



AGENDA

FOR AUDIT AND RISK COMMITTEE MEETING TO BE HELD ON

15 FEBRUARY 2023 AT 6:30 PM

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

MEMBERS

Cr Kylie Grenfell (Chair)
Cr B Brug (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 08 November 2022.

REPORTS

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For Decision

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For Information

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QUESTIONS ON NOTICE

There are no Questions On Notice.

MOTIONS ON NOTICE

There are no Motions On Notice.

OTHER BUSINESS

(Questions Without Notice, Motions Without Notice, CEO Update)

ORDER TO EXCLUDE THE PUBLIC

7.4.1 Quarterly Cybersecurity Report (Verbal 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 (Quarterly Cybersecurity Report – Verbal Update) except the staff of City of Salisbury, on grounds that:

1. Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (e) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:
 - it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
 - information the disclosure of which would, on balance, be contrary to the public interest; and
 - matters affecting the security of the council, members or employees of the council, or council property; or the safety of any person.
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 Quarterly Cybersecurity Report – Verbal Update item and discussion at this point in time.

7.4.2 Litigation 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 7.4.2 (Litigation Update) except the staff of City of Salisbury, on grounds that:

1. Pursuant to Section 90(2) and (3)(h) and (i) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:
 - it relates to legal advice; and
 - information relating to actual litigation, or litigation that the Council or Council committee believes on reasonable grounds will take place, involving the council or an employee of the Council.
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 Litigation 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**

8 NOVEMBER 2022

MEMBERS PRESENT

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

OBSERVERS

Nil

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Governance, Mr R Deco
Internal Auditor & Risk Coordinator, Mr H Rafeeu
Director Business Transformation, Ms. J Emerson (via VC Teams)
Manager Business Systems and Solutions, Ms. L Paltridge (via VC Teams)

The meeting commenced at 6:45pm

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

APOLOGIES

Nil

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Ms P Davies
Seconded Cr K Grenfell

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

CARRIED
UNANIMOUSLY

REPORTS

Administration

7.0.1 Future Reports for the Audit and Risk Committee

Moved Cr K Grenfell
Seconded Ms P Davies

That Council:

1. Notes the report.

CARRIED

7.0.2 Actions List

Moved Cr K Grenfell
Seconded Ms P Davies

That Council:

1. Notes the report.

CARRIED

For Decision

7.1.1 Audit & Risk Committee Annual Work Plan 2022/2023

Moved Mr C Johnson
Seconded Cr K Grenfell

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).

CARRIED

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

Moved Ms P Davies
Seconded Cr K Grenfell

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), incorporating the strategic risk register mapping of internal audits planned and completed.
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).

CARRIED

7.1.3 Risk Management and Internal Controls Activities

Moved Ms P Davies
Seconded Mr C Johnson

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) and consider moving the section on risk appetite to a separate council approved document called Risk Appetite Statement.
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) with the inclusion of ERP as a separate risk in the strategic risk register.

CARRIED
UNANIMOUSLY

For Information

7.2.1 Outstanding Actions Arising from Internal Audits

Moved Cr K Grenfell
Seconded Mr C Johnson

That Council:

1. Notes the update in this report and the full Internal Audit Log Actions Register in Attachment 1 to this report (Audit Committee, 8 November 2022, Item No. 7.2.1).

CARRIED
UNANIMOUSLY

QUESTIONS ON NOTICE

There were no Questions on Notice.

MOTIONS ON NOTICE

There were no Motions on Notice.

OTHER BUSINESS

(Questions Without Notice, Motions Without Notice, CEO Update)

ORDER TO EXCLUDE THE PUBLIC

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

Moved Ms P Davies
Seconded Cr K Grenfell

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.

CARRIED

ORDER TO EXCLUDE THE PUBLIC

7.2.2 Enterprise Resource Planning (ERP) Verbal Update

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 (Enterprise Resource Planning (ERP) Verbal 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
 - the verbal update relates to an ongoing tender process; 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 Enterprise Resource Planning (ERP) Verbal Update item and discussion at this point in time.

CARRIED

The meeting moved into confidence at 7:35pm
The meeting moved out of confidence and closed at 8:43pm

CHAIRMAN.....

DATE.....

ITEM	7.0.1
	AUDIT AND RISK COMMITTEE
DATE	15 February 2023
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

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

1. Revised Action Plan - Capital Works Project Audit Pressure Points

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
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	Completed. Update included as an attachment to this report.
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
36	8 Nov 2022	Update the 3-year Internal Audit Plan with the Strategic Risk Register Mapping of internal audits planned and completed.	Internal Auditor & Risk Coordinator	Feb 2023	Completed. Update format presented in Feb 2023 meeting.
37	8 Nov 2022	Revise the ERM Framework incorporating A&RC Chair's comments and moving the section on risk appetite to a separate council approved document called Risk Appetite Statement.	Internal Auditor & Risk Coordinator	Feb 2023	Completed Council approved the ERMF, and considered the Risk Appetite Statement.
38	8 Nov 2022	Include ERP as a Strategic Risk on the Strategic Risk Register.	Internal Auditor & Risk Coordinator	Feb 2023	Completed Included in the Strategic Risk Register. Next executive review scheduled for Q3 of 2022/2023, and will be presented to A&RC when finalised.
39	8 Nov 2022	Noted for next year to consider Internal Auditor not to undertake Petty Cash Audit.	Internal Auditor & Risk Coordinator	Feb 2023	Completed. Handed over the petty cash counting and review process to be undertaken by Financial Services for External Audit purpose.

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.



Project Management Audit Action Group

Action Plan

Date: January 2023

Author: C Martin, Infrastructure Delivery





Introduction

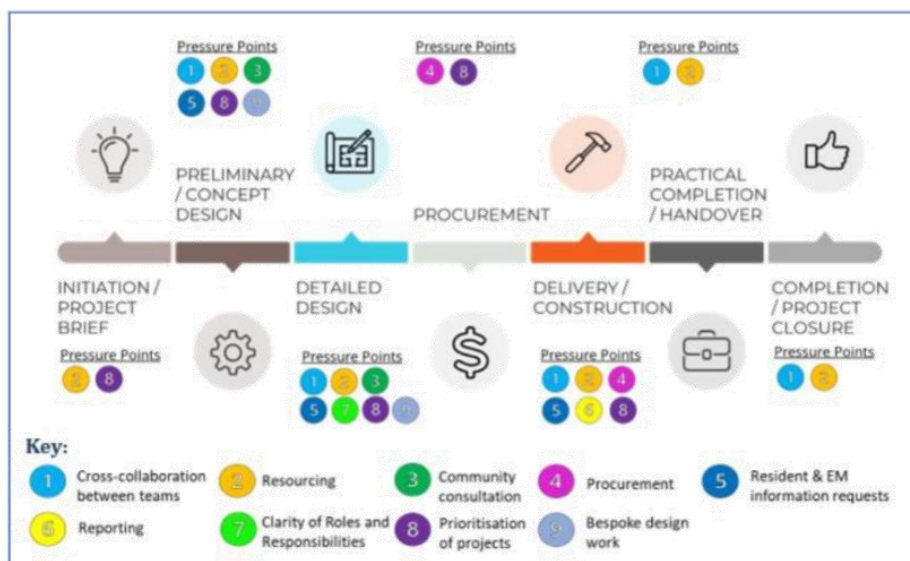
In accordance with the City of Salisbury Internal Audit Plan 2021-2023, an audit of the Capital Works Projects was undertaken by Galpins as an independent reviewer of process performance and compliance. The findings of this report were presented to the Audit and Risk Committee in April 2022. To assist with alleviating the nine pressure points identified from the audit, a Project Management Audit Action Group was created to support City Infrastructure in the review and development of project processes and procedures, providing perspectives from various areas across the organisation. This report has been prepared to summarise the actions of this group and future areas of improvement.

Process

With the establishment of the Project Management Audit Action Group, a schedule was created to review the key findings of the audit which could inform an Action Plan for improvements to Council’s Capital Delivery Framework.

The key pressure points by stage were the focus of the Audit Action Group to discuss and consider. Given City Infrastructure has approximately 700 projects each year to manage, it was agreed that in general strategic projects, such as the Salisbury Aquatic Centre, have a robust project governance with Executive oversight and therefore would not be the focus of this group. The primarily projects considered were those routine, regular, type projects which can range from \$5k to deliver to approximately \$1M. They generally originate from an Asset Management Plan and within the discipline of transport, buildings, landscape and / or drainage.

The nine key points were noted to have occurred at various stages within the process of managing a project as follows:



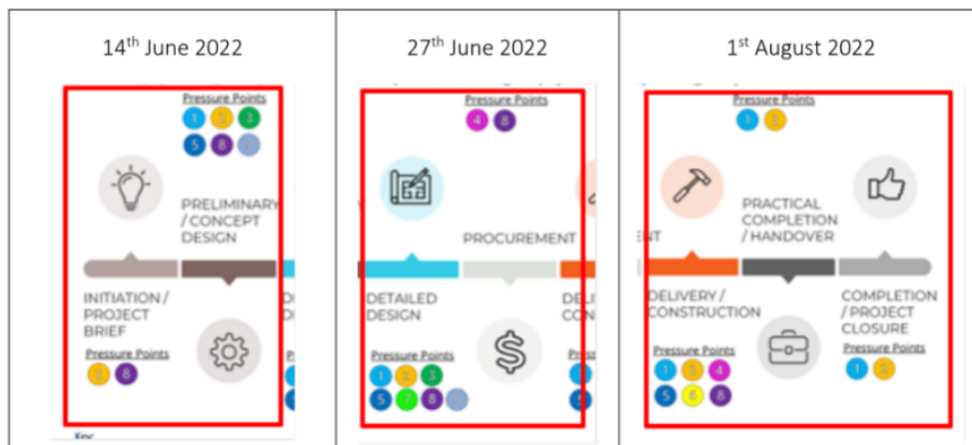


The Project Management Audit Action Group included the following members in representation of the organisation;

- GM City Infrastructure, John Devine (Chair)
- GM Community Development, Amy Pokoney-Cramey
- Manager Financial Services, Kate George
- Manager Economic Development & Urban Policy, Leandro Lopez Digon
- Manager Strategic Procurement, Ben Kempster
- Manager Infrastructure Delivery, Jarred Collins
- Internal Auditor & Risk Coordinator, Hussain Rafeeu (Rafy)
- Team Leader Project Support, Christy Martin

A series of meetings were set to review the findings of the audit and pressure pain points by stage following initial understanding of the framework:

8 th March 2022	Team establishment and purpose of the group
29 th April 2022	Capital Delivery Framework Overview



With the completion of the workshops, this Action Plan for future project process improvements was able to be developed.

It is important to note that the Capital Delivery Framework will continue to be improved following post implementation reviews of projects; feedback from consultation processes; improvements in technology; and other factors.



Summary of Workshops

Participation in the workshops was high and feedback well received. Each meeting, notes were taken to record discussions and inform the following summary:

Initiation / Preliminary Stage

- From a resourcing perspective, there was a desire to participate in the review of project establishment / documentation which typically occurs between May – July each year. It is imperative that a project process enables participation and collaboration, however doesn't significantly impact the project schedule. It is not always clear which projects staff wish to be involved in and / or understand the scope of outside City Infrastructure, and thus there is a reliance on staff using their initiative to review the budget bids and advise City Infrastructure any specific projects they need involvement in. With the roll out of the new ERP system for the organisation, it is expected that access to project information will be able to occur more broadly in a user-friendly format. This will support staff to participate and understand project status and details independently. There was a desire to present information from a geographic format, therefore identify projects located within an area which others in the organisation may have an interest in.
- Projects which are from an Asset Management Plan and higher-level Strategic Asset Management Plan, need to be aligned and transparent in relation to new and renewal scope. With Budget Bids presented to Council by February each year, there is the opportunity to commence working on the projects involved prior to their official endorsement in June. The Technical Asset Management Group which meets regularly is also there to support and provide clarity regarding renewal and new classifications of assets within a project. This group can escalate any items which they can't resolve should it be required.

Design / Procurement Stage

- Community engagement requirements have changed over recent years and is a critical step to inform the design phase of a project, therefore not something where it should be reduced to save time at the expense of quality engagement and information. Pending the type and stage of a project however, some consultation may be more of an information piece in lieu of seeking feedback and therefore less intensive. At the time of the audit, the requirement to have multiple stages of consultation was a new requirement and therefore put additional pressures on resources that had not necessarily been expected. Subsequent to then, approval has been given to undertake consultant in the year prior which alleviates the pressure to complete within a short timeframe.
- The desire to participate in design review was from across the organisation was similar to the project commencement stage. Within City Infrastructure an electronic document review process was developed which enables any member of the department to participate and comment on the various stages of a project. Within the actions, it was identified that an electronic solution will be explored to consider how others can participate in this process.
- Whilst procurement can occur at various stages within a project, this stage was primarily established in alignment with the tendering of the construction works. Any planning work such as Acquisition Plan is not expected to be completed here, it is expected that this will



occur earlier in the process with the establishment of project planning documentation. It was discussed that current delegations could be reviewed in an effort to streamline procurement processes. This item will remain with the Strategic Procurement Team for consideration.

- At the time of the audit, the previous procurement process required a minimum of 12 weeks, unless an acquisition plan had already been approved. This timeframe had a significant impact on the overall project schedule and thus the procurement stage appearing as a pressure point. Subsequent to this audit the improved procurement process has enabled a more efficient process to be implemented leading to more effective management of the time and tasks required to tender and award works.

Delivery / Practical Completion / Closure

There was a desire to hold debriefing meetings to review project outcomes following project completions. Currently there are project completion reports prepared which enable documentation of learnings for both positive and areas for improvement. There is also the option to undertake a post occupancy review. This type of review can work best for a new building where staff have transitioned to a new environment and can then provide valuable feedback for future project consideration. An action has been identified to schedule meetings to undertake a selection of projects for review on a periodical basis. It was acknowledged that in City Infrastructure this activity needed more consistency of application and hence ensuring this activity is scheduled for relevant projects or programs.

