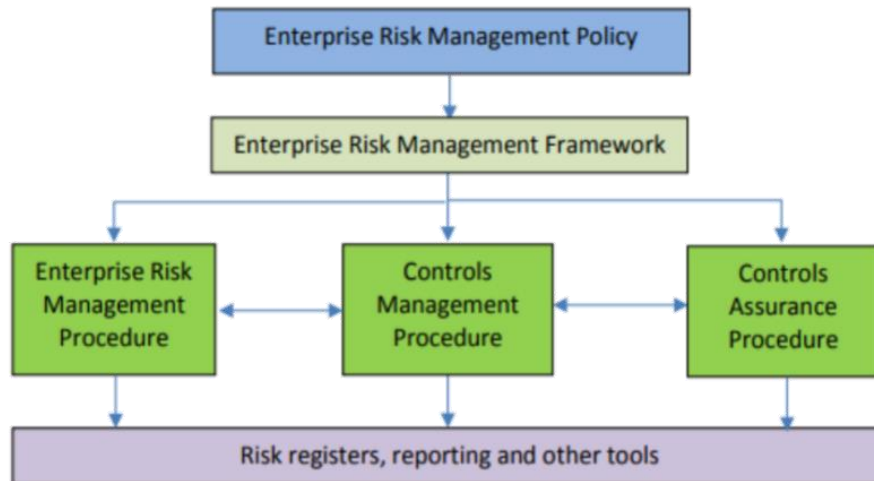
Risk management is looked at strategically from the perspective of the entire organisation. An ERM policy is established to ensure that the Council applies and embeds a systematic risk management approach across the Council in relation to all activities, functions, service delivery and decision-making.

The ERM Framework encompasses relevant process / procedures in the area of risk, controls and assurance required for the whole of organisation's risk management.

The ERM Framework ensures implementation of relevant risk registers, reporting and other tools available to embed effective risk management culture within the organisation.

5   Framework for Management and Assurance of Controls and Risks

ERM is essentially about management and assurance of risks and controls covering the whole of organisation.

The ERM Framework outlines how risk management will work as an integrated system covering relevant policies & procedures, having effective internal controls, having an independent internal audit & assurance function and effectively managing whole of organisation risk. Policies and procedures detail the expectation on practice of controls and the desired level of risks, while control self-assessment and internal audit function provides assurance on the effectiveness of controls in place.

The ERM process revolves around protecting and enhancing values, and managing strategic and business risks that may hinder from achieving the goals and objectives that are aligned to City Plan 2035 critical actions and corporate indicators.

The Internal Controls and Controls Assurance processes are further explained below.

6   Internal Controls and Controls Management Procedure

The internationally recognised framework for Internal Control, the COSO Framework, defines Internal Control as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

Item 7.1.4 - Attachment 2 - Enterprise Risk Management Framework

ERM Framework

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Effective control mechanisms at various levels of the organisation form an integral part of the ERM design functionality to ensure that the control environment, risk assessment, control and monitoring activities and ICT measures are built in within the operations, reporting and compliance functions, across the whole organisation.

Internal controls are captured in various documentations including, Council policies, corporate policies, procedures, guidelines, work instructions, systems and forms, data validation, business rules and exception reports built in within software systems.

The Internal Controls Management procedure involves the process of identifying and implementing internal controls, and timely review of internal controls as per better practice and industry standards.

7   Control Assurance Procedure

Assurance is an essential part of the ERM Framework, which is the process that provides confidence that business objectives will be achieved with a tolerable level of residual risk. Checking the design and implementation of critical controls is an important component of assurance.

The following diagrams provide an overview on the control assurance process:
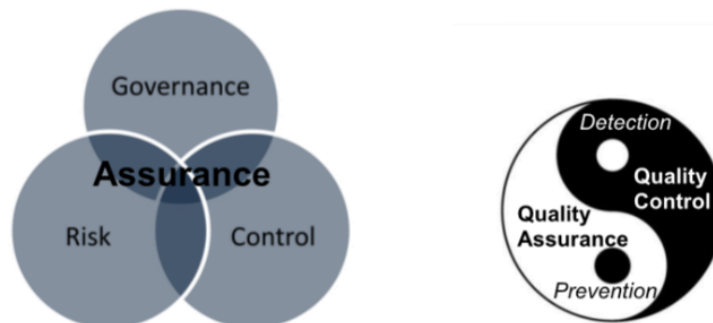
Risk management, control, and governance processes are effective if processes are operating in a manner that provides reasonable assurance that the organisation's objectives and goals will be achieved.

Control assurance is required to ensure that controls designed are adequate, and the controls in place are working effectively as intended.

Controls are considered effective when they have the following attributes, covering both the design and implementation process of controls:

a) Documented (e.g. Policies, procedures, task lists, checklists)

b) Systems-oriented (e.g. integrated and/or automated)

c) Are preventative (e.g. system controls) or detective (e.g. to identify exceptions)

d) Consistent and regular (including during staff absence)

e) Performed by competent and trained individuals

f) Have clear responsibility and accountability

g) Create value (i.e. benefits outweigh costs)

h) Are achievable for the organisation (based on available resources)

i) Evidenced (i.e. documented or electronic audit trail)

ERM Framework

j)   Confirmed independently

Controls assurance is the process by which management collectively provides accurate and current information to the stakeholders about the efficiency and effectiveness of controls. Key control assurance and quality control activities include:

1.   Periodic self-assessment of key controls and key performance measures assessed and reported by relevant functional managers. This includes a self-assessment on the Local Government Better Practice Model – Internal Financial Controls for South Australian Councils is undertaken on an annual basis, which gets audited by the External Auditor in forming an audit opinion on the financial controls. Other self-assessments and checklists are used as part of the operational functional processes, and as part of functional performance reporting to the Executive Management Group on a regular basis as part of the management reporting.

2.   Independent internal audit and review of key risk areas, as per the Council approved 3-year internal audit plan. Audits are reported to the Audit & Risk Committee on a quarterly basis.

3.   An organisation wide assurance map on key risk areas will support the ERM Framework, and the assurance map will get reviewed and reported to the Audit & Risk Committee every two years.

8   Risk Management Process

Having good risk management practices in place provides COS with assurance that measures are in place to maximise the benefits and minimise the negative effect of uncertainties in pursuit of its strategic objectives. Risk management involves both the management of potentially adverse effects as well as the fulfilment of potential opportunities. The risk management process is an integral part of management and decision-making and will be integrated into the organisation's structure, operations and processes.

The dynamic and variable nature of human behaviour and culture should be considered throughout the risk management process.

Although the risk management process is often presented as sequential, in practice it is iterative as illustrated in the AS ISO 31000:2018 Risk management – guidelines:
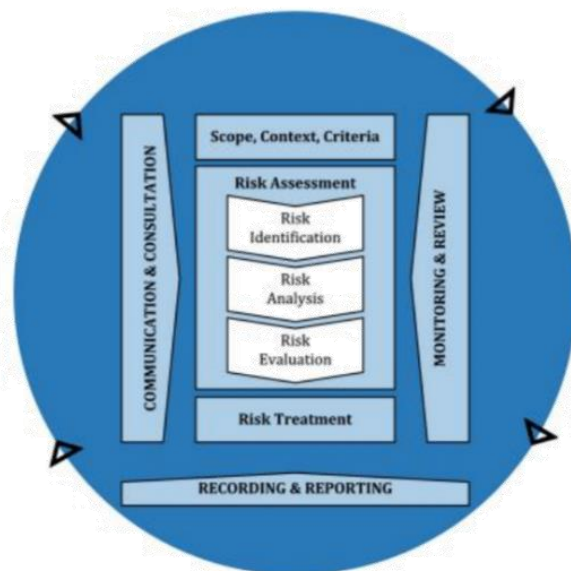
ERM Framework

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8.1   Communication and Consultation

Establishing ongoing communication and consultation with internal and external stakeholders is critical to the success of the risk management process. Effective communication and consultation throughout the process is essential to ensure that those responsible for implementing risk management, and those with a vested interest, understand the basis on which risk management decisions are made and why particular actions are required.

COS will engage with stakeholders throughout the risk management process to:

a) Correctly identify risks and understand context;

b) Gain a better understanding of the views and interests of stakeholders and how their expectations may be managed;

c) Capitalise on the diversity of knowledge, opinions and experience to enhance identification and management of risks and opportunities; and

d) Build a sense of inclusiveness and ownership amongst stakeholders.

8.2   Scope, context and criteria

8.2.1   Defining the scope

Because the risk management process is applied at different levels throughout the organisation, it is important to define the scope and its alignment with the Council's objectives. This should include consideration of:

a) Goals and objectives of risk management activities;

b) Proposed outcomes and timing;

c) Responsibilities and accountabilities for the risk management process;

d) Risk management methodologies;

e) Processes, activities and projects and how they may interact with other processes, activities and projects;

f) How effectiveness and/or value will be measured and monitored; and

g) Availability of resources to manage risk.

8.2.2   Defining the context

Defining the context is important because

a) Risk management takes place in the context of achieving objectives and undertaking activities; and

b) Organisational factors can be a source of risk.

The context should reflect the specific environment of the activity to which the risk management process is to be applied.

8.2.3   Defining risk criteria

Risk criteria are used to evaluate the significance of risk and are reflective of COS's values, objectives and resources and the views of its stakeholders. Risks are rated low, medium, high and very high, depending on the likelihood of a risk event occurring and the consequences or its impact of the event. These risk ratings and the criteria used to assess the impact of risks are reflected in the risk matrix in Appendix D.

8.3   Risk Assessment

Risk assessment covers the process of identifying, analysing and evaluating risk for the corresponding event, and demonstrates the position and exposure level of risk at the end of this process.

ERM Framework	Issued:	
	Next Review:	30.11.2027

The bow-tie risk analysis model (as in below diagram) can be used to help simplify risk assessment and support business understanding of risk and can be a useful tool used to document the risk assessment process, and can be the basis from which the risk registers are created / updated. The bow-tie risk assessment template (**Appendix E**) can be used by risk assessors to perform risk assessment for each identified risk. Other common risk management tools can be applied as well, pending the specific needs and context.

Following steps are undertaken for bow-tie risk assessment:

1. Identify the risk, and describe the risk.
2. For the identified risk, jot down all the reasons or factors that may trigger the risk / event, or cause / the likelihood of the event occurring.
3. List down the consequences or the impact areas and all damages, or losses that may arise in those areas if/when the event occurs.
4. List down all defence controls or barriers that can be established prior to the risk event occurring, to prevent the risk event from occurring. These become part of the action plans or controls to address the risk.
5. List down the mitigating controls or measures that can be undertaken to minimise or mitigate the risk / hazard / crisis / loss, if/when the risk event occurs. These become part of the risk treatment action plans or controls to address the risk.
6. For ongoing monitoring and review of the bow-tie analysis on respective risks, determine if there are any new controls (both defence and mitigating controls) that may be necessary and address any gaps between the existing controls and new controls.

The Bow-tie analysis tool can be used across the following three stages of risk assessment, namely risk identification, risk analysis, and risk evaluation.

8.3.1 Risk Identification

The aim of risk identification is to develop an inclusive list of reasonably foreseeable events that may occur that - if they do - are likely to have an impact on achievement of objectives.

COS identifies, assesses and treats risk in the following three risk types:

Strategic	Risks associated with high-level strategic objectives that are articulated in City Plan 2035, Annual Business Plans and Strategic Asset Management Plans. Strategic risks may affect the achievement of COS's corporate objectives. They are key issues for the Council and Executive Management Group and impact the whole organisation rather than a single department / division or business unit. These risks can originate from within the organisation or externally. In other words, they may prevent the organisation from achieving its strategic objectives or long-term goals.

Item 7.1.4 - Attachment 2 - Enterprise Risk Management Framework

ERM Framework

Operational	Risks associated with departmental, divisional and/or teams related functions and daily operations to deliver core services which don't impact the whole organisation and don't directly implicate high level strategic objectives.
Project	Risks associated with project management that will affect milestones or outcomes connected to delivering a specific project.

Risk identification naturally flows on from the context discussion and is a process of formally documenting the effects of uncertainty on objectives. An effective approach is to engage as many stakeholders as possible in a structured identification process.

The aim is to generate a list of risks based on those impacts or events. During the identification process, there are a number of questions that need to be asked to capture the information required:

a) What might happen/ what could go wrong?

b) What is the cause?

c) How does this affect the objective?

After a risk is identified, it can be incorporated in the relevant Operational Risk Register at Divisional or Team level.

Care must be taken to identify and define risks, rather than causes or consequences.

Opportunities can be framed in context of not realising the opportunities identified.

The Governance Division will maintain the strategic risk register in addition to its own operational risk register, and all other divisions will maintain their own divisional operational risk registers.

The Capital Delivery Framework (CDF) has been developed as part of an approach towards continuous improvement in the project management space. The framework covers an appropriate range of project management activities across the lifecycle of projects and addresses project risk. Risk assessments are included as part of the CDF project documentation.

8.3.2   Risk Analysis

Risk analysis involves developing an understanding of a risk. It provides an input to risk evaluation and to decisions on whether risks need to be treated, and the most appropriate and cost-effective risk treatment strategies and methods. The tables included in the appendices B to D are COS's tools for expressing the consequence, likelihood and level of risk rating.

8.3.2.1 Risk ratings

A "risk rating" can be determined by combining the estimates of effect (consequence rating) and cause (likelihood rating). The risks are to be assessed against all consequence categories; and the highest consequence rating will be used for that particular identified risk. The following risk ratings are used:

a) Inherent risk rating, being the level of risk at time of risk assessment with no additional controls in place;

b) Residual risk rating, being the level of risk once further and additional controls are added to reduce the consequence and/or likelihood, (i.e. the forecast level of risk remaining after risk treatment).

8.3.2.2 Risk appetite

Risk appetite can be explained as "how much risk does the organisation need to take on in order to attain appropriate or sought-after return?", or in other words, the total impact of the risk the organisation is prepared to accept in the pursuit of achieving its strategic objectives.

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Risk Appetite has two components to it:

- Risk tolerance: how much risk can the organisation choose to accept?
- Risk capacity: how much risk can the organisation afford to take?

The risk you can AFFORD to take (financial & resources)

Risk Capacity

Risk Appetite

Risk Tolerance

The risk you PREFER to take

The risk you NEED to take (strategic)

The ability to take on risk is determined by more than just a capacity to absorb losses. The ability to manage risk is based on skills, experience, systems, controls and infrastructure. Understanding risk appetite will help the organisation in the efficient allocation of resources across all identified risks and enable the pursuit of opportunities as boundaries can be defined around opportunity seeking actions.

Risk appetite at the City of Salisbury is linked to the risk rating table (matrix) and aligned with the Waterline Principle (refer below). Typically, governments have no high-risk appetite.

In general, the City of Salisbury will accept a moderate residual risk rating however significant focus is to be put on the healthy and mature risk conversations through Executive Risk Reporting, which underpins the organisation's risk culture and enables better informed decision making.

Above moderate residual risk ratings are only acceptable subject to fully informed decision making, proper risk reporting and continuous monitoring of risk controls.

A zero-risk tolerance is present for:

- Deliberate breaches of compliance and safety
- Fraud and corruption
- Prolonged disruption to critical business functions (as identified through the Business Continuity Plan and Service Register)
- Decisions that have no considerations of material financial implications.

The Council Members, with support from the Executive Management Group can define COS's risk appetite, taking into consideration the extent of risk in the context of the strategic positioning of an initiative. COS's risk appetite will be used in regular monitoring and review of strategic risks.

Given that the risk appetite is very much situation dependent, and subjective to the applicable control environment, COS prefers to establish a generalised model which gives the authority to the management to apply discretion and take calculated risks and vary the level of risks that it is willing to accept to achieve strategic goals.

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As a generic approach in decision making to set the organisational risk appetite, COS finds it appropriate to use the Waterline Principle (refer Appendix F), which uses the analogy of a boat at sea and the water level to inform risk escalation and risk appetite.

8.4   Risk Evaluation

Risk Evaluation is the process used to assist in making decisions, based on the outcomes of risk analysis, about which risks need treatment and the priority for implementation of controls. Decisions should take account of the wider context of the risk and include consideration of the risks borne by other parties. There are also circumstances whereby, despite the risk level, risks cannot be prevented or reduced and the focus will instead be on recovery and resilience.

When a risk has been identified or reassessed, the following table provides guidance on the action to be taken for each risk rating level:

Risk level	Managing risk – priority rating
Very High	Add risk to Risk Register Escalate risk issue immediately to CEO CEO to: • Refer risk to risk owner • Identify and develop treatment strategies for immediate action • Monitor and review actions/strategies • Provide direction and information to relevant stakeholders • Inform the next meeting of the Council or Audit & Risk Committee of the risk issue, the actions taken to mitigate the risk and the outcome (or current status) • Consider cessation/suspension of the activity giving rise to the risk until such time as CEO/Management Team authorises its continuation and/or whilst other risk treatment strategies are being developed/implemented For WHS related risks, the COS WHS Policy procedures apply.
High	Add risk to Risk Register Escalate risk issue to member of Executive Management Group or relevant Divisional Manager. Member of Executive Management Group or relevant Divisional to: • Refer to relevant risk owner • Identify and develop treatment strategies with appropriate timeframes • Monitor and review actions/strategies to manage risk to an acceptable level • Provide direction and information to relevant stakeholders • Inform the Audit & Risk Committee or Executive Leadership, (as relevant) of the risk issue, the actions taken to mitigate the risk and the outcome (or current status) For WHS related risks, the COS WHS Policy procedures apply.
Medium	Add risk to Risk Register Escalate risk to the relevant Divisional Manager to coordinate with relevant work group to: • Identify and develop treatment strategies with appropriate timeframes • Monitor and review actions/strategies to manage risk to an acceptable level For WHS related risks, the COS WHS Policy procedures apply.
Low	Add to Risk Register Undertake localised risk management & actions (if required)

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Risk level	Managing risk – priority rating
	Review within the department parameters and routine procedures.
	For WHS related risks, the COS WHS Policy procedures apply.

8.5   Risk Treatment

Risk treatment can be conducted using a variety of methods.

Risk treatment involves selecting one or more options for modifying the likelihood and/or consequence of risks, and implementing those options. Once implemented, treatments provide or modify the controls. An action should be implemented to treat certain risks.

Justification for risk treatment is broader than solely economic considerations and should consider all of COS's obligations, voluntary commitments and stakeholder expectations. Appropriate risk treatment options should have regard to the organisation's objectives, risk appetite, risk criteria and available resources.

8.5.1   Risk treatment priorities

Recognising that not all risks can, or should, be managed, COS has determined that it will prioritise treatment of risks in the following order:

a)   Strategic risks that exceed risk appetite

b)   Strategic risks that exceed risk tolerance

c)   Operational risks that are rated Very High or High

d)   Operational risks that are rated either Medium or High that exceed risk appetite.

The CEO may make exceptions to this prioritisation where there is an immediate or foreseeable risk to the health or safety of any person.

8.5.2   Risk treatment options

Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. Options for negative risks may include:

Eliminate	Remove an asset or discontinue an activity or service completely so as to eliminate the risk altogether
Transfer	Transfer risk to a third party, for example via contractual indemnity clauses or via undertaking insurance
Mitigate	Implement a type of treatment control to reduce or remove the risk. This may include but is not limited to options such as substitution (swapping), isolation (barricade), engineering (modify by design) or administration (policy/process)
Accept	Risk can be accepted for a number of reasons including: – no extra treatments being available; – meets the stated target risk appetite for the type of risk; – informed decision has been made about that risk; – the cost of risk treatment significantly outweighs the potential risk exposure; or – the risk was never identified, resulting in an unknown risk acceptance

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For Opportunities (positive risks), options may include:

Exploit	Implement strategies to capitalise on the likelihood of the opportunity eventuating and ensure that the organisation is able to respond quickly to the opportunities as they arise
Share	Partnering with another organisation that is able to add skills or value not currently available within COS
Enhance	Influence the factors that will improve the likelihood of the opportunity arising
Accept	Maintain status quo by informed decision

In selecting any risk treatment, consideration must be given to new risks that may arise from implementing it and the processes outlined in this framework applied to those new risks.

8.5.3 Preparing and implementing risk treatment plans

Risk treatment plans specify how the risk treatment options will be implemented, so that those involved understand what arrangements are in place and to allow progress against the plan to be monitored. Risk treatment plans are documented within the relevant operational risk registers and strategic risk register and project management plans and provide the following information:

a) Rationale for selection of treatment options;

b) Responsibilities and accountability for approving and implementing the plan;

c) Proposed actions and timeframes;

d) Resourcing requirements;

e) Constraints and contingencies; and

f) Required reporting and monitoring.

8.6 Monitoring and Review

8.6.1 Review of risks and controls

Monitoring and review involves regular checking or surveillance of the effectiveness and efficiency of the risk management processes implemented.

A monitoring and review process will:

a) Ensure that implemented controls are effective and adequate;

b) Provide further information to improve risk assessment and treatment plans;

c) Allow for the identification of emerging risks;

d) Identify any new factors that may influence established strategies to mitigate risks.

It is essential to monitor all activities and processes in order to capture new or emerging risks arising from the changing environment, (both internal and external) and the activities undertaken by COS's employees.

8.6.2 Project risks

Due to the dynamic nature of most projects, a risk may change over the project lifecycle, triggering the need for reassessment. The monitoring and scheduled review process allows for both validation of risks to ensure that they remain relevant and adaptation of project plans as necessary.

Any changes in risks throughout the project and following completion should be recorded and used for future project planning. Over the life of the project, risks are anticipated to burn down as context changes and risk controls are implemented.

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Project risk management allows for informed financial contingency planning.

8.6.3 Internal audit

The audit process plays an important role in evaluating the internal controls (and risk management processes) currently employed by COS. Our internal audit program is 'risk based' and provides assurance that we are managing our risks appropriately. In developing the Internal Audit Plan, consideration is given to the very high, high and medium risks identified by the risk assessment process. Internal audits assess the adequacy of selected controls identified.

The internal audit process will measure risk by:

a) **Measuring compliance** – has the organisation met its policy objectives

b) **Measuring maturity** – measuring against better practice and sector benchmarking

c) **Measuring value add** – has the framework and risk culture added to the achievement of COS's strategic objectives

Information is shared between the risk management and internal audit functions. Changes in our risk profile are reflected in our Internal Audit Plan. Similarly, control issues identified through internal audit will inform our Risk Management Framework. The internal audits are conducted to provide assurance that key risks have been identified and the controls in place are adequate and effective, as per the following table.

