AGENDA

FOR AUDIT AND RISK COMMITTEE MEETING TO BE HELD ON

8 NOVEMBER 2022 AT 6.30 PM

IN WITTBER & DR RUBY DAVY 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 11 October 2022.

REPORTS

Administration

For Decision

For Information

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)

ORDERS TO EXCLUDE THE PUBLIC

7.4.1   Cybersecurity Improvement Program (CIP) Audit Actions and Project Status Update

Recommendation

Pursuant to section 90(2) and 90(3)(b) of the *Local Government Act 1999* the Audit and Risk Committee orders that, the public be excluded from attendance at this meeting in relation to Agenda Item 7.4.1 (Cybersecurity Improvement Program (CIP) Audit Actions and Project Status Update) except the staff of City of Salisbury, on grounds that:

1.   Pursuant to Section 90(2) and 90(3)(b)(i) and (ii) 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

   -    information the disclosure of which would, on balance, be contrary to the public interest; and

2.   The disclosure of this information would, on balance, be contrary to the public interest because the public interest in the Council preserving its commercial sensitivity of information discussed between Administration and Audit & Risk Committee would be compromised by disclosure of the information.

   On that basis the public's interest is best served by not disclosing the CIP Audit Actions and Project Status Update item and discussion at this point in time.

CLOSE

MINUTES OF AUDIT AND RISK COMMITTEE MEETING HELD IN WITTBER/DR RUBY DAVY ROOMS, SALISBURY COMMUNITY HUB, 34 CHURCH STREET, SALISBURY ON

11 OCTOBER 2022

MEMBERS PRESENT

Cr G Reynolds (Chair)
Cr K Grenfell (Deputy Chair)
Ms P Davies
Mr N Ediriweera *(from 6:42pm onwards)*
Mr C Johnson

CONSULTANT

Mr A Tickle, Partner, BDO

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
Manager Financial Services, Ms K George
Assistant Accountant, Ms S Hashim

The meeting commenced at 6:35pm.

The Chairman welcomed the members, members of the public and staff to the meeting.

APOLOGIES

No apologies were received.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr K Grenfell
Seconded Mr C Johnson

The Minutes of the Audit and Risk Committee Meeting held on
12 July 2022, be taken as read and confirmed.

CARRIED
UNANIMOUSLY

REPORTS

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)*

The Chair sought and obtained leave of the meeting to bring item 7.4.1 forward to this point on the
agenda, in context of the presence of the external consultant.

ORDER TO EXCLUDE THE PUBLIC

7.4.1   In-Confidence Session with the External Auditor as per approved
Audit Committee Annual Work Plan 2022/2023 (verbal discussion)

Moved Cr K Grenfell
Seconded Ms P Davies

Pursuant to section 90(2) and 90(3)(b) of the Local Government Act
1999 the Audit and Risk Committee orders that, the public be excluded
from attendance at this meeting in relation to Agenda Item 7.4.1 (In-
confidence session with the External Auditor as per approved Audit and
Risk Committee Annual Work Plan 2022/2023) (verbal discussion)
except the following person:

• Andrew Tickle (Partner, BDO)

on grounds that:

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (d)(i) and
    (d)(ii) 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*
    *- information the disclosure of which would, on balance, be
      contrary to the public interest; and*

2. The disclosure of this information would, on balance, be contrary to the public interest because the public interest in the Council preserving its commercial sensitivity of information discussed between the External Auditor and the Audit & Risk Committee would be compromised by disclosure of the information.

On that basis the public's interest is best served by not disclosing the In-Confidence Session with the External Auditor as per approved Audit Committee Annual Work Plan 2022/2023 (verbal discussion) item and discussion at this point in time.

CARRIED

The meeting moved into confidence at 6:35pm.

Mr. N Ediriweera joined the meeting at 6:42pm.

The meeting moved out of confidence at 7.03 pm.

For Decision

7.1.1   BDO's Final Audit Completion Report 30 June 2022

Moved Mr N Ediriweera
Seconded Ms P Davies

That Council:

1. Receives the Annual Completion Report for the year ended 30 June 2022, appearing as Attachment 1 to this report (Audit and Risk Committee, 11 October 2022, Item 7.1.1), including the Independent Auditor's Report on the Audit of the Financial Report, Independent Assurance Report on the Internal Controls of the City of Salisbury, and the Certification of Auditor Independence.

2. Notes the Management Representation Letter requested by BDO to be signed by the CEO and the General Manager Business Excellence, appearing as Attachment 2 to this report (Audit and Risk Committee 11 October 2022, Item7.1.1)

3. Request Administration to present a position paper to the April 2023 Audit and Risk Committee meeting on grants revenue recognition and associated timings in the context of the relevant accounting standards.

CARRIED

Mr. A Tickle left the meeting at 7:20pm.

7.1.2 End of Financial Year Statement and Analysis

Moved Mr N Ediriweera
Seconded Cr K Grenfell

That Council:

1.   Receives the information.

2.   Notes that the Audit and Risk Committee, in accordance with Section 126(4)(a) of the *Local Government Act 1999*, reviewed the annual financial statements of the Council for the year ended 30 June 2022 as set out in the revised Attachment 2 tabled at the meeting (Audit and Risk Committee, 11 October 2022, Item No.7.1.2) and incorporating subsequent changes including the $10,000 increase to NAWMA's operating surplus, the $22,000 accrual of external Audit Fees, and adjustment to cashflows to recognised trade payables associated with Capital New and Renewal of $2,395,000 and $2,103,000; and is satisfied they present fairly the state of affairs of Council.

3.   Approves, in accordance with Regulation 22 of the *Local Government (Financial Management) Regulations 2011* clauses (3) (a) and (4), that the Chief Executive Officer and the Chair of the City of Salisbury Audit and Risk Committee sign the statement to certify the independence of the Council Auditor, BDO Australia.

4.   Approves that the draft analysis of the Annual Financial Statements, as presented in Attachment 1 to this report (Audit and Risk Committee 11 October 2022), be included in the End of Year Financial Statements Report to Council, and authorises Administration to include any non-material and/or editorial amendments as deemed required.

CARRIED
UNANIMOUSLY

7.1.3 3-Year Internal Audit Plan 2022/23-2024/25

Moved Cr K Grenfell
Seconded Mr C Johnson

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, 11 October 2022, Item No.7.1.3).

2.   Notes the accompanying high-level indicative draft scope for pending audits as set out in Attachment 2 of this report (Audit and Risk Committee, 11 October 2022, Item No.7.1.3).

CARRIED

For Information

7.2.1   **Draft Annual Report 2021/2022**

Moved Mr C Johnson
Seconded Mr N Ediriweera

<u>That Council</u>:

1.   Notes that the Audit and Risk Committee received the Draft 2021/22 Annual Report as contained in Attachment 1 to this report, subject to any changes requested and noting that minor edits are still to be made to finalise the 2021/22 Annual Report in readiness for Council adoption on or before 30 November 2022.

CARRIED

MOTIONS ON NOTICE

Nil

OTHER BUSINESS

OB1   **New Enterprise Resource Planning (ERP) System and the Role of Audit and Risk Committee**

CEO Undertaking following question from N Ediriweera

1.   That Administration present an update on the status of ERP project to the Audit and Risk Committee and create as a standing agenda item for a verbal update.

The meeting closed at 7:47 pm.

CHAIRMAN………………………………………….

DATE……………………………………………….

ITEM	7.0.1
	AUDIT AND RISK COMMITTEE
DATE	08 November 2022
HEADING	Future Reports for the Audit and Risk Committee
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community
SUMMARY	This item details reports to be presented to the Audit and Risk Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral.

RECOMMENDATION

That Council:

1.   Notes the report.

ATTACHMENTS

There are no attachments to this report.

1.   BACKGROUND

1.1   Historically, a list of resolutions requiring a future report to Council has been presented to each committee for noting.