Actions

A number of the issues and improvement opportunities identified in the audit will be addressed by the organisation's new ERP system. These project related issues and others have been discussed with the ERP project team and the vendor and will be considered in the system design and configuration.

It should be noted that City Infrastructure has continued to review and improve project processes whilst also delivering a larger than normal program of works. The above items are not the only initiatives in progress and continuing to be implemented. For example, pending the completion of the ERP, a combined single register document was recently developed to save staff having to maintain a series of separate documents. Where opportunities arise, they will be explored, not wait until the next project management audit for consideration. It is the teams desire to continuously improve and deliver great project outcomes for the community.

Refer Appendix A for Action Plan Schedule

Conclusion

Following the completion of an external review and audit by Galpins regarding project management at the City of Salisbury, the findings of this audit were presented to the Audit and Risk Committee in April 2022. Following this, it was determined that an Action Group be established to review the pressure points identified within the audit with membership being from across various sections of the organisation.



The Project Management Audit Action Group was formed in March 2022, with various meetings held to August 2022. This group and the various workshops held were able to provide feedback and areas of improvement, and / or how their departments could assist and support City Infrastructure to deliver the Capital Works Program. The focus of the group was on the routine projects, not the strategic projects where they have a robust governance framework with Executive oversight.

It should be understood that how projects are delivered continues to evolve and improve. It's not a static framework, therefore an audit will find discrepancies in the project delivery as if there's an opportunity for improvement, it will always be swiftly implemented. The intent is to have a framework which can be flexible to meet the needs and requirements of the various sizes and types of projects.

Also, over the last few years, it's been an unprecedented quantum of projects for delivery in a time of constant change and restricted resources. However, with staff transitioning to working from home, the online project management tools proved to be imperative. These online tools enabled the team to access the latest information remotely.

Whilst a series of actions have been identified and noted within this report, they will be considered in line with the new ERP system set to transform and ease the way we manage projects. Systems do not solve all problems however this core organisational system change should result in significant change in the way people view and manage their projects. It is anticipated that this system will enable visibility of projects and faster transfer of information.

Appendix A

Project Management Audit Action Group

Action Schedule – January 2023

Item No.	Action	Pressure Point Identification	Responsible Group	Due Date
1.	Determine and create portal / option for organisation wide access to view project status information and contact details for person responsible. Needs to be completed in line with the new ERP system solution.	1 – Cross collaboration between teams	▪ Infrastructure Delivery	In line with ERP system roll out Target December 2023
2.	Completed projects by asset have been mapped and is accessible via Power BI, with the roll out of the new ERP system solution, create the ability to view projects in progress geographically. Completed projects may transition to the same view as active projects, pending ERP system solution.	1 – Cross collaboration between teams 3 – Community consultation 5 – Resident and EM information requests 6 - Reporting	▪ Infrastructure Delivery	In line with ERP system roll out Target December 2023
3.	Pending ERP system solution enable organisational wide access to project documents such as briefs and design drawings to enable review and feedback from any location	1 – Cross collaboration between teams 5 – Resident and EM information requests 6 - Reporting	▪ Infrastructure Delivery	In line with ERP system roll out Target December 2023
4.	A1 digital drawing review solution implemented, subject to funding availability. <ul style="list-style-type: none"> - Schedule working group to discuss and determine requirements - Investigate options and estimated pricing - Determine funding source - Schedule tender - Schedule install - Schedule training 	1 – Cross collaboration between teams 2 – Resourcing 3 – Community Consultation 4 – Procurement 5 – Resident & EM requests 7 – Clarity of Roles and Responsibilities 8 – Prioritisation of Projects 9 – Bespoke design work	▪ Design Team, Infrastructure Delivery	In line with funding availability Target December 2023
5.	Develop process to maintain Major Project information on the City of Salisbury website <ul style="list-style-type: none"> - Document process - Upload updated Major Project information - Schedule periodical reviews 	2 – Resourcing 3 – Community consultation 5 – Resident & EM information requests	▪ City Infrastructure Administration	September 2023
6.	Schedule bi-annual workshops to review overarching project risk register	1 – Cross collaboration between teams 6 – Reporting 8 – Prioritisation of projects	▪ Infrastructure Delivery	March 2023
7.	Schedule bi-annual workshops to review a small set of completed of projects, so what worked well and what didn't work so well can be discussed and captured. Include a section for acknowledgements	1 – Cross collaboration between teams 6 – Reporting 8 – Prioritisation of projects	▪ Infrastructure Delivery	March 2023



8.	Schedule workshop to review Change RACI (Roles Accountability Consulted Inform) Chart	1 – Cross collaboration between teams 2 – Resourcing 7 – Clarity of Roles and Responsibilities	▪ Infrastructure Delivery	April 2023
9.	Create Project Management Plan template to support Project Managers with the delivery of their assigned projects	7 – Clarity of roles and Responsibilities	▪ Infrastructure Delivery	June 2023
10.	Re-establish asset-based project meetings to aid in decision making, communication sharing and project monitoring. Consider membership and options for online participation.	1 – Cross collaboration between teams 6 – Reporting	▪ Infrastructure Delivery	May 2023
11.	Explore the expansion of costing internal wages to capital projects, staff not within City Infrastructure or Strategic Property Development but are staff involved with project delivery.	2 – Resourcing	▪ Financial Services ▪ Community Development ▪ Infrastructure Delivery	June 2023

ITEM	7.0.2
	AUDIT AND RISK COMMITTEE
DATE	15 February 2023
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. Due: April 2023	Kate George

4. CONCLUSION / PROPOSAL

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

ITEM	7.1.1
	AUDIT AND RISK COMMITTEE
DATE	15 February 2023
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 updated Audit & Risk Committee Annual Work Plan for the year 2022/2023 as set out in Attachment 1 to this report (Audit & Risk Committee, 15 February 2023, Item No.7.1.1).

ATTACHMENTS

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

1. Updated 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 8 November 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 Desktop Audit on Strategic Alignment of Investments on Enterprise Resource Planning (ERP) Solutions audit is now in progress and the report is expected to be completed in time for next Audit and Risk Committee meeting in April 2023.
 - All other items on the Annual Work Plan remain unchanged and on track.

CONCLUSION / PROPOSAL

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

Audit & Risk Committee - Annual Work Plan 2022/2023								
(Updated for 15 February 2023 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						🔔	
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	"	🔔		🔔	🔔	🔔	Given there is no specific update for this quarter on these items, they are excluded from Agenda for Feb 2023.
3.2	Risk Management & Internal Control Activities	"	🔔		🔔	🔔	🔔	
3.4	Assurance Map	"	🔔					
3.5	ERM Framework	"	🔔					
4.0	Internal Audit	s126(4)(c)						
4.1	Review Internal Audit Plan	"	🔔		🔔	🟢	🔔	
4.2	Review the status of Outstanding Audit Actions	"	🔔		🔔	🟢	🔔	
4.3	IA Report - Capital Works Project Audit	"	🔔					

Item 7.1.1 - Attachment 1 - Updated Annual Work Plan 2022-2023

Audit & Risk Committee - Annual Work Plan 2022/2023								
(Updated for 15 February 2023 Meeting)								
No.	Activity	Relevant Touch points	FY 2022 / 2023					Comments
			Jul-22	Oct-22	Nov-22	Feb-23	Apr-23	
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 included in February 2023 A&RC Agenda.
4.8	Desktop Audit on Strategic Alignment of Investment in ERP Solutions.	"				 → 		Audit in progress, expecting report to be completed for next Audit & Risk Committee in April 2023.
5.0	External Audit	s126(4)(b)						
5.1	Review External Audit Plan for 2022/2023 audit	"						
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	"						
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)						

Item 7.1.1 - Attachment 1 - Updated Annual Work Plan 2022-2023

Audit & Risk Committee - Annual Work Plan 2022/2023

(Updated for 15 February 2023 Meeting)

No.	Activity	Relevant Touch points	FY 2022 / 2023					Comments
			Jul-22	Oct-22	Nov-22	Feb-23	Apr-23	
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)	"						
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

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ITEM	7.1.2
	AUDIT AND RISK COMMITTEE
DATE	15 February 2023
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.

RECOMMENDATIONThat 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, 15 February 2023, Item No. 7.1.2).
2. Notes the mapping of internal audits to the current identified risks in the strategic risk register as set out in Attachment 2 of this report (Audit and Risk Committee, 15 February 2023, Item No.7.1.2).
3. Notes the accompanying high-level indicative draft scope for pending audits as set out in Attachment 3 of this report (Audit and Risk Committee, 15 February 2023, Item No.7.1.2).

ATTACHMENTS

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

1. 3 Year Internal Audit Plan 2022-23 to 2024-25
2. Strategic Risk Mapping to Internal Audits
3. Indicative Scope for Pending Internal 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 and Risk Committee in November 2022.
- 1.2 The Audit and Risk Committee requested to update the 3-year Internal Audit Plan showing the mapping of internal audits to the strategic risks.

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 Progress of Audits as per Approved Internal Audit Plan

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

This internal audit is completed, and the final report is presented to the 15 February 2023 Audit and Risk Committee meeting, along with a separate cover report.

2.2 Ongoing and Pending Audits for this current Financial Year

- The Desktop Audit on Strategic Alignment of Investments in Enterprise Resource Planning (ERP) Solutions has commenced in January 2023. The internal audit is expected to be completed in March 2023 with the aim to be presented to the April 2023 Audit and Risk Committee meeting. The internal audit is being undertaken by the Internal Auditor and Risk Coordinator.

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

- Strategic Reporting Process Audit – to commence in April 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 Strategic Risk Register Mapping of Internal Audits

The 3-year Internal Audit Plan is developed to closely align the activities of internal audit with Council's current identified strategic risks. The internal audits undertaken (since 2011) and planned on the 3-year internal audit plan are mapped to the current identified risks on the strategic risk register, to demonstrate this relationship as summarised below:

Strategic Risk	Risk Short Name	Inherent Risk	Residual Risk	INTERNAL AUDITS (2011 to 2025)	
				PAST INTERNAL AUDITS	PLANNED INTERNAL AUDITS ON 3-Year Internal Audit Plan 2022/23-2024/25
1	Business Continuity Risk	Very High	Medium	Event Incident Management Framework Audit (Dec 2016)	Business Continuity Audit (Jan 2024)
				Event Incident Management Framework Audit (Jun 2021)	Risk Management Audit (Oct 2023)
				Compliance With Building Inspections Policy (Sep 2014)	
				LGRS BCP Exercise Audit (June 2018) BCP Desktop Audit (Nov 2014)	
2	Recycled Water Contamination Risk	High	Medium	Management of Contaminated Sites Audit (Aug 2020)	Risk Management Audit (Oct 2023)
3	Public and Environmental Health Risk	High	High	Public and Environmental Health Management Audit (Dec 2017)	By-Laws Management and Enforcement Process Audit (Feb 2025)
				Administration of the Food Act (Mar 2011) Food Safety Audit (Apr 2020)	

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				INTERNAL AUDITS (2011 to 2025)	
Strategic Risk	Risk Short Name	Inherent Risk	Residual Risk	PAST INTERNAL AUDITS	PLANNED INTERNAL AUDITS ON 3-Year Internal Audit Plan 2022/23-2024/25
4	Environmental and Social Risks	High	Medium	Strategic Development Projects Audit (Mar 2018)	Tree Management Framework Audit (Jul 2023)
					Community Consultation Process, and Community Perception Survey Effectiveness Audit (Jul 2024)
					Environmental Sustainability & Climate Change Risk Management Audit (potential 2025/2026 Audit)
5	Financial Sustainability Risk	High	Medium	Corporate Credit Card Audit (Oct 2020)	Fraud and Corruption Prevention Control Audit (Jan 2024)
				Trade Card and Trading Account Audit (Nov 2020)	Grants Management Audit (Aug 2024)
				Financial Sustainability Audit (Jun 2019)	Rates Setting Process, Revenue and Debtors Audit (Aug 2023)
				Asset Management Audit (Mar 2020)	Budgetary Control Audit (Nov 2024)
				Payroll Audit (Sep 2010; March 2017)	Desktop Audit on Strategic Alignment of Investments in ERP Solutions Audit (Jan 2023)
				Procurement Audit (Sep 2014)	
				Fraud and Corruption Prevention Control Audit (Jan 2013)	
				Grants Management Audit (Sep 2012)	
				Contractor Management Audit (Jan 2020)	
				Fleet, Heavy Vehicle, High Value and Portable Assets Audit (Jan 2023)	
Capital Works Projects Audit (Mar 2018)					
Capital Works Projects Audit (Aug 2021)					
6	Governance Risk	High	Medium	Complaint Handling Process Audit (Mar 2021)	Strategic Reporting Process Audit (Mar 2023)
				Volunteers Audit (Mar 2008)	Data Governance Audit (Jul 2024)
				Volunteers Audit (Jun 2021)	Risk Management Audit (Oct 2023)
				Capital Works Projects Audit (Mar 2018)	
				Capital Works Projects Audit (Aug 2021)	
7	Work Health and Safety Risk	Very High	Medium	Event Incident Management Framework Audit (Dec 2016)	
				LG Risk Evaluation Audit (Nov 2019)	
				Event Incident Management Framework Audit - Jun 2021	

Item 7.1.2

				INTERNAL AUDITS (2011 to 2025)	
Strategic Risk	Risk Short Name	Inherent Risk	Residual Risk	PAST INTERNAL AUDITS	PLANNED INTERNAL AUDITS ON 3-Year Internal Audit Plan 2022/23-2024/25
8	IT and Cybersecurity Risk	Very High	Medium	Business Systems and Solutions Audit (Apr 2018)	Desktop Audit on Strategic Alignment of Investments in ERP Solutions Audit (Jan 2023)
				Cyber Security Implementation Project Pre-Implementation Audit	Data Governance Audit (Jul 2024)
					Business Continuity Audit (Jan 2024)
					IT Disaster Recovery Audit (Apr 2023)
9	Climate Change Risk	Very High	Medium		Environmental Sustainability & Climate Change Risk Management Audit (potential 2025/2026 Audit)
10	Reputation Risk	High	Medium	People & Culture Risk Review (Jun 2015)	Community Consultation Process, and Community Perception Survey Effectiveness Audit (Jul 2024)
				Program Review of Twelve25 Salisbury Youth Enterprise Centre (Sep 2012)	
				Legislative compliance Audit (Jan 2021)	

For further clarity, an expanded version covering these strategic risks with corresponding causes and controls, the control effectiveness, and the internal audit mappings are included in the Attachment 2 of this report.