Rating	Definition
Design adequacy	
Adequate	The control is designed in a manner that it can give reasonable assurance that the risk will be mitigated. In other words, existing systems and procedures cover known circumstances and provide reasonable assurance for majority of risks.
Partially adequate	The control is designed in a way that will partially mitigate the risk and designed in a way to partially meet the design objectives.
Inadequate	The design of the control is not sufficient enough to give reasonable assurance that the risk will be mitigated. There may be no systems and procedures in place, or existing systems and procedures are obsolete and require review.
Operating effectiveness	
Effective	The control operates in a manner that is effective in terms of being consistent, complete, reliable and timely.
Partially effective	The control partially operates in a manner that is effective in terms of being consistent, complete, reliable and timely.
Ineffective	The control does not operate in a manner that is effective in terms of being consistent, complete, reliable and timely.

It is to be noted that the overall combination of the results of design adequacy and operating effectiveness will provide the overall rating of the control based on the table for overall rating. This assists in identifying improvements to existing controls.

	Effective	Partially effective	Ineffective
Adequate	Effective	Partially Effective	Ineffective
Partially adequate	Partially Effective	Partially Effective	Ineffective
Inadequate	Ineffective	Ineffective	Ineffective

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9   Risk Recording and Reporting

The risk management process and its outcomes are documented and reported, in order to:

a) Communicate risk management activities and outcomes;

b) Provide information for decision making;

c) Provide opportunities for continuous improvement;

d) Assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

Records will be managed and retained in accordance with State Records General Disposal Schedule for Local Government.

9.1   Risk Registers

Risk Registers are to be maintained by the relevant division as a live document, maintained and kept updated at all times.

The risk register enables the organisation to document, manage, monitor and review strategic, operational and project risk information in order to build a risk profile and provide direction on how to improve risk management processes. The risk register can be used to monitor whether, using the approach outlined in this framework, the risk management process is resulting in an increasing trend towards potential for success and less risk with negative consequences.

9.1.1   Strategic Risk Register

Strategic level risks are identified and regularly reviewed by the Executive Management Group and the Council and will be recorded in this risk register. Any risks identified at the strategic level may be reflected in other corporate documents e.g. Strategic Plan, Annual Business Plan, and Asset Management Plans and mitigated through actions detailed within these documents. However, these should still be collated in the risk register for ease of monitoring and review.

Recording and reporting of strategic level risks is the responsibility of the Manager Governance and reported to the Council via Executive Management Group and Audit & Risk Committee.

9.1.2   Operational Risk Registers

Operational risks will be recorded in operational risk registers, and be reviewed at least bi-annually by Divisional Managers. Recording operational risks in the risk register and reporting of implementation and effectiveness of controls is the responsibility of the relevant Divisional Manager.

9.1.3   Project Risk Register

Project level risks may be identified by the project management team at any time prior to, and during, the project management cycle. The Capital Delivery Framework includes template project management plans and risk registers. Recording and reporting of project risks rest with the project owner.

10   Training

Employees

The risk management policy and framework, together with supporting tools will be made available to all staff through the intranet.

Risk management is an overarching skill that sits across all functions and, as such, COS considers it to be a necessary competency that workers need in order to perform their day to day activities effectively. Risk Management awareness training will be provided to relevant

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employees and will take into consideration their role and level of past risk management experience and knowledge.

Council Members

Council members are key strategic decision makers and it is therefore imperative to understand COS's Risk Management Policy and Framework and Council's role in informed planning and decision making, based on sound risk management principles.

Audit & Risk Committee

Audit & Risk Committee members should, at a minimum, understand their roles and responsibilities as outlined in the *Local Government Act 1999* in relation to the oversight role of risk management, including the monitoring and review of reports and outcomes from management reviews and external audits.

11 Review of ERM Framework

This risk management framework and processes will be scheduled for review within 12 months after election.

12 Roles and Responsibilities

COS and its Executive Management Group will demonstrate a clear commitment to managing risks throughout the organisation by:

a) Developing and implementing a risk management policy, framework and supporting tools and processes;

b) Allocating appropriate resources to implement, monitor and improve the effectiveness of risk management;

c) Ensuring that staff and other relevant stakeholders have the appropriate skills and knowledge to deal with risk;

d) Allocating and upholding accountability with respect to risk management and ensuring it is understood; and

e) Ensuring compliance with legislative and contractual obligations and policy requirements.

The following roles and responsibilities ensure a transparent approach to managing risk within COS:

Owner	Roles and Responsibilities
Council	• Set the organisation's risk appetite and policy for managing risk; • Consider strategic risks when setting objectives and making decisions; • Ensure the organisation has the structures and processes in place to support decision making and management of risk; • Set an appropriate governance structure for risk and risk management including Audit & Risk Committee and delegations; • Require the CEO to demonstrate that the framework for managing risk is effective and appropriate; and • Require the CEO to provide information to allow the Council to understand the risks that may have material impacts on achievement of the organisation's objectives. • Consider recommendations from the Audit & Risk Committee relating to strategic risks or any other risk matter
Audit & Risk Committee	• Review the Risk Management Framework; • Review Administration and Auditor reports to ascertain the adequacy of controls that have been implemented; and • Monitor strategic risks on a regular basis.

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Owner	Roles and Responsibilities
Chief Executive Officer (CEO)	• Promote a strong risk management culture by providing firm and visible commitment to risk management including ensuring appropriate accountability for the management of risk; • Review and adopt the Risk Management Framework; • Develop and implement a framework that delivers a consistent approach to risk management by allocating resources and assigning authority, responsibility & accountability at appropriate levels within the organisation; • Allocate and uphold accountability for managing risk • Ensure Executive Management Group have the necessary knowledge and skills to effectively fulfil their risk management responsibilities; • Regularly review strategic and operational risks and maintain an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls; • Ensure compliance with legislative and contractual obligations and policy requirements; • Provide reliable information about risks, controls and their effectiveness to Council; and • Escalate all strategic risks that exceed the organisation's risk appetite to the Audit & Risk Committee or Council, as required.
Executive Management Group	• Oversight of the effective implementation of Enterprise Risk Management Policy and Framework; • Monitoring overall strategic levels of risk across the organisation; • Commitment to promotion of this Policy and the Framework whilst monitoring Council's overall risk profile and controls; • Reporting the status of Council's risk profile and mitigation strategies to the Audit Committee; • The implementation, management and evaluation of risk management, in accordance with the Policy and Framework within their areas of responsibility; • Integrating risk management processes with other planning processes and management activities, particularly the annual business planning process; • Identification of and remediation of operational risks; • Undertaking the risk management program as per the requirements of the Policy and Framework; and • Ensuring that risk-based information is recorded in Council's Risk Register(s).
Relevant Divisional Managers	• Manager governance is responsible for updating and reporting on the Strategic Risk Register. • Develop and maintain the relevant Operational Risk Registers and Project Risk Registers and reporting timeframes as required. • Provide guidance and assistance to Executive Management Group and staff in relation to the application of this framework; • Ensure relevant risk information is recorded in the Strategic Risk Register and Operational Risk Registers and reported and escalated to the Executive Management Group or cascaded to staff, as relevant; and • Maintain Framework to ensure its currency and relevance.
Central Risk Management Working Group (includes Internal Audit, Risk Management	Within the context of this Framework, the Team Leader Corporate Governance coordinates the Central Risk Management Function (which includes the Internal Auditor & Risk Coordinator and other specialist staff with assumed responsibility in the areas of Risk, Governance and WHS). The Central Risk Management working group will:

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Owner	Roles and Responsibilities
& WHS)	• Facilitate the central role in assisting Executive Management Group and Divisional Managers in the implementation of Enterprise Risk Management Policy and Framework; • Ensure appropriate systems and processes are incorporated in the design of the Council's Enterprise Risk Management Framework; • Develop and maintain the Council's strategic risk register in consultation with the Executive Management Group; • Assist the divisional staff members in training and providing risk workshops for the identification, assessment and evaluation of risks and provide necessary support to embed risk management processes into operational, management and strategic processes; • Ensure regular risk management monitoring including the review of operational risk registers and reporting to Executive Management Group and Audit and Risk Committee; • Provide specialist advice to corporate risk owners in the management of specific risks; and • Monitoring the identification of known and emerging risks and ensuring they are addressed within the enterprise risk management framework. • The Internal Auditor and Risk Coordinator will contribute to the Central Risk Management Function in a consultative capacity that does not contradict internal audit independence and appropriately manage conflict of interest and segregation of duties in case of performing internal audit of the Enterprise Risk Management Policy or Framework. • Coordinate the compilation of risk reporting to the Audit & Risk Committee.
Employees	• Understand the risk management processes that apply to their area of work; • Identify, evaluate, report and manage, (or escalate,) risks relating to daily activities and projects; and • Completing and resolving the relevant risk mitigation actions in a timely manner.

13 Implementation and Implications to Stakeholders

The ERM Framework will be supported by an implementation plan for the roll out of the Framework process. This rollout plan will be developed by the Central Risk Management Working Group, who will coordinate and facilitate the ERM implementation process.

The CEO, EMG and Council will provide necessary resource requirements and full support and commitment to implement the ERM Framework and embed a risk management culture.

An initial risk workshop will be held with Executive Management Group and Divisional Managers to go through the ERM framework processes, tools and templates, and walkthrough the ERM process within which Divisional Managers will identify risks, treatment plans etc, and develop / review the risk registers for their respective division.

Risk assessment, evaluation of risks on the respective risk registers and ensuring that the risk registers are kept updated will be the responsibility of the relevant Divisional Managers.

The Central Risk Management Working Group will retrieve the relevant the risk registers and compile reporting to the Audit & Risk Committee. Status update and reporting of divisional risk registers will be the responsibility of the relevant Divisional Managers as required.

The strategic risk register, project and operational risk registers will become the live documents that Council will keep updated and relied upon to record and report on risk management.

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14 APPENDICES

Appendix A: DEFINITIONS

Assurance	A process that provides a level of confidence that objectives will be achieved within an acceptable level of risk
Consequence	Outcome of an event affecting objectives, where outcomes can be certain or uncertain and can have positive or negative, direct or indirect effects on objectives, can be expressed qualitatively or quantitatively, that can escalate through cascading and cumulative effects.
Control	Measures which maintain and/or modify risk which may include processes, policies, practices, or other conditions and/or actions planned or undertaken.
Enterprise Risk Management (ERM)	Coordinated activities to direct and control an organisation with regard to risk. The process that is applied in strategy setting and decision making throughout the organisation to identify, evaluate and manage potential risks that are likely to impact on achievement of objectives, set risk appetite and tolerance and manage risk within those parameters, and to provide reasonable assurance regarding the achievement of the organisation's objectives.
Event	Occurrence or a change of a particular set of circumstances.
Exposure / Rating	The risk exposure (also referred to as risk rating) is a qualitative value of the sum of the consequence of an event multiplied by the likelihood of that event occurring
External Context	External environment in which the organisation seeks to achieve its objectives
Frequency	A measure of the rate of occurrence of an event expressed as the number of occurrences of their event in a given time.
Internal Audit	An independent, objective assurance activity that uses a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
Internal Context	Internal environment in which the organisation seeks to achieve its objectives
Likelihood	Chance of something happening
Monitor	To check, supervise, observe critically or record the progress of an activity, action or system on a regular basis in order to identify change.
Reasonable assurance	The concept that enterprise risk management, no matter how well designed and operated, cannot guarantee that an entity's objectives will be met. This is because of inherent limitations in all Risk Management Frameworks.
Risk	The effect of uncertainty on objectives
Risk Analysis	The process to comprehend the nature of risk and to determine the level of risk or the magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood.
Risk Appetite	Is the amount of risk an organisation is prepared to accept in pursuit of its objectives
Risk Assessment	An overall process of risk identification, risk analysis and risk evaluation

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Risk Culture	Risk culture refers to the behaviours that lead to how every person thinks about and manages risks.
Risk Evaluation	The process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable and assists in the decision about risk treatment.
Risk Identification	The process of finding, recognising and describing risks, which involves the identification of risk sources, events, their causes and their potential consequences, Risk identification can involve historical data, theoretical analysis, informed and expert opinions, and stakeholder's needs.
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk Matrix	The tool for ranking and displaying risks by defining ranges for consequence and likelihood.
Risk Owner	Staff member / action owner with the accountability and authority to manage a risk
Risk Register	Register of all identified risks, their consequences, likelihood, rating and treatments.
Risk Tolerance	Council's readiness to bear the risk after risk treatment in order to achieve objectives, or the acceptable variation in outcomes related to specific performance measures linked to objectives the organisation seeks to achieve
Risk Treatment	A process of selecting and implementing additional controls/measures to further mitigate the risk. Risk treatment can involve: • Avoiding the risk by deciding not to start or continue with activity that gives rise to the risk; • Taking or increase risk in order to pursue an opportunity; • Removing the risk source; • Changing the likelihood by implementing additional controls; • Changing the consequences; • Transferring or sharing the risk with another party or parties including contracts, insurance and risk financing; and • Retaining the risk by informed decision, including the acceptance of residual risks and the level of risk depending on risk criteria.
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by, a decision or activity.

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APPENDIX B: LIKELIHOOD RATING CRITERIA
– Determine How Likely is the Event Occurring (for Step 1)

RATING	SCORE	DESCRIPTION
Rare	1	The event may occur only in exceptional circumstances (i.e. extremely low probability, and will only occur in exceptional circumstances - could occur once in a period greater than 20 years)
Unlikely	2	The event could occur at some stage (i.e. probability of occurrence at least once within a 10 to 20-year period)
Possible	3	The event might occur at some time (i.e. probability of occurrence within 3 to 9 years)
Likely	4	The event will probably occur at most times (i.e. probability of occurrence within 1 to 2 years)
Almost Certain	5	The event is expected to occur in most times (i.e. probability of occurrence at least once within 1 year)

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APPENDIX C: CONSEQUENCE RATING CRITERIA

(excluding Project Risks) (for Step 2) – Determine the Impact of the Event When / If it Occurs

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

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Consequence Table for Project Risks

Rank	Score	Cost	Schedule	Performance	Reputation	Safety
Insignificant	1	< 2.5% of total Project Budget	< 2.5% of total Project Schedule	Would cause the delivered capability to be functionally fit for all desired missions or tasks, but there may be some qualification to the level to which it would perform non-critical elements of the mission or task. Few such qualifications would exist.	Little community interest, low profile, no media items	Minor injuries not requiring first aid treatment, or near miss
Minor	2	2.5-10% of total Project Budget	2.5-10% of total Project Schedule	Would cause the delivered capability to be functionally fit for all desired missions or tasks, but there would be some qualification to the level to which it would perform non-critical elements of the mission or task. Several such qualifications would exist.	Low impact, some passing interest, low media profile	Minor Medical attention. Negligible impact on morale
Moderate	3	10-14% of total Project Budget	10-14% of total Project Schedule	Would cause the delivered capability to be partly functionally fit for purpose (i.e. degraded ability to perform all desired missions or tasks; however, there are known workarounds). There would be some qualification to the level to which it would perform (e.g. due to issues of relationships, concurrency, etc.). Several such qualifications would exist.	Moderate impact, moderate public interest, public embarrassment, moderate media profile	Medical attention required. Short Term effect on morale and project outcome.
Major	4	15-19% of total Project Budget	15-19% of total Project Schedule	Would cause the delivered capability to be only partly functionally fit for purpose (i.e. degraded ability to perform some core missions or essential tasks or unable to perform non-core missions or tasks, and there are no known workarounds).	Sustained public interest, high negative media profile, Premier/Cabinet publicly involved, third party action	Serious Long-Term Injury. Temporary disablement. Significant impact on morale and project outcome.
Catastrophic	5	>20% of total Project Budget	>20% of total Project Schedule	Would cause the delivered capability to be functionally unfit for its intended purpose (i.e. unable to perform core missions or essential tasks).	Widespread public agitation, Government censure, high multiple impacts, widespread negative media profile	Death. Long term effect on morale and project outcome.

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APPENDIX D: RISK MATRIX
(derived from Step 3 & 4)

Likelihood Score			Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	5		Medium 5	Medium 10	High 15	Very High 20	Very High 25
Likely	4		Low 4	Medium 8	High 12	High 16	Very High 20
Possible	3		Low 3	Medium 6	Medium 9	High 12	High 15
Unlikely	2		Low 2	Low 4	Medium 6	Medium 8	Medium 10
Rare	1		Low 1	Low 2	Low 3	Low 4	Medium 5
			1	2	3	4	5

Consequence Score

RISK RATING / EVALUATION STEPS

Step 1: give a score between 1 and 5, on the likelihood of event occurring

Step 2: give a score between 1 and 5, on the impact of the event if it occurred

Step 3: Multiply the two scores in Step 1 and 2 above to generate risk score

Step 4: Apply the score from step 3 to the rating table below to determine risk level rating

RISK RATING SCALE SUMMARY

Risk Profile	Risk Score Ranges
Very High	20 to 25
High Risk	12 to 16
Medium Risk	5 to 10
Low Risk	1 to 4

RESIDUAL RISK LEVEL CONTEXT, REPORTING FREQUENCY AND ACTION REQUIRED

Risk Profile	Context	Risk Types	Report to	Frequency of Reporting	Action Plan Required
Very High	Acceptable / Unacceptable	Strategic / Operational[1] / Project[2]	CEO / Executive Management Group / Audit & Risk Committee / Council	Quarterly / Periodically (as required)	Yes
High Risk	Acceptable / Unacceptable	Strategic / Operational[1] / Project[2]	CEO / Executive Management Group / Audit & Risk Committee	Quarterly / Periodically (as required)	Yes
Medium Risk	Acceptable / Unacceptable	Strategic / Operational[1] / Project[2]	CEO / Executive Management Group / Audit & Risk Committee	Periodically (as required)	Maybe
Low Risk	Acceptable	Strategic / Operational / Project	Executive Management Group	Periodically (as required)	No

[1] For Operational Risks, only high / very high risks will be reported to Council via A&RC and EMG, and all risks will be reported to CEO/EMG.

[2] For Project Risks, only very high risks for selective projects will be reported to Council via A&RC and EMG, and all risks will be reported to CEO/EMG.

Item 7.1.4 - Attachment 2 - Enterprise Risk Management Framework

ERM Framework

Issued: 30.03.2022

Next Review: 30.03.2024

APPENDIX E: BOW-TIE RISK ASSESSMENT TEMPLATE

CAUSES	PREVENTIVE CONTROLS	RISK	REACTIVE CONTROL	CONSEQUENCES
Step 2: (List all the reasons or factors that may trigger the risk / event, or cause the **likelihood** of the event occurring.)	Step 4: (List down all defensive controls or barriers that can be established prior to event occurring, to prevent the event from occurring.)	Step 1: (Identify a potential risk event, and write a description of risk.)	Step 5: (List down what controls or measures can be undertaken to minimise or mitigate the risk / hazard / crisis / loss.)	Step 3: (List down the impact areas and all damages, or losses that may arise in those areas if/when the event occurs.)

Item 7.1.4 - Attachment 2 - Enterprise Risk Management Framework

ERM Framework

Issued: 30.03.2022

Next Review: 30.03.2024

APPENDIX F: WATERLINE PRINCIPLE

Gore-Tex articulated the concept for decision-making and risk-taking called the "waterline" principle. The concept is explained through a metaphor of the corporation being a water vessel, whilst decisions or events are articulated as causing damage (blowing holes) to the side of the ship. Damage above the waterline (where the ship won't take on water and possibly sink) can be attended to with maintenance and repairs. This is where you can patch the damage, learn from the experience, and continue to travel to your destination (deliver your strategic objectives). On the contrary, any damage below the waterline will likely result in the ship sinking, and the corporation not being able to deliver on its strategic objectives. Decisions which result in damage below the waterline are escalated to the Executive Team (these are referred to as strategic risks).

Above the waterline risks are operational risks. They can be managed at an operational level.

The biggest risk of all is taking no risk at all. Calculated risks provide opportunities for the corporation to grow; however, at the same time being conscious to avoid taking risks that could blow holes below the waterline. The waterline principle helps to articulate where Council's risk appetite sits. The principle encourages informed decision making. When expressed through the corporation's risk appetite, it is intended to not stop initiatives or innovation. It rather serves as an opportunity to be fully informed on the potential risks and balance these against the opportunities and the delivery of the strategic objectives and the strategic plan of Council. Appropriate risk mitigation needs to be in place and full executive oversight is attained through Executive, Audit and Risk Committee and Council reporting. The Risk Rating table represents the waterline principle in green, demonstrating where Council's risk appetite lies.

It's important to note that some operational risks may develop into strategic risks. It's critical to identify these emerging risks in a timely manner. They need to be monitored closely.