2.   CONSULTATION / COMMUNICATION

2.1   Internal

2.1.1   Report authors and General Managers.

2.2   External

2.2.1   Nil.

3. **REPORT**

3.1 The table below outlines the reports to be presented to the Audit and Risk Committee as a result of a Council resolution.

Meeting - Item	Heading and Resolution	Officer
24/10/2022 7.1.1	**BDO's Final Audit Completion Report 30 June 2022** 3. Request Administration to present a position paper to the April 2023 Audit and Risk Committee meeting on grants revenue recognition and associated timings in the context of the relevant accounting standards.	Manager Financial Services
Due:	April 2023	

4. **CONCLUSION / PROPOSAL**

4.1 Future reports for the Audit and Risk Committee have been reviewed and are presented to Council for noting.

ITEM	7.0.2

AUDIT AND RISK COMMITTEE

DATE	08 November 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	This report summarises the actions arising from previous meetings, since it was last presented to the July 2022 Audit & Risk Committee meeting.

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 actions list be maintained and included as an item on the agenda for each meeting.

   1.2   An actions 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.

2.   **REPORT**

   2.1   The actions 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 actions 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
30.	12 Jul 2022	Provide a further report on the Cybersecurity Improvement Program with information on management actions and self-assessment, and outline future work program by November 2022.	Manager Business Systems and Solutions	Nov 2022	Completed. Included in the 8th November 2022 Audit and Risk Committee meeting.
31.	12 Jul 2022	Provide to the November 2022 Audit and Risk Committee, the improvement plans agreed by the Project Management Audit Action Group in relation to Project Management pressure points identified in the Capital Works Project Audit.	Manager Infrastructure Delivery	~~Nov 2022~~ Feb 2023	Rescheduled. The Action Plan is currently being reviewed by Executives and will be presented to the next Audit and Risk Committee.
32.	12 July 2022	Audit and Risk Committee will receive an out of session revised version of the Internal Audit Plan taking into consideration the timing of the IT Investment Strategy Audit in relation to the impact of ongoing Enterprise Resource Planning system acquisition, and provide the revised Internal Audit Plan to the October 2022 Audit and Risk Committee meeting.	Internal Auditor and Risk Coordinator	Oct 2022	Completed. Included in the 12th October 2022 Audit and Risk Committee meeting.
33.	12 Jul 2022	Revise the Audit & Risk Committee Annual Work Plan 2023/2024 to bring forward the following items to prior to 30 June: 1. Reviewing significant accounting and reporting issues, recent changes in standards, and industry updates. 2. External Audit Plan, prior to the commencement of Interim Audit testing.	Internal Auditor and Risk Coordinator	Nov 2022	Completed. See November 2022 Audit and Risk Committee agenda, which scheduled these reports to be presented to the Audit and Risk Committee in the April 2023 meeting.
34	11 Oct 2022	Present a position paper to the April 2023 Audit and Risk Committee meeting on grants revenue recognition and associated timings in the context of the relevant accounting standards.	Manager Financial Services	Apr 2023	Not due yet
35	11 Oct 2022	Present an update on the status of ERP project to the Audit and Risk Committee and create as a standing agenda item for a verbal update.	General Manager Business Excellence	Nov 2022	Completed. Included as a standard agenda item for every Audit and Risk Committee meeting.

3. CONCLUSION / PROPOSAL

3.1 An actions list has been developed for the Audit and Risk Committee. The actions 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 actions list as they arise.

ITEM	7.1.1
	AUDIT AND RISK COMMITTEE
DATE	08 November 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, 8 November 2022, Item No.7.1.1).

ATTACHMENTS

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

1.   Audit and Risk 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 July 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   Following the Audit and Risk Committee recommendation in July 2022,

            • The Audit and Risk Committee Annual Work Plan has been rescheduled to bring forward the review of significant accounting and reporting issues, recent changes in standards and industry updates relevant for the preparation of financial statements for the financial year 2022/2023, to be updated to the April 2023 meeting.

- Similarly, the external auditor BDO's Audit Plan for the financial year 2022/2023 has been brought forward to be tabled in the April 2023 Audit and Risk Committee meeting.

2.1.2   Fleet/Heavy Vehicle Management, High Value & Portable Asset Audit fieldwork has been completed and is in the final stage of report finalisation for management comment. The audit report is now rescheduled for submission to the next Audit & Risk Committee meeting.

CONCLUSION / PROPOSAL

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

Item 7.1.1

Audit & Risk Committee - Annual Work Plan 2022/2023

(Updated for 08/11/2022 Meeting)

No.	Activity	Relevant Touch points	FY 2022 / 2023					Comments
			Jul-22	Oct-22	Nov-22	Feb-23	Apr-23	
1.0	**Financial Reporting**	**s126(4)(a)**						
1.1	Review Annual Financial Statements for FY2021/22 - Review Asset Valuations 2021/22 - Review methodology and approach to Depreciation 2021/22	"		⬤				
1.2	Reviewing significant accounting and reporting issues, recent changes in standards and industry updates 2021/22	"		⬤				
1.3	Reviewing significant accounting and reporting issues, recent changes in standards and industry updates for FYE 2022/23						⬤	Request from July 22 A&RC to bring forward this item prior to next FY.
1.4	Review Asset Valuations 2021/22	"	⬤	⬤				
1.5	Review methodology and approach to Depreciation 2021/22	"	⬤	⬤				
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	"	⬤		⬤	⬤	⬤	

Audit & Risk Committee - Annual Work Plan 2022/2023

(Updated for 08/11/2022 Meeting)

No.	Activity	Relevant Touch points	FY 2022 / 2023					Comments
			Jul-22	Oct-22	Nov-22	Feb-23	Apr-23	
4.3	IA Report - Capital Works Project Audit	"	🔶					
4.4	IA Report - Cybersecurity Improvement Program Pre-Implementation Audit	"	🔶					
4.5	IA Report - Fleet/Heavy Vehicle Management, High Value & Portable Asset Audit	"			🔷➡️🔷			Audit report is being finalised for management review and aim to present to the Feb 2023 A&RC Meeting.
4.8	Desktop Audit on Strategic Alignment of IT Investments	"				⬛		Audit scope changed to focus more on ERP and strategic alignment and now rescheduled to commence in Nov 2022 and report to Audit & Risk Committee in Feb 2023.
5.0	**External Audit**	s126(4)(b)						
5.1	Review External Audit Plan for 2022/2023 audit	"					⬛	July 2022 A&RC recommended to bring forward the exernal audit plan for 2022/2023, prior to June 2023.
5.2	Review Interim Audit Report	"	🔶	🔶				
5.3	Review final External Audit Report	"	🔶	🔶				
5.4	Review Management Representation Letters	"	🔶	🔶				
5.5	Assess the appropriateness of Council's response to the Auditor's findings and recommendations	"	🔶	🔶				
5.6	Oversee actions to follow up on matters raised by External Auditor	"	🔶	🔶				

Audit & Risk Committee - Annual Work Plan 2022/2023

(Updated for 08/11/2022 Meeting)

No.	Activity	Relevant Touch points	FY 2022 / 2023 Jul-22	Oct-22	Nov-22	Feb-23	Apr-23	Comments
5.7	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**	🟠	🟠				
5.8	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	"	🟠	🟠	🟢	⬛	⬛	Standard Agenda Item, review on a 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	"	🟠					
9.0	**Other Matters**	**s126(4)(ac)**						
9.1	Review/Approve Audit Committee Annual Work Program	"	🟠	🟠	🟢	⬛	⬛	
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 08/11/2022 Meeting)

No.	Activity	Relevant Touch points	FY 2022 / 2023					Comments
			Jul-22	Oct-22	Nov-22	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 7.1.1 - Attachment 1 - Audit and Risk Committee Annual Work Plan 2022-2023

ITEM	7.1.2
	AUDIT AND RISK COMMITTEE
DATE	08 November 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 October 2022 are highlighted.

RECOMMENDATION

That Council:

1. Notes 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, 8 November 2022, Item No.7.1.2).

2. Notes the accompanying high-level indicative draft scope for pending audits as set out in Attachment 2 of this report (Audit and Risk Committee, 8 November 2022, Item No.7.1.2).