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

The scopes for pending audits (included in Attachment 3) have not changed since last presented to the Audit and Risk Committee in November 2022, except for the inclusion of the following specific point for the Desktop Audit on Strategic Alignment of Investments in Enterprise Resource Planning (ERP) Solutions audit: “ensure that: ERP solutions and the enabling projects implementation and transition plan is appropriately resourced and documented”.

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 November 2022.

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Strategic Risk					3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025								
Strategic Risk	Risk Description	Inherent Risk	Residual Risk	Relevant Causes from Strategic Risk Register	Audit Ref	Audit Title	Audit Title and Summary Description	3-Yr IA Plan			Rationale for Inclusion	Internal Key Stakeholder Divisions Impacted	Status Update (as at 8 November 2022)
								2022/2023	2023/2024	2024/2025			
5	City of Salisbury financial sustainability is compromised by internal decisions and / or external events.	High	Medium	<ul style="list-style-type: none"> 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	Report completed and presented in Feb 2023 A&RC Meeting.
8	Lack of alignment and integrity of IT systems and data to support service delivery	High	High	<ul style="list-style-type: none"> 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	Audit fieldwork commenced in January 2023. Audit is expected to be completed and report presented to April 2023 A&RC Meeting.
6	Ineffective governance results in the provision of services which do not meet community expectations.	High	Medium	<ul style="list-style-type: none"> 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 April 2023.
8	SR#8: Lack of alignment and integrity of IT systems and data to support service delivery	High	High	<ul style="list-style-type: none"> 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.

Item 7.1.2 - Attachment 1 - 3 Year Internal Audit Plan 2022-23 to 2024-25

Strategic Risk					3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025								
Risk	Risk Description	Inherent Risk	Residual Risk	Relevant Causes from Strategic Risk Register	Audit Ref	Audit Title	Audit Title and Summary Description	3-Yr IA Plan			Rationale for Inclusion	Internal Key Stakeholder Divisions Impacted	Status Update (as at 8 November 2022)
								2022/2023	2023/2024	2024/2025			
N/A	N/A	N/A	N/A	N/A - not included in the strategic risk register.	14	Independent External Review of Internal Audit Function	Independent External Review of Internal Audit Function The audit is to obtain an understanding and form an opinion on the current Internal Audit function, compliance with the Internal Audit Standards, and existing issues and areas for improvement.	■			In accordance with the best practice standards, COS's Internal Audit Charter states that "In order to ensure that the quality of internal audit work is of a consistently high standard, the CEO shall ensure that a quality review of the internal audit function is undertaken by an independent External Service Provider at least every five years". The last audit was undertaken in 2016, and is due for another review, to comply with the standards.	Governance	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	<ul style="list-style-type: none"> Inadequate understanding and planning for factors impacting the environment Failure to consider environmental consequences when planning and designing infrastructure 	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	<ul style="list-style-type: none"> 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.

Item 7.1.2 - Attachment 1 - 3 Year Internal Audit Plan 2022-23 to 2024-25

Strategic Risk					3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025								
Strategic Risk	Risk Description	Inherent Risk	Residual Risk	Relevant Causes from Strategic Risk Register	Audit Ref	Audit Title	Audit Title and Summary Description	3-Yr IA Plan			Rationale for Inclusion	Internal Key Stakeholder Divisions Impacted	Status Update (as at 8 November 2022)
								2022/2023	2023/2024	2024/2025			
1-9	All Strategic Risks in the Strategic Risk Register	High	High	<ul style="list-style-type: none"> 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.				<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.				<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.				<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.				<ul style="list-style-type: none"> 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.

Item 7.1.2 - Attachment 1 - 3 Year Internal Audit Plan 2022-23 to 2024-25

Strategic Risk				3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025									
Strategic Risk	Risk Description	Inherent Risk	Residual Risk	Relevant Causes from Strategic Risk Register	Audit Ref	Audit Title	Audit Title and Summary Description	3-Yr IA Plan			Rationale for Inclusion	Internal Key Stakeholder Divisions Impacted	Status Update (as at 8 November 2022)
								2022/2023	2023/2024	2024/2025			
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	<ul style="list-style-type: none"> 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	<p>Data Governance Audit</p> <p>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.</p> <p>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.</p>				<p>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.</p> <p>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.</p>	<p>People & Culture ; Community Experience; Economic Development & Urban Policy; Business Systems and Solutions; Financial Services; and Communications & Customer Relations. Governance; and Strategic Procurement</p>	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	<ul style="list-style-type: none"> Insufficient or reduction in grant funding 	12	Grants Management Audit	<p>Grants Management Audit</p> <p>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.</p>				<p>The City offers many grants to encourage develop and support community projects.</p> <p>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.</p> <p>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.</p>	<p>Community Planning & Vitality; Community Capacity & Learning; Community Experience; Infrastructure Delivery & Management; Economic Development & Urban Policy; Financial Services; and Communications & Customer Relations.</p>	Retain as originally scheduled to commence in August 2024.

Item 7.1.2 - Attachment 1 - 3 Year Internal Audit Plan 2022-23 to 2024-25

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Strategic Risk					3 YEAR INTERNAL AUDIT PLAN - 2022/2023 to 2024/2025								
Strategic Risk	Risk Description	Inherent Risk	Residual Risk	Relevant Causes from Strategic Risk Register	Audit Ref	Audit Title	Audit Title and Summary Description	3-Yr IA Plan			Rationale for Inclusion	Internal Key Stakeholder Divisions Impacted	Status Update (as at 8 November 2022)
								2022/2023	2023/2024	2024/2025			
5	City of Salisbury financial sustainability is compromised by internal decisions and / or external events.	High	Medium	<ul style="list-style-type: none"> • Insufficient or reduction in grant funding • Inadequate revenue and a failure to maximise revenue from all sources • Unplanned spending • Inadequate valuation of assets or inaccurate depreciation • Inadequate planning for infrastructure repairs or upgrades • Introduction of draft legislation regarding rate capping • Fraud, misconduct or maladministration • Changes to legislation/obligations imposed by other levels of government • Potential new revenue streams/opportunities are not fully investigated • Changes to roles and responsibilities assigned to City of Salisbury by federal or state government • Short term revenue is maximised at the expense of longer term revenue • Poorly structured debt funding • Poor investment decision making • Unknown consequences of new infrastructure provision from other levels of government or private sector investment • Failure to encourage investment in 	10	Budgetary Control Audit	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
3	Lack of management of public and environmental health risks	High	High	<ul style="list-style-type: none"> • 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

Item 7.1.2 - Attachment 1 - 3 Year Internal Audit Plan 2022-23 to 2024-25

City of Salisbury (COS)

Strategic Risk Register - Internal Audit Mapping				Control Effectiveness Rating Key: E-Effective; ME-Majority Effective; PE-Partially effective; SIR-Significant Improvement Required; IE-Ineffective										INTERNAL AUDITS - MAPPED FOR ASSURANCE										
Risk ID	Strategic Pillar	Risk Short Name	Risk Owner	Risk Description	Cause #	Causes Potential and Actual	Likelihood	Consequence	Inherent Risk	Critical Controls	Addresses Cause #	Effectiveness Rating	Overall Control Effectiveness	Likelihood	Consequence	Residual Risk	Cause #	Prior Audits	Cause #	Audits in the 3-Year Internal Audit Plan 2022/23-2024/25				
1	A welcoming and liveable City	Business Continuity Risk	Manager Governance	There is a risk of 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.	1.1	Lack of plans and procedures to inform response strategies when a business continuity or emergency event occurs	ALMOST CERTAIN	CATASTROPHIC	Very High	Preventative Controls			ME	POSSIBLE	MODERATE	Medium			1.1, 1.3, 1.6, 1.7, 1.8, 1.10	Event Incident Management Framework Audit (Dec 2016)	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.8	Business Continuity Audit (Jan 2024)		
					1.2	Lack of communication/training for relevant staff required to respond to business continuity and emergency events				Current and maintained Business Continuity Framework (including Plans and testing regime)													1.1, 1.3	ME
					1.3	Information to facilitate action during business continuity or emergency events is insufficient or not available				Maintaining and reviewing Business Continuity Framework													1.1, 1.3	ME
					1.4	Impact of climate change on weather patterns				Performance testing of BCP scenarios													1.1	ME
					1.5	COVID-19 pandemic				Business Continuity staff identified and trained on roles and responsibilities													1.2	PE
					1.6	Inadequate procedures and plans in place to prevent incidents				Incident Management Team identified and trained													1.2	PE
					1.7	Lack of asset management and maintenance				Key ICT members actively participating within the Zone Emergency Management Committee – Northern Area													1.2	E
					1.8	Inadequate due diligence performed by CoS in order to identify relevant risks related to the management and delivery of community events				Training of all potential event owners on risk identification and due diligence assessment													1.2	ME
										Effective and regularly reviewed COVID action plans													1.5	E
										Formal information exchange between City Infrastructure bookings and Events Team to identify community events involving CoS assets													1.2	ME
										Participation in Zone Emergency Management Committees – Northern Area													1.5, 1.4	E
										Distribution and maintenance of effective VPN network access to all relevant staff													1.6	E
										Evacuation procedures and testing													1.6	ME
										Building Control and Inspections													1.7	ME
										Provision and maintenance of Building safety systems – e.g. exit signs, fire extinguishers, wardens etc., induction process													1.7	ME
										Reviewed and maintained Asset management plans													1.7	ME
										Risk assessments performed for community events													1.8	ME
										Maintaining and reviewing Event Management Plans													1.8	ME
		Compliance with Event Management Guidelines			1.8	ME																		
		Reactive Controls																						
		Current and maintained IT Disaster Recovery Plan (including testing regime)			1.1	PE																		
2	A sustainable City	Recycled Water Contamination Risk	GM Business Excellence, GM City Infrastructure	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.	2.1	Inadequate monitoring plans and sample testing	POSSIBLE	CATASTROPHIC	High	Preventative Controls			ME	UNLIKELY	MAJOR	Medium			2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7	Management of Contaminated Sites Audit (Aug 2020)	1.8, 2.3	Risk Management Audit (Oct 2023)		
					2.2	Failure to respond appropriately in the event of contamination				Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced													2.1	ME
					2.3	Failure of controls within the Recycled Water Risk Based Management Plan				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.													2.2	E
					2.4	Wet weather could hamper clean-up operations or contribute to a contamination event				Implementation of the Water Course Management Plan including the renewal of Wetlands and desilting/removal of pollutants in waterways as required													2.3	ME
					2.5	PFAS and PFOA infiltration.				Review of Risk Based Management Plan every five years													2.1	ME
					2.6	Act of Terrorism				Maintenance of the CoS Contaminated Sites Register													2.1	PE
					2.7	Illegal dumping				Reactive Controls														
										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.													2.1	ME
		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)			2.2	ME																		
		Employee Media Policy and Procedure and Elected Member Media Policy			2.2	ME																		
				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	3.1	Inadequate management, monitoring or testing			Preventative Controls			ME					3.1, 3.2, 3.3, 3.4, 3.5	Public and Environmental Health Management Audit (Dec 2017)	3.1, 3.2, 3.3, 3.4, 3.5	By-Laws Management and Enforcement Process Audit (Feb 2025)				
					3.2	Failure to respond appropriately in the event of an incident			Compliance with Public Health and Environmental Policies and Procedures												3.1	ME		
									Performance of General Inspections								3.1, 3.2, 3.5	Administration of the Food Act (Mar 2011)						