Item 7.1.4 - Attachment 2 - Enterprise Risk Management Framework

CITY OF SALISBURY STRATEGIC RISK REGISTER

						Step 2: Risk Assessment			Step 3: Risk Response & Treatment - Mitigation Controls	Step 4: Control Evaluation				Step 5: Risk Monitor & Control (blank if none required)					
			Step1: Risk Identification			Inherent Risk			Controls	Residual Risk										
Risk ID	Risk Type	Risk Category	Risk Description	Risk Owner	Causes	Consequence	Likelihood	Inherent Risk	Description	Consequence	Likelihood	Residual Risk	Current Status	Further treatment required (if residual risk rating is not acceptable)	Treatment Owner	Target Completion Date	Management Actions	Link to corrective actions register	Comments
1	Strategic	A welcoming and liveable City	**Inadequate response to a business continuity or emergency event, or major incident at a Council run Community event.** 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). 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. 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. Impacts: Service delivery to community severely compromised, reputational damage, loss of morale and resources, compromised regulatory decisions, death/critical injury of staff and/or public, financial cots to rectify, legal cost of failure to prevent a health and safety incident, regulatory or Government censure.	CEO, All General Managers	• Lack of plans and procedures to inform response strategies when a business continuity or emergency event occurs • Lack of communication/training for relevant staff required to respond to business continuity and emergency events • Information to facilitate action during business continuity or emergency events is insufficient or not available • Impact of climate change on weather patterns • COVID-19 pandemic • Inadequate procedures and plans in place to prevent incidents • Failure to maintain staff training • Inadequate performance of risk assessments • Lack of asset management and maintenance • Inadequate due diligence performed by CoS in order to identify relevant risks related to the management and delivery of community events	Catastrophic	Almost Certain	Very High	• Current and maintained Business Continuity Framework (including Plans and testing regime), 4 • Business Continuity staff identified and trained on roles and responsibilities, 3 • Incident Management Team identified and trained, 4 • Current and maintained IT Disaster Recovery Plan (including testing regime), 4 • Current and maintained Emergency Management Plan, 3 • Participation in Zone Emergency Management Committees – Northern Area, 5 • Participation in LG Council Ready Program, 5 • Distribution and maintenance of effective VPN network access to all relevant staff, 5 • Effective and regularly reviewed COVID action plans, 5 • Building Control and Inspections, 4 • Evacuation procedures and testing, 4 • Provision and maintenance of Building safety systems – e.g. exit signs, fire extinguishers, wardens etc., induction process, 4 • Risk assessments performed for community events, 4 • Reviewed and maintained Asset management plans, 4 • Maintaining and reviewing Business Continuity Framework, 4 • Performance testing of BCP scenarios 4 • Key ICT members actively participating within the Zone Emergency Management Committee – Northern Area, 5 • Maintaining and reviewing Event Management Plans 4 • Compliance with Event Management Guidelines, 4 • Training of all potential event owners on risk identification and due diligence assessment, 4 • Formal information exchange between City Infrastructure bookings and Events Team to identify community events involving CoS assets, 4	Moderate	Possible	High	At Tolerance	1. Develop and deliver training on business continuity to relevant staff. 2. Delivery of Emergency Management Project	Manager Governance	1. ~~30 June 2021~~ ~~30 Mar 2022~~ 30 June 2022 Completed 2. ~~30 June 2021~~ ~~30 June 2022~~ 30 Dec 2022 (substantially complete)			1. Divisional Managers have been engaged and informed of business continuity as part of preparing business impact assessments. 2. The Emergency Management Policy and Emergency Management Plan have been endorsed. The Incident Operations Framework has been drafted. The project has been substantially completed from a design and documentation point of view.
2	Strategic	A sustainable City	**Contamination of the recycled water systems** 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. *Impacts:* Financial cost of replacing supply with SA Water and clean-up costs, financial impost of rectification, failure to fulfil commercial contractual obligations, reputational damage, regulatory or government intervention and/or fines, revenue reduction, health risk to staff and community.	GM Business Excellence, GM City Infrastructure	• Inadequate monitoring plans and sample testing • Failure to respond appropriately in the event of contamination • Failure of controls within the Recycled Water Risk Based Management Plan • Wet weather could hamper clean-up operations or contribute to a contamination event • PFAS and PFOA infiltration. • Act of Terrorism • Illegal dumping	Catastrophic	Possible	High	• Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced, 4 includes: • Salisbury Water Business Unit – monitoring plan and monitoring matrix. All water sampling is carried out by National Association of Testing Authorities (NATA) accredited staff. Laboratories performing the testing are NATA accredited. • Supervisory Control and Data Acquisition system in place to detect faults and alert CoS staff. 24/7 remote access availability by laptop by CoS staff. • Supply contracts to customers contain Force Majeure clauses which limit liability to Council in the event that water cannot be supplied, 5 • Rapid Response Team and Call Out Officers through City Infrastructure (Council staff) in place to manage events that may lead to contamination of recycled water system (e.g. chemical spill) (24/7 support including after hours), 4 • Employee Media Policy and Procedure and Elected Member Media Policy, 4 • Implementation of the Water Course Management Plan including the renewal of Wetlands and desilting/removal of pollutants in waterways as required, 4 • Review of Risk Based Management Plan every five years, 4 • Maintenance of the CoS Contaminated Sites Register, 3	Major	Unlikely	Medium	Below Tolerance	1. Implementation of relevant findings from the Management of Contaminated Sites Audit	Manager Salisbury Water Manager Infrastructure Management	1. Various. On track within the Audit Log Action Register timelines.			None
3	Strategic	A welcoming and liveable City	**Lack of management of public and environmental health risks** 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). *Impacts:* Financial impost to rectify a health and safety incident, reputational damage, regulatory or Government intervention or censure/fines, health risk to staff and the public.	GM City Development	• Inadequate management, monitoring or testing • Failure to respond appropriately in the event of an incident • Animal/vermon infestation • Noxious plants • Failure of waste disposal contractor to meet contractual obligations.	Major	Likely	High	• Compliance with Public Health and Environmental Policies and Procedures, 4 • Provision of Immunisation Services, 5 • Current and maintained Animal Management Plan, 5 • Activating the relevant initiatives within the CoS Regional Public Health Plan, 5 • Performance of General Inspections, 5 • Undertaking Dog Patrols, 5 • Administration and management of CoS' responsibilities under the Food Act, 4 • Compliance with and training on Employee Media Policy and Procedure and Elected Member Media Policy, 4 • Enforcement of the CoS' responsibilities under the SA Public Health Act, 5 • Enforcement of the CoS' responsibilities under the Dog and Cat Management Act, 5 • Performance of infrastructure maintenance activities, 5 • Undertaking the Mosquito Control Program, 4 • Accurate completion of Food Safety Audit Report Questionnaire, 4 • Accurate completion of Food Safety Inspection Checklists, 4 • Provision of all Food Safety Inspection documentation to relevant business Proprietors, 4	Major	Possible	High	At Tolerance						None

Item 7.1.4 - Attachment 3 - Strategic Risk Register June 2022

CITY OF SALISBURY STRATEGIC RISK REGISTER

						Step 2: Risk Assessment				Step 4: Control Evaluation							
			Step1: Risk Identification			Inherent Risk			Step 3: Risk Response & Treatment - Mitigation Controls	Residual Risk			Step 5: Risk Monitor & Control (blank if none required)				

Column headers: Risk ID | Risk Type | Risk Category | Risk Description | Risk Owner | Causes | Consequence | Likelihood | Inherent Risk | Controls (Description) | Consequence | Likelihood | Residual Risk | Current Status | Further treatment required (if residual risk rating is not acceptable) | Treatment Owner | Target Completion Date | Management Actions | Link to corrective actions register | Comments

Row 4:
- Risk Type: Strategic
- Risk Category: A sustainable City
- Risk Description: **Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services**

  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.

  Impact: Financial cost of dealing with the consequences of frequent freak weather related events, long term impact on infrastructure, its maintenance and replacement, organisational plans and strategies are no longer valued or desired by the community, failure to adapt to a changing external environment resulting in some services becoming irrelevant and others insufficient.
- Risk Owner: GM City Development, GM City Infrastructure, GM Community Development
- Causes:
  · Inadequate understanding and planning for factors impacting the environment
  · Failure to consider environmental consequences when planning and designing infrastructure
  · Insufficient modelling of weather events used within Asset Management Planning
  · Inadequate infrastructure within the City to manage stormwater and sea level rises due to storm events
  · Inadequate understanding of and planning for the impact of climate change on City infrastructure and assets
  · Failure to monitor and forecast demographic changes in the City and adjust objectives and plans accordingly
  · City Plan becomes obsolete or fails to anticipate the financial impact of demographic changes
  · Failure to maintain a social infrastructure plan for the existing and future assets
  · Coastal inundation and impact on biodiversity
  · Failure to update Asset Management Plans
- Consequence: Major
- Likelihood: Possible
- Inherent Risk: High
- Controls:
  · Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEWNR, 5
  · Regular monitoring of risk sites e.g. land fill sites, dams, 5
  · Extreme Heat response process (for residents), 4
  · One in 100 year flood and Probable Maximum Flood modelling including tidal info. in place at individual house level, using digital terrain modelling, 4
  · Reviewed and maintained City Plan/Strategic Plans/Business Plans, 4
  · Bushfire Management Plan, 4
  · Watercourse Management capital program, 4
  · Reviewed and maintained Asset Management Policy and Plans, 4
  · Reviewed and maintained Growth Management Plan, 5
  · Asset Management Committee
  · Implementation of Youth Strategy and Intercultural Plan, 4
  · Asset Management infrastructure audits, 5
  · Adapting Northern Adelaide Plan, 4
  · Reviewed and maintained Emergency Management Plan, 3
  · Participation in Zone Emergency Management Committee – Northern Area, 5
  · Compliance with grant funding applications process and reviews, 5
  · **Compliance with** Home Care Common Standards – Operating Manual, 5
  · Reviewed and maintained Learning Strategy, Wellbeing Strategy & Intracultural Strategy, 4
  · Social Infrastructure Assessment Framework, 3
  · Planning controls, 4
  · Strategic Land Review, 5
  · Flood mapping is updated periodically and communicated as necessary and is incorporated into the development plan process, 4
- Residual Consequence: Moderate
- Residual Likelihood: Unlikely
- Residual Risk: Medium
- Current Status: Below Tolerance
- Further treatment required:
  1. Development of a Sustainability Plan.
  2. Delivery of Emergency Management Project (including review of Emergency Management Plan)
- Treatment Owner: GM City Development / Manager Governance
- Target Completion Date:
  1. ~~30 June 2021~~ - ~~28 Feb 2022~~ ~~30 June 2022~~ 31 July 2022
  2. ~~30 June 2021~~ ~~30 June 2022~~ 30 December 2022

Row 5:
- Risk Type: Strategic
- Risk Category: Innovation and Business Development
- Risk Description: **City of Salisbury financial sustainability is compromised by internal decisions and / or external events.**

  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. CoS fails to identify opportunities for alternative sources of revenue. Insufficient budgeting for the completion of the strategic plan.

  Impacts: Council ultimately becomes financially unsustainable, City revenue has to be raised increasingly through more traditional methods (rate rises), revenue from the sale of assets (land) is not invested for the longer term benefit of the community, financial cost associated with falling rates revenue or increasing bad or doubtful debts
- Risk Owner: GM Business Excellence, GM City Infrastructure, GM City Development, GM City Development
- Causes:
  · Insufficient or reduction in grant funding
  · Inadequate revenue and a failure to maximise revenue from all sources
  · Unplanned spending
  · Inadequate valuation of assets or inaccurate depreciation
  · Inadequate planning for infrastructure repairs or upgrades
  · Introduction of draft legislation regarding rate capping
  · Fraud, misconduct or maladministration
  · Changes to legislation/obligations imposed by other levels of government
  · Potential new revenue streams/opportunities are not fully investigated
  · Changes to roles and responsibilities assigned to City of Salisbury by federal or state government
  · Short term revenue is maximised at the expense of longer term revenue
  · Poorly structured debt funding
  · Poor investment decision making
  · Unknown consequences of new infrastructure provision from other levels of government or private sector investment
  · Failure to encourage investment in the City
  · Increased expectations of the community in relation to the demand for and breadth of services and standards delivered by CoS
  · Council ultimately becomes financially unsustainable
  · City revenue has to be raised increasingly through more traditional methods (rate rises)
  · Revenue from the sale of assets (land) is not invested for the longer term benefit of the community
  · Financial cost associated with falling rates revenue or increasing bad or doubtful debts
- Consequence: Major
- Likelihood: Likely
- Inherent Risk: High
- Controls:
  · Long term financial planning, by managing monitoring and reviewing, 5
  · Managing monitoring and reviewing of Asset Management Plans, 4
  · Undertaking Quarterly Budget Review, 5
  · Annual Plan and Annual Report reviewed by Audit Committee, 5
  · Adhoc Prudential Reviews, 5
  · Regular reviews of rating system fairness and equity, 4
  · Appropriate execution of the Grant Management application Process, 3 (subject of an internal audit in November 2022)
  · Review of Financial information by the Budget & Finance Committee, 4
  · Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, NAWMA, Salisbury Memorial Park), 4
  · Compliance with Budget Policies and Procedures, 5
  · Business Case Modelling, 4
  · Growth Action Plan, 4
  · Business Support Agenda, 4
  · Annual external Audit activities
  · Project Management Methodology, 3
  · Grant Management application process
- Residual Consequence: Major
- Residual Likelihood: Unlikely
- Residual Risk: Medium
- Current Status: Below Tolerance
- Further treatment required:
  1. Implementation of relevant findings from the Asset Management audit report
  2. Implementation of the findings from the Grants Management Audit (scheduled for November 2022)
  3. Implementation of the Project Management Methodology
- Treatment Owner:
  1. Manager Infrastructure Management and Manager Property & Buildings
  2. TBD
  3. GM City Infrastructure
- Target Completion Date:
  1. Various - On track, monitored separately under the Audit Log Action Register
  2. N/A - Audit not undertaken yet.
  3. ~~31 May 2021~~ Completed with the implementation of new Capital Delivery Framework

CITY OF SALISBURY STRATEGIC RISK REGISTER

						Step 2: Risk Assessment			Step 3: Risk Response & Treatment - Mitigation Controls	Step 4: Control Evaluation				Step 5: Risk Monitor & Control (blank if none required)					
			Step1: Risk Identification			Inherent Risk			Controls	Residual Risk										
Risk ID	Risk Type	Risk Category	Risk Description	Risk Owner	Causes	Conse quence	Likelih ood	Inheren t Risk	Description	Conse quence	Likelih ood	Residu al Risk	Current Status	Further treatment required (if residual risk rating is not acceptable)	Treatment Owner	Target Completion Date	Management Actions	Link to corrective actions register	Comments
6	Strategic	All City Plan directions	**Ineffective governance results in the provision of services which do not meet community expectations.** Inadequate decision making. Failure to integrate governance to enable the meeting of strategic objectives. *Impacts:* Organisational performance is not adequately measured and therefore cannot be managed, organisational plans and strategies are not achieved, organisational resources are not used effectively, organisational plans and strategies are not valued or desired by the community, organisational values, lack of customer / community engagement, lack of employee engagement and commitment to City objectives, poor customer service, council lacks a coherent direction, failure to meet legislative obligations, not meeting community needs, reputational damage, poor organisational performance, negative impact on staff health and wellbeing.	CEO, All General Managers	· Inadequate performance measures which are not linked to objectives or strategies · Failure to consistently conduct Post Implementation Reviews and measure benefits realisation · Failure to monitor organisational performance against stakeholder expectations and to take action when necessary to correct it · Failure to deliver what is expected by the local community due to a lack of alignment of strategic plans · Limited meaningful corporate performance indicators in place · Inconsistent reporting and data collection of corporate performance indicators · Processes and systems fail to address customer needs · Inadequate capability and capacity (e.g. workforce plans, training and development, technology, systems etc.) · Failure to engage with all stakeholders in developing the City Plan · Customer service is neither monitored or managed · Insufficient prioritisation of projects and resource scoping · Projects approved are not consistent with the strategic direction of CoS	Major	Likely	High	· Compliance with Budget Process, 5 · Review of Annual Plan and Annual Report by Audit Committee, 5 · Review and approval of City Plan by elected members, 5 · Established and embedded Customer Service Framework, 4 · Monthly Strategic Executive Group meetings, 4 · Alignment of New Initiative Bid documentation to the City Plan, 4 · Strategic Planning and Accountability, 4 · Effective use of and compliance with Community Engagement Framework, 4 · Project Management Methodology, 3 · Conduct of bi-annual customer satisfaction survey, 4 · Business case development for aged care schemes, 4 · Regular performance of CEO Review via CEO Review Committee, 4 · Governance Framework and Statement, 3 · Delivery of IT support through BSS division, 4 · Regularly reviewed and communicated Delegations Register, 5 · OCI/ABEF survey process, 4 · Regular Strategic Project Reporting, 4 · Skilled and experienced staff, 4 · Performance of Contract Management, 4 · Infrastructure Maintenance Activities, 5 · Succession Planning, 4 · LG Performance Excellence Program benchmarking activity, 4	Moderate	Unlikely	Medium	At Tolerance	1. Resourcing Plan Major Project (2 Year) 2. Timely Completion of relevant agreed actions arising out of Internal Audits 3. Implementation of the Project Management Methodology 4. Review the Governance Framework and Statement	1. General Managers 2. Various 3. GM City Infrastructure 4. Manager Governance	1. ~~30 June 2021~~ - Due to change in Executive Members deadline revised to ~~30 Jun 2022~~ 30 June 2023 2. Various - on track , followed separately under Audit Log Action Register 3. ~~31 May 2021~~ Completed with the implementation of new Capital Delivery Framework 4. ~~31 July 2021~~ due to change in key staff and restructure, deadline moved to 31 Mar 2022 Completed			
7	Strategic	Innovation and Business Development	**Immature and inadequate work health safety policies and procedures result in an unsafe working environment** ~~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. *Impacts:* An employee, contractor, volunteer or elected member is injured or dies as a result of a preventable incident or accident; potential financial consequences for the City of an incident affecting a member of staff including; medical/rehabilitation expenses, injury compensation claim, legal expenses, fines; regulatory censure including a SafeWork SA Prohibition Notice, Improvement Notice or prosecution/conviction; legal consequences for senior management should policies and procedures be determined as inadequate by SafeWork SA; organisational reputation is damaged through the failure to prevent an accident or injury occurring at work; scheme losing self-insured status and resultant lack of financial sustainability.	The Executive Group, Elected Members	· Inadequate controls in place to prevent incidents occurring · Insufficient reporting of incidents and near misses · Safe work practices not documented or communicated to employees · Inadequate induction, training and supervision · Inadequate hazard management system · Organisational safety attitude does not recognise the importance of following WHS policies and procedures	Catastrophic	Likely	Very High	· WHS training and e-learning (mandatorily required for all employees on commencement of employment and thereafter routinely), 5 · Performance of Licensing qualifications checks, 5 · Training in WHS Procedures, 3 · Updated WHS IM Business Plan, 5 · Performance WHS Reviews, 4 · Principal WHS Committee, 5 · City Infrastructure WHS Committee, 5 · JSA, work instructions and plant risk assessments, 4 · Staff training on and compliance with Code of Conduct, 4 · Compliance with Hazard and incident reporting and investigation procedures, 4 · Members of the Local Government Workers Compensation Scheme, requiring annual external audits, 5 · Work Health Safety representative team, 5 · Support from LG Sector/other councils/private sector organisations with development/implementation of WHS policies/procedures (including benchmarking partners), 5 · Contractual arrangements with external providers to assist compliance with WHS obligations, 4 · Quarterly Executive Report highlighting trends, outstanding actions and high risk rating incidents or hazards, 4 · Embedding of organisational values, 3	Major	Unlikely	Medium	At Tolerance	1. Training to be provided on WHS Procedures 2. ~~Implementation of the Du Pont Survey~~ **Completed:** Replaced with COS Safety Survey	Manager People & Culture	1. Ongoing 2. ~~30 June 2021~~ Completed			

Item 7.1.4 - Attachment 3 - Strategic Risk Register June 2022

CITY OF SALISBURY STRATEGIC RISK REGISTER

						Step 2: Risk Assessment			Step 3: Risk Response & Treatment - Mitigation Controls	Step 4: Control Evaluation				Step 5: Risk Monitor & Control (blank if none required)					
			Step1: Risk Identification						Controls											
						Inherent Risk				Residual Risk										
Risk ID	Risk Type	Risk Category	Risk Description	Risk Owner	Causes	Conse quence	Likelih ood	Inheren t Risk	Description	Conse quence	Likelih ood	Residu al Risk	Current Status	Further treatment required (if residual risk rating is not acceptable)	Treatment Owner	Target Completion Date	Management Actions	Link to corrective actions register	Comments