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⇩

1.   BACKGROUND

1.1   The 3-year Internal Audit Plan 2022-2023 to 2024-2025 and the accompanying indicative draft audit scopes were last considered by the Audit & Risk Committee in October 2022.

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 Ongoing Audits

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

The fieldwork for this audit is complete and the report is being finalised. The next step is for the report to be shared with Administration for management comments. The report is now scheduled to be presented to the next Audit & Risk Committee to be held in February 2023.

2.2   Pending Audits to commence in the Current Year

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

- Desktop Audit on Strategic Alignment of IT Investments – to commence in November 2022. This audit is to be undertaken by the Internal Auditor and Risk Coordinator.

- Strategic Reporting Process Audit – to commence in March 2023 and to be undertaken by the Internal Auditor and Risk Coordinator.

- IT Disaster Recovery Audit – to commence in April 2023 on a co-sourced model.

- Independent External Review of Internal Audit Function – to commence in June 2023 on a co-sourced model.

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

The scopes for pending audits has not changed since it was last presented to the Audit and Risk Committee in October 2022.

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 October 2022.

Strategic Risk					3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025								
							3-Yr IA Plan						
Strategic 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 8 November 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 fieldwork is completed and in the process of report finalisation. Aimed to report to Audit & Risk Committee in Feb 2023.
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	Desktop Audit on Strategic Alignment of IT Investments	**Desktop Audit on Strategic Alignment of IT Investments** The overall objective of the audit is to provide assurance that the planned investment on Enterprise Resource Planning (ERP) solution is aligned to the City's Digital Strategy 2027, to support the current business requirements and continuous improvement initiatives and is aligned to the accomplishment of City Plan 2035.	■			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. Given that COS is in the midst of a major IT investment project involving the acquisition of an Enterprise Resource Planning (ERP) system, following the last Audit & Risk Committee feedback, management determined that it is more value adding to undertake an initial desktop audit on the strategic alignment of IT Investment by the City's Internal Auditor & Risk Coordinator, audit instead of a full-fledged IT Investment audit by an external audit firm. A full-fledged IT Investment is to be undertaken at a later stage upon the implementation of the ERP system.	Governance; Business Systems and Solutions; Financial Services; and Strategic Procurement	Desktop Audit on Strategic Alignment of IT Investments is scheduled to commence in November 2022.
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	Retain as previously scheduled to commence in March 2023.
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 April 2023.

Strategic Risk					3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025								
								3-Yr IA Plan					
Strategic 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 8 November 2022)
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	Retain as originally scheduled to commence in June 2023.
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 July 2023.
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	Retain as originally scheduled to commence in August 2023.

Strategic Risk					3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025								
								3-Yr IA Plan					
Strategic 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 8 November 2022)
1-9	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 October 2023.
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 January 2024.
1&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 January 2024.
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.	Commencement scheduled to July 2024.

Strategic Risk								3-Yr IA Plan					
Strategic 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 8 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	Retain as originally scheduled to commence in July 2024.
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 August 2024.
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	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.	Scheduled to commence in November 2024

| Strategic Risk | | | | | 3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025 | | | | | | | | |
| | | | | | | | | 3-Yr IA Plan | | | | | |
Strategic 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 8 November 2022)
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.	Commencement scheduled to Feb 2025.

Presented to Audit & Risk Committee Meetings

Ongoing Audits

Audit Commencement Planned for Future Period

Note: **strike through text for removals, and additions in RED**

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. (Note: The audit will focus only on the safety and security aspects of data itself and full-fledged cybersecurity review is beyond the scope of this audit.)

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.

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.   DESKTOP AUDIT ON STRATEGIC ALIGNMENT OF INFORMATION TECHNOLOGY (IT) INVESTMENTS.

The overall objective of the audit is to provide assurance that the planned investment on Enterprise Resource Planning (ERP) solutions is aligned to the City's Digital Strategy 2027, to support the current business requirements and continuous improvement initiatives (such as the Business Transformation project initiatives) and is aligned to the accomplishment of City Plan 2035.

The specific objectives for the audit will be to ensure that:
- The current IT investment process applied for the ERP solutions adequately aligns to the Digital Strategy 2027 and deliverables in City Plan 2035.
- Alignment of Business needs to the ERP solution being selected through a Business Requirements process and tender evaluation process.
- Appropriate funding considerations are in place for the investment in ERP solutions.
- Decision making on the ERP solutions investments includes better practice considerations.

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 <u>adequately</u> 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 and followed 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 7.1.2 - Attachment 2 - Indicative Scopes for Pending Audits

ITEM	7.1.3
	AUDIT AND RISK COMMITTEE
DATE	08 November 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 and planned for the 2022/2023 reporting period.

RECOMMENDATION

That Council:

1. Notes the update on Risk Management and Internal Control Activities for the 2022/2023 reporting period since the 12 July 2022 Audit & Risk Committee meeting, as set out in Attachment 1 to this report (Audit & Risk Committee, 8 November 2022, Item No.7.1.3).

2. Notes the revised Enterprise Risk Management Framework as set out in Attachment 2 to this report (Audit & Risk Committee, 8 November 2022, Item No.7.1.3).

3. Notes the Strategic Risk Register as set out in Attachment 3 to this report (Audit & Risk Committee, 8 November 2022, Item No. 7.1.3).

ATTACHMENTS

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

1. Risk Management Internal Controls Activities⇩

2. Enterprise Risk Management Framework⇩

3. Strategic Risk Register⇩

1. BACKGROUND

1.1 This report provides an update on the risk management and internal control activities undertaken in 2022/2023 and planned for 2022/2023. 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 undertaken in 2022/2023 and planned for the 2022/2023 reporting period are summarised in Attachment 1, which is updated to the Audit and Risk Committee on an ongoing basis.

2.2 Activities in Attachment 1 that have been updated since they were last reviewed by the Audit and Risk Committee in July 2022 are set out below:

2.2.1 The Audited Financial Statements for FY2021/2022 and Independent Auditors reports were presented to the October 2022 Audit and Risk Committee meeting. An Independent Assurance Report on Internal Controls for the City of Salisbury for the year ending 30 June 2022 was also presented to the October 2022 Audit and Risk Committee meeting. The Independent Assurance Report confirms that based on BDO's independent audit, the tested controls are operating effectively. BDO audited the internal controls against the Local Government Best Practice Model, as required under the *Local Government Act 1999.* BDO reviewed and sample tested internal controls and risk assessments from the self-assessment of the Best Practice Model internal controls and risk assessment undertaken by COS in May 2022.

2.2.2 The next round of Control Self-Assessment and Risk Assessment of Financial Controls Best Practice Model managed through the Control Track online portal is scheduled to commence in April 2023 to make the self-assessment results available for the new external auditor for the interim audit review of financial internal controls.

2.2.3 Petty Cash Till-Float Reconciliation was performed by the Internal Auditor & Risk Coordinator for the FY2021/2022 as an internal control measure. Observations related to an immaterial variation of $78.20 shortfall which is a cumulative variance from 3 floats (i.e. $40 and $50 shortfall and $11.80 excess), and a process improvement recommendation covering the till/float reconciliation process and updating the Petty Cash Administrative Procedure.

2.2.4 The Incident Operations Framework has been adopted by the Executive Group. 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. The next step is to prepare a training plan.

2.2.5 In July 2022, the Audit & Risk Committee recommended further consultation occur on the Enterprise Risk Management (ERM) Framework. The revised version of the ERM Framework is set out in Attachment 2 and incorporates feedback from the Audit and Risk Committee and the Executive Group. Key changes to the ERM Framework are set out below:

- Section 8.1 provides further guidance on how to foster and communicate a healthy risk culture.