Item 7.1.2 - Attachment 2 - Strategic Risk Mapping to Internal Audits

Risk ID	Strategic Pillar	Risk Short Name	Risk Owner	Risk Description	Cause #	Causes Potential and Actual	Likelihood	Consequence	Inherent Risk	Critical Controls	Addresses Cause #	Effectiveness Rating	Overall Control Effectiveness	Likelihood	Consequence	Residual Risk	Cause #	Prior Audits	Cause #	Audits in the 3-Year Internal Audit Plan 2022/23-2024/25
3	A welcoming and liveable City	Public and Environmental Health Risk	GM City Development	Failure to manage the impact of environmental and safety outcomes for the community (includes food safety, dog and cat management, by-law enforcement and parking control).	3.3	Animal/vermin infestation	LIKELY	MAJOR	High	Accurate completion of Food Safety Inspection Checklists	3.1	ME	ME	POSSIBLE	MAJOR	High				
					3.4	Noxious plants				Performance of infrastructure maintenance activities	3.1	E								
										Provision of all Food Safety Inspection documentation to relevant business Proprietors	3.1	ME								
					3.5	Failure of waste disposal contractor to meet contractual obligations.				Activating the relevant initiatives within the CoS Regional Public Health Plan	3.1	E								
										Administration and management of CoS' responsibilities under the Food Act	3.1	ME								
										Compliance with and training on Employee Media Policy and Procedure and Elected Member Media Policy	3.1	ME								
										Accurate completion of Food Safety Audit Report Questionnaire	3.1	ME								
										Undertaking the Mosquito Control Program	3.3	ME								
										Provision of Immunisation Services	3.2	E								
										Current and maintained Animal Management Plan	3.3	ME								
										Undertaking Dog Patrols	3.3	E								
										Reactive Controls										
										Enforcement of the CoS' responsibilities under the SA Public Health Act	3.1	E								
										Enforcement of the CoS' responsibilities under the Dog and Cat Management Act	3.1	E								
4	A sustainable City	Environmental and Social Risks	GM City Development, GM City Infrastructure.	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.	4.1	Inadequate understanding and planning for factors impacting the environment	POSSIBLE	MAJOR	High	Preventative Controls			ME	UNLIKELY	MODERATE	Medium	4.1, 4.2, 4.8, 4.10	Strategic Development Projects Audit (Mar 2018)	4.1, 4.2	Tree Management Framework Audit (Jul 2023)
					4.2	Failure to consider environmental consequences when planning and designing infrastructure				Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEWNR	4.1	E							4.6, 4.7, 4.8	Community Consultation Process, and Community Perception Survey Effectiveness Audit (Jul 2024)
					4.3	Insufficient modelling of weather events used within Asset Management Planning				Bushfire Management Plan	4.1	ME								
					4.4	Inadequate infrastructure within the City to manage stormwater and sea level rise due to storm events				Watercourse Management capital program	4.1, 4.9	ME							4.1, 4.2,	Environmental Sustainability & Climate Change Risk Management Audit (potential 2025/2026 Audit)
					4.5	Inadequate understanding of and planning for the impact of climate change on City infrastructure and assets				One in 100 year flood and Probable Maximum Flood modelling including tidal info. in place at individual house level, using digital terrain modelling.	4.3	ME							4.3, 4.4,	
					4.6	Failure to monitor and forecast demographic changes in the City and adjust objectives and plans accordingly				Adapting Northern Adelaide Plan	4.2	ME							4.5, 4.9,	
					4.7	City Plan becomes obsolete or fails to anticipate the financial impact of demographic changes				Reviewed and maintained Asset Management Policy and Plans	4.10, 4.3, 4.2	ME							4.10	
					4.8	Failure to maintain a social infrastructure plan for the existing and future assets				Flood mapping is updated periodically and communicated as necessary and is incorporated into the development plan process	4.4	ME								
					4.9	Coastal inundation and impact on biodiversity				Reviewed and maintained Growth Management Plan	4.6	E								
					4.10	Failure to update Asset Management Plans				Implementation of Youth Strategy and Intercultural Plan	4.6	ME								
										Reviewed and maintained Emergency Management Plan	4.4, 4.5	PE								
										Participation in Zone Emergency Management Committee – Northern Area		E								
										Compliance with grant funding applications process and reviews		ME								
										Compliance with Home Care Common Standards – Operating Manual		E								
		Regular monitoring of risk sites e.g. land fill sites, dams	4.6	E																
		Planning controls	4.7, 4.5	E																
		Reviewed and maintained Learning Strategy, Wellbeing Strategy & Intracultural Strategy	4.7	ME																
		Reviewed and maintained City Plan/Strategic Plans/Business Plans	4.7	ME																
		Social Infrastructure Assessment Framework		PE																
		Strategic Land Review	4.8	E																
		Asset Management infrastructure audits	4.10	E																
		Reactive Controls																		
		Extreme Heat response process (for residents)	4.5	ME																
			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	5.1	Insufficient or reduction in grant funding				Preventative Controls			ME				5.3, 5.7	Corporate Credit Card Audit (Oct 2020)	5.7, 5.3	Fraud and Corruption Prevention Control Audit (Jan 2024)	
				5.2	Inadequate revenue and a failure to maximise revenue from all sources				Long term financial planning, by managing monitoring and reviewing	5.11, 5.19	E							5.1, 5.3, 5.7	Grants Management Audit (Aug 2024)	
				5.3	Unplanned spending				Managing monitoring and reviewing of Asset Management Plans	5.5	ME									
				5.4	Inadequate valuation of assets or inaccurate depreciation				Undertaking Quarterly Budget Review	5.3, 5.1	E							5.2, 5.6, 5.8, 5.9,		
				5.5	Inadequate planning for infrastructure repairs or upgrades				Annual Plan and Annual Report reviewed by Audit Committee	5.7, 5.17, 5.4	E							5.18,	Rates Setting Process, Revenue and Debtors Audit (Aug 2023)	
																		5.20, 5.16,		

Risk ID	Strategic Pillar	Risk Short Name	Risk Owner	Risk Description	Cause #	Causes Potential and Actual	Likelihood	Consequence	Inherent Risk	Critical Controls	Addresses Cause #	Effectiveness Rating	Overall Control Effectiveness	Likelihood	Consequence	Residual Risk	Cause #	Prior Audits	Cause #	Audits in the 3-Year Internal Audit Plan 2022/23-2024/25																						
5	Innovation and Business Development	Financial Sustainability Risk	GM Business Excellence, GM City Infrastructure, GM City Development	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.	5.6	Introduction of draft legislation regarding rate capping	LIKELY	MAJOR	High	Adhoc Prudential Reviews	5.7, 5.13, 5.12	E	UNLIKELY	MAJOR	Medium																											
					5.7	Fraud, misconduct or maladministration				Regular reviews of rating system fairness and equity	5.9, 5.2, 5.6, 5.18, 5.20	ME										5.14, 5.13, 5.5, 5.6	5.19, 5.20																			
					5.8	Changes to legislation/obligations imposed by other levels of government				Appropriate execution of the Grant Management application Process, (subject of an internal audit)	5.1	PE										5.4, 5.5, 5.145.19	Asset Management Audit (Mar 2020)	5.3	Budgetary Control Audit (Nov 2024)																	
					5.9	Potential new revenue streams/opportunities are not fully investigated				Review of Financial information by the Budget & Finance Committee												5.3, 5.7,	Payroll Audit (Sep 2010; March 2017)	5.13	Desktop Audit on Strategic Alignment of Investments in ERP Solutions Audit (Jan 2023)																	
					5.10	Changes to roles and responsibilities assigned to City of Salisbury by federal or state government				Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, NAWMA, Salisbury Memorial Park)	5.2	ME										5.3, 5.5, 5.7, 5.13	Procurement Audit (Sep 2014)																			
					5.11	Short term revenue is maximised at the expense of longer term revenue				Compliance with Budget Policies and Procedures	5.3, 5.11, 5.17	E										5.7, 5.3,	Fraud and Corruption Prevention Control Audit (Jan 2013)																			
					5.12	Poorly structured debt funding				Business Case Modelling	5.18, 5.20, 5.4	ME										5.1, 5.3,	Grants Management Audit (Sep 2012)																			
					5.13	Poor investment decision making				Business Support Agenda													Contractor Management Audit (Jan 2020)																			
					5.14	Unknown consequences of new infrastructure provision from other levels of government or private sector investment				Growth Action Plan	5.2, 5.5, 5.6, 5.16, 5.17	ME										5.3, 5.4,	Fleet, Heavy Vehicle, High Value and Portable Assets Audit (Jan 2023)																			
					5.15	Failure to encourage investment in the City				Annual external Audit activities	5.7, 5.3, 5.4, 5.5,	E										5.5	Capital Works Projects Audit (Mar 2018)																			
					5.16	Increased expectations of the community in relation to the demand for and breadth of services and standards delivered by CoS				Project Management Methodology	5.5,	PE										5.5	Capital Works Projects Audit (Aug 2021)																			
					5.17	Council ultimately becomes financially unsustainable				Reactive Controls																																
					5.18	City revenue has to be raised increasingly through more traditional methods (rate rises)																																				
					5.19	Revenue from the sale of assets (land) is not invested for the longer term benefit of the community																																				
					5.20	Financial cost associated with falling rates revenue or increasing bad or doubtful debts																																				
					6	All City Plan directions				Governance Risk	CEO, All General Managers	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.										6.1	Inadequate performance measures which are not linked to objectives or strategies	LIKELY	MAJOR	High	Preventative Controls			UNLIKELY	MODERATE	Medium										
																						6.2	Failure to consistently conduct Post Implementation Reviews and measure benefits realisation				Compliance with Budget Process	6.1	E										6.1, 6.3, 6.4, 6.6, 6.10	Complaint Handling Process Audit (Mar 2021)	6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.9	Strategic Reporting Process Audit (Mar 2023)
																						6.3	Failure to monitor organisational performance against stakeholder expectations and to take action when necessary to correct it				Review of Annual Plan and Annual Report by Audit Committee	6.4, 6.7	E										6.1, 6.4, 6.8	Volunteers Audit (Mar 2008)	6.5, 6.6,	Data Governance Audit (Jul 2024)
																						6.4	Failure to deliver what is expected by the local community due to a lack of alignment of strategic plans				Review and approval of City Plan by elected members	6.4	E										6.1, 6.4, 6.8	Volunteers Audit (Jun 2021)		Risk Management Audit (Oct 2023)
																						6.5	Limited meaningful corporate performance indicators in place				Established and embedded Customer Service Framework	6.4, 6.5, 6.7, 6.10,	ME										6.1, 6.2,	Capital Works Projects Audit (Mar 2018)		
6.6	Inconsistent reporting and data collection of corporate performance indicators	Monthly Strategic Executive Group meetings	6.3	ME			6.3, 6.4,	Capital Works Projects Audit (Aug 2021)																																		
6.7	Processes and systems fail to address customer needs	Alignment of New Initiative Bid documentation to the City Plan	6.1, 6.12	ME																																						
6.8	Inadequate capability and capacity (e.g. workforce plans, training and development, technology, systems etc.)	Strategic Planning and Accountability	6.1, 6.12	ME																																						
6.9	Failure to engage with all stakeholders in developing the City Plan	Effective use of and compliance with Community Engagement Framework	6.10, 6.9, 6.3	ME																																						
6.10	Customer service is neither monitored or managed	Project Management Methodology	6.2, 6.11	PE																																						
6.11	Insufficient prioritisation of projects and resource scoping	Conduct of bi-annual customer satisfaction survey	6.10	ME																																						
6.12	Projects approved are not consistent with the strategic direction of CoS	Regular performance of CEO Review via CEO Review Committee	6.1	ME																																						
		Business case development for aged care schemes		ME																																						
		Governance Framework and Statement		PE																																						
		Regularly reviewed and communicated Delegations Register		E																																						
		OCI/ABEF survey process	6.4, 6.10	ME																																						
		Regular Strategic Project Reporting	6.12	ME																																						
		Skilled and experienced staff	6.8	ME																																						
		Performance of Contract Management		ME																																						
		Infrastructure Maintenance Activities		E																																						
		Succession Planning	6.8	ME																																						
		LG Performance Excellence Program benchmarking activity	6.5	ME																																						
		Reactive Controls																																								
				Immature and inadequate work health safety policies and procedures result in an unsafe working environment Failure to	7.1	Inadequate controls in place to prevent incidents occurring				Preventative Controls																																
					7.2	Insufficient reporting of incidents and near misses				WHS training and e-learning (mandatorily required for all employees on commencement of employment and thereafter routinely)	7.4, 7.3	E										7.1, 7.2, 7.3, 7.4, 7.5, 7.6	Event Incident Management Framework Audit (Dec 2016)																			

Item 7.1.2 - Attachment 2 - Strategic Risk Mapping to Internal Audits

Risk ID	Strategic Pillar	Risk Short Name	Risk Owner	Risk Description	Cause #	Causes Potential and Actual	Likelihood	Consequence	Inherent Risk	Critical Controls	Addresses Cause #	Effectiveness Rating	Overall Control Effectiveness	Likelihood	Consequence	Residual Risk	Cause #	Prior Audits	Cause #	Audits in the 3-Year Internal Audit Plan 2022/23-2024/25
7	Innovation and Business Development	Work Health and Safety Risk	The Executive Group, Elected Members	The Council 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.	7.3	Safe work practices not documented or communicated to employees	LIKELY	CATASTROPHIC	Very High	Performance of Licensing qualifications checks	7.3	E	ME	UNLIKELY	MAJOR	Medium	7.1, 7.3, 7.5, 7.6	LG Risk Evaluation Audit (Nov 2019)		
					7.4	Inadequate induction, training and supervision				Training in WHS Procedures	7.4	E					7.1, 7.2, 7.3, 7.4, 7.5, 7.6			
					7.5	Inadequate hazard management system				Updated WHS IM Business Plan	7.1	E								
					7.6	Organisational safety attitude does not recognise the importance of following WHS policies and procedures				Performance WHS Reviews	7.1, 7.2	ME								
										Principal WHS Committee		E								
										City Infrastructure WHS Committee		E								
										JSA, work instructions and plant risk assessments	7.1	ME								
										Staff training on and compliance with Code of Conduct	7.3, 7.6	ME								
										Compliance with Hazard and incident reporting and investigation procedures	7.1, 7.2, 7.6	ME								
										Members of the Local Government Workers Compensation Scheme, requiring annual external audits	7.5	E								
										Work Health Safety representative team		E								
										Support from LG Sector/other councils/private sector organisations with development/implementation of WHS policies/procedures (including benchmarking partners)	7.4, 7.6	E								
										Contractual arrangements with external providers to assist compliance with WHS obligations	7.3, 7.6	ME								
										Quarterly Executive Report highlighting trends, outstanding actions and high risk rating incidents or hazards	7.2	ME								
										Embedding of organisational values	7.4	PE								
										Reactive Controls										
					8	Innovation and Business Development				IT and Cybersecurity Risk	GM Business Excellence	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.					8.1		Failure to adequately involve IT when developing plans, strategies and projects	LIKELY
8.2	Failure to consider all options when improving a system or process	IT Governance Framework	8.1, 8.2, 8.5	PE																
8.3	Organisational change is not conducted in a structured and logical manner	Programmed testing of systems for security and reliability	8.8, 8.12, 8.11,	ME																
8.4	Failure to support the skill set of individuals responsible for the delivery of business systems	Penetration testing	8.8, 8.11	ME																
8.5	Lack of business engagement and clarity of roles	Compliance with Information Security Policies and Procedures	8.7, 8.14	ME																
8.6	External pressure for changes to systems	Continuous Improvement Framework	8.13	ME																
8.7	Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs	Documented and tested Business Continuity Plans	8.13, 8.14, 8.5	ME																
8.8	Cyber attack (Unauthorised access/network intrusion, denial of service, vulnerability exploitation, malware, social engineering, hacking, phishing, ransomware)	Incident Management Team identified and trained	8.4, 8.15, 8.13	ME																
8.9	Business Continuity / Disaster Recovery Plans not tested or properly documented	Building security and access controls	8.8, 8.5	ME																
8.1	Mobile device management with the potential for a lost or stolen device being used to access Council systems	User access system controls	8.8, 8.5	ME																
8.11	Lack of auditing and logging functions to capture events	Patch management and software maintenance procedures	8.12, 8.8	ME																
8.12	Lack of monitoring of cybersecurity threats to organisational assets	Performance of Cyber Security Risk Assessments	8.8, 8.14, 8.2, 8.1	ME																
8.13	Lack of communication/training for all staff regarding information security	Audit logs for access to systems	8.8, 8.12, 8.14	ME																
8.14	Information to facilitate action during a cybersecurity incident is not available	Documented and embedded Fraud & Corruption Prevention & Management Policy and Framework	8.15	PE																
8.15	Staff fraud	Documented and implemented Cyber Security Program	8.8, 8.12, 8.14	PE																
		Reactive Controls																		
		Documented and tested IT Disaster Recovery Plan	8.9	PE																
9	Innovation and Business Development	Climate Change Risk	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.	9.1	Inadequate understanding of and planning for the impact of climate change on infrastructure and assets	LIKELY	CATASTROPHIC	Very High	Preventative Controls			ME	POSSIBLE	MODERATE	Medium	9.1 to 9.17	Environmental Sustainability & Climate Change Risk Management Audit (potential 2025/2026 Audit)			
				9.2	Business plans fail to adequately address evolving impacts of climate change				Current and maintained Business Continuity Framework (including Plans and testing regime)		ME									
				9.3	Lack of plans and procedures to inform response strategies when climate change related event occurs				Business Continuity staff identified and trained on roles and responsibilities		PE									
				9.4	Information to facilitate action is insufficient or not available				Incident Management Team identified and trained	9.3	ME									
				9.5	Lack of communication and/or training for relevant staff				Current and maintained IT Disaster Recovery Plan (including testing regime)		ME									
				9.6	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)				Current and maintained Emergency Management Plan	9.3	ME									
				9.7	Inadequate monitoring plans and testing of recycled water systems				Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced	9.7, 9.8	ME									
		Participation in Zone Emergency Management Committees – Northern Area																		