| 8 | Strategic | Innovation and Business Development | Lack of alignment and integrity of IT systems and data to support service delivery. Information management systems are not integrated resulting in ineffective business processes. Ineffective data management results in poor reporting and decision making due to insufficient data collection and storage. Ineffective IT security leaves the organisation vulnerable to cyber attacks. Failure to keep pace with cyber changes. Impacts: Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure; organisational disruption; financial loss; data theft; data fraud; breach of legislation; failure to adapt to a changing external environment; inefficient and ineffective use of organisational resources; poor service delivery; reputational damage; costs of litigation and restoration of services. | GM Business Excellence | • Failure to adequately involve IT when developing plans, strategies and projects
• Failure to consider all options when improving a system or process
• Organisational change is not conducted in a structured and logical manner
• Failure to support the skill set of individuals responsible for the delivery of business systems
• Lack of business engagement and clarity of roles
• External pressure for changes to systems
• Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs
• Cyber attack (Unauthorised access/network intrusion, denial of service, vulnerability exploitation, malware, social engineering, hacking, phishing, ransomware)
• Business Continuity / Disaster Recovery Plans not tested or properly documented
• Mobile device management with the potential for a lost or stolen device being used to access Council systems
• Lack of auditing and logging functions to capture events
• Lack of monitoring of cybersecurity threats to organisational assets
• Lack of communication/training for all staff regarding information security
• Information to facilitate action during a cybersecurity incident is not available
• Staff fraud | Major | Likely | High | • IT Governance Framework, 3
• Programmed testing of systems for security and reliability, 4
• Penetration testing, 4
• Compliance with Information Security Policies and Procedures, 4
• Continuous Improvement Framework, 4
• Documented and tested IT Disaster Recovery Plan, 3
• Documented and tested Business Continuity Plans, 4
• Incident Management Team identified and trained, 4
• Building security and access controls, 4
• User access system controls, 4
• Patch management and software maintenance procedures, 4
• Performance of Cyber Security Risk Assessments, 4
• Audit logs for access to systems, 4
• Documented and embedded Fraud & Corruption Prevention & Management Policy and Framework, 3
• Documented and implemented Cyber Security Program, 3 | Moderate | Possible | High | Below Tolerance | 1. Delivery of relevant aspects of the Smart Salisbury governance structure
2. Implementation of Cyber Security Program
3. Development and implementation of the Smart Salisbury Framework, including the Digital Strategy
4. Implementation of IT roadmap
5. Council approval of Fraud & Corruption Prevention & Management Framework
6. Training provided on Fraud & Corruption Prevention and Management policy and framework
7. Executive Group approval of Disaster Recovery Plan | 1,3 - Director Business Transformation
5. & 6. Manager Governance
7. Manager Business Systems & Solutions
2,4&7 - Manager Business Systems & Solutions | 1. ~~7 May 2021~~
~~30 Jan 2022~~
~~30 April 2022~~
30 June 2022
(In progress)
2. ~~30 June 2022~~
(In progress as per CSIP timelines)
3. ~~28 May 2021~~
~~28 Feb 2022~~
~~30 April 2022~~
30 June 2022
(In progress)
4. ~~30 June 2021~~
~~30 Mar 2022~~
30 June 2022
(In progress)
5. ~~31 July 2021~~ - Completed
6. ~~30 September 2021~~
30 Mar 2022
7. ~~31 May 2021~~
31 Jan 2022
(Completed) | | | 1. Smart Salisbury is being rebadged as Digital Strategy and will be presented to Exec by 29th June 2022 for approval by Enabling Technology Lead and socialised with SLT on 30th June 2022.
3. Framework will be drafted and reviewed with the Digital Strategy work by Enabling Technology Lead. The Business Transformation Steering Committee was held Monday 6th June 2022 and will continue every 8 weeks. The Business Transformation initiatives will report through to Innovation and Business Development Committee every quarter.
5 & 6.. Fraud Corruption and Prevention Framework to be updated in context of legislative changes to the ICAC Act and Omudsman Act prior to awareness training. |
| 9 | Strategic | A sustainable City | Climate Change negatively impacts on City of Salisbury's operations, infrastructure, services and the community. Failure to adapt to climate change. Manifestations of climate change include higher temperatures, altered rainfall patterns, and more frequent or intense extreme events such as heatwaves, drought and storms. Impacts: increased demands for services, service delivery to community is compromised, reduced ability to raise income, financial cost of dealing with the consequences of frequent freak weather related events, long term impact on infrastructure, its maintenance and replacement, failure to adapt to a changing external environment resulting in some services becoming irrelevant or insufficient, organisational plans and strategies are not achieved or delivered in a way that is consistent with our values, not meeting community needs, reputational damage. Increased incidence of death and serious illness, especially the elderly. Decreased water quality, impacts on rivers and wetlands ecosystems. Increased damage to foundations. Increased fire danger. Increased flood damage. Salt water intrusion into ground water and coastal wetlands, mangroves. Increased coastal flooding. | All General Managers | • Failure to keep pace with climate change
• Business plans fail to adequately address evolving impacts of climate change
• Lack of plans and procedures to inform response strategies when climate change related event occurs
• Information to facilitate action is insufficient or not available
• Lack of communication and/or training for relevant staff
• Impact of climate change on weather patterns (e.g. more heatwaves, decreased precipitation, increased severity of drought, more intense rain and storms, increased mean sea level)
• Inadequate monitoring plans and testing of recycled water systems
• Weather events contribute to a recycled water system contamination event
• Lack of asset management or maintenance
• Inadequate understanding of and planning for factors impacting the environment
• Inadequate understanding of and planning for the impact of climate change on infrastructure and assets
• Failure to consider environmental consequences when planning and designing infrastructure
• Insufficient modelling of weather events used within Asset Management Planning
• Inadequate infrastructure to manage stormwater and sea level rises
• Coastal inundation and impact on biodiversity
• Failure to update Asset Management Plans
• Lack of adequate resourcing for climate and environmental sustainability | Major | Almost Certain | Very High | • Current and maintained Business Continuity Framework (including Plans and testing regime), 4
• Business Continuity staff identified and trained on roles and responsibilities, 3
• Incident Management Team identified and trained, 4
• Current and maintained IT Disaster Recovery Plan (including testing regime), 4
• Current and maintained Emergency Management Plan, 4
• Participation in Zone Emergency Management Committees – Northern Area, 5
• Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced, 4
• 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 (24/7 support including after hours), 4
• Implementation of the Water Course Management Plan including the renewal of Wetlands and desilting/removal of pollutants in waterways as required, 4
• Building Control and Inspections, 4
• Evacuation procedures and testing, 4
• Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEWNR, 5
• Regular monitoring of risk sites e.g. land fill sites, dams, 5
• Extreme Heat response process (for residents), 4
• One in 100 year flood and Probable Maximum Flood modelling including tidal info. in place at individual house level, using digital terrain modelling, 4
• Reviewed and maintained City Plan/Strategic Plans/Business Plans, 4
• Bushfire Management Plan, 4
• Watercourse Management capital program, 4
• Reviewed and maintained Asset Management Policy and Plans, 4
• Reviewed and maintained Growth Management Plan, 5
• Effective undergrowth management procedures, 5
• Asset Management infrastructure audits, 5
• Adapting Northern Adelaide Adaptation Plan, 5
• Compliance with Home Care Common Standards – Operating Manual, 5
• Reviewed and maintained Learning Strategy, Wellbeing Strategy & Intracultural Strategy, 4
• Adequate insurance, 5 | Moderate | Possible | High | Below Tolerance | 1. Development of an Environmental and Sustainability Strategy
2. Climate Change Governance and Physical Risk Assessment
3. Implementation of Adaptation Plan - Adapting Northern Adelaide
4. Develop and deliver training on business continuity to relevant staff. | (1. - 3.) GM City Development
4. Manager Governance | 1. ~~30 June 2021~~
2. ~~Gov Assessment 31 May 2021, Physical Assessment 30 June 2021~~
1-2: ~~28 Feb 2022~~
~~30 June 2022~~
31 July 2022
3. Ongoing - actions reviewed every two years.
4. ~~30 June 2021 - 31 Mar 2022~~
30 June 2022
Completed | | | |

CITY OF SALISBURY STRATEGIC RISK REGISTER

Risk ID	Risk Type	Risk Category	Risk Description	Risk Owner	Causes	Consequence	Likelihood	Inherent Risk	Controls Description	Consequence	Likelihood	Residual Risk	Current Status	Further treatment required (if residual risk rating is not acceptable)	Treatment Owner	Target Completion Date	Management Actions	Link to corrective actions register	Comments
10	Strategic	A growing City that creates new opportunities	**City of Salisbury reputation suffers due to services provided not meeting community needs and expectations, resulting in a reduction in business investment.** *Impacts:* Loss of community trust in Council; Negative media reporting; increased customer complaints; negative impact on staff health and wellbeing; loss of investment opportunity; failure to attract investment from the private sector; negative impact on the City of Salisbury brand.	All General Managers	• Elected Member cohesion • Lack of or ineffective community consultation and engagement • Increased regulatory activity • Failure to undertake legislative requirements • Government inquiry • Negative media interest • Staff dissatisfaction • Poor performance • Failure to deliver successful projects • Failure to deliver services expected by the community • Customer service is not properly monitored or managed • Not meeting strategic objectives • Inadequate capability and capacity (e.g. workforce plans, training and development, technology, systems) • Inadequate business advisory services • Insufficient investment opportunities for business • Infrastructure fails to support investment and business activity • Poorly planned urban growth	Moderate	Likely	High	• Relevant training provided to Elected Members (e.g. Chairing meetings and Meeting Procedures), 4 • Communicated and embedded Employee Code of Conduct, 5 • Documented and embedded Employee Conduct Policy, 4 • Media Policy, 4 • Positive relationships fostered with media and Salisbury Business Association, 4 • Embedded organisational values, 4 • Documented People & Culture policies and procedures, 4 • Employee induction procedures, 4 • Documented and embedded Volunteers Policy, 4 • Documented Community Consultation Policy, 4 • Community Perception Survey, 4 • Effective and comprehensive Community Consultation Process, 4 • Comprehensive budget process, 4 • Provision of general business information and expert advice at Polaris Business and Innovation Centre, 4 • Cost effective business related workshops and seminars, 4 • Small Business Mentoring Program, 4 • Provision of online resources for starting a business, growing a business and developing digital in business, 4 • Investment attraction via Invest in Salisbury website, 3 • Salisbury Community Hub as a stimulus to investment, 5 • Positive relationships fostered and maintained with local business leaders and relevant State Government teams, 5 • Effective Small Business Friendly Council initiatives, 4 • Polaris Centre Client Satisfaction Scorecard conducted by new focus, 4	Moderate	Unlikely	Medium	At Tolerance	1. Salisbury City Centre / John Street upgrade	1. GM City Development	1. Late 2022 - date to be determined.		

ITEM	7.1.5
	AUDIT AND RISK COMMITTEE
DATE	12 July 2022
HEADING	Interim Report on Assurance Map for the City of Salisbury
AUTHOR	Hussain Rafeeu, Internal Auditor & Risk Coordinator, CEO and Governance
CITY PLAN LINKS	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	The City of Salisbury's ("COS") Internal Auditor & Risk Coordinator has prepared the Assurance Map for COS, by undertaking a high-level review of 27 functional areas across the 10 strategic risks areas identified in the Strategic Risk register. The assurance mapping exercise revealed that out of the 27 areas reviewed, 14 areas demonstrated a High level of assurance, 12 areas a Moderate level of assurance and one area was identified with a Low level of assurance. This Interim report will be updated with detailed observation tables following further stakeholder consultation.

RECOMMENDATION

That Council:

1. Notes the Interim Report on Assurance Map for City of Salisbury as set out in Attachment 1 to this report (Audit and Risk Committee, 12 July 2022, Item No.7.1.5), considering any feedback, input and comments provided by the Audit and Risk Committee.

ATTACHMENTS

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

1. Report on Assurance Map for City of Salisbury

1. BACKGROUND

1.1 Following the July 2021 Audit & Risk Committee, a management action was agreed to prepare an Assurance Map for the COS, to provide an intermediate update on the overall assurance measures and controls in place within key functions and risk areas for COS.

1.2 In April 2022, the Audit & Risk Committee was advised that The Institute of Internal Auditor's (IIA's) Three Lines Model would be used as the theoretical model for the assurance mapping process.

2.   CONSULTATION / COMMUNICATION

2.1   Internal

2.1.1   Executive Management Group

2.1.2   Divisional Managers for the relevant assurance areas

2.1.3   Relevant Team Leaders for the assurance areas

3.   REPORT

3.1   The Assurance Map for COS is set out in the attachment to this report.

3.2   The aim of this review was to determine the overall assurance level in key functions and areas for COS.

3.3   The report identified key areas for assurance, various types of assurance for the key areas, and determined the level of assurance and frequency of assurance activities, and any gaps and areas for improvements in the overall assurance process for the respective key areas.

3.4   Given that assurance areas are often prioritised based on risk levels, the assurance areas for review were selected from the Strategic Risk Register risk areas. In addition to these, Field Services, Strategic Property Development, and Planning & Development Services are considered as further areas for review, considering their high interdependency to strategic risks and strategic importance to organisational objectives.

3.5   The Swiss Cheese Model is used in the report to give a conceptual background to the assurance map and its application. We have selected IIA's Three Lines Model for the assurance map, which is the commonly used industry best practice model recommended for an assurance map, and is also used in LGASA Financial Better Practice Model.

3.6   The overall assurance level on the key assurance areas are summarised below:

No.	Assurance Areas	Overall Assurance Level	No.	Assurance Areas	Overall Assurance Level
1	Busines Continuity	Moderate	15	Finance - Accounts Receivable	Moderate
2	Emergency Management - external	Moderate	16	Finance - GL Accounts & Financial Statements	High
3	Event Management	High	17	Finance - Statutory Reporting	High
4	Salisbury Water Management	High	18	Finance - Rate Generation	High
5	Public Health Risk Management	Moderate	19	Strategic Procurement (and Contract Management)	High
6	Social and Community Development - Community Health & Wellbeing	High	20	Governance	High
7	Social and Community Development - Community Capacity & Learning	High	21	Work Health & Safety	High
8	Social and Community Development - Sports Recreation & Community Planning	Moderate	22	Information Technology - General	High
9	Capital Projects and Infrastructure Asset Development	High	23	Information Technology - Cybersecurity	Moderate
10	Capital Projects and Infrastructure Asset Management	High	24	Climate Change	Low
11	Asset Maintenance	Moderate	25	Strategic Property Development	High
12	Finance - Budgetary Controls	Moderate	26	Field Services Operations	Moderate
13	Finance - Treasury Management	Moderate	27	Planning & Development Services	Moderate
14	Finance - Accounts Payable	Moderate			

3.7   The overall assurance rating was determined based on the level of controls and assurance measures available at the three lines of defense and any assurance provided by external assurance service providers.

3.8   The assurance map is a planning and analytical tool that can be used by management in resource planning and in determining optimum strategy for assurance.

4.   CONCLUSION / PROPOSAL

4.1   Given that the Assurance Map is a planning tool and derived based on consultation and observation of controls at a high level, it is different from an internal audit finding based on substantive testing. The areas for improvements identified in this report do not necessitate implementation monitoring within a certain deadline.

4.2   However, this review has highlighted to relevant stakeholders the areas for improvements and triggered actions already.

Interim Report on COS's Assurance Map

July 2022

TABLE OF CONTENTS

Approval and Distribution

Report prepared by:

Name	Position	Date
Hussain Rafeeu	Internal Auditor & Risk Coordinator	

Report authorised by:

Name	Position	Date
Rudi Deco	Manager Governance	

Report endorsed by:

Name	Position	Date
Graham Reynolds	Audit Committee Chair (for Audit Committee)	
John Harry	Chief Executive Officer	

Distribution List:

Name	Position
All GMs	General Managers
Brett Kahland	Team Leader Corporate Governance

Item 7.1.5 - Attachment 1 - Report on Assurance Map for City of Salisbury

1 Executive Summary

1.1 Background

Following the July 2021 Audit & Risk Committee, a management action was agreed to prepare an Assurance Map for the City of Salisbury ("COS"), to provide an intermediate update on the overall assurance measures and controls in place within key functions and risk areas for COS.

1.2 Objective

The objective of this review is to determine the overall assurance level in key functions and areas for COS.

1.3 Scope

In addressing the overall objective, the agreed scope included the following:

- Identify key areas for assurance
- Identify the various types of assurance for the key areas.
- Determine the level of assurance and frequency of assurance activities
- Identify any gaps and areas for improvements in the overall assurance process for the respective key areas

1.4 Approach

The approach adopted for this review was as follows:

1. Obtain the necessary information required to develop an assurance map and to obtain a good knowledge of the assurance activities. This was undertaken through research, reviewing existing procedures and policy documentation, and talking to key staff members.
2. Key areas for assurance are taken from the strategic risk register, risk areas and adding other relevant key functional areas not covered in current strategic risk register.
3. Stakeholder interaction including Executives and divisional managers for the relevant key areas, and identify current assurances in place and determine the level of assurance.

4. Determine gaps and areas for improvement in the assurance strategy and assurance process.

1.5 Assurance Map – Background & Use

The Assurance Map is "a tool which visually presents all assurance activities of the organisation, both internal and external, as they apply to the organisation's risks", as defined by the Institute of Internal Auditors (IIA).

The Assurance Map is a planning and analytical tool providing great insights for Council, Executives, and Audit & Risk Committee, on the level of assurances in place for the key risk areas of the organisation. Given there are many activities undertaken by different stakeholders, it is essential that Council establish an assurance map showing the Council's current position and level of assurance activities undertaken to determine optimal assurance strategy for the organisation.
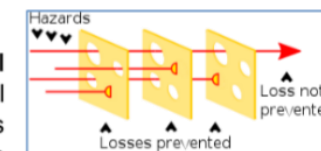
The well-known **Swiss Cheese Model** demonstrates that different layers of internal controls and management controls act as defences that may prevent loss and manage risk, to achieve the organisational objectives. Loss prevention may not be certain and it becomes important to consider all measures in place to determine the overall level of organisational assurance.

1.6 Summary Result

Assurance assessment was undertaken for 27 key areas, covering 24 areas from strategic risk register and three areas that have high interdependency and strategic importance to strategic risks.

We identified that 14 areas demonstrated a High level of assurance, 11 areas have a Moderate level of assurance and one area having a Low level of assurance.

The most widely used industry best practice model for Assurance Map, is the IIA's Three Lines Model. This model applies the generic concept in Swiss Cheese Model, by structuring assurance activities under three lines of defence roles to collectively provide assurance, as demonstrated below for COS:

City of Salisbury Assurance Map – Three Lines Model

Assurance Map – "A tool which visually presents all assurance activities of the organisation, both internal and external, as they apply to the organisation's risks" defined by the Institute of Internal Auditors Australia.

GRC Model – Governance, Risk & Compliance/Control Activities encompass all the Assurance Activities.

Three Lines Model – Industry better practice framework model for Assurance, recommended by IIA and also used in LGASA Financial Better Practice Model.

GOVERNING BODY – COUNCIL (EMs), Committees and Sub-Committees

- Governance & Compliance Committee
- Finance and Corporate Services Committee
- Urban Services Committee
  - Tree Management Appeal Sub-Committee
  - Asset Management Sub-Committee
- Policy & Planning Committee
  - Youth Council Sub-Committee
  - Intercultural Strategy & Partnership Sub-Committee

- CEO Review
- Council Assessment Panel
- Community Wellbeing & Sports Committee
  - Burton Community Hub Park Precinct Sub-Committee
  - Para Hills Community Hub Precinct Sub-Committee
- Innovation & Business Development Committee
  - Strategic Property Development Sub-Committee

COUNCIL (Elected Members)

Audit & Risk Committee

EXTERNAL ASSURANCE PROVIDERS

- Independent External Audit
- ICAC / Ombudsman Reviews
- Performance Review by Auditor General

MANAGEMENT / ADMINISTRATION		INDEPENDENT INTERNAL AUDITS & REVIEWS
1ST LINE ROLES	**2ND LINE ROLES**	**3rd LINE ROLES**
(Provision of Services to clients; Owns and Manage Risks)	(Expertise, Support, Monitoring, and Challenge or Risk Related Matters)	Independent & objective assurance & advice on all matters related to the achievement of objectives.
Internal Control Measures • Forms, Checklists and Templates • Core Systems Controls, • IT Systems, Parameters • Fraud & Error Prevention Internal Checks • Approvals and Authorisation per Delegated Authority • Segregation of Duties **Management Control Measures** • Documented Functional Policies, Procedures & Guidelines • Established Plans (Strategic Plan, Business Plan & Divisional Plan) • Agreed Budgets • SMART KPIs & Service Standards Agreed • Performance Measurement against Standards, and Benchmarking Reviews • Performance Reporting Against Standards	• Corporate Policies, Procedures and Frameworks • Financial Monitoring, reporting, reconciliation • Financial Best Practice Model Internal Control Self-Assessment • Functional Service Compliance Reviews • Quality Control Checks (Health & Safety, Governance) • Security (including IT systems and physical security) • Enterprise Risk Management (Evaluation of Strategic Risks & Operational Risks) • Addressing Regulatory Notices & Statutory Returns	• Internal Audit • Follow up on Audit Log Actions • External Consultant Reviews • External Accreditation / Certification • External Testing on compliance and quality • LGRS Reviews

Assurance Map – Detailed Observations

2 Assurance Map

No.	Assurance Areas	Strategic Risk	Risks / Key Objectives / Key Services	Inherent Risk	Residual Risk	Current Risk Status	Forms, Checklists and Templates	Core Systems Controls, IT Systems, Parameters	Fraud & Error Prevention Internal Checks	Approvals & authorisation per Delegated Authority	Segregation of Duties	Documented Functional Policies, Procedures &	Established Plans (Strategic Plan, Business Plan &	Agreed Budgets	SMART KPIs & Service Standards Agreed	Performance Measurement against Standards, and	Performance Reporting Against Standards	Corporate Policies, Procedures and Frameworks	Financial Monitoring, reporting, reconciliation	Financial Best Practice Model Internal Control Self	Functional Service Compliance Reviews	Quality Control Checks (Health & Safety,	Security (including IT systems and physical	Enterprise Risk Management (Evaluation of Strategic	Addressing Regulatory Notices & Statutory Returns	Internal Audit	Follow up on Audit Log Actions	External Consultant Reviews	External Accreditation / Certification	External Testing on Compliance and Quality	LGRS Reviews	External Audit	ICAC / Ombudsman Reviews	Performance Review by Auditor General	Overall Assurance Level
1	Business Continuity	1	Inadequate response to a business interruption event.	Very High	High	At Tolerance	L	N/A	N/A	H	N/A	M	H	N/A	H	N/A	N/A	M	N/A	N/A	N/A	N/A	N/A	H	N/A	M	H	M	N/A	N/A	H	N/A	N/A	N/A	Moderate
2	Emergency Management - external	1	Inadequate response to an emergency event.	Very High	High	At Tolerance	H	N/A	N/A	H	N/A	H	M	L	H	M	N/A	H	N/A	N/A	N/A	N/A	N/A	M	N/A	H	N/A	N	N/A	N/A	H	N/A	N/A	N/A	Moderate
3	Event Management	1	Inadequate response to a business continuity or emergency event, or major incident at a Council run Community event.	Very High	High	At Tolerance	H	N/A	N/A	H	H	H	H	H	L	L	L	H	H	N/A	H	H	H	M	N/A	H	H	H	N/A	N/A	N/A	N/A	N/A	N/A	High
4	Salisbury Water Management	2	Contamination of the recycled water systems	High	Medium	Below Tolerance	H	H	H	H	H	H	H	H	H	H	H	H	N/A	H	H	H	H	H	H	H	H	H	H	H	N/A	H	H	N/A	High
5	Public Health Risk Management	3	Lack of management of public and environmental health risks	High	High	At Tolerance	H	M	N/A	H	H	H	H	H	H	H	H	H	H	N/A	N/A	H	H	M	H	M	H	H	N/A	N/A	N/A	N/A	N/A	N/A	Moderate
6	Social and Community Development - Community Health & Wellbeing	4	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	Medium	Below Tolerance	H	M	H	H	H	H	H	H	H	H	H	H	H	N/A	H	H	H	M	H	H	H	H	H	NA	N/A	NA	NA	High
7	Social and Community Development - Community Capacity & Learning	4	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	Medium	Below Tolerance	H	M	N/A	H	H	H	H	H	H	H	H	H	H	N/A	N/A	N/A	H	M	N/A	H	N/A	H	N/A	N/A	N/A	N/A	N/A	N/A	High
8	Social and Community Development - Sports Recreation & Community Planning	4	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	Medium	Below Tolerance	H	M	H	H	H	M	H	H	M	M	H	H	H	N/A	N/A	H	H	M	N/A	M	H	NA	H	H	NA	NA	NA	NA	Moderate
9	Capital Projects and Infrastructure Asset Development	4	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	Medium	Below Tolerance	H	H	H	H	M	H	M	H	H	M	H	H	H	H	H	H	H	NA	M	NA	H	H	H	NA	NA	NA	H	NA	NA	High

City of Salisbury – Report on Assurance Map (July 2022)