- Section 8.3 includes a paragraph encouraging decision makers adopt a pragmatic approach to undertaking risk assessments.
- Section 8.3.2 places further emphasis on control effectiveness in the risk analysis stage, linking to the different areas of the ERM Framework where it is captured in detail.
- Section 8.3.2.1 incorporates "Treated" risk levels.
- Section 8.3.2.2 refines the risk appetite levels, acknowledging that various levels of risk appetite may exist for different risk categories within Council and the level of risk that the organisation is willing to take may vary over time. A similar approach is applied in the LGA's risk appetite statement.
- Section 8.6.3: The control evaluation and assessment rating to be used in internal audit and control risk assessment is now aligned to the design adequacy and control effectiveness rating table used in the LGA Financial Best Practice Control Model.

The next steps are for the Corporate Governance team to coordinate training 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.

2.3 The Strategic Risk Register is set out in Attachment 3. 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 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 2022/2023 reporting period, since the last Audit and Risk Committee meeting.

Risk Management and Internal Controls Activities – July 2022 to June 2023   v1.5

Annual Plan - July 2022 to June 2023					
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 for FY 2021/2022	Internal Controls	External	Completed	This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work.	The final report from the external auditor (BDO) for FY2021/2022 was delivered at the October 2022 meeting of the Audit and Risk Committee. BDO performed testing of internal controls and has undertaken their own risk assessment on 85 controls in the areas of strategic financial planning, assets, liabilities, revenue, expenses and external services, based on the Better Practice Model, and confirmed that their tested controls operated effectively.
2. External Audit of financial internal controls for FY 2022/2023	Internal Controls	External	Not yet commenced	This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work.	To commence in May 2023.

Item 7.1.3 - Attachment 1 - Risk Management Internal Controls Activities

Risk Management and Internal Controls Activities – July 2022 to June 2023   v1.5

Annual Plan - July 2022 to June 2023					
Activity	**Type of Activity (Risk Management or Internal Controls)**	**Resourcing (Internal, External, Co-sourced)**	**Status:** <mark>Completed,</mark> <mark>In progress</mark>, <mark>Not yet commenced</mark>	**Rationale for piece of work**	**Update on progress**
3. Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation for FY2021/2022.	Internal Controls	Internal	<mark>Completed</mark>	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 been completed for the FY2021/2022. These controls per Best Practice Model were reviewed by the external auditor BDO, and sample all key risk areas, and confirmed that the controls are effective as designed. Control Track is used in self-assessment and rating, and the tool has a system control functionality which triggers a mandatory requirement to create an action plan if a control is rated below 3 (partially effective). Control owners are assigned these action plan tasks to address areas for improvement in the controls.

Item 7.1.3 - Attachment 1 - Risk Management Internal Controls Activities

Risk Management and Internal Controls Activities – July 2022 to June 2023   v1.5

Annual Plan - July 2022 to June 2023					
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. Completion of Control Self-Assessments and Risk Assessments through the Control Track system, including external audit preparation for FY 2022/2023	Internal Controls	Internal	Not yet commenced	The external auditor's expectations are that at least one control self-assessment will be conducted annually and a risk assessment should also be conducted on financial internal controls.	To commence in April 2023.
5. Cash Management FY 2021/2022	Internal Controls	Internal	Completed	This work needs to be completed annually as a part of the financial internal controls framework; it includes the end of year reconciliations of petty cash and till floats.	The petty cash and till float reconciliations were performed in July 2022 for the 2021/2022 period to substantiate the information to be contained within the Annual Financial Statements. A memo to the General Manager Business Excellence was issued covering observations related to minor variation, and process improvement recommendation covering the till/float reconciliation process and updating the Petty Cash Administrative Procedure.

Item 7.1.3 - Attachment 1 - Risk Management Internal Controls Activities

Risk Management and Internal Controls Activities – July 2022 to June 2023   v1.5

Annual Plan - July 2022 to June 2023					
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**
6. Cash Management FY 2022/2023	Internal Controls	Internal	Not yet commenced	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.	To commence in June/July 2023.
7. Report on the findings of the Audit & Risk Committee self-assessments	Internal Controls	Internal	Not yet commenced	The annual self-assessment reviews the performance of the Audit & Risk Committee.	The survey is to be commenced in March 2023 and outcome reported to Audit & Risk Committee and Council in April 2023.
8. 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.

Item 7.1.3 - Attachment 1 - Risk Management Internal Controls Activities

Risk Management and Internal Controls Activities – July 2022 to June 2023   v1.5

Annual Plan - July 2022 to June 2023					
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**
9. 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 adopted. The Incident Operations Framework was adopted in September 2022. The project has been completed from a design and documentation point of view.
10. 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. In September 2022, the Executive Group adopted the updated BCP Policy and Procedure. New BCP will be developed and finalised for all identified critical functions during the 2022/23 financial year.
11. 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 adopted by the Executive Group in September 2022 following feedback from the Audit and Risk Committee in July 2022.

Item 7.1.3 - Attachment 1 - Risk Management Internal Controls Activities

Risk Management and Internal Controls Activities – July 2022 to June 2023   v1.5

Annual Plan - July 2022 to June 2023					
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**
12. ERM Program Roadmap	Risk Management	Internal	In progress	Following the finalisation of the ERM Policy, it was decided that a Road Map be developed to ensure effective implementation is monitored as per an agreed plan.	The ERM Roadmap milestones are delivered and progressing, with ERM Policy, ERM Framework and Assurance Map developed as key deliverables. Next steps involve ERM training and preparation of operational risk registers.
13. 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 presented to the Audit & Risk Committee meeting in July 2022.
14. 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 7.1.3 - Attachment 1 - Risk Management Internal Controls Activities

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	Team Leader Corporate 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	12 July 2022	New Document
1.1	26 July 2022	Incorporated feedback from Audit and Risk Committee, elaborated on the approach to a healthy Risk Culture, Risk Appetite, risk rating, and the relationship between control effectiveness within the context of risk assessment.

ERM Framework

Issued:

Next Review: *30.11.2027*

Contents

Item 7.1.3 - Attachment 2 - Enterprise Risk Management Framework

ERM Framework

Issued:

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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 register template and risk rating tables. .

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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 7.1.3 - Attachment 2 - Enterprise Risk Management Framework

ERM Framework

4   ERM Approach

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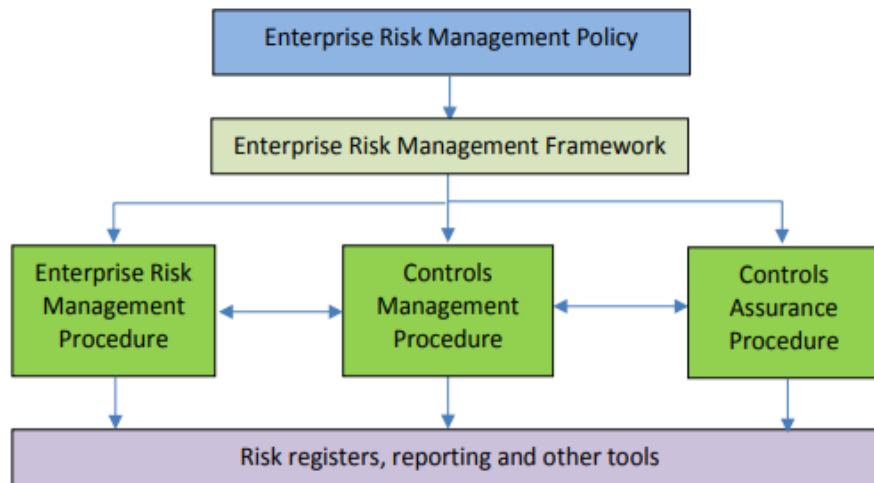
Risk management is looked at strategically from the perspective of the entire organisation. An ERM policy is established to ensure that the Council applies and embeds a systematic risk management approach across the Council in relation to all activities, functions, service delivery and decision-making.

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.