Risk ID	Strategic Pillar	Risk Short Name	Risk Owner	Risk Description	Cause #	Causes Potential and Actual	Likelihood	Consequence	Inherent Risk	Critical Controls	Addresses Cause #	Effectiveness Rating	Overall Control Effectiveness	Likelihood	Consequence	Residual Risk	Cause #	Prior Audits	Cause #	Audits in the 3-Year Internal Audit Plan 2022/23-2024/25
9	A sustainable City	Climate Change Risk	All General Managers		9.8	Weather events contribute to a recycled water system contamination event	ALMOST CERTAIN	MAJOR	Very High	Implementation of the Water Course Management Plan including the renewal of Wetlands and desilting/removal of pollutants in waterways as required	9.8, 9.7	ME	ME	POSSIBLE	MODERATE	Medium				
					9.9	Lack of asset management or maintenance				Reviewed and maintained Asset Management Policy and Plans	9.2, 9.16	ME								
					9.10	Inadequate understanding of and planning for factors impacting the environment				Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEWNR	9.4	E								
					9.11	Failure to keep pace with climate change				One in 100 year flood and Probable Maximum Flood modelling including tidal info. in place at individual house level, using digital terrain modelling	9.4, 9.13	ME								
					9.12	Failure to consider environmental consequences when planning and designing infrastructure				Regular monitoring of risk sites e.g. land fill sites, dams	9.7	E								
					9.13	Insufficient modelling of weather events used within Asset Management Planning				Bushfire Management Plan	9.15, 9.12	ME								
					9.14	Inadequate infrastructure to manage stormwater and sea level rises				Reviewed and maintained City Plan/Strategic Plans/Business Plans	9.2, 9.16, 9.13, 9.12, 9.10	ME								
					9.15	Coastal inundation and impact on biodiversity				Watercourse Management capital program	9.15	ME								
					9.16	Failure to update Asset Management Plans				Reviewed and maintained Growth Management Plan	9.3, 9.16, 9.14	E								
					9.17	Lack of adequate resourcing for climate and environmental sustainability				Effective undergrowth management procedures	9.14, 9.12	E								
										Asset Management infrastructure audits		E								
										Compliance with Home Care Common Standards – Operating Manual										
										Reviewed and maintained Learning Strategy, Wellbeing Strategy & Intracultural Strategy	9.17	ME								
										Reactive Controls										
										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)	9.3	ME								
										Evacuation procedures and testing	9.3	ME								
										Extreme Heat response process (for residents)	9.3	ME								
		Adequate insurance	9.3, 9.17	E																
		Adapting Northern Adelaide Adaptation Plan	9.3	ME																
		Building Control and Inspections	9.9, 9.16, 9.14	ME																
10	A growing City that creates new opportunities	Reputation Risk	All General Managers	City of Salisbury reputation suffers due to services provided not meeting community needs and expectations, resulting in a reduction in business investment.	10.1	Lack of or ineffective community consultation and engagement	MODERATE	LIKELY	High	Preventative Controls			ME	UNLIKELY	MODERATE	Medium	10.7, 10.13	People & Culture Risk Review (Jun 2015)	10.1, 10.2, 10.10, 10.11, 10.17	Community Consultation Process, and Community Perception Survey Effectiveness Audit (Jul 2024)
					10.2	Elected Member cohesion				Embedded organisational values	10.10	ME								
					10.3	Increased regulatory activity				Communicated and embedded Employee Code of Conduct		E								
					10.4	Failure to undertake legislative requirements				Documented and embedded Employee Conduct Policy										
					10.5	Government inquiry				Media Policy	10.1, 10.6	ME								
					10.6	Negative media interest				Positive relationships fostered with media and Salisbury Business Association	10.1	ME								
					10.7	Staff dissatisfaction				Relevant training provided to Elected Members (e.g. Chairing meetings and Meeting Procedures)	10.2	E								
					10.8	Poor performance				Documented People & Culture policies and procedures	10.8, 10.7, 10.13	ME								
					10.9	Failure to deliver successful projects				Employee induction procedures	10.13	ME								
					10.10	Failure to deliver services expected by the community				Documented and embedded Volunteers Policy	10.10, 10.11, 10.13	ME								
					10.11	Customer service is not properly monitored or managed				Documented Community Consultation Policy	10.1, 10.6	ME								
					10.12	Not meeting strategic objectives				Community Perception Survey	10.6, 10.10, 10.11, 10.12	ME								
					10.13	Inadequate capability and capacity (e.g. workforce plans, training and development, technology, systems)				Effective and comprehensive Community Consultation Process	10.1, 10.10	ME								
					10.14	Inadequate business advisory services				Provision of general business information and expert advice at Polaris Business and Innovation Centre	10.14, 10.15	ME								
					10.15	Insufficient investment opportunities for business				Comprehensive budget process	10.16, 10.9, 10.8	ME								
					10.16	Infrastructure fails to support investment and business activity				Cost effective business related workshops and seminars	10.15, 10.17	ME								
					10.17	Poorly planned urban growth				Provision of online resources for starting a business, growing a business and developing digital in business	10.15, 10.17	ME								
		Small Business Mentoring Program	10.15, 10.16, 10.17	ME																
		Investment attraction via Invest in Salisbury website	10.15, 10.16, 10.17	PE																
		Salisbury Community Hub as a stimulus to investment	10.15, 10.16, 10.17	E																
		Positive relationships fostered and maintained with local business leaders and relevant State Government teams	10.15, 10.16, 10.17	E																
		Effective Small Business Friendly Council Initiatives	10.15, 10.16, 10.17	ME																

Item 7.1.2 - Attachment 2 - Strategic Risk Mapping to Internal Audits

Risk ID	Strategic Pillar	Risk Short Name	Risk Owner	Risk Description	Cause #	Causes Potential and Actual	Likelihood	Consequence	Inherent Risk	Critical Controls	Addresses Cause #	Effectiveness Rating	Overall Control Effectiveness	Likelihood	Consequence	Residual Risk	Cause #	Prior Audits	Cause #	Audits in the 3-Year Internal Audit Plan 2022/23-2024/25
										Polaris Centre Client Satisfaction Scorecard conducted by new focus	10.10, 10.15, 10.16, 10.17	ME								
										Reactive Controls										

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. DESKTOP AUDIT ON STRATEGIC ALIGNMENT OF INVESTMENT IN ENTERPRISE RESOURCE PLANNING (ERP) SOLUTIONS.

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.
- ERP solutions and the enabling projects implementation and transition plan is appropriately resourced and documented.

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. 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.

5. RATES SETTING PROCESS, REVENUE AND DEBTORS AUDIT

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

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

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

- The City has formalised and adequately designed policies and procedures covering the revenue and debtor management process.
- The City's revenue and debtor management processes are implemented effectively as per agreed policies and procedures.

6. TREE MANAGEMENT FRAMEWORK AUDIT

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

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

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

7. FRAUD AND CORRUPTION PREVENTION CONTROL AUDIT

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

The scope of the audit is to ensure that the City:

- has an effective fraud control framework, which is integrated with the City's organisation-wide risk management strategy.
- has appropriate, well understood and current fraud control plans, which address major risks
- has established effective fraud controls.
- has adequate internal systems, training and reporting processes to support effective implementation and monitoring of fraud control plans.
- regularly test, monitor and report on the effectiveness of the fraud control plan and associated practices.

- review the outcomes of testing and use the insights gained to inform continuous improvement in fraud prevention and to update fraud control plans to ensure their ongoing appropriateness.

8. RISK MANAGEMENT AUDIT

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

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

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

9. BUDGETARY CONTROL AUDIT

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

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

- The City has formalised and adequately designed policies and procedures covering its budgetary control and management process and aligned to relevant legislations.
- The City's approved budget and budgetary control management processes are implemented effectively as per agreed policies and procedures and comply with relevant legislative requirements.
- Budget responsibility and accountability are clearly defined, appropriately allocated and regularly reviewed.
- Budget requirements are effectively reviewed and monitored on a regular basis.
- Budget variances are identified, properly reported and approved.
- Accurate, relevant and timely management information is produced and used effectively to inform decision making and reporting.

10. BUSINESS CONTINUITY AUDIT

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

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

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

11. GRANTS MANAGEMENT AUDIT

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

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

- The City's policies and procedures covering its grant management process are adequately developed for all categories of grants and communicated appropriately to the relevant stakeholders.
- The eligibility criteria and award process for all grant categories have been established and communicated, and have been complied with.
- COS has a central register of fund recipients, capturing the details of previous funding received.
- Conflict of interest avoidance measures are incorporated 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 ENFORCEMENT 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. 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.)

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.

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ITEM	7.1.3
	AUDIT AND RISK COMMITTEE
DATE	15 February 2023
HEADING	Internal Audit Report on Fleet Heavy Vehicle, High Value and Portable Assets
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	<p>As per the approved City of Salisbury's (COS's or the City's) Internal Audit Plan 2022-2024, the City's Internal Auditor and Risk Coordinator has undertaken an audit on the City's Fleet, Heavy Vehicle, High Value and Portable (FHVHV&P) assets. The audit delivered a high-level review of the controls in place relating to the process for managing, protecting and ensuring the viability of the FHVHV&P assets.</p> <p>One high risk, seven medium risk and one low risk rated findings were identified as summarized in section 3.3 of this report.</p>

RECOMMENDATION

That Council:

1. Notes the final audit report for the Fleet, Heavy Vehicle, High Value and Portable assets audit with management comments as set out in Attachment 1 to this report (Audit and Risk Committee, 15 February 2023, Item No.7.1.3).

ATTACHMENTS

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

1. Internal Audit Report on the Fleet Heavy Vehicle High Value and Portable Assets Audit

1. BACKGROUND

- 1.1 This audit aligns with the City's current Strategic Risk 5 – *City of Salisbury's financial sustainability is compromised by internal decisions and/or external events.*
- 1.2 The specific causes for Strategic Risk 5 from the register included the following:
 - 1.2.1 Unplanned spending
 - 1.2.2 Inadequate valuation of assets or inaccurate depreciation
 - 1.2.3 Inadequate planning for infrastructure repairs or upgrades
 - 1.2.4 Fraud, misconduct or maladministration
 - 1.2.5 Failure to encourage investment in the City

- 1.2.6 Increased expectations of the community in relation to the demand for and breadth of services and standards delivered by CoS
- 1.2.7 Council ultimately becomes financially unsustainable
- 1.3 The objective of this audit is to provide assurance that the established governance and risk management processes are sufficiently robust to manage, protect and ensure the viability of the FHVHV&P assets.