Item 7.1.5 - Attachment 1 - Report on Assurance Map for City of Salisbury

Assurance Map – Detailed Observations

No.	Assurance Areas	Strategic Risk	Risks / Key Objectives / Key Services	Inherent Risk	Residual Risk	Current Risk Status	Forms, Checklists and Templates	Core Systems Controls, IT Systems, Parameters	Fraud & Error Prevention Internal Checks	Approvals & authorisation per Delegated Authority	Segregation of Duties	Documented Functional Policies, Procedures &	Established Plans (Strategic Plan, Business Plan &	Agreed Budgets	SMART KPIs & Service Standards Agreed	Performance Measurement against Standards, and	Performance Reporting Against Standards	Corporate Policies, Procedures and Frameworks	Financial Monitoring, reporting, reconciliation	Financial Best Practice Model Internal Control Self	Functional Service Compliance Reviews	Quality Control Checks (Health & Safety,	Security (including IT systems and physical	Enterprise Risk Management (Evaluation of Strategic	Addressing Regulatory Notices & Statutory Returns	Internal Audit	Follow up on Audit Log Actions	External Consultant Reviews	External Accreditation / Certification	External Testing on Compliance and Quality	LGRS Reviews	External Audit	ICAC / Ombudsman Reviews	Performance Review by Auditor General	Overall Assurance Level
				Risk Dimension			1st Line of Defence - Business Operations — Management assurance through Business/Service Operational Delivery Process (Internal Control Measures / Management Control Measures)											2nd Line of Defence - Financial, Corporate & Governance — Assurance by Internal Staff (yet functionally independent with segregated duties and responsibilities)								3rd Line of Defence - Independent Assurance — Independent Challenge & Audit.						External, Regulators — Assurance through External Party			
10	Capital Projects and Infrastructure Asset Management	4	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	Medium	Below Tolerance	H	H	H	H	M	H	M	H	H	M	H	H	H	H	H	H	NA	M	NA	H	H	H	NA	NA	NA	H	NA	NA	High
11	Asset Maintenance	4	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	Medium	Below Tolerance	H	H	H	H	M	H	M	H	M	M	H	H	H	H	H	H	NA	M	NA	M	NA	M	NA	NA	H	H	NA	NA	Moderate
12	Finance - Budgetary Controls	5	City of Salisbury financial sustainability is compromised by internal decisions and / or external events.	High	Medium	Below Tolerance	H	H	H	H	H	H	H	H	H	H	H	H	H	H	N	H	H	M	H	N	N/A	N	N/A	N/A	N/A	H	N/A	N/A	Moderate
13	Finance - Treasury Management	5		High	Medium	Below Tolerance	H	H	H	H	H	N/A	H	H	H	H	H	H	H	H	N	N/A	H	H	N/A	N	N/A	N	N/A	N/A	N/A	H	N/A	N/A	Moderate
14	Finance - Accounts Payable	5		High	Medium	Below Tolerance	H	H	H	H	H	H	H	H	H	M	H	H	H	H	H	H	H	H	H	N	N/A	M	N/A	M	N/A	H	N/A	N/A	Moderate
15	Finance - Accounts Receivable	5		High	Medium	Below Tolerance	H	H	H	H	H	H	H	H	H	H	H	H	H	H	N	N/A	H	H	N/A	M	N/A	N	N/A	N	N/A	H	N/A	N/A	Moderate
16	Finance - GL Accounts & Financial Statements	5	City of Salisbury financial sustainability is compromised by internal decisions and / or external events.	High	Medium	Below Tolerance	H	H	H	H	H	H	H	H	H	H	H	H	H	H	N/A	H	H	H	H	H	N/A	N/A	N/A	N/A	N/A	H	N/A	N/A	High
17	Finance - Statutory Reporting	5		High	Medium	Below Tolerance	H	H	H	H	H	H	H	H	H	H	H	H	H	H	N/A	H	H	H	H	H	N/A	N/A	N/A	N/A	N/A	H	N/A	N/A	High
18	Finance - Rate Generation	5		High	Medium	Below Tolerance	H	H	H	H	H	H	H	H	H	H	H	H	H	H	N/A	N/A	H	H	N/A	M	N/A	N/A	N/A	N/A	N/A	H	N/A	N/A	High
19	Strategic Procurement (and Contract Management)	5	City of Salisbury financial sustainability is compromised by internal decisions and / or external events.	High	Medium	Below Tolerance	H	H	M	H	H	H	H	H	H	H	H	H	H	H	H	N/A	H	M	N/A	H	H	H	N/A	N/A	H	H	N/A	N/A	High
20	Governance	6	Ineffective governance results in the provision of services which do not meet community expectations.	High	Medium	Below Tolerance	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	M	H	H	M	H	M	N/A	N/A	H	N/A	N/A	N/A	High

Item 7.1.5 - Attachment 1 - Report on Assurance Map for City of Salisbury

Assurance Map – Detailed Observations

No.	Assurance Areas	Risks / Key Objectives / Key Services	Strategic Risk	Inherent Risk	Residual Risk	Current Risk Status	Forms, Checklists and Templates	Core Systems Controls, IT Systems, Parameters	Fraud & Error Prevention Internal Checks	Approvals & authorisation per Delegated Authority	Segregation of Duties	Documented Functional Policies, Procedures &	Established Plans (Strategic Plan, Business Plan &	Agreed Budgets	SMART KPIs & Service Standards Agreed	Performance Measurement against Standards, and	Performance Reporting Against Standards	Corporate Policies, Procedures and Frameworks	Financial Monitoring, reporting, reconciliation	Financial Best Practice Model Internal Control Self	Functional Service Compliance Reviews	Quality Control Checks (Health & Safety,	Security (including IT systems and physical	Enterprise Risk Management (Evaluation of Strategic	Addressing Regulatory Notices & Statutory Returns	Internal Audit	Follow up on Audit Log Actions	External Consultant Reviews	External Accreditation / Certification	External Testing on Compliance and Quality	LGRS Reviews	External Audit	ICAC / Ombudsman Reviews	Performance Review by Auditor General	Overall Assurance Level
21	Work Health & Safety	Immature and inadequate work health safety policies and procedures result in an unsafe working environment	7	Very High	Medium	At Tolerance	H	H	H	H	H	M	H	H	H	H	H	H	H	N/A	H	H	H	H	H	H	H	H	N/A	H	H	N/A	N/A	N/A	High
22	Information Technology - General	Lack of alignment and integrity of IT systems and data to support service delivery	8	High	High	Below Tolerance	H	H	H	H	H	M	H	H	H	H	H	H	H	H	H	H	M	M	N/A	H	H	H	N/A	N/A	H	H	N/A	N/A	High
23	Information Technology - Cybersecurity	Lack of alignment and integrity of IT systems and data to support service delivery	8	High	High	Below Tolerance	H	H	H	H	H	M	H	H	H	H	H	H	H	H	H	H	M	M	N/A	H	H	H	N/A	N/A	H	H	N/A	N/A	Moderate
24	Climate Change	Climate Change negatively impacts on COS's operations, infrastructure, services and the community. Failure to adapt to climate change.	9	Very High	High	Below Tolerance	M	N/A	N/A	L	N/A	M	M	M	L	L	L	M	H	N/A	N/A	M	N/A	M	H	N	N/A	N	N/A	N/A	N/A	N/A	N/A	N/A	Low
25	Strategic Property Development		N/A	TBA	TBA	TBA	H	H	N/A	H	H	H	H	H	H	H	H	H	H	N/A	N/A	H	H	H	N/A	M	H	M	N/A	N/A	N/A	H	N/A	N/A	High
26	Field Services Operations	Council critical services are affected due to the failure to manage Field Services Operations effectively.	N/A	TBA	TBA	TBA	H	H	N/A	H	H	H	H	H	M	M	M	H	H	N/A	N/A	H	H	M	N/A	M	N/A	M	M	N/A	N/A	N/A	N/A	N/A	Moderate
27	Planning & Development Services		N/A	TBA	TBA	TBA	H	H	N/A	H	H	M	H	H	H	M	N/A	M	H	N/A	N/A	M	H	H	H	M	N/A	M	H	N/A	N/A	H	N/A	N/A	Moderate

Level of Assurance - Definition

4	H - High Level	Substantial/High amount of assurance desired / provided	
		A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area.	
3	M - Moderate Level	Moderate/Reasonable amount of assurance desired / provided	
		"There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives	
2	L - Low Leve	Low/Limited amount of assurance desired / provided	
		"Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in	
1	None	No assurance desired / provided	
		"Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the	
0	N/A	Not Applicable	
		There is no requirement from a legal compliance point of view or an efficiency or effectiveness point of view	

City of Salisbury – Report on Assurance Map (July 2022)

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Item 7.1.5 - Attachment 1 - Report on Assurance Map for City of Salisbury

Note: The risk ratings and status are taken from the most recent Strategic Risk Register. At tolerance means there are no mitigation controls in place, and Below Tolerance means there are some risk mitigation control actions identified.

3   Detailed Assurance Map Observations

3.1 Assurance Area: Business Continuity

Risk:		Inherent Risk	Residual Risk	Current Status
Strategic Risk 1 - Inadequate response to a business interruption event.		Very High	High	At Tolerance

Observation on Key Controls and Assurance Activity		Improvement Opportunities
1st Line 2nd Line	- Business Continuity Policy (6 Oct 2015, next review date 9 Sep 2017) - Business Continuity Management Procedure (6 Oct 2015, next review date 9 Sep 2017) has the BCP Template. - Business Continuity Plan (BCP) Activation criteria and deactivation criteria captured in BCPs. - Evacuation Procedure and testing process in place - Provision and maintenance of Building Safety Systems - Incident Management Team Command Plan (Mar 2020, next review date Mar 2022) - IT Disaster Recovery Plan developed - Emergency Management Plan developed - Impact Assessment for all critical function. - BCP for critical functions are developed. - Service Level Agreements (SLAs) included in the BCPs. - Controls related to BCP reviewed quarterly as part of the Strategic Risk Register review.	**1st & 2nd Lines:** - There is opportunity to update Business Continuity Policy to make it current. - There is opportunity to update Business Continuity Management Procedure to make it current. - There is opportunity for Divisional Managers to complete Business Impact Assessment templates. - There is opportunity for COS to undertake functional service compliance review on BCP **3rd Line:** - A BCP internal Audit is scheduled on COS's 3-year Internal Audit Plan, for commencement in 2023/2024
3rd Line	- Internal Audit - BCP Desktop Audit (Nov 2014) undertaken Internally by COS's Internal Auditor. - Internal Audit - Pandemic-Business Continuity Review April 2020, undertaken by UHY. - Internal Audit BCP Exercise Audit (June 2018) undertaken by Local Government Risk Services (LGRS)	
External	- N/A	

Overall Assurance Level:	Moderate	Key Stakeholders:	Emergency Management Project Coordinator; Team Leader Corporate Governance

3.2 Assurance Area: Emergency Management – external				
Risk:		**Inherent Risk**	**Residual Risk**	**Current Status**
Strategic Risk 1 - Inadequate response to an emergency event.		Very High	High	At Tolerance
Observation on Key Controls and Assurance Activity		**Improvement Opportunities**		
1st Line	- Multiple forms, checklists and templates are in place including Personal threat checklist, Bomb threat checklist, Warden Induction Forms, Emergency Contact Number checklist. - Approvals and authorisation per delegated authority captured for roles in Emergency Management Plan. - Emergency management Policy - Site Emergency Procedures and Emergency Response Guide in place for all service centres and COS facilities.	**2nd Line:** - Opportunity for improvement to develop EMP for all functions and review for currency of EMPs for critical functions. - Given there is no specific budget for emergency management, there is perhaps opportunity to review for any potential budget requirement in this area. - Opportunity for improvement to finalise the Incident Operating Framework (currently in Draft). - Opportunity to consider including operational risks related to emergency management within divisional operational risk registers. **3rd Line:** - Given there was no specific internal audit or external party review undertaken in the last 10 years (except the LGRS Risk Evaluation Audit), there is opportunity for improvement to review the emergency management process.		
2nd Line	- Emergency Management Plan 2021-2024 (next review April 2024) in place covering COS's role in case of a state emergency. - Participation in LG Council Ready Program for industry benchmarking. - Emergency Management Policy in place (adopted Nov 2020, next review in Nov 2022). - Risk measures included in the Emergency Management Plan and strategic risk register. - Ability to live test the emergency management process following the pandemic, recent flooding, heat wave, and fire. - Support as a member of Northern Adelaide Zone Emergency Management Committee (NAZEMC)			
3rd Line	- LGRS Risk Evaluation Audit undertaken in 2019 captured the review of emergency management process.			
External	- N/A			
Overall Assurance Level:	**Moderate**	**Key Stakeholders:** Emergency Management Project Coordinator; Team Leader Corporate Governance		

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Assurance Map – Detailed Observations

3.3 Assurance Area: Event Management – external

Risk: Strategic Risk 1 - Inadequate response to a business continuity or emergency event, or major incident at a Council run Community event.	Inherent Risk	Residual Risk	Current Status
	Very High	High	At Tolerance

Observation on Key Controls and Assurance Activity		Improvement Opportunities
1st Line 2nd Line	- Multiple forms, checklists and templates are in included in Event Manual. - Approvals and authorisation per delegated authority captured for roles in event management. - Event calendar gets approved by Council, expenditure approved through relevant approved delegations. - Events team shares the responsibility and different roles get assigned to different team members. - Event management policies, process and procedures are covered in the Event Manual. - Divisional / Cost Centre Budget, expenditure reconciliation and reporting takes place regularly. - Internal Audit undertaken on Event Management Process by Galpins. - Health and Safety checks are done as part of the Event Management process - Event management process ensures that relevant security measures are in place for every event. - Event risk management is a regular undertaking for every event and appropriately documented and approved.	2nd Line: - Opportunity for improvement to revise divisional plan by including Community Event related activities, budget and plans following the recent organisational restructure to move Events from Business Excellence to Community Development. - Opportunity for improvement to review the operational risk register covering event management process.
3rd Line	- Internal Audit on Event Incident Management Framework was undertaken by Galpins in June 2021. - Audit log actions are monitored and reported to Audit & Risk Committee on a regular basis covering.	
External	- N/A	

Overall Assurance Level:	High	Key Stakeholders:	Team Leader Events, Place Activation and Curation

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3.4 Salisbury Water Management				
Risk:		**Inherent Risk**	**Residual Risk**	**Current Status**
Strategic Risk 2 - Contamination of the recycled water systems.		High	Medium	Below Tolerance
Observation on Key Controls and Assurance Activity		**Improvement Opportunities**		
1st Line **2nd Line**	- Risk Based Management Plan for MAR (Managed Aquifer Recharge) Operations. - Operations and Control Manual documents forms, checklists and templates to follow. - SRMTMP (Safety Reliability and Maintenance Technical Management Plan) - System controls within SCADA system - operations control & management, data collection for reporting. - System controls in Pathway covering customer billing, data repository for customer water supply agreements and cross connection auditing status. - Water Quality (Spreadsheet) parameters covering Environmental & customer supply. - Fraud and error prevention controls within council procurement procedures, via independent credits and journals in Pathway (rates team or customer service) - documented in DataWorks to provide an audit trail - Approved delegations in place as per Council's Delegations Register for the Water Industry Act SA (2012), and Authorised Officers under the LGA & Water Industry Acts. - Segregation of duties with responsibilities defined in the SRMTMP, and SWBU roles defined by Operations / Business Systems in Position Descriptions. - Documented functional policies & procedures including Skytrust Work Instructions, SW Hardship Policy for Residential Customers, Customer Charter, and ESCOSA - Water Retailer Guidelines including customer, operational, financial. - Established business plans including Salisbury Water Action Plan - Endorsed by SW Advisory Management Board and Salisbury Water Division Plan. - KPI's stated in the SRMTMP, and Salisbury Water Customer Charter, required by ESCOSA as a licenced retailer. - Performance measurement standards including Customer Service Standards reported to ESCOSA, yearly.	No specific areas for improvement identified.		

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	- Performance reporting against standards as per Office of Technical Regulator SA EPA & DEW. - Monthly budget meeting with Finance, Business Unit Quarterly report to Advisory Board and to Council, annual financial reporting to ESCOSA as part of water retail licence. - OTR regularly reviews on functional service compliance as a formal audit. - Quality control checks as per OTR / EPA requirements and Department of Health kept informed. - Security including secure fence compounds, security cameras, cyber audit is currently going on. - Operational Risk Register in pace, risk assessments are undertaken regularly. - Addressing regulatory notices and returns covering requirements from EPA, DEW, ESCOSA and OTR, and ABS Water Survey.
3rd Line	- Safety Audits done regularly by internal staff (Senior WHS Advisor). - A Strategic Business Review is undertaken in 2016 by Alther, with plans to do one in every five years. - Asset Management Plan review undertaken in 2017 by Inside Infrastructure, last done by Inside Infrastructure, and next due in 2022/23. - External accreditations include ESCOSA water retail licence, letter confirming 'verified trust and accountability' status, and OTR acceptance of the SRMTMP. - EPA annual monitoring return is vetted by an independent consultant (WGA) - Australian Water Quality Centre (AWQC) and ALS laboratories (NATA accredited) are engaged to provide all QA and environmental sampling and testing. - Internal Audit of Systems and Controls Relating to Contaminated Sites undertaken by Blue Spheres Environmental in August 2020.
External	- Membership with the Energy & Water Ombudsman SA scheme has become a requirement of Water Retail Licence, effective July 2022.N/A

Overall Assurance Level:	High	Key Stakeholders:	Manager Salisbury Water, Team Leader Salisbury Water Business Systems

3.5 Assurance Area: Public Health Risk Management

Risk: Strategic Risk 3 - Lack of management of public and environmental health risks.	Inherent Risk	Residual Risk	Current Status
	High	High	At Tolerance

Observation on Key Controls and Assurance Activity	Improvement Opportunities
1st Line - Forms Checklists and Templates are built into system parameters within different systems (Pathways Module for all regular Food and Health activities, Customer Request module for all customer requests). - There are system controls within Pathways, limited parameter access to Manager and Senior Environmental Health Officer - Each position has designated delegations as per delegations register. - Team structure including Manager, Senior Environmental Health Officer and Environmental Health Officers ensures segregation of duties. **2nd Line** - Key corporate policies are in place including Food Act Inspection Fees Policy, Order Making Policy, and Enforcement Policy. - Key legislation and associated guidelines are administered by the Environmental Health team including Food Act 2001, Food Hygiene Regulations 2002, Food Safety Standards, SA Public Health Act 2011 and prescribed policies, Safe Drinking Water Act 2011, Supported Residential Facilities Act 1992, Environment Protection Act 1993, and Environment Protection (Water) Policy, Local Nuisance and Litter Control Act 2016. - SMART KPIs and Service Standard Timelines included in the Environmental Health 2021/22 Business Plan. - Performance measurement against standards done as part of Risk Audit and Food Safety Audit, and previously as part of Program Reviews. - Annual reports submitted to SA Health for SA Public Health Act 2011, Food Act 2001 and annual Local Nuisance and Litter Control Act 2016 Report incorporated into Council Annual report S131 of Local Government Act 1999. - Regular financial reporting, monitoring and reconciliations cover monthly, quarterly and annual reporting. **3rd Line** - Food Safety Audit (2020) by BDO. - Public and Environmental Health Management Internal Audit (2017) by BDO. **External** - N/A	**1st & 2nd Line:** - There is opportunity for improvement by enhancing system ability to identify premises that have not been allocated a routine inspection to ensure premises are not missed. - Opportunity for improvement to review and update the operational risk register for the division. **3rd Line:** - Opportunity to perform a public and environmental health management audit (including food & safety) in 3 yearly cycles.

Overall Assurance Level:	Moderate	Key Stakeholders:	Manager Environmental Health & Community Compliance.

Assurance Map – Detailed Observations

3.6 Assurance Area: Social and Community Development - Community Health & Wellbeing

Risk: Strategic Risk 4 - Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services.	Inherent Risk	Residual Risk	Current Status
	High	Medium	Below Tolerance

Observation on Key Controls and Assurance Activity		Improvement Opportunities
1st Line	- Salisbury Home and Community Services (SHCS) - various forms, checklist & templates in compliance with Commonwealth Home Support Programme guidelines. - Self-assessment against Aged Care Quality Standards. - Regular reporting to SHCS Quality and Compliance meetings on statistical data, incidents & hazards, mandatory worker screenings and COVID vaccinations.	**2nd Line:** - Opportunity to review process and impact following Age Care Reform.
2nd Line	- Volunteer services - various forms, checklists and templates used and made available on COSI. - Divisional level - use overarching IT systems. - SHCS - TCM, interaction with My Aged Care Portal and NDIS My Place Portal. - Volunteer service - Volunteer Management systems. - Enhancing interactions between system is an improvement identified. - All teams within division have clear line of delegation documented. - All staff have position descriptions that describe their roles. - Divisional policies updated regularly. - SHCS Operational Manual updated regularly and lower level operational procedures maintained up to date at team function level. - Volunteer Management policies & Procedures updated regularly. - Divisional plan links to departmental business plan and CoS strategic directions. - Yes - CoS adopted budget includes CHSP external funding and predicted NDIS income. - CHSP External funding has specific outputs with performance review by Funding Agreement Manager. - External audit of Aged Care Quality Standards and NDIS Practice Standards undertaken regularly. - CHSP and NDIS procedures and framework review by external auditors - SHCS risk management plan includes organisations risks, Worker risks and customer risks.	

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	- Notifications provided by Department of Health, LGA SA, NDIS and flows through to the Quality and Compliance group for implementation.
3rd Line	- Internal audit on process of the external audit of Aged Care Quality Standards and NDIS Practice Standards. - External audit of Home Care Standards/Aged Care Quality Standards and NDIS Practice Standards. - Output reporting to Quality and Compliance Group to monitor compliance with external funding agreement and activity work plans. - Volunteer Management Audit undertaken in September 2021, covering community centres and library as well. - NDIS Audit undertaken in 2020 - Home Care Standards undertaken in 2018 - now changed to Aged Care Quality Standards due now, awaiting notification. - Aged Care Quality Commission can do unannounced visits at any time.
External	- N/A

Overall Assurance Level:	High	Key Stakeholders:	Manager Community Health & Wellbeing.