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

ERM Framework

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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:
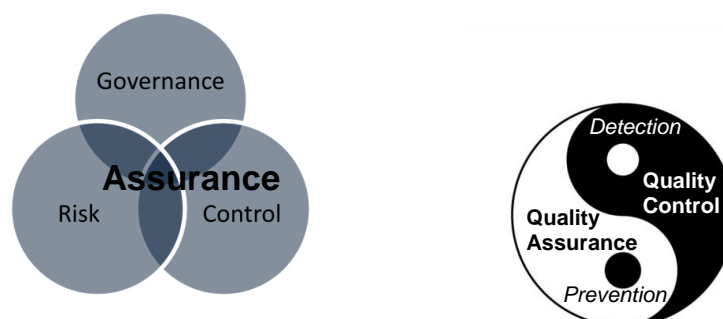
Risk management, control, and governance processes are effective if processes are operating in manner that provides reasonable assurance that the organisation's objectives and goals will be achieved.

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)

   j)   Confirmed independently

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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:
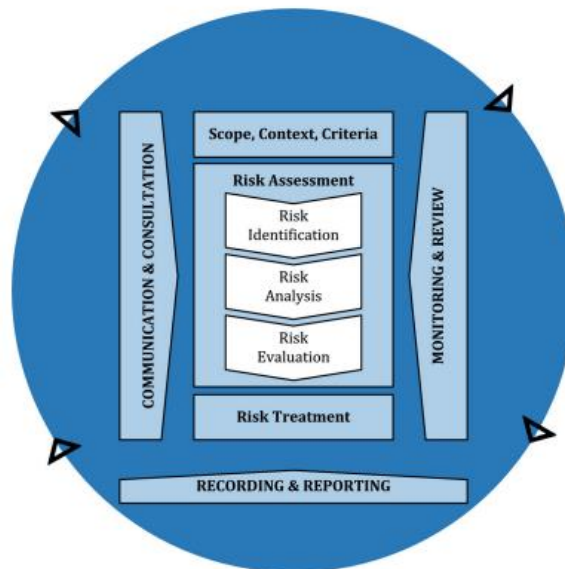
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8.1   Communication and Consultation

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.

In line with the Institute of Risk Management Culture Aspect Model, COS will foster and communicate a healthy risk culture, which is founded on:

a)   Executives and senior managers leading by example to set the distinct and consistent tone at the top on risk-taking, including and providing clarity of direction and how the organisation responds to emerging issues.

b)   Promoting the view that all staff are managers of risk.

c)   Motivating people to think about managing risks.

d)   Empowering staff to be actively involved in identifying, assessing and managing risk.

e)   Educating staff to develop appropriate risk management knowledge and skills.

f)   Supporting and enabling staff to incorporate risk management into their everyday roles and responsibilities.

Staff manage risk and conduct informal risk assessments to inform everyday decision making. Staff can take a considered, proportionate approach to conducting formal, documented risk assessments. There will be many operational activities where formally documenting risk management will not be necessary to support a process or decision. A pragmatic approach is suggested in managing risk through undertaking risk assessments. However, the higher the potential risk or impact of uncertainty associated with an activity, the higher the need to consider a formal, documented risk assessment. Where staff remain unsure about whether a particular activity would benefit from a formal, documented risk assessment, they can contact the Corporate Governance team for guidance.

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

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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 <u>position and exposure level of risk</u> at the end of this process.

The risk register template (**Appendix E)** can be used by risk assessors to perform risk assessment for each identified risk. It is recommended to undertake the initial risk assessment process as a workshop session with input from relevant subject matter experts and stakeholders. The Corporate Governance team is available to support and facilitate. The risk register can be tailored and simplified (e.g. by removing certain columns) to suit the purpose of the exercise. Other common risk management tools can be applied as well (e.g. bow-tie analysis), pending the specific needs and context.

Following steps are undertaken for risk assessment and updating the risk register template

1. **Risk Identification:**
    a. Identify the risk, and describe the risk.
    b. 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.
    c. List down the consequences or the impact areas and all damages, or losses that may arise in those areas if/when the event occurs.
2. **Risk Analysis - Rating:**
    a. Determine the likelihood, consequence and risk ratings using the rating tables in Appendix B, C and D to derive the **Inherent Risk Rating**.
3. **Risk Analysis - Response & Treatment:**
    a. List down all preventative / 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.
    b. List down the reactive / 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.
4. **Risk Evaluation:**
    a. Determine the likelihood, consequence and risk ratings using the rating tables in Appendix B, C and D to derive the **Residual Risk Rating** following the implementation of preventative and reactive controls.
    b. Following further risk treatment measure, reassess risk rating using the rating tables in Appendix B, C and D to determine **Treated (Targeted) Risk Rating**.

Further considerations and relevant touchpoints for these steps are elaborated below.

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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.
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. The risk analysis will consider evaluating the effectiveness of preventative and detective controls in place as per procedures in section 6 and 7 of the ERM Framework. In evaluating and assessment rating of control adequacy and effectiveness, the rating scale

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stated in 8.6.3 will be used. This is aligned to the Control Track control rating scale used in LGA Financial Best Practice Control Model.

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 controls in place;

b) Residual risk rating, being the remaining level of risk considering the effectiveness of current controls implemented to reduce the consequence and/or likelihood.

c) Treated risk (Targeted risk) rating, being the level of risk after further risk mitigation treatment plans are implemented.
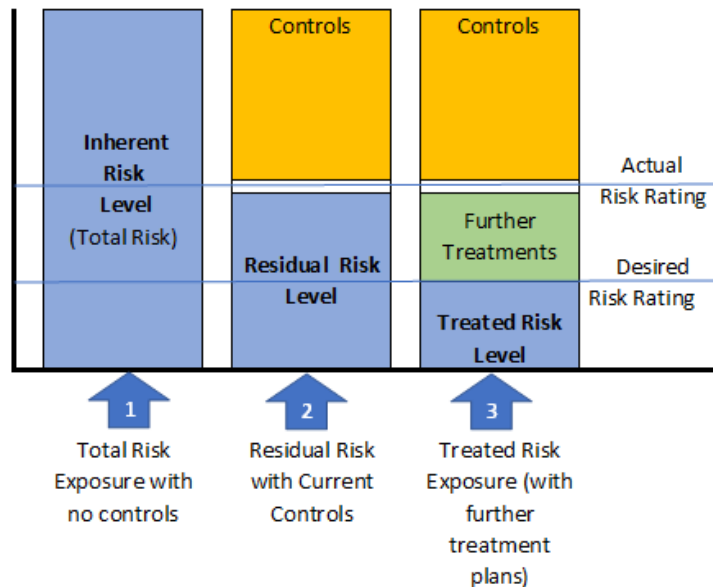
8.3.2.2 Risk appetite

Risk appetite can be explained as the level or degree of risk the organisation is prepared to accept in the pursuit of achieving its strategic and operational objectives.

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?

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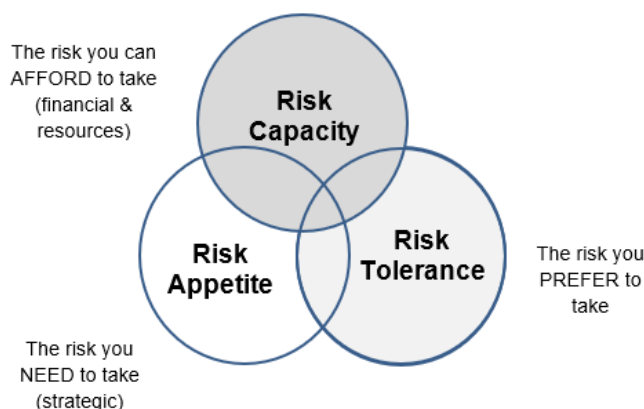
The ability to take on risk is determined by more than just a capacity to absorb losses. The ability to manage risk is based on skills, experience, systems, controls and infrastructure. Understanding risk appetite will help the organisation in the efficient allocation of resources across all identified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

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.