2. CONSULTATION / COMMUNICATION

2.1 Internal

- 2.1.1 General Manager City Infrastructure
- 2.1.2 Manager Field Services
- 2.1.3 Manager Infrastructure Management
- 2.1.4 Manager Strategic Procurement
- 2.1.5 Coordinator Fleet and Workshop
- 2.1.6 Manager Financial Services
- 2.1.7 Senior Accountant
- 2.1.8 Accountant (Projects, Assets and Systems)
- 2.1.9 Insurance Officer
- 2.1.10 Team Leader Buildings, Workshop & Store
- 2.1.11 Team Leader Safety Wellbeing
- 2.1.12 Team Leader Strategic Assets
- 2.1.13 Manager Business Systems and Solutions
- 2.1.14 Senior Human Resources Business Partner

3. REPORT

- 3.1 Attachment 1 to this report is the final audit report.
- 3.2 The report identified a number of positive findings where the audit confirmed that controls are adequate and implemented effectively. Good practices observed include the following:
 - 3.2.1 Fleet and heavy vehicle acquisitions and disposals are effective and have the required value for money as per City's relevant policies and procedures.
 - 3.2.2 COS has recently started using a new fleet asset management system (AusFleet) with better asset management functionality.
 - 3.2.3 Fleet and heavy vehicle assets are appropriately tracked using online GPS tracking system and monitored to ensure their safe custody and are appropriately recorded.
 - 3.2.4 The ownership and custodianship of fleet and heavy vehicle assets are appropriately maintained.
 - 3.2.5 Regular and scheduled vehicle maintenance regime is followed and tracked, including pre-operational daily vehicle inspection, system for identifying faults, assessing severity and remedying them and maintenance scheduling.
 - 3.2.6 Asset numbers are put on all fleet and heavy vehicle assets tested, for identification and traceability purpose.
 - 3.2.7 Sample testing of physical stock verification on fleet and heavy vehicles against asset register did not show any asset losses or variances.

- 3.3 Following are the nine findings / observations picked up during the audit, which are detailed in the final report in Attachment 1:

Finding	Risk
1. Plant & Fleet Asset Management Plan	High
2. Physical Verification and Asset Stock-take	Medium
3. Comprehensive Minor Assets Register	Medium
4. Private Use Vehicles and Salary Sacrifice Calculator	Medium
5. Inconsistency between COS Assets Register and Local Government Association Asset Mutual Fund (LGAAMF) Insured Assets Schedule	Medium
6. Policies and Procedures	Medium
7. Review of Assets in Use Beyond the Stated Useful Economic Life	Medium
8. The National Heavy Vehicle Law (NHVL) Compliance - Areas for improvement	Medium
9. Fuel Card Usage Review on Unusual Transactions	Low

- 3.4 The recommendations related to all of the nine findings/observations are agreed with management comments and actions, identifying the relevant action owners and target action completion deadlines, as detailed in the full report as in Attachment 1.

4. CONCLUSION / PROPOSAL

- 4.1 The Internal Audit confirms that Field Services has robust and effective processes in place in relation to the systems and process around the acquisition, disposal, and management of FHVHV&P assets, except in the few cases where observations and recommendations are made on the report.

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Final Internal Audit Report –
Fleet Heavy Vehicle, High Value and Portable Assets Audit
December 2022

**Item 7.1.3 - Attachment 1 - Internal Audit Report on the Fleet Heavy Vehicle
High Value and Portable Assets Audit**



Internal Audit Report – Fleet Heavy Vehicle High Value and Portable Assets Audit

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This report has been prepared solely for internal use as part of the City of Salisbury’s internal audit service. No part of this report should be made available, quoted or copied to any external party without the City of Salisbury’s prior written consent.

Approval and Distribution

Internal Audit Report prepared by:

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Name	Position
All GMs	General Managers
Rudi Deco	Manager Governance

Item 7.1.3 - Attachment 1 - Internal Audit Report on the Fleet Heavy Vehicle High Value and Portable Assets Audit

Executive Summary

Introduction and Background

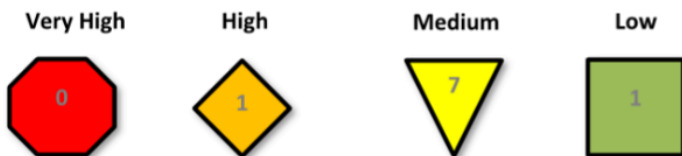
A Fleet Heavy Vehicle High Value and Portable (FHVHVP) assets process audit was completed in December 2022 as per the Audit & Risk Committee approved internal audit plan for 2022/2023 to 2024/2025.

Scope, Objectives and Approach

The FHVHVP assets process audit delivered a high-level review of the controls in place relating to the process for managing, protecting and ensuring the viability of the FHVHVP Assets.

Risk Ratings Summary

A total of nine findings were identified with following risk ratings:



Finding	Risk Rating
1. Plant & Fleet Asset Management Plan	High
2. Physical Verification and Asset Stocktake	Medium
3. Comprehensive Minor Assets Register	Medium
4. Private Use Vehicles and Salary Sacrifice Calculator	Medium
5. Inconsistency between COS Assets Register and Local Government Association Asset Mutual Fund (LGAAMF) Insured Assets Schedule	Medium
6. Policies and Procedures	Medium
7. Review of Assets in Use Beyond the Stated Useful Economic Life	Medium
8. The National Heavy Vehicle Law (NHVL) Compliance - Areas for improvement	Medium
9. Fuel Card Usage Review on Unusual Transactions	Low

Process Maturity

Based on our analysis of the FHVHVP assets management process and the controls within it, we have assessed the process maturity level as "Defined" in the application of Process Maturity Assessment Standard (See Appendix II for interpretation and definition of different maturity levels):

1.	2.	3.	4.	5.
Initial	Repeatable	Defined	Managed	Optimised
		✓		

Findings Summary List

1. Introduction

We completed our internal audit on the FHVHVA process at the City of Salisbury ("COS"). This is in line with its scheduled Internal Audit Plan for 2022/2023.

2. Background

The City owns and operates a significant fleet of vehicles. COS's fleet register captures a total of \$16.70m worth of assets, categorised under the following vehicle groups:

- Heavy Vehicles (\$10.17m);
- Light Commercial & Passenger Vehicles (\$4.60);
- Trailers (\$1.76m); and
- Minor Assets (\$0.16m).

The City has developed a Plant and Fleet Asset Management Plan (P&FAMP) in 2015 covering the various plant and fleet assets held by COS including heavy plant items, light plant vehicles, and trailers. The Fleet Asset Management Plan also identified levels of service, future demand, lifecycle management plan, strategy and financial projections for 10 years, and the plan for asset renewal and improvement.

COS uses Fleet5 as the system for fleet assets management purposes, and is currently in the process of decommissioning Fleet 5 system. During the testing phase of the audit, a new fleet management software system called AusFleet was commissioned.

COS uses SecuraTrak anti-theft and vehicle tracking solution for real-time tracking of fleet and vehicles (telematics).

Given the wide scale operation of fleet services, there is a risk that the mismanagement of this fleet may cause inefficiencies in regard to productivity and negative cost impact. This audit will therefore review the established governance and risk management process to provide assurance that the appropriate processes are in place and working effectively.

3. Objective

The overall objective of this audit is to provide assurance that the established governance and risk management processes are sufficiently robust to manage, protect and ensure the viability of the FHV-HV&P Assets.

4. Scope

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

- The City has appropriate policies and procedures relating to the management of fleets and heavy vehicles.
- The City complies with statutory, regulatory requirements and guidelines related to fleet and vehicle management, covering the following:
 - a. Heavy Vehicle National Law (South Australia) Act 2013
 - b. Heavy Vehicle National Law (South Australia) (Expiation Fees) Regulations 2013
 - c. Heavy Vehicle National Law (South Australia) (Fees) Regulations 2013
 - d. Motor Vehicles Act 1959
 - e. Vehicles as a Workplace – Work Health and Safety National Guide
- The FHV-HV&P Assets are managed efficiently and utilised effectively.
- There are appropriate mechanisms, systems and processes in place for FHV-HV&P Assets maintenance including preventative maintenance (where relevant).
- FHV-HV&P Assets are appropriately tracked and monitored to ensure their safe custody and are appropriately recorded.
- Acquisitions and disposals are effective and have the required value for money as per City's relevant policies and procedures.
- FHV-HV&P Assets have relevant and current insurance cover, and cancelled where they are no longer required.
- Asset registers are current for FHV-HV&P Assets with all relevant information.
- Physical verification, tagging and counting of FHV-HV&P Assets takes place in a timely manner.
- The ownership and custodianship of FHV-HV&P Assets are appropriately maintained.

- Asset depreciation basis and revaluation basis are correct and assumptions are reasonable.

The auditable asset categories include the following:

- Heavy Vehicles
- Light Commercial & Passenger Vehicles
- Trailers
- Minor Assets
- Other Portable and Attractive Items acquired by COS (even if they are not capitalised as assets)

Review of asset portfolios including buildings, parks and streetscapes, street trees, drainage and waterways are beyond the scope of this audit.

5. Approach

The approach adopted for this internal audit was as follows:

1. Obtain the necessary information required to develop an audit program and to obtain a good knowledge of the auditable activities. This was undertaken through research, reviewing existing procedures and policy documentation, and talking to key staff members.
2. Conduct the fieldwork, which incorporates an evaluation of the effectiveness of controls undertaken through sample testing of outcomes.
3. Discuss audit issues with staff and management throughout the audit process to remove opportunities for misunderstandings and to allow management to consider resolutions to audit issues.
4. Discuss the final audit issues with management at the exit interview. Upon conclusion, issue the draft audit report for management comments.
5. Conduct the audit in line with the Institute of Internal Auditors International Standards for Professional Practice of Internal Auditing and their Code of Ethics.
6. Communicate findings and assessments on an on-going process to ensure that there is a good understanding and acceptance of the rationale for audit opinions and recommendations.

6. Risk Assessment

Preliminary risk at the time of audit commencement is considered to be medium, based on current residual risk rating updated on the strategic risk register. The residual risk after audit considerations still remain at medium risk.

Strategic Risk	Risk Description	Preliminary Risk Assessment	Final Risk Assessment
5	City of Salisbury financial sustainability is compromised by internal decisions and / or external events.	Medium	Medium


7. Positive Findings


- Fleet and heavy vehicle acquisitions and disposals are effective and have the required value for money as per City's relevant policies and procedures.
- COS has recently started using a new fleet asset management system (AusFleet) with better asset management functionality.
- Fleet and heavy vehicle assets are appropriately tracked using online GPS tracking system and monitored to ensure their safe custody and are appropriately recorded.
- The ownership and custodianship of fleet and heavy vehicle assets are appropriately maintained.
- Regular and scheduled vehicle maintenance regime is followed and tracked, including pre-operational daily vehicle inspection, system for identifying faults, assessing severity and remedying them and maintenance scheduling.
- Asset numbers are put on all fleet and heavy vehicle assets tested, for identification and traceability purpose.
- Sample testing of physical stock verification on fleet and heavy vehicles against asset register did not show any asset losses or variances.


8. Findings & Areas for Improvement


We identified nine (9) findings including 1 rated high risk, 7 rated medium risk and 1 rated low risk, and are detailed at section 9 of this report.

9. Detailed Findings

9.1 Plant and Fleet Asset Management Plan		
Risk Rating	Finding and Implication	Recommendation
<p>High</p> 	<p>COS adopted an <i>Interim</i> Strategic Asset Management Plan (SAMP) in July 2022 and published it on its website giving an overview on all COS assets and its high-level management plan. COS's website further states that: <i>Council has developed seven Asset Management Plans with the current asset register, updated condition data and improved estimates of asset lives and unit costs. Importantly, the Plans have been aligned with Council's Annual Budget and Long-Term Financial Plan.</i></p> <p>We identified that one of the seven published asset management plans on the website is the P&FAMP, which was developed and approved by the Council in 2015, covering the levels of service, future demand, lifecycle management plan, strategy and financial projections for 10 years, and the plan for asset renewal and improvement.</p> <p>Section 7.3 of the P&FAMP states that: <i>P&FAMP will be reviewed during annual budget planning processes and amended to recognise any material changes in service levels and/or resources available to provide those services as a result of budget decisions. The P&FAMP will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into the organisation's long-term financial plan. The P&FAMP has a life of four years (Council election cycle) and is due for complete revision and updating on an annual basis to align with the budget process and review of the Long-Term Financial Plan.</i></p> <p>A draft P&FAMP has been compiled in May 2021 and further reviewed in February 2022, however, it has not been formally approved and communicated, and the current P&FAMP communicated to broader stakeholders is the version developed in 2015. We however acknowledge that the Interim SAMP has set a target improvement plan for Asset Managers to revise individual Asset Management Operational Plans (AMOP) for their respective area by February 2023. It is understood that the current P&FAMP will be then replaced with a Plant and Fleet AMOP. It is acknowledged that the plant, fleet and equipment budget is aligned to the Asset Renewal Program, unless the budget bid is for a new item which needs its own justification.</p> <p>In the absence of an approved updated asset management plan, there is a possibility that asset management process may not comprehensively cover all assets and factors that may be required and assets may not be effectively managed.</p>	<ol style="list-style-type: none"> Review the current asset management process and update the P&FAMP or P&FAMOP. Consider implementing a process where budget bids for asset maintenance and acquisition relies on approved P&FAMPs.
	<p>Management Response / Action</p> <p>Agree with the recommendation. Work is underway to update the Fleet Asset Management Plan which is being progress in line with the Strategic Asset Management Plan.</p>	<p>Action Owner (Title)</p> <p>Manager Field Services</p>
		<p>Target Date</p> <p>30 June 2023.</p>


9.2 Physical Verification and Asset Stocktake		
Risk Rating	Finding and Implication	Recommendation
Medium 	<p>Section 125 (2) of the <i>Local Government Act 1999</i> (the Act) states that the policies, practices and procedures of internal financial control under subsection (1) must be in accordance with a standard or document (such as a model relating to financial controls) adopted by the regulations. Section 10A of the <i>Local Government (Financial Management) Regulations 2011 (Regulation)</i> states that for the purposes of section 125(2) of the Act, the policies, practices and procedures of internal financial control of a council must be in accordance with the Better Practice Model (BPM) -Internal Financial Controls.</p> <p>BPM Control - ASS-FIX-0014 states to ensure “there is a process in place for the verification of fixed assets which is reconciled to the Fixed Assets Register”.</p> <p>We identified weakness in the controls over the area of physical verification of assets and asset stock take. COS has no asset stocktake policy, procedure or process in place, and has not historically undertaken a stocktake of its fleet, heavy vehicle, high value and portable assets. It is however acknowledged that Finance One costed data is annually reconciled at item level with Fleet 5 asset register to ensure accuracy of financial reporting.</p> <p>All of the 73 assets selected from the asset register were physically verified and 5 randomly selected heavy vehicles from the floor were checked against the register and all matched. However, there were some minor assets taken from the floor which were not appearing on the minor asset register, including Makita R4 Combo Toolkit, Makita batteries, and a 4-stroke post driver kit which were confirmed by Coordinator Fleet and Workshop as recent receipt to be entered in Fleet 5 system.</p> <p>The absence of a periodic asset stocktake means that discrepancies between the accounting records and physical existence will not be detected and corrected on a timely basis. This could result in failure to detect theft or loss and any resultant adjustments and/or asset write offs may not have taken place.</p>	<ol style="list-style-type: none"> 1) Develop a stocktake policy or procedure covering all relevant assets, to physically verify the assets against relevant asset registers. 2) Undertake periodic stock takes as per approved policy and/or procedure.
	Management Response / Action	Action Owner (Title)
	<p>Recommendation 1: Policy / Procedure will be developed as recommended.</p> <p>Recommendation 2: Agree with the recommendation. Consideration will need to be given in the policy/procedure regarding the level of detail for stock take of portable assets.</p>	<ol style="list-style-type: none"> 1. Senior Accountant 2. Relevant Divisional Managers (subject to Recommendation 1 process approved).
		Target Date
		<ol style="list-style-type: none"> 1. 30 June 2023 2. TBD as per procedure approved.