Assurance Map – Detailed Observations

3.7 Assurance Area: Social and Community Development - Community Capacity & Learning

Risk: Strategic Risk 4 - Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services.	Inherent Risk	Residual Risk	Current Status
	High	Medium	Below Tolerance

Observation on Key Controls and Assurance Activity	Improvement Opportunities
1st Line - Public Library Services has relevant forms and checklists on COSI. - Terms & Conditions of Hire for venue hire in community centres. - Public Library One Card System and PC Reservation (Envisionware) requires a public library card to access the system. - Systems control within various systems including Data Works, Pathway, Finance One, SpacetoCo Online Booking Platform for hire of venues. - All teams within division have clear line of delegation documented. - Position descriptions exist for all roles and responsibilities. **2nd Line** - Divisional plan links to departmental business plan and CoS strategic directions. - CoS adopted budget plus PLS annual funding and external grants (Adult Community Education, Wellbeing SA). - Library services has its own service standard timelines as per service agreements. - Grants have their own service standard timelines to be complied with. - Performance is measured against expectations and agreed KPIs/objectives. - Regular monitoring through normal management practices and formal reviews of PDPs occur every six months. - Regular reporting to Public Library Services. - Opportunity for improvement: Review the way COS delivers Youth Program. - WHS and P&C related policies, available on COSI. - Safety and security controls within the Library and building opening, closing and security procedures.	**1st & 2nd Line:** - Opportunity for Improvement to go cashless instead of handling petty cash, for libraries and community centres. - A review is planned to determine the optimal operations model of independently run community centres. - Opportunity for improvement to perhaps review the way COS delivers Youth Program. - Opportunity to develop operational risk registers for some libraries and community centres, as part of ERM implementation.
3rd Line - Library Review undertaken in August 2020 by URPS (Western Catchment) - Volunteer Management Audit undertaken in September 2021, covering community centres and library as well.	
External - N/A	

Overall Assurance Level:	High	Key Stakeholders:	Manager Community Participation & Partnerships

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Assurance Map – Detailed Observations

3.8 Assurance Area: Social and Community Development - Sports Recreation & Community Planning

Risk: Strategic Risk 4 - Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services.	Inherent Risk	Residual Risk	Current Status
	High	Medium	Below Tolerance

Observation on Key Controls and Assurance Activity	Improvement Opportunities
1st Line - Approximately 30 forms used to manage the cemetery side operations. - Checklists and hire forms used for bookings at Bridgestone Athletics Centre. - Various forms/checklist available in Sports areas including Eligibility and Criteria Procedures, Proposal of works/Application forms, checklists, process templates for the following; Minor Capital Works Grants, Growing 4 Gold registrations, Northern Sport Recreation Network, Volunteer Club Coach & Official Education Subsidy Program. **2nd Line** - Social Policy area and associated processes including checklists and templates for Anti-Social Behaviour CRM's processed, request for CCTV, Community Bus data collection, Phoebe Wanganeen Scholarships, Safety and security controls within the Library and building opening, closing and security procedures. - Overarching IT systems used: Finance 1, Dataworks, Nearmap, PCMS, CI Anywhere, Space to Co, Skytrust, Invoice/Credit Request etc. - Some interaction with external systems to assist (Randstad, POS systems, supplier ordering systems). - Parameters - Pathway (SmartClient) **3rd Line** - N/A **External** - N/A	**1st & 2nd Line:** - Opportunity for Improvement to go cashless instead of handling petty cash, for libraries and community centres. - A review is planned to determine the optimal operations model of independently run community centres. - Opportunity for improvement to perhaps review the way COS delivers Youth Program. - Opportunity to develop operational risk registers for some libraries and community centres, as part of ERM implementation.

Overall Assurance Level:	Moderate	Key Stakeholders:	Manager Sport, Recreation & Community Planning

More tables on Detailed Assurances for 3.9 to 3.25 to be Updated here.

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Assurance Map – Detailed Observations

3.26 Assurance Area: Field Services Operations

Risk: Council critical services affected due to failure to manage Field Services Operations effectively.	Inherent Risk	Residual Risk	Current Status
	To be Assessed	To be Assessed	To be Assessed

Observation on Key Controls and Assurance Activity	Improvement Opportunities
1st Line **2nd Line** - Various checklists and forms including Field Services Staff induction checklist, Vehicle inspection checklists, pre-job risk assessments, plant equipment consultation forms, RACI procurement form for Fleet, condition assessments for particular work types. All built in within different systems. - Systems controls built in within Confirm, AusFleet (Fleet Management System), and other corporate systems. - Chain of Command, approvals and authorisation as per agreed delegated authority - Segregation of duties built in within the position descriptions for the role. - Operational policies and procedures including Vehicle Policy, Work Practice Guidelines, Plus Times Procedures, WHS Procedures, GPS Procedure in place. - A divisional plan and budget are in place. - Service standards documented in AMPs, and service catalogue. Some KPIs agreed though very few are reported. - Service reviews are undertaken periodically, and may include benchmarking. Some internally and some externally. - Safety Audits, Backflow prevention tests done annually, some internal reviews - Field Services uses various policies and procedures developed at corporate level. - Monthly reporting on financial activities.	**1st & 2nd Lines:** - Asset Management Plan for fleet being renewed - Review areas where KPI reporting can be increased. - Opportunity to have updated Operational Risk Register for this area. **3rd Line:** - Ongoing Internal Audit on Fleet, Heavy Vehicle, High Value & Portable Assets Audit (2022) - Opportunity for Program Review or Internal Audit covering other areas of Field Services Operations.
3rd Line - Organisation wide Program Review undertaken in 2015, covered this area as well.	
External - N/A	

Overall Assurance Level:	**Moderate**	Key Stakeholders:	Manager Field Services

Tables on Detailed Assurances for 3.27 to be Updated here.

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Appendices

4   Appendices

4.1   Appendix I – Risk Standards

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

Consequence

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

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Appendices

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

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4.2 Appendix II – Level of Assurance Definition

Level 3 — Moderate

Moderate/Reasonable amount of assurance desired / provided

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area.

Level 4 — High

High / substantial amount of assurance desired / provided.

A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area.

N/A — Not Applicable

Controls, measures and process not applicable to this area.

Level 1 — None

No assurance desired / provided.

Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks to the achievement of objectives in the area.

Level 2 — Low

Low/Limited amount of assurance desired / provided.

Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area.

Item 7.1.5 - Attachment 1 - Report on Assurance Map for City of Salisbury

4.3 Appendix III – Internal / External Consultations

Amy Pokoney Cramey, General Manager Community Development

Charles Mansueto, General Manager Business Excellence

John Devine, General Manager City Infrastructure

Michelle English, General Manager City Development

John Harry, Chief Executive Officer

Simon McGuinness, Team Leader Safety & Wellbeing, People & Culture, City of Salisbury

Vesna Haracic, Manager Community Health & Wellbeing, Community Health & Wellbeing, City of Salisbury

Michelle Dagger, Team Leader Events, Place Activation and Curation, Community Experience & Relationships, City of Salisbury

List will be updated covering other Divisional Managers stakeholders consulted.

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4.4 Inherent Limitations

This engagement comprises an advisory engagement which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and consequently no conclusions intended to convey assurance will be expressed.

Due to the inherent limitations of any 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 are to be subject to the internal audit will not be reviewed in their entirety and therefore no opinion or view will be expressed as to the effectiveness of the broader control structure.

The procedures to be performed are not designed to detect all weakness in the control framework as they are performed on a sample basis only.

No warranty of completeness, accuracy or reliability can be given in relation to the statements and representations made by, and the information and documentation provided by the City of Salisbury's management or personnel. We shall seek to independently verify those sources unless otherwise noted within the report.

We are under no obligation in any way to update the report, in either written or oral form, for events occurring after the report has been issued in its final form unless specifically agreed with City of Salisbury's Council.

Third Party Reliance

This report is solely for the purpose of the Audit and Risk Committee, Corporate Executive and Management information and should not be used for any other purpose or distributed to any other party without the prior written consent of the Audit and Risk Committee or Management.

Confidentiality

The observations in this review are confidential. The final report, along with soft and hard copies of all associated working papers will not be distributed to any party other than the Council, Corporate Executive and Management of City of Salisbury.

Item 7.1.5 - Attachment 1 - Report on Assurance Map for City of Salisbury

ITEM	7.1.6
	AUDIT AND RISK COMMITTEE
DATE	12 July 2022
HEADING	Outstanding Actions Arising From Internal Audits
AUTHOR	Hussain Rafeeu, Internal Auditor & Risk Coordinator, CEO and Governance
CITY PLAN LINKS	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	This report provides an update on the status of outstanding actions arising from previously completed internal audits.

RECOMMENDATION

That Council:

1.   Notes the update in this report and the full Internal Audit Log Actions Register in Attachment 1 to this report (Audit Committee, 12/07/2022, Item No.7.1.6).

ATTACHMENTS

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

1.   Audit Log Register 12 July 2022

BACKGROUND

1.1 This report provides a status update on the outstanding actions from past internal audits, showing a summary position, number of actions by risk rating and the movement of actions since it was last presented to the April 2022 Audit & Risk Committee meeting.

1.2 Previously reported closed actions are now removed from the Audit Log Actions Register.

2. REPORT

2.1 A high-level summary on the **movement of actions** from internal audits is shown below.
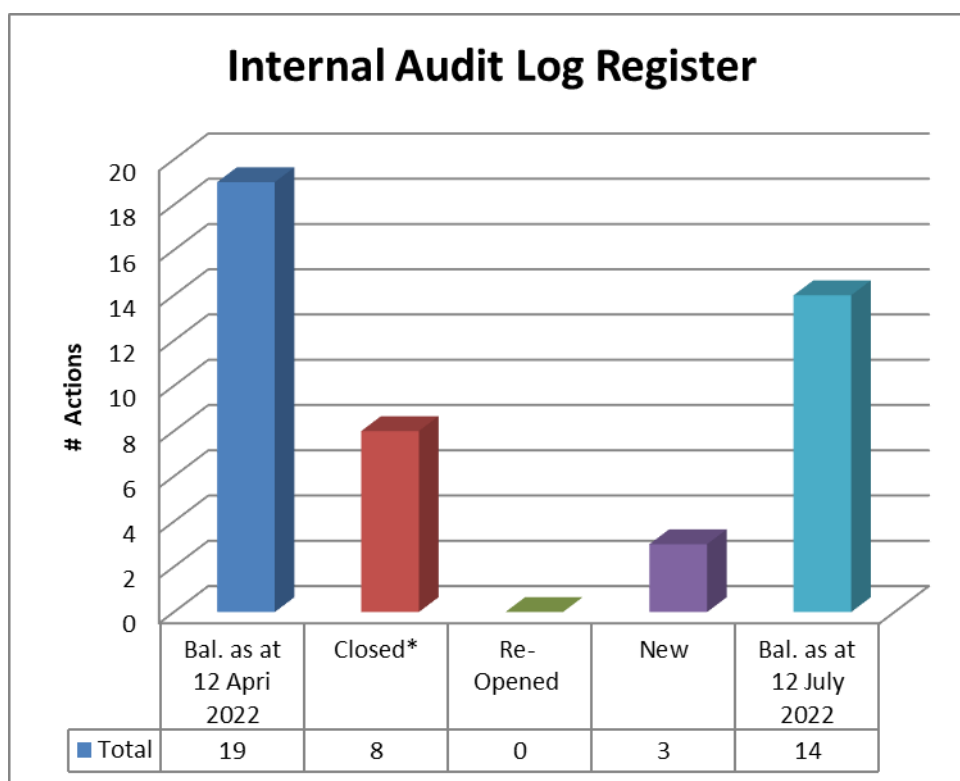
2.2 The total number of outstanding Audit actions reported to the April 2022 Audit & Risk Committee was 19.

2.3 A total of four new actions from the capital works project audit was added to the list making a total of 22 outstanding at the beginning of the reporting period.

2.4 A total of eight actions were closed (36% of total outstanding for the reporting period).

2.5 The risk profile summary position of actions for the reporting period is shown below:

Risk Rating	Bal. as at 12 Apri 2022	Closed*	New	Bal. as at 12 Jul 2022
1_Very High	0			0
2_High	4	2	1	3
3_Medium	5	1	1	5
4_Low	4	3	1	2
5_Better Practice	3	1		2
6_LGASA Baseline Not Met	3	1		2
Total	**19**	**8**	**3**	**14**

2.6 The eight closed Actions include two high risk, one medium risk, three low risk, one LGASA baseline, and one better practice rated action.

2.7 There are no very high-risk rated actions pending.

Closed Actions

2.8 Three of the eight actions reported as closed were tested by the Internal Audit and Risk Coordinator and confirmed as fully resolved, and five of the closed actions are yet to be tested by Internal Auditor and Risk Coordinator to be confirmed as resolved.
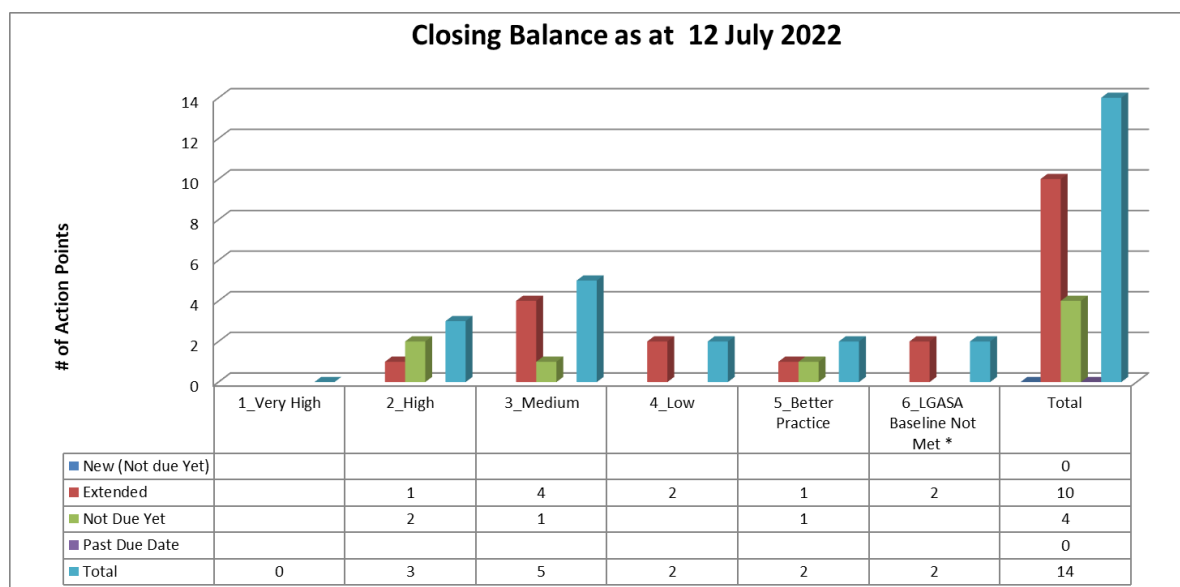
2.9 Closed Actions for the reporting period are as follows:

Log #	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Status	Resolved
63	29-Jun-21	10. Event Incident Management Framework	2_High	A need to clarify stakeholder responsibilities and engagement in the risk and hazard identification process	1. Establish a definition of what constitutes a COS "Event" for the purposes of interpreting and enforcing event-specific policies and business rules. 2. Formally agree and document the roles and responsibilities of stakeholder groups across Council in providing expertise for the planning and delivery of events, including the level of involvement expected of the WHS team in the risk assessment process and to whom a copy of the risk assessment must be provided. These roles and responsibilities can be determined with reference to a risked-based event categorisation (see Recommendation 4), and/or linked to specific events identified in the events calendar. 3. Develop a business rule to determine when events are to be managed by the Events Team. This could be aligned to event risk categories (see Recommendation 4) and/or other criteria determined by the Events Team in consultation with other stakeholders. 4.Formalise Council's expectations regarding appropriate minimum lead times for consulting relevant stakeholders in relation to the risk assessment and risk treatment processes for events. 5. Define risk-based categories for the grouping of events, and assign each event to a category.These categories can then be used to determine the roles and responsibilities of stakeholders (including, for example, whether an event should be led by the Events Team), nature and extent of documentation and other requirements to support event management and risk assessments.	Closed	To be tested by Auditor
69	23-Sep-21	11. Volunteer Management Audit	4_Low	Volunteer Interview Process & Recordkeeping	Given that interview process is an essential process to determine suitability of volunteers for the role, it is recommended that administration takes extra measures to ensure evidences of interview are provided by relevant Volunteer Coordinators in a timely manner and prior to volunteer registration in VMS, then stored in COS's record management system.	Closed	To be tested by Auditor
6	19-Nov-19	8.1.LGASA 2019 Risk Evaluation Report	6_LGASA Baseline Not Met	Risk Management Systems	It is recommended that City of Salisbury update their Risk Charter and Guide in line with the new ISO 31000:2018 Risk management guidelines and also put a process in place to ensure the documents are reviewed as per the Council's document management processes.	Closed	Yes

Log #	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Status	Resolved
33	03-Aug-20	4. Management of Contaminated Sites	5_Better Practice	9. Identification of Potential Sources and their Trends when assessing monitoring data related to Contaminated Sites.	When assessing monitoring data, consideration should be given to their potential sources and their trends (i.e. are concentrations stable, increasing or decreasing.	Closed	Yes
70	23-Sep-21	11. Volunteer Management Audit	4_Low	Volunteer Exit Process & Recordkeeping	1.COS should review its current volunteer feedback process and ensure that exiting volunteers are reached through appropriate mechanisms to get timely feedback. 2.Ensure the reasons for volunteer exiting is determined and captured in a timely manner to ensure fairness in the volunteer exit process and that volunteer exiting occurs as per volunteer management policy.	Closed	To be tested by Auditor
72	22-Mar-22	12. Capital Works Projects Audit	2_High	Project Management Pressure Points	Review the opportunities identified by Internal Audit to relieve pressure points in the project management lifecycle, and develop a plan to implement as many of these options as practicable. Provide this plan to the Audit & Risk Committee.	Closed	Yes
73	22-Mar-22	12. Capital Works Projects Audit	4_Low	Completion and recording of key project documentation	2: Emphasise the requirement for critical project management documentation to be prepared and retained in the records management system, in particular: ☐key documentation prepared by external consultants such as design reports ☐project closeout documentation. 3. Ensure there is clarity around which CDF forms are mandatory to complete for each project (for example by project size, value, complexity).	Closed	To be tested by Auditor
74	22-Mar-22	12. Capital Works Projects Audit	3_Medium	Implementation of previous audit recommendations	On a risk basis, review the previous 2018 internal audit recommendations and progress implementation. Specifically consider implementation/ progress in relation to: ☐finalising the CDF and in particular clarification of which requirements/templates are applicable to each project ☐ensuring that contractor site induction occurs and that evidence is recorded	Closed	To be tested by Auditor

Outstanding Actions

2.10 There are 14 actions remaining on the Audit Log Register as at 12 July 2022 to be closed, and their status and risk ratings are illustrated below:

	1_Very High	2_High	3_Medium	4_Low	5_Better Practice	6_LGASA Baseline Not Met *	Total
New (Not due Yet)							0
Extended		1	4	2	1	2	10
Not Due Yet		2	1		1		4
Past Due Date							0
Total	0	3	5	2	2	2	14

2.11 The level of completion of actions relative to the total number for respective audits is shown in table below:

Audit	Total # Actions	Actions Completed	%	Actions Outstanding	%	Status of Outstanding Actions
2. Asset Management - Jan 2020	8	5	63%	3	38%	1 not due, 2 extended.
4. Management of Contaminated Sites - Oct	14	12	86%	2	14%	2 not due
8. LGASA 2019 Risk Evaluation Report - Nov	6	4	67%	2	33%	2 Extended
9. Complaints Handling Process - Mar 2021	6	2	33%	4	67%	1 not due, 3 extended
10. Event Incident Management Framework - Jun 2021	5	4	80%	1	20%	1 extended
11. Volunteer Management Audit - Sep 2021	4	2	50%	2	50%	2 Extended
12. Capital Works Project Audit Mar 2022.	3	3	100%	0	0%	
TOTAL	**46**	**32**	70%	**14**	30%	

2.12 A full list of the Internal Audit Log Actions Register is included in Attachment 1, covering closed and outstanding actions.

3. CONCLUSION / PROPOSAL

3.1 This report provides a summary of the position on outstanding actions from past internal audits, since the last Audit & Risk Committee meeting.