It is acknowledged that various levels of risk appetite may exist for different risk categories within COS and the level of risk that the organisation is willing to take may vary over time. The current risk appetite established for key risk categories are as follows:

Risk Category	Risk Appetite Description (level and degree of Tolerance Limits)
Strategy	In order to achieve its objectives Council must be willing to take risk. Council is willing to take a **medium to high** level of risk tolerance in pursuit of objectives that support and improve our community overall. There is a **low** willingness to accept risk that does not support Council's strategic objectives outlined in City Plan 2035.
Financial and Commercial	Council has **zero** tolerance for theft or fraud. Council is focussed on the prudent and responsible management of financial resources and has a **low** tolerance for activities that threaten the long-term financial sustainability of the Council. Council has a **low risk** tolerance for financial loss or the waste of valuable resources of any kind. Council has a **medium to high** tolerance for financial investment in activities that support and improve our community overall.
Work Health and Safety, and People	Council has **zero** tolerance of unsafe practices undertaken by its employees knowingly compromising the safety of members of public. Council has a **low** tolerance of any activity or issue that exposes the health and safety of our people and/or the community. Council recognises that often there is inherent risk in the work people do and the actions taken by the members of community. A strong focus on health and safety for both our people and community is to be adopted by all staff including the identification and management of risk wherever possible.
Reputation	Council has a **medium** tolerance of reputational risk where the risk undertaken is focussed on the improvement and prosperity of the

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	entire community or protecting and promoting the sustainability of the environment.
	Council has **low** tolerance for reputational risks where the activities undertaken that do not support the achievement of Council's objectives.
Performance and Service Delivery	Council has a **medium to high** risk tolerance for activities that demonstrate value to the community and improve services.
	Council has a **low** tolerance for any risk that might give rise to an interruption or degradation of services to our community.
Environment	Council has a **low** risk tolerance for any activity that irreversibly damages our environment.
	Council has **medium to high** appetite for activities that protects and enhances our natural and built environment and promotes sustainable living.
Governance & Compliance	Council has **zero** tolerance for intentional breaches of legislative compliance requirements.
	Council operates within a strong statutory and regulatory environment. Council strives to meet all statutory and good governance requirements and has **low** tolerance for compliance failures.

Any residual risks currently assessed as above the tolerance limits mentioned above, require additional treatments to reduce the residual risk within acceptable risk rating. If a Residual Risk is within the acceptable rating (as outlined above), no further treatment plans are required. If Inherent Risk (before controls and treatments) is rated within the acceptable rating, controls should only be identified, if cost effective, and no additional treatments are required. If it is not possible to manage a Residual/Treated Risk at or below the limits set out above, such risks must be reviewed by Executive and may warrant reporting to Audit and Risk Committee and Council.

Council recognises that due to the complex and varied nature of our organisational activities, a definitive risk appetite for each and every eventuality is impractical. However, indicating tolerance limits as above for key risk categories allows for ongoing discussion and challenge through a structured assessment, evaluation, escalation and reporting process to ensure that the Council's risk appetite and maturity continuously evolves and improves.

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

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Risk level	Managing risk – priority rating
(red)	• 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) 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

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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

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.

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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.

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 of Controls	
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.

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Majority Adequate	The control design is adequate for majority risks, except for minor areas for improvement.
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.
Significant Improvement Required	The control is designed poorly and requires significant changes to adequately mitigate the risk.
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 of Controls	
Effective	The control as described has been fully implemented and in all cases has been applied effectively in terms of being consistent, complete, reliable and timely.
Majority Effective	The control has been implemented as described and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.
Partially effective	The control partially operates in a manner that is effective in terms of being consistent, complete, reliable and timely.
Significant Improvement Required	The control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation and requires significant management action to improve the effectiveness of the control.
Ineffective	The control has not been implemented as described. Urgent management action is required to implement the described control processes

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.

		Effectiveness of Operating Control				
		5. Effective	4. Majority Effective	3. Partially Effective	2. Requires Significant Improvement	1. Ineffective
Adequacy of Control Design	5. Adequate	Effective	Majority Effective	Partially Effective	Requires Significant Improvement	Ineffective
	4. Majority Adequate	Majority Effective	Majority Effective	Partially Effective	Requires Significant Improvement	Ineffective
	3. Partially adequate	Partially Effective	Partially Effective	Partially Effective	Requires Significant Improvement	Ineffective
	2. Needs Significant Improvement	Requires Significant Improvement	Requires Significant Improvement	Requires Significant Improvement	Requires Significant Improvement	Ineffective

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	1. Inadequate	Ineffective	Ineffective	Ineffective	Ineffective	Ineffective

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

These are risk registers maintained by Divisional Managers covering risks relevant for the respective functions of the division. Operational risk registers, should be reviewed at least bi-annually by Divisional Managers. Recording operational risks in the respective divisional operational risk registers 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.

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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 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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ERM Framework

Issued: 30.03.2022

Next Review: 30.03.2024

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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Salisbury
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Next Review: 30.03.2024

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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City of Salisbury

ERM Framework

Issued: **30.03.2022**

Next Review: **30.03.2024**

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.

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APPENDIX E: RISK REGISTER TEMPLATE

CITY OF SALISBURY
Risk Register - Strategic / Project / Operational - Division xxx (Delete register type where not applicable)

									Step 2: Risk Analysis / Assessment			Step 3: Risk Response & Treatment – Mitigation Controls	Step 4: Risk Evaluation				Step 5: Further Risk Treatment, Monitor & Control (blank if none required)				Step 6: Further Risk Evaluation			
			Step1: Risk Identification						**Inherent Risk** (Risk level with no control in place)			**Controls Description**	**Residual Risk** (Risk level with current control)			Current Status (At / Below Acceptance)					**Treated Risk** (with Further Treatment)			Comments
Date risk identified	Risk ID	City Plan Directions	Risk Area or Category	Description (Identify a potential risk event, and write a description of risk.)	Status of Risk (Active / Inactive)	Risk Owner (Name & Designation)	Causes (List the key reasons or factors that may trigger the risk / event, or cause the likelihood of the event occurring.)	Consequences (List key impact areas and all potential damages, or losses that may arise in those areas if/when the event occurs.)	Likelihood	Consequence	Rating	Preventative Controls: List all defensive controls or barriers that can be established prior to event occurring, to prevent the event from occurring. Reactive Controls: List down what controls or measures can be undertaken to minimise or mitigate the risk / hazard / crisis / loss, after the event.	Likelihood	Consequence	Rating		Further treatment required (if residual risk rating is not acceptable or not at tolerance)	Treatment Owner	Target Completion Date	Status of Actions	Likelihood	Consequence	Rating	
	1	All City Plan directions	Financial Sustainability						Almost Certain	Catastrophic	Very High	Preventative Controls: - - Reactive Controls: - -	Unlikely	Moderate	Medium	Below Acceptance	Preventative Controls: - - Reactive Controls:				Unlikely	Minor	Low	
	2	All City Plan directions	WHS						Possible	Major	High	Preventative Controls: - - Reactive Controls: - -	Unlikely	Minor	Low	At Acceptance								
	3																							
	4																							
	5																							
	6																							
	7																							
	8																							
	9																							
	10																							

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

Risk ID	Risk Type	Risk Category	Risk Description	Risk Owner	Causes	**Inherent Risk**			Controls	**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
						Consequence	Likelihood	Inherent Risk	Description	Consequence	Likelihood	Residual Risk							
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~~ 30 April 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 adopted. The Incident Operations Framework has been adopted. 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

						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 / **Step 2: Risk Assessment** / **Step 3: Risk Response & Treatment - Mitigation Controls** / **Step 4: Control Evaluation** / **Step 5: Risk Monitor & Control (blank if none required)**