9.3 Comprehensive Minor Assets Register								
Risk Rating	Finding and Implication	Recommendation						
Medium 	<p>COS Field Services maintains a minor asset register in the Asset Management System for tools and minor assets held at the COS Operation Centre. However, we identified that the plant number for most of the minor assets is not captured in Finance One system report, and due to the lack of a common fields, it would be challenging to reconcile and validate the accuracy of the Finance One minor asset report.</p> <p>During our sample testing we identified that two mobile phones are recorded in Finance One as a single line item, and the individual custodian details are not stated separately making it difficult to identify the custodians of the respective phones. In the absence of a minor assets register with full relevant traceability information, there is a possibility that safe custody and ownership of these minor assets may not be ensured.</p> <p>COS Business Systems and Solutions Manager confirmed that laptops purchased from 2020, and active laptops maintained thereafter are tracked and monitored online, using the Lansweeper software. Similarly, Leedall software is used to capture details of Audio-Visual equipment. However, a list of such assets was not provided and therefore, the accuracy and completeness of these minor assets were not assured. COS Business Systems and Solutions Manager also confirmed that physical count of laptops against this online list of active laptops have not been undertaken in the past. It is also noted that while these online lists are maintained for a different purpose of tracking and monitoring active devices, it may not capture all relevant information needed for a minor asset register.</p> <p>In the absence of a comprehensive minor asset register, it is not possible to cross check and verify existence of minor assets that should be available, and therefore any potential assets that might have been lost, misplaced or stolen cannot be detected.</p>	<ol style="list-style-type: none"> 1) Develop policy or procedure for minor assets register covering all relevant portable and attractive items (including but not limited to mobile phones, laptops, computers, IT devices, audio video equipment etc.), purchase, disposal (including write-offs), record keeping, updating the assets register and physical verification of such assets. 2) Consider undertaking an organisation wide stock-take of all portable and attractive items as at a given reference starting point, and update and maintain a comprehensive register for all minor assets thereafter. 						
	<p>Management Response / Action</p> <p>Recommendation 1: Policy / Procedure will be developed as recommended.</p> <p>Recommendation 2: Comments from Manager Field Services - Consideration will need to be given on the level of detail for implementing registers and stock takes for portable assets, particularly in relation to Field Services and range of tools/equipment utilised for service delivery.</p>	<table border="1"> <thead> <tr> <th>Action Owner (Title)</th> <th>Target Date</th> </tr> </thead> <tbody> <tr> <td>1. Senior Accountant</td> <td>1. 30 June 2023</td> </tr> <tr> <td>2. Relevant Divisional Managers (subject to Recommendation 1 process approved).</td> <td>2. TBD as per procedure approved.</td> </tr> </tbody> </table>	Action Owner (Title)	Target Date	1. Senior Accountant	1. 30 June 2023	2. Relevant Divisional Managers (subject to Recommendation 1 process approved).	2. TBD as per procedure approved.
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1. Senior Accountant	1. 30 June 2023							
2. Relevant Divisional Managers (subject to Recommendation 1 process approved).	2. TBD as per procedure approved.							

9.4 Private Use Vehicles and Salary Sacrifice Calculator		
Risk Rating	Finding and Implication	Recommendation
Medium 	<p>Private Use Vehicles The current COS Vehicle Policy (last approved date 15 October 2019, next review date 15 October 2021) defines Council owned vehicles into three categories as follows:</p> <p>1. Private-Use: Means the vehicle is available for private use at all times, including all types of paid leave. These vehicles form part of the pool fleet and are available for use by other employees and volunteers during normal working hours. A 20% discount is applicable when costing the value of the vehicle for salary packaging purposes for fortnightly deduction from salary.</p> <p>2. Unrestricted Private-Use: Means the vehicle is available for private use at all times, including all types of paid leave. The vehicle does not form part of the pool fleet and no discount is applicable when costing the value of the vehicle for salary packaging purposes. No pool discount is applied.</p> <p>3. Commuter-Use: Means the vehicle is made available for travel to and from home, in the most practical direct route and is not available for private use. Any use of the vehicle out of hours or on weekends must be related to the operation of Council business. The vehicle must be returned to the Council during any periods of leave, unless agreed otherwise for short periods of sick/personal leave/rostered days off. Other than in an emergency situation, the only person authorised to drive the vehicle while on Commuter Use is the principal driver. A 90% discount is applied and no salary deductions are applied to users.</p> <p>COS has a total of 12 Private-Use vehicles (used by executives and divisional managers), one unrestricted private-use vehicle and 21 commuter-use vehicles. COS has a Pool Car Booking Guide communicated to all staff and made available on the Intranet, which states that available pool cars can be booked through Microsoft Outlook calendar. We however, identified that the 12 private-use cars have not been historically booked as a pool car and the car details are not available for selection/booking via the Microsoft Outlook calendar, and only the Commuter-Use vehicles are used as pool cars. It is acknowledged that these Private-Use vehicle arrangements are made in consideration of workplace professional use requirements for the dedicated user and some managers use the vehicle for work purposes during the day and make it available for their teams outside of the general booking system.</p> <p>The guidelines for general conditions covering Private-Use Council vehicles included within the Vehicle Policy states that all vehicles except vehicles exempted by the Chief Executive Officer, and allocated for Unrestricted Private-Use, are to be available for general pool use during business hours, and the keys and fuel cards of pool vehicles, when not in use, must be left in a designated location, i.e. with the Records section for vehicles based at main Council Office. This process is however not practiced and not briefed when new vehicles are handed over. Given that the operating control environment did not facilitate pool car booking for these Private-Use vehicles, the policy intended objectives may not have been achieved.</p>	<ol style="list-style-type: none"> 1) Considering the 20% pool discount benefit entitlement applied for Private-Use vehicles, for clarity it is recommended that Administration ensures that all such vehicles are either made available for car pool booking on a common standard platform accessible to all employees as per current Motor Vehicle Policy or revise the Motor Vehicle Policy specifying any exceptions. 2) Ensure employees are appropriately briefed on the vehicle use policy, terms and conditions, and establish a sign-off induction checklist document for private use vehicle handover process. 3) Consider the engagement of an independent external consultant to benchmark with other councils and industry better practice processes, to review the current Motor Vehicle Policy, including a review of the salary sacrifice calculator, and current vehicle usage options.

<p>Salary Sacrifice Calculator COS's current Vehicle Policy states that: <i>"Employees provided with a Council vehicle as part of their employment contract will have a reduced cash component (gross salary) to reflect the "Vehicle Value" within their overall salary package. Vehicle Value is defined in the policy to mean the purchase and operating costs of each vehicle within the standard vehicle range less (where applicable) the agreed discount to recognise the pool use of a vehicle and other salary packaging considerations as provided for within the Schedule of Vehicle Values. The Schedule of Vehicle Values refers to the Motor Vehicle Salary Sacrifice Calculator with <u>total operating costs</u> and the agreed discount amounts to arrive at a salary sacrifice value".</i></p> <p>We identified that the Motor Vehicle Salary Sacrifice Calculator spreadsheet uses historical data that has not been updated since the development of the original spreadsheet in 2015 resulting in outdated assumptions on estimating operating costs. The old cost assumptions applied includes fuel costs (diesel, petrol and liquefied petroleum gas), registration, insurance, and maintenance costs based on fixed annual mileage.</p> <p>Given the outdated nature of 2015 vehicle operating cost data used in estimating current vehicle value salary deduction charges, it is likely that the current and past salary sacrifice deductions for employees with Private-Use Council vehicles may have been undercharged / overcharged compared to actual total operating costs incurred by Council. Therefore, the intended objectives of the Vehicle Policy may not be achieved.</p> <p>It is acknowledged that Executives have recently resolved to form a working group involving selected divisional heads and delegates to review the Motor Vehicle Policy.</p>			
<p>Management Response / Action</p>	<p>Action (Title)</p>	<p>Owner</p>	<p>Target Date</p>
<p>Agree with the recommendation. A working group has been established to review and update the Vehicle Policy.</p>	<p>Manager Services</p>	<p>Field</p>	<p>30 June 2023</p>


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9.5 Inconsistency between COS Assets Register and LGRS Insured Assets Schedule																																																																	
Risk Rating	Finding and Implication	Recommendation																																																															
Medium 	<p>The BPM Controls ASS-FIX-0015 states that the Council needs to ensure that it's fixed assets are insured where appropriate. COS uses the sector wide discretionary self-insured scheme "Local Government Association Asset Mutual Fund (LGAAMF)" to insure its plant, motor vehicle and mobile plant assets, and has current insurance for this financial year ending 30 June 2023.</p> <p>COS Insurance Officer confirmed that at the time of insurance renewal at the beginning of a financial year, the updated assets registers are shared with LGAAMF and subsequent changes to the COS assets registers are updated on LGAAMF insurance asset schedule, and insurance premium invoices for net addition or deletion of assets are received from LGAAMF and paid accordingly.</p> <p>We compared COS's fleet and motor vehicle asset register against the LGAAMF's insurance asset schedule, and identified the following inconsistencies:</p> <p>11 assets (costing \$1.5m), appearing on COS's register, but not on LGAAMF's insured assets schedule.</p> <table border="1" data-bbox="421 746 985 1129"> <thead> <tr> <th>Plant No</th> <th>Purchase Date</th> <th>Purchase Cost (\$)</th> </tr> </thead> <tbody> <tr><td>L2714</td><td>10/09/21</td><td>54,054</td></tr> <tr><td>H2850</td><td>31/03/22</td><td>229,259</td></tr> <tr><td>H2855</td><td>31/03/22</td><td>229,259</td></tr> <tr><td>L2868</td><td>27/05/22</td><td>36,611</td></tr> <tr><td>L2868</td><td>27/05/22</td><td>38,053</td></tr> <tr><td>H2870</td><td>03/06/22</td><td>177,073</td></tr> <tr><td>H2871</td><td>08/06/22</td><td>249,012</td></tr> <tr><td>L2891</td><td>29/06/22</td><td>50,066</td></tr> <tr><td>L2895</td><td>29/06/22</td><td>55,177</td></tr> <tr><td>L2897</td><td>19/07/22</td><td>49,954</td></tr> <tr><td>H2898</td><td>28/07/22</td><td>361,249</td></tr> <tr><td>Total</td><td></td><td>1,529,767</td></tr> </tbody> </table> <p>Six assets disposed but not removed from LGAAMF's insured assets schedule.</p> <table border="1" data-bbox="1030 746 1601 997"> <thead> <tr> <th>Plant No.</th> <th>Asset Disposal Date</th> <th>Insurance Premium Paid (\$)</th> </tr> </thead> <tbody> <tr><td>H2226</td><td>01/06/22</td><td>152</td></tr> <tr><td>L2268</td><td>22/06/22</td><td>525</td></tr> <tr><td>L2349</td><td>15/06/22</td><td>525</td></tr> <tr><td>L2352</td><td>15/06/22</td><td>525</td></tr> <tr><td>L2359</td><td>15/06/22</td><td>525</td></tr> <tr><td>L2577</td><td>07/09/22</td><td>525</td></tr> <tr><td>Total</td><td></td><td>2,779</td></tr> </tbody> </table> <p>Note: A pro-rated credit adjustment (refund) for this can be received when LGRS is updated on the asset disposal.</p> <p>LGAAMF confirmed that the insurance scheme gives protection to motor vehicle additions and deletions that have not been updated on the LGAAMF insured asset schedule, provided the contribution and asset schedule gets adjusted <u>by the end of the financial year</u> ("auto replacement cover").</p>	Plant No	Purchase Date	Purchase Cost (\$)	L2714	10/09/21	54,054	H2850	31/03/22	229,259	H2855	31/03/22	229,259	L2868	27/05/22	36,611	L2868	27/05/22	38,053	H2870	03/06/22	177,073	H2871	08/06/22	249,012	L2891	29/06/22	50,066	L2895	29/06/22	55,177	L2897	19/07/22	49,954	H2898	28/07/22	361,249	Total		1,529,767	Plant No.	Asset Disposal Date	Insurance Premium Paid (\$)	H2226	01/06/22	152	L2268	22/06/22	525	L2349	15/06/22	525	L2352	15/06/22	525	L2359	15/06/22	525	L2577	07/09/22	525	Total		2,779	<p>It is recommended that COS:</p> <ol style="list-style-type: none"> 1) Correct the identified inconsistencies between the LGAAMF insured assets schedule and COS assets register. 2) Establish an efficient process to report and update LGAAMF on acquisitions and disposals of insurable fleet and motor vehicle assets, 3) Undertake regular and timely reconciliation of insured assets schedule against the relevant asset registers, with a particular focus on assets acquired or disposed before insurance renewal but after the renewal registers are provided.
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Fleet Heavy Vehicle High Value and Portable Assets Audit – Detailed Areas for Improvement