3.2 A total of eight actions have been closed and 14 actions remain to be closed.

#	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Management Response / Action Agreed	Responsible Officer	Target Date	Revised Date	Administration's Further Comments	Status	Audit Comment as at 12/07/2022	Resolved
5	19-Nov-19	8. LGASA 2019 Risk Evaluation Report	6_LGASA Baseline Not Met	Risk Management Systems	It is recommended that City of Salisbury update their Risk Charter and Guide in line with the new ISO 31000:2018 Risk management guidelines and also put a process in place to ensure the documents are reviewed as per the Council's document management processes.	Risk Management Guide and Risk Management Charter are to be reviewed and updated. The document review requirements will be set out in the final documents and will reflect Council's document management processes. The ongoing review of the risk management corporate documentation will be included in the Audit Committee work plan.	Brett Kahland (Team Leader Corporate Governance)	30/09/2019	~~31/12/2021~~ ~~31/03/2022~~ 30/06/2022	Governance has progressed the development of a model risk management policy and framework based on the LGA model template including alignment with ISO standard. Update 9/11/2021: An Enterprise Risk Management Policy is developed in October 2021 and an ERM Roadmap was presented to Audit and Risk Committee covering an ERM Framework scheduled to complete by March 2022. Update 4/4/22: A Draft ERM Framework was presented to the Executives and following their review, recommended to undertake further stakeholder interaction and consultation on implementation impact. Update 30/6/2022: ERM Framework finalised, and a further workshop with Executives is planned for 5/7/22 to discuss on roll out and implementation.	Closed		Yes
0	19-Nov-19	8. LGASA 2019 Risk Evaluation Report	6_LGASA Baseline Not Met	Risk Assessment specific to Emergency Management Plan	CoS has documented risk assessments however it was noted that they were outdated and requires to be conducted again in line with current emergency scenarios. It is recommended that Council conduct risk assessments specific to emergency management and include all current emergency scenarios relevant to CoS.	CoS will work with the Council Ready Program to conduct risk assessments specific to emergency management and subsequently document those risk assessments	Brett Kahland (Team Leader Corporate Governance)	30/06/2021	~~31/12/2021~~ ~~30/06/2022~~ 31/12/2022	Action is on track. Risk assessments have been commenced. 14/1/22: Emergency Mgt scenario risk assessment for flood and bushfire scenarios undertaken.	Extended		No
1	19-Nov-19	8. LGASA 2019 Risk Evaluation Report	6_LGASA Baseline Not Met	Trained staff on Emergency Management Procedure	Although selected staff have been trained on emergency operations, the details are not documented in the Emergency Management Plan as it's passed its review date and current relevant staff details have not been included in the plan. It is recommended that the list of current staff trained on emergency management procedures are updated during the review of the Emergency Management Plan.	Training on emergency management procedures will form part of the development of the revised Emergency Management Plan and will be conducted upon completion of the Council Ready Program.	Brett Kahland (Team Leader Corporate Governance)	30/06/2021	~~31/12/2021~~ ~~30/06/2022~~ 31/12/2022	The development of the Incident Operations Manual has and will identify relevant staff with responsibilities during an emergency event. The Incident Operations Manual has been endorsed by executive (October 2021). Training for staff will occur as part of the roll out of the Incident Operations Manual. 14/1/22: Rollout of training to occur following presentation to Executive Group (rescheduled to scheduled for 19 Jan) Note: extend time to enable key staff to attend training in first half of 2022.	Extended		No
2	19-Dec-19	2. Asset Management	2_High	2.1 Focusing on customer levels of service and enhancing processes for monitoring and reporting levels of service.	1. Engage with key stakeholders to establish performance measures and desired levels of service based on customer consultation and assessments of satisfaction. 2. Establish levels of service based on targets that are measurable, achievable, relevant and timely. 3. Implement mechanisms to ensure that performance targets are compared to actual performance and reported to key stakeholders on a regular basis.	1. Now Council has an Asset Management Sub Committee (AMSC) and will work through the levels of service progressively for each asset category. 2. Existing levels of service in place but need to change to more community centric focus. 3. This is in place generally through the AMSC and SAMG	General Manager City Infrastructure, Karen Pepe, Manager Property & Buildings; Dameon Roy, Manager Infrastructure Management	31/12/2023	31/12/2022	~~1 & 2 addressed, as it is included in the SAMP to be approved by SAMG and Council, targeted to be completed by 20/05/2021.~~ Draft SAMP to be presented for mid year budget review in Jan 2022. 3. LOS to be confirmed in the AMOP (Asset Management Operational Plan) for all classes of asset. AMOP is to be completed by 31/12/2022. Update 30/6/22: Council (through AMSC) has endorsed new asset heirarchies and level of service criteria for roads, drainage, and building assets.	Not Due Yet		No

# .o	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Management Response / Action Agreed	Responsible Officer	Target Date	Revised Date	Administration's Further Comments	Status	Audit Comment as at 12/07/2022	Resolved
4	19-Dec-19	2. Asset Management	2_High	2.4 Defining clear criteria for upgrades and renewal of buildings	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.	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. Current condition & 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.\n\nOngoing formal presentations and reports to Council Committees.	Karen Pepe, Manager Property & Buildings	Ongoing	31/12/2021; 28/02/2022; 31/12/2022	See comments above.\nThe Building Asset Management Plan (BAMP), which contributes to the Strategic Asset Management Plan and Long term Financial Plan, details the Levels of Service for buildings, and financial forecasts to deliver and maintain these Levels of Service. The BAMP also identifies the priority of building related works, which informs Council Budget Bids.\nThe Community Planning & Vitality Division put a report to the Community Wellbeing & Sport Committee in May 2021, Item 5.1.3 - Place Activation Strategy - Formal Recreation. Building Condition audit completed in 2020 and this information is used to develop capital programs. Buildings Asset Management Plan to be redrafted and reported back to the AMSC by December 2021\n**Update 27/01/2022**: BAMP scheduled to the next available AMSC meeting in Feb 2022.\n**Update 28/03/2022**: BAMP was presented to March 2022 AMSC. See further details in comments for Log item 16.\n**Update 30/6/22:**\nCouncil (through AMSC) has endorsed new asset heirarchy and level of service criteria for buildings.	Extended		No
6	19-Dec-19	2. Asset Management	5_Better Practice	2.7 Opportunity to review contents included in the Asset Management Plans as per IPWEA standards and the ISO55000 series	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.\n2. 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.	1. Review occurred in 2017 to do this and close alignment was identified.\nSome improvements to Level of Service as above. Council currently uses the IPWEA templates. This will be revised and improved as the AMSC completes the review of assets by asset management plan.\n2. Being considered as part of the (Strategic Asset Management Plan (SAMP) as presented to Council on 29 February 2020.\nAsset 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.\nAction: See above.	Dameon Roy, Manager Infrastructure Management;\n\nKaren Pepe, Manager Property & Buildings	31/12/2021	31/12/2021; 28/02/2022; 31/07/2022	See comments above. The Buildings Asset Management Plan will be completed by December 2021 as reported to the AMSC.\nAn improvement plan is being prepared to be endorsed by SAMG. This will continue the improvements being made to Asset Mgmt and AMP's covering the period to Dec 21.\n**Update 27/01/2022**: BAMP scheduled to the next available AMSC meeting in Feb 2022.\n**Update 28/03/2022**: BAMP was presented to March 2022 AMSC, and Council adopted the building types and endorsed criteria for Service Levels, and a further report will be presented to the July 2022 AMSC with financial forecasts. A schedule has been prepared for the completion of other AMPs, and was endorsed by AMSC in Mar 22. See separate update report in April Audit & Risk Committee Agenda.\n**Update 30/6/22**: Public Consultation on the endorsed Draft Interim SAMP has been completed, and is expected that Council will endorse the Interim SAMP at its July meeting.\nCouncil (through AMSC) has endorsed new asset heirarchies and level of service criteria for roads, drainage, and building assets.	Extended		No

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#.o	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Management Response / Action Agreed	Responsible Officer	Target Date	Revised Date	Administration's Further Comments	Status	Audit Comment as at 12/07/2022	Resolved
0	03-Aug-20	4. Management of Contaminated Sites	3_Medium	6. Further work as per National Environmental Protection Measure (NEMP) Schedule B2 - Site Characterisation	Where potential risks cannot be adequately assessed from the existing information, further work may be required in accordance with the NEPM Schedule B2 (NEPC, 1999).	Agreed and noted	Dameon Roy, Manager Infrastructure Management	30/06/2023		Next review cycle is 2023. Budget bid to be put in 22/23, to do the Site Categorisation in accordance with NEPM Schedule B2. 14/2/22: Budget bids for existing sites (as included in report) have been included in 22/23 discussions. A prioritised list of sites requiring work in accordance with the NEPM will be prepared based on the updated risk ratings in the register.	Not Due Yet		No
3	03-Aug-20	4. Management of Contaminated Sites	5_Better Practice	9. Identification of Potential Sources and their Trends when assessing monitoring data related to Contaminated Sites.	When assessing monitoring data, consideration should be given to their potential sources and their trends (i.e. are concentrations stable, increasing or decreasing.	Best Practice	Bruce Naumann, Manager, Salisbury Water and Dameon Roy, Manager Infrastructure Management	31/12/2021	30/06/2022	This is already done for MAR systems in the annual data review and submission to EPA– example report provided. Testing of other catchment monitoring areas with the identification of pollutants as required is implemented, and the dataset integration process is being captured as a continuous improvement process via SCADA system.	Closed		Yes
5	03-Aug-20	4. Management of Contaminated Sites	5_Better Practice	11. Management of Contaminated Sites Integrated into a Single Framework	The management of contaminated sites should be integrated into a single framework, providing documented feedback mechanisms, and ensuring the overall risk to the CoS and the Recycled Water Systems are appropriately managed.	a) Noted b) At this point in time the Contaminated Site Register sits in the Corporate GIS system and is managed by City Infrastructure, however there is no mechanism to provide ongoing reporting in this area, other than on an incident by incident basis. c) Also agree that a more integrated approach across Council Departments is required. This is proposed to be done by revising the Integrated Water Cycle Management Plan into a new Integrated Catchment Risk Management Plan and up-dating all Stormwater Management Plans (SMPs) to ensure they model and monitor water quality issues as well as water quantity (i.e. flood management).	Dameon Roy, Manager Infrastructure Management	2023/2024	Ongoing as per the separate Action Plan, reported to Feb 2022 A&RC.	The ICRMP is the first step in establishing an integrated framework. Update 4/4/22: An action plan for this was presented to Feb 2022 Audit & Risk Committee to identify the sub-components of the delivery of this item in 10 phased action milestones, whereby the ICRMP will get developed in 2026.	Not Due Yet		No
7	22/03/2021	9. Complaints Handling Process	2_High	1. Lack of a Complaints Handling & Management System	Establish a centralized system to capture information on complaints, and use the system for handling, managing and reporting on complaints received and resolved; either through an existing software solution or by introducing a dedicated complaints management system. Ensure that all complaints are recorded, and reported to the management on a regular basis, including complaints received via telephone calls, and from walk-in community members.	Investigation will need to be undertaken to find a suitable program to capture all complaints in the one place and identify funding requirements. This forms part of the scope of a current project undertaken called the Exceptional Community Experience Project.	Hannah Walters (Project Manager Community Experience)	30/06/2022	30/06/2023	Update: 9/11/21: We are currently preparing an EOI for the technology solution to manage all Community Interactions. Update 30/06/2022 We are currently evaluating EOI for Enterprice Resource Planning solution and the first module to be implemented will be CRM	Not Due Yet		No
8	22/03/2021	9. Complaints Handling Process	3_Medium	2. Performance Monitoring and Reporting on Management of Complaints	1. Incorporate within the relevant policies and procedures, the reporting requirements and frequencies covering performance reporting on service standards. 2. Establish a mechanism to record and measure actual performance against all service standards; 3. Establish a monthly reporting process on actual performance against all agreed service standards for complaints and requests for services. 4. Review the key performance indicators and service standards for complaints handling included within the Community Experience Charter and also the CCC Procedure, to ensure they are attainable and realistic.	1. The recommendation will be implemented. 2. There is significant work required in developing a report on performance against all service standards. Unclear if reporting against service standards is undertaken within each business unit on a monthly basis. Investigation and scoping of the solution will be required. 3. A customised monthly report will be developed to track the progress of the Operational Service Standards listed in the Community Service Framework. 4. The key performance indicators listed in the Community Experience Charter will be reviewed to ensure they are relevant and realistic.	Hannah Walters (Project Manager Community Experience)	31/12/2021	31/12/2022	Update: 9/11/21: The Community Expereince Framework is no longer an operational document. We currently report to Council monthly on all CRM data but this will be expanded when we introduce a Customer Relationship Management System that will capture all Community Interactions. Update 24/01/2022: New initiative bid submitted for funding and implementation for the CRM project Update: 9/11/21: We are currently preparing an EOI for the technology solution to manage all Community Interactions. Update 30/06/2022 We are currently evaluating EOI for Enterprice Resource Planning solution and the first module to be implemented will be CRM	Extended		No

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9	22/03/2021	9. Complaints Handling Process	3_Medium	3. Escalation Process for Tier 1, Tier 2 and Tier 3 Complaints	Ensure that escalation process implemented covers Tier 3 complaints as per the requirements of CCC Procedure, and/or revise the CCC Procedure accordingly.	This will get captured as part of the Exception Community Experience Project Implementation scope, and implement the Complaints handling Tier escalation process.	Business Process Owners: Hannah Walters (Project Manager Community Experience) / Amy Pokoney Cramey (General Manager Community Development) Owner for ECM System Support: Laura Fischetti (Team Leader Business Intelligence and Data	31/12/2021	31/12/2022	Update: 9/11/21: Requirements for escalations will be built into the detailed business requirements document for the Customer Realtionship Management Solution. **Update 24/01/2022:** New initiative bid submitted for funding and implementation for the CRM project Update: 9/11/21: We are currently preparing an EOI for the technology solution to manage all Community Interactions. Update 30/06/2022 We are currently evaluating EOI for Enterprice Resource Planning solution and the first module to be implemented will be CRM	Extended		No
0	22/03/2021	9. Complaints Handling Process	3_Medium	4. Trend Analysis on Complaints Data for Strategy Formulation	COS should perform data analysis on complaints received and resolved to identify trends and lessons learned and appropriately apply as input within COS's strategy formulation process.	This will be incorporated as part of the Exceptional Community Experience Project scope and implemented.	Hannah Walters (Project Manager Community Experience)	31/12/2021	31/12/2022	Update: 9/11/21: Requirements for escalations will be built into the detailed business requirements document for the Customer Realtionship Management Solution. **Update 24/01/2022:** New initiative bid submitted for funding and implementation for the CRM project Update: 9/11/21: We are currently preparing an EOI for the technology solution to manage all Community Interactions. Update 30/06/2022 We are currently evaluating EOI for Enterprice Resource Planning solution and the first module to be implemented will be CRM	Extended		No
3	29-Jun-21	10. Event Incident Management Framework	2_High	A need to clarify stakeholder responsibilities and engagement in the risk and hazard identification process	1. Establish a definition of what constitutes a COS "Event" for the purposes of interpreting and enforcing event-specific policies and business rules. 2. Formally agree and document the roles and responsibilities of stakeholder groups across Council in providing expertise for the planning and delivery of events, including the level of involvement expected of the WHS team in the risk assessment process and to whom a copy of the risk assessment must be provided. These roles and responsibilities can be determined with reference to a risked-based event categorisation (see Recommendation 4), and/or linked to specific events identified in the events calendar. 3. Develop a business rule to determine when events are to be managed by the Events Team. This could be aligned to event risk categories (see Recommendation 4) and/or other criteria determined by the Events Team in consultation with other stakeholders. 4.Formalise Council's expectations regarding appropriate minimum lead times for consulting relevant stakeholders in relation to the risk assessment and risk treatment processes for events. 5. Define risk-based categories for the grouping of events, and assign each event to a category. These categories can then be used to determine the roles and responsibilities of stakeholders (including, for example, whether an event should be led by the Events Team), nature and extent of documentation and other requirements to support event management and risk assessments.	1. Identify the definition of COS "event". 2. Establish and document more formally, the roles and responsibilities related to event planning and delivery, including the identification of expected involvement by the WHS representative. 3. Adopt the above recommendation no. 3, clearly identifying the events that the Events Team shall be responsible for, including the definition of when it is required to separate infrastructure delivery from program/performance delivery. 4. Events team will provide the WHS team a copy of their risk assessment of the up and coming event two weeks prior to the event taking place. The day before the event, any changes to the assessment will be submitted to the WHS team for review. 5. Adopt recommendation no. 5 in addition to the preparation of an overarching Corporate Events and Public Relations plan.	1, 2, 3 & 5- Julie Kushnir (Manager Community Experience & Relationships) 4: Michelle Dagger (Team Leader Events, Place Activation and Curation) & Simon McGuinness (Team Leader Safety & Wellbeing) (in consultation with Security)	1: 01/12/2021 ; 2&3: 31/12/2021; 4: 30/06/2021 5: 31/04/2022	4: 30/04/2022	Definitions complete. Roles and responsibility allocation complete. Business rule developed to identify when Events Team either manages event, or takes on responsibility for infrastructure, not content. 1 2 & 3 complete. 4 & 5 to be identified in consultation with WHS officer. **Update 30 June 2022:** 4&5 completed now.	Closed		To be tested by Auditor

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5	29-Jun-21	10. Event Incident Management Framework	4_Low	Opportunity to review and refine the risk assessment template	7. Perform a review of the risk assessment template (involving key stakeholders from the WHS, operations, HUB security and events teams), with a view to simplifying the document. Specifically, the risk of insufficient resourcing should be addressed as part of the risk assessment process and be included in the template to prompt consideration.Following this review, determine and record a required next review date for the template.	Agreed. To address the recommendation, the following Action Plan will be implemented. A - Complete the revision of the risk assessment template. B - Develop a 1-2 page risk assessment checklist. C - Develop a scalable risk assessment or other event source material that informs of relevant risk controls measures to support the risk assessment checklist.	Nick Cross (Senior WHS Advisor)	31/12/2021	28/02/2022 30/04/2022 31/10/2022	A.Completion of the Event Safety Handbook in lieu of revising the old risk assessment template is mostly complete. I anticipate having this finished by mid February. The handbook forms the basis of lookup for the event safety checklist. B.The 1-2 page checklist is created after the Handbook index is completed. It's a relatively simple exercise, however it intends to accurately reference the handbook – whereby both documents need to match. C.This is accomplished by virtue of the two items above. i.e. A person will tick against listed items on the checklist that relate to the event. In that manner its scaleable. The person then refers to the ticked checklist requirements in order to manage the risk. **Update: 21/3/22:** The draft Event Safety Handbook is currently scheduled for the next quarterly Principal WHS Committee meeting to be held on 19th April 2022, prior to finalisation of the handbook **Update 30/06/2022:** Following the Principle WHS Committee meeting feedback, the Event Safety Handbook is to be further updated for finalisation.	Extended		No
8	23-Sep-21	11. Volunteer Management Audit	3_Medium	Volunteer Safety Handbook	As a better practice control measure, it is advisable that COS prioritise the development of a comprehensive Volunteer Safety Handbook to meet the core components of the WHS Induction and Training Procedure detailed below: •Provide WHS information, training and instruction in a way that is readily understandable to any person whom it is provided •Provide workers with information, instruction and training that is necessary to protect persons from risk to health and safety having regard to their role	Actions proposed include sourcing funding and an external consultant to develop an accessible easy-English Volunteer Health and Safety Handbook that complies with WHS requirements	Vesna Haracic (Manager Community Health and Wellbeing) Michelle Hodshon (Volunteer Development Officer)	30/06/2022	31/12/2022	30/06/2022: Work in progress with P&C to determine our internal capacity for the WHS induction and Training procedure. The next step will be an easy English Volunteer Health and Safety Handbook that complies with WHS requirements.	Extended		No
9	23-Sep-21	11. Volunteer Management Audit	4_Low	Volunteer Interview Process & Recordkeeping	Given that interview process is an essential process to determine suitability of volunteers for the role, it is recommended that administration takes extra measures to ensure evidences of interview are provided by relevant Volunteer Coordinators in a timely manner and prior to volunteer registration in VMS, then stored in COS's record management system.	Management agrees that the interview is a critical element to volunteer onboarding. It notes all staff with volunteer management responsibilities are provided training in councils volunteer management requirements including the need to undertake an interview and that the supporting documentation be forwarded to Volunteer Services as a part of the registration process. Action proposed is that Volunteer Services staff must have received interview notes, that meet the required standard, to register a person as a volunteer with the organisation, and, the interviewing staff must provide the interview notes to Volunteer Services staff to store in DataWorks for record-keeping purposes.	Michelle Hodshon, (Volunteer Development Officer)	30/03/2022	30/06/2022	Work has been undertaken on this and is approximately 80% complete. Staff leave has impacted the completion of the task. It is now expected to be completed by 30 June 2022 30/06/2022: Completed.	Closed		To be tested by Auditor
0	23-Sep-21	11. Volunteer Management Audit	4_Low	Volunteer Exit Process & Recordkeeping	1.COS should review its current volunteer feedback process and ensure that exiting volunteers are reached through appropriate mechanisms to get timely feedback. 2.Ensure the reasons for volunteer exiting is determined and captured in a timely manner to ensure fairness in the volunteer exit process and that volunteer exiting occurs as per volunteer management policy.	Actions proposed are to update the Volunteer Management Guidelines noting timeframe and resignation reasons are factors attributable to determining the distribution of an exit survey; and, staff with volunteer management responsibilities are reminded to immediately communicate the resignation of a volunteer, and the reason, if known, so an exit survey can be forwarded to the volunteer in a timely manner and reason recorded in the Volunteer Management System and DataWorks.	Michelle Hodshon, (Volunteer Development Officer)	30/03/2022	30/06/2022	Part 1 of this action is complete as a new practice is in place to utilise email, as appropriate, to contact exiting volunteers, providing them with a link to an online exit survey. Part 2 of this action will be met in alignment with action 71. Work has been undertaken on this and is approximately 80% complete. Staff leave has impacted the completion of the task. It is now expected to be completed by 30 June 2022 30/06/2022: Action completed.	Closed		To be tested by Auditor
1	23-Sep-21	11. Volunteer Management Audit	4_Low	Update Volunteer Management Corporate Guideline	It is recommended to develop a comprehensive Volunteer Management Manual or review and update the Volunteer Management Corporate Guideline with relevant version control details covering the full end to end volunteer management process, and ensure that the information held on intranet is consistent with the manual or guidelines.	Action proposed is the Volunteer Management Guidelines be reviewed, updated and version control requirements detailed.	Michelle Hodshon, (Volunteer Development Officer)	30/03/2022	30/06/2022 31/10/2022	As from Dec 2021 work started on reviewing Volunteer Management Corporate Guidelines and it is approximately 80% completed. It is expected to be fully completed by 31 Oct 2022	Extended		No

Item 7.1.6 - Attachment 1 - Audit Log Register 12 July 2022

#	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Management Response / Action Agreed	Responsible Officer	Target Date	Revised Date	Administration's Further Comments	Status	Audit Comment as at 12/07/2022	Resolved
2	22-Mar-22	12. Capital Works Projects Audit	2_High	Project Management Pressure Points	Review the opportunities identified by Internal Audit to relieve pressure points in the project management lifecycle, and develop a plan to implement as many of these options as practicable. Provide this plan to the Audit & Risk Committee.	The City's Infrastructure Delivery Team will review the opportunities to relieve the pressure points and develop an action plan to implement the recommended options where possible in consultation with other relevant stakeholders, and will update the status to Audit & Risk Committee.	Jarred Collins, Manager Infrastructure Delivery.	30/06/2022		An Action Plan was prepared and presented to the April 2022 Audit & Risk Committee meeting. Improvement Plans agreed within the Project Management Audit Action Group will be presented as an update to the Audit & Risk Committee in November 2022.	Closed	Action Plan prepared and presented to April 2022 ARC meeting.	Yes
3	22-Mar-22	12. Capital Works Projects Audit	4_Low	Completion and recording of key project documentation	2: Emphasise the requirement for critical project management documentation to be prepared and retained in the records management system, in particular: key documentation prepared by external consultants such as design reports project closeout documentation. 3. Ensure there is clarity around which CDF forms are mandatory to complete for each project (for example by project size, value, complexity).	2. The City's Infrastructure Delivery Team will provide reminder training of processes and procedures, together with scheduling adhoc plus routine document / process requirement checking. New reporting of procedure compliance will be rolled out. 3. The City's Infrastructure Delivery Team will expand the existing documentation to highlight the requirement to clearly identify all mandatory Capital Delivery Framework documents within either Project Initiation or Project Brief document, to enable each project to be scaled accordingly to the requirements and risk profile. This will be reflected on the CDF page on intranet and communicated to all relevant stakeholders.	Jarred Collins, Manager Infrastructure Delivery.	31/03/2022		Actions completed.	Closed		To be tested by Auditor
4	22-Mar-22	12. Capital Works Projects Audit	3_Medium	Implementation of previous audit recommendations	On a risk basis, review the previous 2018 internal audit recommendations and progress implementation. Specifically consider implementation/ progress in relation to: finalising the CDF and in particular clarification of which requirements/templates are applicable to each project ensuring that contractor site induction occurs and that evidence is recorded	Following specific actions will be undertaken to close the partially implemented actions from previous internal audit: 1.A new Capital Delivery Framework Manual covering the CDF process will be developed by 31 May 2022. 2.Given that there is less value add in recreating the missing documents retrospectively for past completed projects, further training will be provided by 31 March 2022 and communicated to relevant stakeholders to ensure necessary CDF documentations are maintained appropriately. This will be implemented with the implementation of recommendations 2 and 3 related to finding 2.2 above as well.	Jarred Collins, Manager Infrastructure Delivery.	31/05/2022		Actions completed.	Closed		To be tested by Auditor

Item 7.1.6 - Attachment 1 - Audit Log Register 12 July 2022

ITEM	7.1.7
	AUDIT AND RISK COMMITTEE
DATE	12 July 2022
HEADING	Internal Controls Framework and Audit and Risk Committee section for Annual Report 2021/2022
AUTHOR	Hussain Rafeeu, Internal Auditor & Risk Coordinator, CEO and Governance
CITY PLAN LINKS	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.
SUMMARY	The City of Salisbury Annual Report refers to the operations and financial activities of Council in the previous financial year. It also contains sections which detail the operations and membership of the Audit and Risk 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 and Risk Committee.