Risk ID	Risk Type	Risk Category	Risk Description	Risk Owner	Causes	Inherent Risk — Consequence	Likelihood	Inherent Risk	Controls — Description	Residual Risk — 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
4	Strategic	A sustainable City	**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.	GM City Development, GM City Infrastructure, GM Community Development	• 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	Major	Possible	High	• 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	Moderate	Unlikely	Medium	Below Tolerance	1. Development of a Sustainability Plan. 2. Delivery of Emergency Management Project (including review of Emergency Management Plan)	GM City Development Manager Governance	1. ~~30 June 2021~~ - ~~28 Feb 2022~~ ~~30 June 2022~~ 31 July 2022 2. ~~30 June 2021~~ ~~30 June 2022~~ ~~30 Dec 2022~~ 30 April 2022 (substantially complete)			
5	Strategic	Innovation and Business Development	**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	GM Business Excellence, GM City Infrastructure, GM City Development	• 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	Major	Likely	High	• 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	Major	Unlikely	Medium	Below Tolerance	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	1. Manager Infrastructure Management and Manager Property & Buildings 2. TBD 3. GM City Infrastructure	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			

						Step 1: Risk Identification			Step 2: Risk Assessment				Step 3: Risk Response & Treatment - Mitigation Controls	Step 4: Control Evaluation					Step 5: Risk Monitor & Control (blank if none required)					
									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		

Risk ID 6

- Risk Type: Strategic
- Risk Category: All City Plan directions
- Risk Description: 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 plans and strategies are not delivered in a way that is consistent with the organisational values, lack of customer / community engagement, lack of employee engagement and commitment to City objectives, poor customer service, council lacks a coherent direction, failure to meet legislative obligations, not meeting community needs, reputational damage, poor organisational performance, negative impact on staff health and wellbeing.
- Risk Owner: CEO, All General Managers
- Causes:
  - 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
- Consequence: Major
- Likelihood: Likely
- Inherent Risk: High
- Controls Description:
  - 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
- Consequence: Moderate
- Likelihood: Unlikely
- Residual Risk: Medium
- Current Status: At Tolerance
- Further treatment required:
  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
- Treatment Owner:
  1. General Managers
  2. Various
  3. GM City Infrastructure
  4. Manager Governance
- Target Completion Date:
  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

Risk ID 7

- Risk Type: Strategic
- Risk Category: Innovation and Business Development
- Risk Description: 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.
- Risk Owner: The Executive Group, Elected Members
- Causes:
  - 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
- Consequence: Catastrophic
- Likelihood: Likely
- Inherent Risk: Very High
- Controls Description:
  - 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
- Consequence: Major
- Likelihood: Unlikely
- Residual Risk: Medium
- Current Status: At Tolerance
- Further treatment required:
  1. Training to be provided on WHS Procedures
  2. ~~Implementation of the Du Pont Survey~~ **Completed:** Replaced with COS Safety Survey
- Treatment Owner: Manager People & Culture
- Target Completion Date:
  1. Ongoing
  2. ~~30 June 2021~~ Completed

						Step 1: Risk Identification		Step 2: Risk Assessment				Step 3: Risk Response & Treatment - Mitigation Controls		Step 4: Control Evaluation				Step 5: Risk Monitor & Control (blank if none required)					
								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

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	Treatment Owner	Target Completion Date	Management Actions	Link	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~~ Completed 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 2022~~ ~~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. 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, 4 • 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~~ 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			

						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)**					
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	7.2.1
	AUDIT AND RISK COMMITTEE
DATE	08 November 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, 8 November 2022, Item No.7.2.1).

ATTACHMENTS

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

1. Audit Log Register 8 November 2022⇩

1. 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 July 2022 Audit & Risk Committee meeting.

1.2 Previously reported closed actions are now removed from the Audit Log Actions Register after verification by the Internal Auditor and Risk Coordinator.

2. CONSULTATION / COMMUNICATION

2.1 Internal

2.1.1 Audit Action Process Owners

3. REPORT

3.1 A high-level summary on the **movement of actions** from internal audits is shown below:

Internal Audit Log Register

	Bal. as at 12 July 2022	Closed	Bal. as at 8 Nov 2022
Total	14	4	10
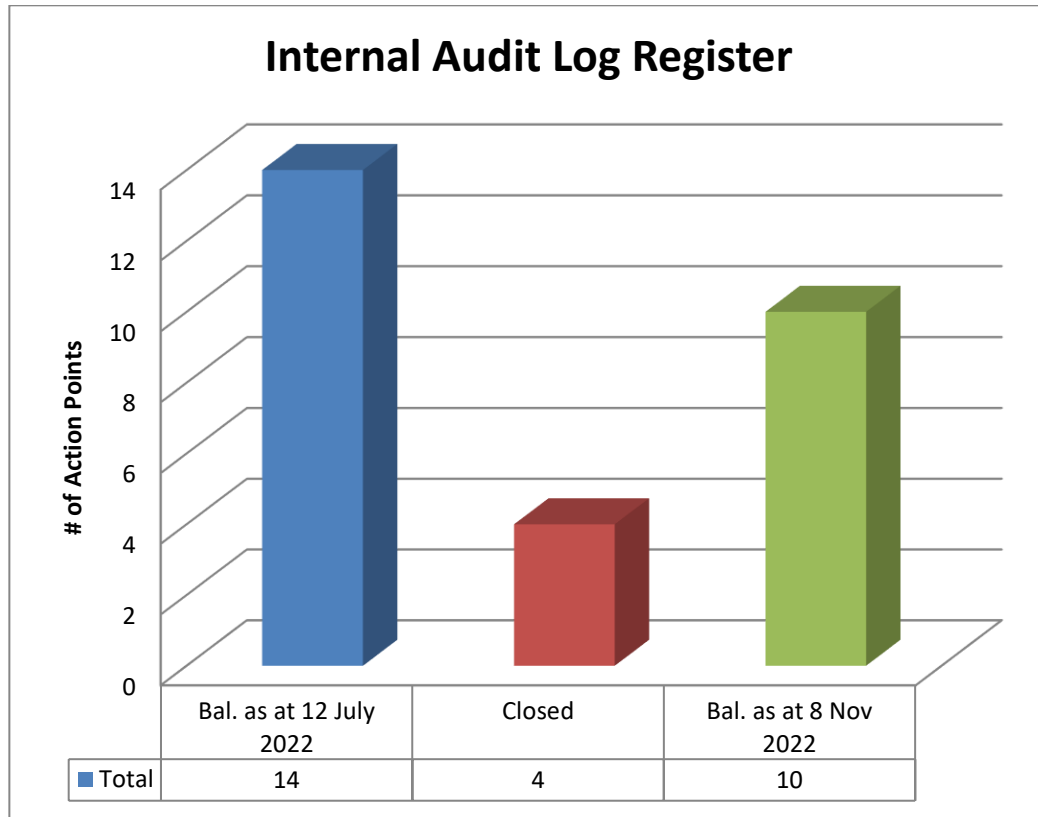
3.2 The total number of outstanding Audit actions reported to the July 2022 Audit & Risk Committee was 14, out of which, four actions were closed and resolved, leaving 10 actions to be resolved for this reporting period.

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

Risk Rating	Bal. as at 12 July 2022	Closed	Bal. as at 8 Nov 2022
1_Very High	-	-	-
2_High	3	2	1
3_Medium	5	-	5
4_Low	2	1	1
5_Better Practice	2	1	1
6_LGASA Baseline Not Met	2	-	2
Total	**14**	**4**	**10**

3.4 While there are no actions remaining in the very high-risk category, the high risk rated actions have been reduced from three to one.

3.5 The four closed actions include two high risk, one medium risk, one low risk rated action.

Closed Actions

3.6 All of the four actions reported as closed in this reporting period were tested by the Internal Audit and Risk Coordinator and confirmed as fully resolved.