RECOMMENDATION

That Council:

1. Approves the proposed inclusions in the annual report relating to the operations and membership of the Audit and Risk Committee for the 2021/2022 financial year as set out in Attachment 1 to this report (Audit and Risk Committee, 12/07/2022, Item 7.1.7).

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 2021/2022

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 and Risk Committee of Council.

1.2   Each year, the Audit and Risk Committee reviews 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 Governance and Compliance Committee for review and recommendation to Council. To allow the Audit and Risk Committee to consider sections relevant to its operations prior to inclusion in the annual report, the relevant text is presented separately to the Audit and Risk Committee.

1.4 The content of the report in Attachment 1 will change when section 126(9) of the *Local Government Act* 1999 enacted in the *Statutes Amendment (Local Government Review) Act 2021,* comes into effect on 30 November 2023.

1.5 Section 126(9) of the *Local Government Act* 1999 enacted in the *Statutes Amendment (Local Government Review) Act 2021* states that "A council must ensure that the annual report of its audit and risk committee is included in its annual report".

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 and Risk Committee for review at the October 2022 meeting.

2.2 The operations of the Audit and Risk 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 and Risk Committee and its membership throughout the year 2021/2022.

2.4 Once the Audit and Risk 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 Governance and Compliance Committee.

3. CONCLUSION / PROPOSAL

3.1 The proposed inclusions in the annual report provide information relating to the operations and membership of the Audit and Risk Committee of Council in the 2021/2022 financial year. The draft text is provided for review, prior to submission for inclusion in the draft annual report.

Audit and Risk Committee of Council

The Audit and Risk Committee reports to Council and is a critical component of the Council's governance framework. The Audit and Risk Committee is established in accordance with Section 126 of the *Local Government Act 1999*. Its functions as per the Act are as follows:

- reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and
- proposing, and providing information relevant to, a review of the council's strategic management plans or annual business plan; and
- proposing, and reviewing, the exercise of powers under section 130A; and
- liaising with the council's auditor; and
- reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.

Further information regarding the roles and responsibilities of The Audit and Risk Committee are contained in its Terms of Reference, which are available on the City of Salisbury website.

The Audit and Risk 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 & Risk Committee Membership July 2021 – June 2022

Name	Elected Member Or Independent Member	Dates	Attendance
Cr Graham Reynolds	Elected Member (Chairman)	July 2021 – June 2022	5 of 5 meetings
Cr Kylie Grenfell	Elected Member (Deputy Chairman)	July 2021 – June 2022	5 of 5 meetings
Mr Craig Johnson Independent consultant	Independent Member	July 2021 – June 2022	5 of 5 meetings
Mr Neil Ediriweera Partner, KPMG	Independent Member	July 2021 – June 2022	5 of 5 meetings
Ms Paula Davies Professional Standards Director	Independent Member	July 2021 – June 2022	5 of 5 meetings

Financial Internal Controls Framework

The City of Salisbury follows the Local Government 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 control framework is provided by The Audit and Risk Committee of Council, through the Governance Division. The financial internal controls framework of the Council is audited by the City of Salisbury's external auditor.

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 approximately 260 controls within

ControlTrack across 7 classes: Assets, Expenses, External Services, Liabilities, Revenue, Strategic Financial Planning and Financial Governance.

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 2021/22, four controls (1.5%) were assessed as being partially effective, and the other controls assessed are rated as either effective or majority effective. Treatment plans have been established to improve the rating for the four controls that are assessed as partially effective.

High risk outcomes / findings from internal audits

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

The following audits were completed and reported to The Audit and Risk Committee in the 2021/2022 period:
- Event Incident Management Framework;
- Volunteer Management Audit; and
- Capital Works Projects Audit.

An audit on Event Incident Management Framework was performed by Galpins to provide assurance that the controls in place to prevent and manage contamination incidents / sites are robust.

An audit on Volunteer Management process was performed to provide assurance regarding the effectiveness of the processes that are in place regarding the volunteer management process.

An audit on Capital Works Projects was performed to provide assurance regarding the effectiveness of the processes that are in place to manage, monitor and deliver capital works projects undertaken through City Infrastructure, in accordance with the Project Management Manual and/or Capital Delivery Framework.

The actions identified to address the risk findings from internal audits are implemented by the Council. Two high risk-rated findings from internal audits were identified and reported to the Audit and Risk Committee in the 2021/2022 financial year. These two findings were resolved and closed in 2021/2022.

Risk Management

In November 2021 the Audit Committee was renamed as Audit and Risk Committee. During the year, the Audit and Risk Committee reviewed COS's Enterprise Risk Management Policy, Enterprise Risk Management Framework, and Fraud and Corruption Prevention and Management Policy. A Risk Management and Internal Controls Activities report is reviewed by the Audit and Risk Committee which captures the review of strategic risk register and other risk management and internal control activities on a quarterly basis.

ITEM	7.1.8
	AUDIT AND RISK COMMITTEE
DATE	12 July 2022
HEADING	Treasury Policy Review
AUTHOR	Kate George, Manager Financial Services, Business Excellence
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community
SUMMARY	This report presents the Treasury Management Policy to the Audit Committee prior to presentation to Council for consideration and adoption.

RECOMMENDATION

That Council:

1. Adopts the amended Treasury Policy, as set out in Attachment 1 to this report (Item 7.1.8, Audit Committee, 12/7/2022, reflecting change in the application of borrowing floors and to the calculation of the borrowing mix, as considered appropriate by the Audit and Risk committee.

ATTACHMENTS

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

1. Proposed Treasury Policy - Marked Up
2. Proposed Treasury Policy - Finalised

1. BACKGROUND

1.1 The *Local Government Act, 1999*, sets out Council's powers in relation to investments and borrowings. The policy set out in Attachment 1 details Councils position in relation to Treasury Management and is aligned to the requirements of the legislation.

1.2 The attached Treasury Policy is effectively Council's mandate to the administration as it provides the direction and also limitations to undertake investment activities, to be exercised under appropriate delegations.

1.3 Council resolved in February 2020 when considering the Second Quarter Budget Review for 2019/2020 (Budget and Finance Item 6.5.1) that:

That a further report be provided that reviews the Treasury Policy, Part E – Policy Statement, paragraph 1-2, for non-discretionary bids and sundry projects. (Resolution 0426/2020 extract)

The Treasury Policy was updated in October 2020 to strengthen the policy in this regard.

2. CONSULTATION / COMMUNICATION

2.1 N/A

3.   REPORT

3.1   The Treasury Policy has been reviewed having regard to the legislative requirements of the Local Government Act 1999 and the Local Government *(Financial Management) Regulations 2011*.

3.2   Further the policy has also been reviewed against the recommendations contained within the LGA 'Financial Sustainability' Information Paper No. 15: Treasury Management (revised February 2015) which provides guidance to councils in determining Treasury Management guidelines, which suggests floors of 30%. Council resolved to reduce floors applying to City of Salisbury borrowings from 30% to 20% in November 2019 (resolution 0333/2019). This was in response to the ongoing steady decline in interest rates, and consideration of advice from the LGFA, and City of Salisbury's relatively low debt

3.3   In October 2020 the policy was expanded to provide clarity to the administration and to Council for consideration and decision making related to funding requests as resolved by Council in February 2020. Essentially every additional item that Council decides to fund during the year is done so with fair consideration of all other projects and bids, and consequently, Council must only decide to allocate funds should there be no alternative.

Interest Rate Risk

3.4   Floors of fixed and variable interest facilities have been included in the policy to assist in managing interest rate risk, that is the negative impact of changing interest rates. However, in times of low levels of debt it may not be possible to achieve the desired mix in borrowings. As City of Salisbury last entered into long term fixed interest borrowings in 2011 (except for a loan of $500k taken out in the 2017 financial year to support a community club), with borrowing requirements being reviewed annually since this time and variable interest rate Cash Advance Debenture (CAD) facilities established.

3.5   Typically, Council has not needed to draw down on these CAD facilities, primarily as a result of improved cashflow position compared to budget expectations, with significant factors being property development proceeds, timing of delivery of the capital program improving operating surplus results, returned funds as part of the carry forwards process, higher levels of grant funding achieved, and numerous expenditure savings against budgets.

3.6   This trend has continued with no draw down required at 30 June 2022 and cash holdings of $8.1M (subject to confirmation through end of financial year processes and audit).

3.7   Until CAD facilities are consistently drawdown it is not appropriate for Council to enter further fixed interest borrowings, as Council will be borrowing funds and also holding cash, noting that the interest earned on cash holdings is significantly less than the interest paid on borrowings.

3.8   Currently fixed rate borrowings are $5.6M with CAD facilities of $50.3M (as reported in the April 2022 Finance Report). As there is currently no additional borrowing needs it is not possible to meet the borrowing mix requirements. Under current measurement practices the mix is 10% fixed and 90% variable, noting that the policy also has been amended to change the calculation of the borrowing mix discussed below.

Variable Rate Borrowings & Reporting

3.9 Historically the mix of borrowings has been calculated at the level of fixed rate borrowings and variable rate facilities, irrespective of the level of draw down on the CAD facilities. As previously reported if CAD facilities are not drawn down they are not contributing to managing interest rate risk. The policy has been amended to reflect that the mix and achievement of borrowing floors will be determined through considering the average drawn down position of CAD facilities.

3.10 Example of Borrowing Mix based on Level of Facilities: If fixed borrowing are $10M and variable facilities are $40M, the mix is 20% fixed and 80% variable provided the calculation is based on the level of facilities, however whether council is effectively managing interest rate risk is unknown.

3.11 Example of Borrowing Mix based on Level of Draw Down: If fixed borrowing are $10M variable facilities are $40M with an average draw down of $15M, the mix becomes 40% fixed and 60% variable (being $10M/$25M and $15M/$25M respectively), and council are managing interest rate risk in accordance with the policy.

3.12 The Policy has been updated to reflect the move to reporting the mix based on the level of average draw down rather the level of facilities. Average draw down is also more important than the level of draw down at the time of reporting, as the draw down can be impacted by short term factors, such as rate due dates and also timing of grant receipts.

3.13 Under the new calculation of mix, 100% of councils borrowings are fixed as CADs have not been drawn down during the year, however, the Net Financial Liabilities (NFL) ratio will be below 10% and consequently under the revised policy the floors / mix requirements are not required.

4. CONCLUSION / PROPOSAL

4.1 The Treasury Management Policy has been reviewed with regards to the Legislative provisions of the Local Government Act 1999, the Local Government (Financial Management) Regulations 2011, the guidance contained within LGA 'Financial Sustainability' Information Paper No. 15: Treasury Management.

4.2 The Treasury Policy as set out in Attachment 1 is provided to the Audit and Risk Committee for review and the provision of feedback prior to the policy being presented to Council for consideration.

Treasury Policy

Policy Type:	Policy		
Approved By:	Council	**Decision No:**	2010/2128, 2011/327, 2013/1927, 1026/2016, 2173/2017, 0333/2019, ~~00010710~~/2020,
Approval Date:	**23 March 2010**	**Last Reapproval Date:**	**26 October 2020**
Review Date:	~~September 2021~~November 2023	**Internal Reference No.:**	
Department:	Business Excellence	**Division:**	Financial Services
Function:	7 - Financial Management	**Responsible Officer:**	Manager, Financial Services

A - PREAMBLE

1. This policy provides clear direction to management, staff and Council in relation to the treasury function. It underpins Council's decision-making regarding the financing of its operations as documented in its annual budget and long-term financial plan and associated projected and actual cash flow receipts and outlays.

2. Council is committed to adopting and maintaining a Long-term Financial Plan and operating in a financially sustainable manner.

3. Section 3 of the Local Government Act, 1999, requires Councils to act in a way that is effective, efficient and accountable. This is especially important when managing monies acquired by Council in order to benefit the Community.

C – POLICY PURPOSE/OBJECTIVES

1. This Treasury Management Policy establishes a decision framework to ensure that:

   - Funds are available as required to support approved outlays;
   - Interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed;
   - The net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.
   - Further it clarifies the treatment of surplus funds, identified through Budget Reviews

E - POLICY STATEMENT

1. **Treasury Management Strategy**

   1.1.   Council's operating and capital expenditure decisions are made on the basis of:

- Identified community need and benefit relative to other expenditure options;

- Cost effectiveness of the proposed means of service delivery; and,

- The affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Interest Cover ratios).

1.2.   Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:

- Maintain target ranges for its Net Financial Liabilities ratio;

- Generally only borrow funds when it needs cash and not specifically for particular projects;

- Apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

Budget Review Process / Funding Requests Arising throughout the financial year

- Apply surplus contained within the Sundry Projects Fund, following adjustments for variations to existing estimates, to a reduction in borrowings.

- To ensure ongoing financial sustainability and appropriate deliberation of arising matters, it is imperative that wherever possible any new bids/projects arising through the year are to be referred to the budget process for the subsequent year as this enables Council to consider the merits of these proposals with all other bids/projects.

- To be considered for funding during the year the project must be urgent or advantageous to Council, and where possible Council should consider options for cancelling or deferring existing projects to enable funds to be made available. It should be considered a last resort to add to the program and increase borrowings as this does not enable Council to consider the merits of the specific project in light of all other proposed projects

- From time to time a matter may be referred to the next quarterly budget review as a "Non-discretionary Budget Review Bid". This mechanism is only to be used when funds must be expended without delay, and consequently should be regarded as an extraordinary situation or advantageous to Council.

2.   Interest Rate Risk Exposures

2.1.   Council has set range limits for both fixed and variable interest rate borrowings in order to minimise net interest costs on average over the longer term and at the same time manage interest rate movement risks within acceptable limits.

2.1.2.2.   These limits defined below are to apply when Net Financial Liabilities Ratio exceed 10%. At times of NFL Ratio below 10% where possible limits defined below will be maintained.

2.2.2.3.   **Fixed Interest Rate Borrowings**

- To ensure an adequate mix of interest rate exposures, Council will structure its portfolio of borrowings to maintain on average in any year, not less than 20**%** of its facilities in the form of fixed interest rate borrowings.
- In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.

2.3.2.4. Variable Interest Rate Borrowings

- Council will structure its portfolio of borrowings to maintain not less than 20% of its facilities average total borrowings in any year in the form of variable interest rate borrowings.
- Council will utilize long-term variable interest rate borrowing facilities, such as the LGFA's Cash Advance Debenture, that require interest payments only and that enables any amount of principal to be repaid or redrawn at call. The redraw facility will provide Council with access to liquidity when needed.

3.   Investments

3.1. Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

3.2. Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments the term should not exceed a point in time where the funds otherwise could be applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.

3.3. When investing funds, Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs, and other relevant and objectively quantifiable factors.

3.4. Council management may from time to time invest surplus funds in:

- Deposits with the Local Government Finance Authority; and/or
- Bank interest bearing deposits
- Bank accepted/endorsed bank bills
- State/ Commonwealth Government Bonds

3.5. Any other investment requires the specific approval of Council.

4.   Reporting

4.1. During the year Council will receive a report detailing total fixed borrowings and variable fixed borrowings at the end of the preceding month, also average variable facility drawdown year to date, together withdetails of all investments held, their term

and interest rate. Timing of these reports will be November, February, May, unless there is an opportunity to report earlier, with the end of year reported as soon as practicable as part of our end of year reporting. *(Council Resolution, Item No. 734 dated 28 November 2011)*

4.2. At least once a year Council shall receive a specific report regarding treasury management performance relative to this Policy. The report shall highlight:

- For each of Council's borrowings and investments - the quantum of funds, its interest rate and maturity date, and changes in the quantum since the previous report; and,

- The proportion of fixed interest rate and variable interest rate borrowings at the end date of the reporting period along with key reasons for significant variances compared with the targets specified in this policy.

F - LEGISLATION

For Borrowings
Local Government Act, 1999 (Sections 44, 122 and 134)
Local Government (Financial Management) Regulations 2011

For Investments
Local Government Act, 1999 (Sections 47, 139 and 140)

Document Control

Document ID	Treasury Policy
Prepared by	Kate George
Release	1.00
Document Status	Endorsed
Date Printed	28/06/2022 27/06/2022

Treasury Policy

Policy Type:	Policy		
Approved By:	Council	**Decision No:**	2010/2128, 2011/327, 2013/1927, 1026/2016, 2173/2017, 0333/2019, 0001/2020,
Approval Date:	**23 March 2010**	**Last Reapproval Date:**	**26 October 2020**
Review Date:	November 2023	**Internal Reference No.:**	
Department:	Business Excellence	**Division:**	Financial Services
Function:	7 - Financial Management	**Responsible Officer:**	Manager, Financial Services

A - PREAMBLE

1. This policy provides clear direction to management, staff and Council in relation to the treasury function. It underpins Council's decision-making regarding the financing of its operations as documented in its annual budget and long-term financial plan and associated projected and actual cash flow receipts and outlays.

2. Council is committed to adopting and maintaining a Long-term Financial Plan and operating in a financially sustainable manner.

3. Section 3 of the Local Government Act, 1999, requires Councils to act in a way that is effective, efficient and accountable. This is especially important when managing monies acquired by Council in order to benefit the Community.

C – POLICY PURPOSE/OBJECTIVES

1. This Treasury Management Policy establishes a decision framework to ensure that:

   - Funds are available as required to support approved outlays;
   - Interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed;
   - The net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.
   - Further it clarifies the treatment of surplus funds, identified through Budget Reviews

E - POLICY STATEMENT

1. **Treasury Management Strategy**

   1.1. Council's operating and capital expenditure decisions are made on the basis of:

- Identified community need and benefit relative to other expenditure options;
- Cost effectiveness of the proposed means of service delivery; and,
- The affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Interest Cover ratios).

1.2.   Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:

- Maintain target ranges for its Net Financial Liabilities ratio;
- Generally only borrow funds when it needs cash and not specifically for particular projects;
- Apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

Budget Review Process / Funding Requests Arising throughout the financial year

- Apply surplus contained within the Sundry Projects Fund, following adjustments for variations to existing estimates, to a reduction in borrowings.
- To ensure ongoing financial sustainability and appropriate deliberation of arising matters, it is imperative that wherever possible any new bids/projects arising through the year are to be referred to the budget process for the subsequent year as this enables Council to consider the merits of these proposals with all other bids/projects.
- To be considered for funding during the year the project must be urgent or advantageous to Council, and where possible Council should consider options for cancelling or deferring existing projects to enable funds to be made available. It should be considered a last resort to add to the program and increase borrowings as this does not enable Council to consider the merits of the specific project in light of all other proposed projects
- From time to time a matter may be referred to the next quarterly budget review as a "Non-discretionary Budget Review Bid". This mechanism is only to be used when funds must be expended without delay, and consequently should be regarded as an extraordinary situation or advantageous to Council.

2.   **Interest Rate Risk Exposures**

2.1.   Council has set range limits for both fixed and variable interest rate borrowings in order to minimise net interest costs on average over the longer term and at the same time manage interest rate movement risks within acceptable limits.

2.2.   These limits defined below are to apply when Net Financial Liabilities Ratio exceed 10%. At times of NFL Ratio below 10% where possible limits defined below will be maintained.

2.3.   **Fixed Interest Rate Borrowings**

- To ensure an adequate mix of interest rate exposures, Council will structure its portfolio of borrowings to maintain on average in any year, not less than 20% of its facilities in the form of fixed interest rate borrowings.
- In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.

2.4. **Variable Interest Rate Borrowings**

- Council will structure its portfolio of borrowings to maintain not less than 20% of its average total borrowings in any year in the form of variable interest rate borrowings.
- Council will utilize long-term variable interest rate borrowing facilities, such as the LGFA's Cash Advance Debenture, that require interest payments only and that enables any amount of principal to be repaid or redrawn at call. The redraw facility will provide Council with access to liquidity when needed.

3. **Investments**

3.1. Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

3.2. Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments the term should not exceed a point in time where the funds otherwise could be applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.

3.3. When investing funds, Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs, and other relevant and objectively quantifiable factors.

3.4. Council management may from time to time invest surplus funds in:

- Deposits with the Local Government Finance Authority; and/or
- Bank interest bearing deposits
- Bank accepted/endorsed bank bills
- State/ Commonwealth Government Bonds

3.5. Any other investment requires the specific approval of Council.

4. **Reporting**

4.1. During the year Council will receive a report detailing total fixed borrowings and variable borrowings at the end of the preceding month, also average variable facility drawdown year to date, details of all investments held, their term and interest rate. Timing of these reports will be November, February, May, unless there is an

Item 7.1.8 - Attachment 2 - Proposed Treasury Policy - Finalised

opportunity to report earlier, with the end of year reported as soon as practicable as part of our end of year reporting. *(Council Resolution, Item No. 734 dated 28 November 2011)*

4.2.   At least once a year Council shall receive a specific report regarding treasury management performance relative to this Policy. The report shall highlight:

- For each of Council's borrowings and investments - the quantum of funds, its interest rate and maturity date, and changes in the quantum since the previous report; and,
- The proportion of fixed interest rate and variable interest rate borrowings at the end date of the reporting period along with key reasons for significant variances compared with the targets specified in this policy.

F - LEGISLATION

For Borrowings
Local Government Act, 1999 (Sections 44, 122 and 134)
Local Government (Financial Management) Regulations 2011

For Investments
Local Government Act, 1999 (Sections 47, 139 and 140)

Document Control

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Release	1.00
Document Status	Endorsed
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