3.7 The four closed actions for the reporting period are as follows:

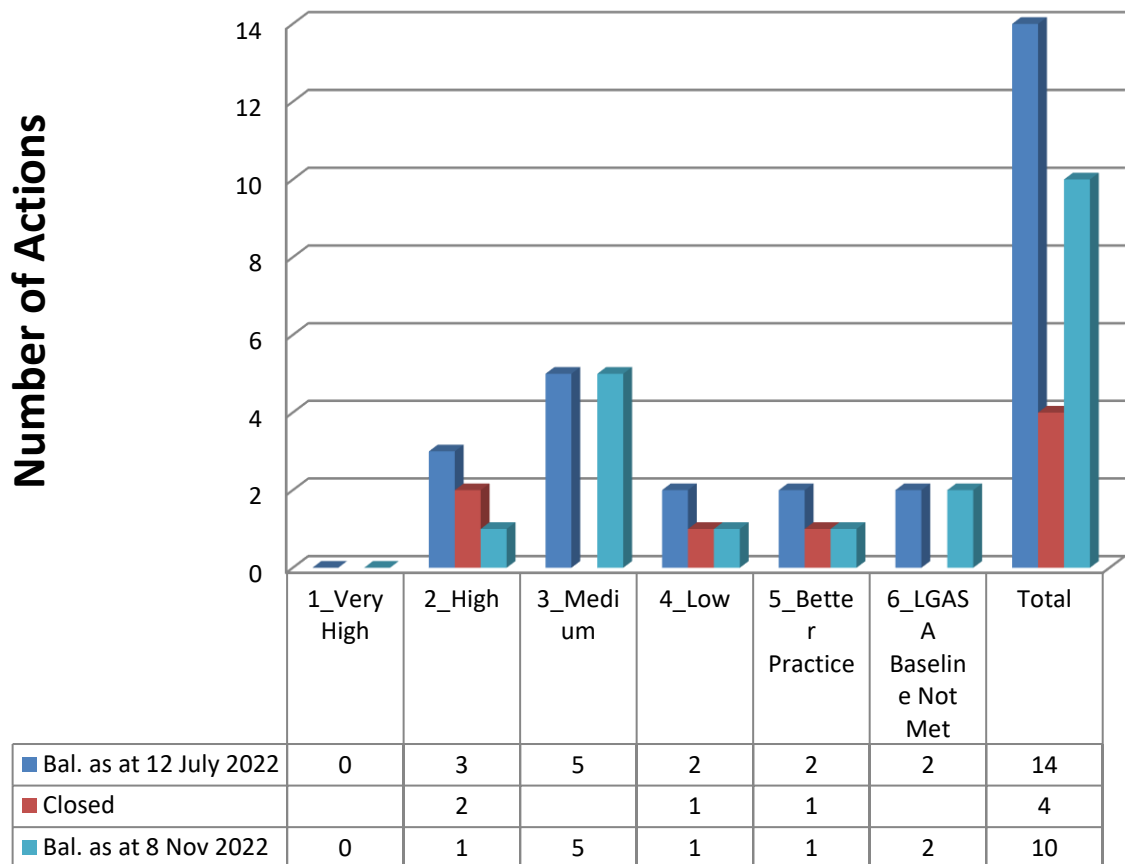| Log #	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Status	Resolved
12	19-Dec-19	2. Asset Management	2_High	2.1 Focusing on customer levels of service and enhancing processes for monitoring and reporting levels of service.	1. Engage with key stakeholders to 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.	Closed	Yes
14	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.	Closed	Yes
16	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. 2. Review the revised asset management strategy and ensure it includes internal and external factors that may impact on asset management objectives as well as strategic risk issues and risks relating to these factors.	Closed	Yes
65	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.	Closed	Yes

Previously Reported Closed Actions – To be Tested by Auditor

3.8 Five of the eight closed actions reported as closed for the 12th July 2022 reporting period were marked as "to be tested by Auditor". The Internal Auditor and Risk Coordinated verified the supporting evidence and confirmed that all of the five previously reported closed actions are fully resolved.

Outstanding Actions

3.9 There are 11 actions remaining on the Audit Log Register as at 8 November 2022 to be closed, and their status and risk ratings are illustrated below:

Internal Audit Log Actions - Movement

	1_Very High	2_High	3_Medium	4_Low	5_Better Practice	6_LGASA Baseline Not Met	Total
■ Bal. as at 12 July 2022	0	3	5	2	2	2	14
■ Closed		2		1	1		4
■ Bal. as at 8 Nov 2022	0	1	5	1	1	2	10

3.10 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
Asset Management - Jan 2020	8	8	100%	0	0%	
Management of Contaminated Sites - Oct 2020	14	12	86%	2	14%	2 not due
LGASA 2019 Risk Evaluation Report - Nov 2019	6	4	67%	2	33%	2 Extended
Complaints Handling Process - Mar 2021	6	2	33%	4	67%	1 not due, 3 extended
Event Incident Management Framework - Jun 2021	5	5	100%	0	0%	
Volunteer Management Audit - Sep 2021	4	2	50%	2	50%	2 Extended
Capital Works Project Audit Mar 2022.	3	3	100%	0	0%	
TOTAL	**46**	**36**	78%	**10**	22%	

3.11 Update on the status of Cybersecurity Improvement Program (CIP) pre-implementation audit action is included within the CIP Audit Actions and Project Status Update Confidential Report (Audit Committee, 08/11/2022, Item No. 7.4.1).

3.12 The Capital Works Project Audit identified nine project management life-cycle pressure points, and recommended to present an action plan on addressing these pressure points. The action plan was presented to the July Audit and Risk Committee and it was agreed that an update will be provided to this November 2022 covering the improvement plans agreed by Administration on addressing these pressure points. The Action Plan is currently being reviewed by Executives and will be presented to the next Audit and Risk Committee in February 2023.

4.   CONCLUSION / PROPOSAL

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

4.2   A total of four actions have been closed.

4.3   A total of 10 actions remain to be closed.

Audit Log Actions Register - November 2022

Log #	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 08/11/2022	Resolved
10	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
11	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
12	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. **Update: 8/11/2022: Completed.**	Closed	The Interim SAMP was adopted by Council in July 2022, covering the council approved criteria for upgrades and renewals of buildings.	Yes
14	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. Ongoing 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. The 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. The 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 **Update 27/01/2022:** BAMP scheduled to the next available AMSC meeting in Feb 2022. **Update 28/03/2022:** BAMP was presented to March 2022 AMSC. See further details in comments for Log item 16. **Update 30/6/22:** Council (through AMSC) has endorsed new asset heirarchy and level of service criteria for buildings. **Update: 8/11/2022: Completed.**	Closed	The Interim SAMP was adopted by Council in July 2022, covering the council approved criteria for upgrades nd renewals of buildings.	Yes

Log #	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 08/11//2022	Resolved
16	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. 2. Review the revised asset management strategy and ensure it includes internal and external factors that may impact on asset management objectives as well as strategic risk issues and risks relating to these factors.	1. Review occurred in 2017 to do this and close alignment was identified. Some 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. 2. Being considered as part of the (Strategic Asset Management Plan (SAMP) as presented to Council on 29 February 2020. Asset Management Sub-committee is working through the Levels of Service for each Asset Management Plan. This will result in the upgrade of the Asset Management Plans late in 2020. Action: See above.	Dameon Roy, Manager Infrastructure Management; Karen 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. An 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. **Update 27/01/2022:** BAMP scheduled to the next available AMSC meeting in Feb 2022. **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. **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. Council (through AMSC) has endorsed new asset heirarchies and level of service criteria for roads, drainage, and building assets. **Update: 8/11/2022:** Completed.	Closed	The Interim SAMP was adopted by Council in July 2022, as the revised strategic asset mangement strategy and plan for council.	Yes
30	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
35	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
57	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

Log #	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 08/11//2022	Resolved
58	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
59	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
60	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
65	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.	Simon McGuinness (Team Leader Safety Wellbeing)	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 compelted. 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. **Update 08/11/2022:** Action complete. Event Safety Handbook is now developed covering all areas required.	Closed		Yes

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68	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)	30/06/2022	~~31/12/2022~~ 31/03/2023	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. 08/11/2022: Draft Manual is being compiled by WHS team for finalisation.	Extended		No
71	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.	Vesna Haracic (Manager Community Health and Wellbeing)	30/03/2022	~~30/06/2022~~ ~~31/10/2022~~ 31/03/2023	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 08/11/2022: Draft Manual now with WHS team for finalisation.	Extended		No