<p>Based on this safety net clause, we have cover for plant numbers L2897, H2898 and L2577 (plant numbers shaded green); however, the other assets (plant numbers shaded yellow) that are acquired/disposed of in previous financial year may be “uninsured” and need to be notified to LGAAMF without further delay, for their consideration.</p>		
<p>Management Response / Action</p>	<p>Action Owner</p>	<p>Target Date</p>
<p>Agree with recommendations. Recommendation 1&2: LGAAMF will be notified to update on acquisitions and disposals. Recommendation 2&3: A monthly report will be established to summarise acquisitions & disposals for ease of reconciliation between registers.</p>	<p>1&2: Insurance Officer; 2&3: Manager Field Services</p>	<p>28 Feb 2023 30 June 2023</p>

Item 7.1.3 - Attachment 1 - Internal Audit Report on the Fleet Heavy Vehicle High Value and Portable Assets Audit

9.6 Policies and Procedures				
Risk Rating	Finding and Implication	Recommendation		
Medium 	<p>On review of the relevant COS policies, framework, procedures and guidelines for this audit, the following exceptions were identified:</p> <ul style="list-style-type: none"> - Asset Management Policy (last approval date 27 July 2020, has passed its next review deadline of July 2022). - Vehicle Policy (last approval date 15 October 2019, has passed its next review deadline of October 2021). - Procurement Framework (last approval date 27 January 2017, has passed its next review deadline of August 2019). <p>We have further come across scenarios where the process has not been appropriately documented and it may be beneficial for COS to have either policy or procedures covering the following areas:</p> <ul style="list-style-type: none"> - Disposal of Assets Other than the Land Policy, does not clarify the responsible authority for approval of asset disposals. - Disposal of Assets Other than the Land Policy, does not clarify the process for disposal or write off of minor assets. <p>In cases where the policies and procedures have passed the next review date, and where some typical common scenarios are not captured, there is a possibility that the documented process may be obsolete and there may be ambiguity among users on the actual process to be applied, resulting in ineffective decision making and use of Council resources.</p>	<ol style="list-style-type: none"> 1. Review the following policies and procedures that have gone beyond their current stated next review dates: <ol style="list-style-type: none"> a) Asset Management Policy. b) Motor Vehicle Policy. c) Procurement Framework. 2. It may be beneficial to incorporate the following specific process enhancements or clarifications: <ol style="list-style-type: none"> a) In the Disposal of Assets Other than the Land Policy, clarify the responsible authority for approval of asset disposals. b) In the Disposal of Assets Other than the Land Policy, clarify the process for disposal or write off of minor assets as this category is not clearly articulated. 		
	Management Response / Action	Action Owner (Title) Target Date		
	<p>Recommendation 1a): Agree with recommendation. Work is underway to review and update the Asset Management Policy.</p> <p>Recommendation 1b): Agree with recommendation. Work is underway to review and update the Motor Vehicle Policy.</p> <p>Recommendation 1c and 2): Agree with recommendation. Will be resolved by 30 September 2023</p>	<table border="0"> <tr> <td style="vertical-align: top;"> 1a) Manager Infrastructure Management 1b) Manager Field Services; 1c&2) Manager Strategic Procurement. </td> <td style="vertical-align: top;"> 1a) 30 June 2023 1b) 30 June 2023 1c) 30 June 2023 2) 30 September 2023 </td> </tr> </table>	1a) Manager Infrastructure Management 1b) Manager Field Services; 1c&2) Manager Strategic Procurement.	1a) 30 June 2023 1b) 30 June 2023 1c) 30 June 2023 2) 30 September 2023
1a) Manager Infrastructure Management 1b) Manager Field Services; 1c&2) Manager Strategic Procurement.	1a) 30 June 2023 1b) 30 June 2023 1c) 30 June 2023 2) 30 September 2023			

Item 7.1.3 - Attachment 1 - Internal Audit Report on the Fleet Heavy Vehicle High Value and Portable Assets Audit


9.7 Review of Assets in Use Beyond the Stated Useful Economic Life																																		
Risk Rating	Finding and Implication					Recommendation																												
Medium 	<p>The P&FAMP defines useful economic life of an asset as the estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council. Useful economic life is captured for individual assets and used as a key measure in calculating depreciation.</p> <p>The P&FAMP recognises a renewal process for those assets that have gone beyond their useful economic life or asset replacement cycle. We identified that two out of 73 assets tested have passed its stated useful economic life. Following this, data analytics was performed on the whole asset register from Finance One, and we identified that there is a total of 51 fully depreciated assets that have passed the stated Useful Economic Life, as summarised in below age analysis:</p> <table border="1" data-bbox="448 667 1451 842"> <thead> <tr> <th>No. Years Past Useful Life</th> <th><2 Years</th> <th>2-5 Years</th> <th>6-10 Years</th> <th>11-15 Years</th> <th>16-20 Years</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Assets Disposed in Prior Years</td> <td>-</td> <td>2</td> <td>3</td> <td>6</td> <td>4</td> <td>15</td> </tr> <tr> <td>Assets in Current Renewal Program</td> <td>21</td> <td>10</td> <td>4</td> <td>1</td> <td>-</td> <td>36</td> </tr> <tr> <td>Total No. Assets</td> <td>21</td> <td>12</td> <td>7</td> <td>7</td> <td>4</td> <td>51</td> </tr> </tbody> </table> <p>It is noted that 15 out of these 51 assets that were disposed prior to 2020/2021 are recorded as active assets on the Finance One asset register and need to be removed. Field Service have confirmed that the remaining 36 assets are covered within the current asset renewal program.</p> <p>There is a possibility that assets that are in use beyond the useful economic life may incur more maintenance costs and may be subject to unexpected breakdowns impacting service delivery for the Council. In the absence of proper documentation with reasoning, the rationale for deciding on asset extension and retention may not be determined.</p>					No. Years Past Useful Life	<2 Years	2-5 Years	6-10 Years	11-15 Years	16-20 Years	Total	Assets Disposed in Prior Years	-	2	3	6	4	15	Assets in Current Renewal Program	21	10	4	1	-	36	Total No. Assets	21	12	7	7	4	51	<ol style="list-style-type: none"> Undertake annual review of the useful economic life of assets, considering, the age, capacity, functions and condition of the asset, and update the revised/extended useful economic life of assets for depreciation calculation or adjustment purposes where required, and document the process accordingly. Demonstrate the application of useful economic life as a trigger for review of assets for asset renewal and replacement, and document the reasons for any extended useful economic life agreed, considering other optimal replacement timing or opportunity cost factors. Review and adjust the fixed assets register for assets that have been disposed in prior years.
No. Years Past Useful Life	<2 Years	2-5 Years	6-10 Years	11-15 Years	16-20 Years	Total																												
Assets Disposed in Prior Years	-	2	3	6	4	15																												
Assets in Current Renewal Program	21	10	4	1	-	36																												
Total No. Assets	21	12	7	7	4	51																												
Management Response / Action					Action Owner (Title)	Target Date																												
<p>Recommendation 1 & 2: The useful lives of fleet categories are currently reviewed annually in accordance with the Asset Management Policy. Each year, the fleet renewal program is reviewed and adjusted as part of the annual budget process. Adjustments may be made to individual assets based on condition, usage, market conditions or operational reasons,</p>					<p>1 & 2: Manager Field Services</p> <p>3: Accountant (Projects, Assets and Systems)</p>	<p>30 June 2023.</p> <p>31 October 2023</p>																												


Item 7.1.3 - Attachment 1 - Internal Audit Report on the Fleet Heavy Vehicle High Value and Portable Assets Audit

Fleet Heavy Vehicle High Value and Portable Assets Audit – Detailed Areas for Improvement

	<p>The renewal program is currently adjusted to meet a consistent renewal spend each year (flattening of the renewal spend) – this effectively means some items are brought forward and some are extended in relation to category useful life. Condition, usage, market conditions, operational requirements and maintenance risk factors are considered in adjusting the renewal program.</p> <p>The following specific key improvement actions will be undertaken:</p> <ul style="list-style-type: none"> • Document reasons for adjustments to lifecycle in the renewal program • Update Financial Services team on changes to Useful Economic Life to make necessary determination on adjustments to depreciation. • Ensure conditions are recorded and managed in the Fleet Management System. <p>Recommendation 3: The assets that were identified as disposed will be reviewed where required and adjusted as part of the 2022/2023 financial year end process.</p>		
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Item 7.1.3 - Attachment 1 - Internal Audit Report on the Fleet Heavy Vehicle High Value and Portable Assets Audit

9.8 National Heavy Vehicle Law – Areas for Improvement								
Risk Rating	Finding and Implication	Recommendation						
Medium 	<p>The National Heavy Vehicle Accreditation Scheme (NHVAS) is a national formal process for recognising operators who have robust safety management systems in place, and is increasingly being used to show compliance under road transport law. The NHVAS covers accreditation on the categories of mass management, maintenance management, and fatigue management. The NHVAS requires that all compliance audits are to be conducted by an NHVAS approved independent auditor who is licensed and competent for these technical audits. Therefore, this audit did not cover a full-fledge NHVL compliance review.</p> <p>However, key areas were looked at a high-level as a spot check and reviewed the outstanding actions remaining from a similar internal review undertaken by the COS Team Leader Safety and Wellbeing in 2019. While no specific legislative non-compliances were found, the following exceptions are noted as areas for process improvement:</p> <ol style="list-style-type: none"> 1. There is currently no endorsed operational procedure for heavy vehicle maintenance and repair and a draft document yet to be finalised. It is unclear whether the operational procedures for heavy vehicle maintenance and repair specifically address the NHVL requirements. 2. The calibration testing records for weighing equipment do not exist and the fleet maintenance schedule does not include the testing cycle. 3. While the vehicle pre-operation checklists and inspection templates are in place covering basic operator roadworthiness checks of prescribed components, there was no evidence of scheduled audits (by qualified NHVAS approved auditors) to ensure compliance with NHVL inspection regime are comprehensively met. 4. The Coordinator Fleet and Workshop confirmed that vehicle modification compliance plates are not fitted to vehicles where modification to prescribed components occur; and a certificate of compliance is not usually obtained. 	<ol style="list-style-type: none"> 1. Review operational procedures for heavy vehicle maintenance and repair to determine if NHVL requirements are specifically addressed and revise the operational procedures accordingly. 2. Ensure that weighing equipment calibration testing is included in the maintenance schedule and record is kept of such calibration testing. 3. While acknowledging that it is not mandatory for COS to be accredited and apply the NHVAS standards, it may be beneficial for COS to consider using an NHVAS accredited auditor to undertake a compliance audit to determine the status and level of compliance with NHVR, and review templates and procedures to ensure it adequately covers standard safety measures and comply with NHVL requirements. 4. Ensure the operational procedures for heavy vehicle procurement, maintenance and repair is updated to require that a Certificate of Compliance is obtained and maintained in the fleet management system whenever a modification to a prescribed component is performed. 						
	<p>Management Response / Action</p> <p>Agree with the recommendations.</p>	<table border="1"> <thead> <tr> <th>Action Owner (Title)</th> <th>Target Date</th> </tr> </thead> <tbody> <tr> <td>1, 2 & 3) Coordinator Fleet and Workshop</td> <td>31 October 2023</td> </tr> <tr> <td>4. Manager Field Services</td> <td></td> </tr> </tbody> </table>	Action Owner (Title)	Target Date	1, 2 & 3) Coordinator Fleet and Workshop	31 October 2023	4. Manager Field Services	
Action Owner (Title)	Target Date							
1, 2 & 3) Coordinator Fleet and Workshop	31 October 2023							
4. Manager Field Services								

9.9 Fuel Card Usage Review on Unusual Transactions			
Risk Rating	Finding and Implication	Recommendation	
<p>Low</p> 	<p>COS uses BP fuel cards for filling the Council owned vehicles. BP fuel cards comes with its security features which recognises the vehicle fuel type allowed for the respective card that is assigned to a specific vehicle and the vehicle registration number is engraved on the card for physical inspection at the counter when paying for the fuel using the card. A security pin number specific to each card is required to be entered by the cardholder and odometer reading are asked to be entered by the teller for every payment transaction processing.</p> <p>COS receives a monthly statement from BP and a process has been developed to upload the transaction level data from this report into the Finance One system whereby the finance subledger is updated with fuel costs for each vehicle. The monthly statement is also reviewed by the Coordinator Fleet and Workshop, who performs a high-level overview assessment on the report, looking at litres per fill and number of fills.</p> <p>The report is not available in excel to perform data analytics, and only a high-level check is practically possible on the pdf report.</p> <p>It is common best practice to perform analytical reviews on the fuel usage on a regular basis. We have identified that while there were high level reviews on fuel cost and usage, there was no detailed review of unusual transactions in relative measures against abnormality of mileage travelled, fuel card usage in odd hours, frequency of card usage, and usage against vehicle maximum fuel tank capacity. Detailed testing of this nature was considered beyond the scope of this audit.</p> <p>In the absence of such an analysis, there is a possibility that potential misuse of fuel cards may not be detected and any subsequent control actions may not be taken to mitigate potential losses.</p> <p>Manager Field Services confirmed that future process enhancement could entail some reconciliation through AusFleet that looks at fuel costs and km travelled and dashboards or Key Performance Indicators.</p>	<ol style="list-style-type: none"> Retrieve an excel master file transaction listing report from BP covering a full year period, and perform data analytics to identify anomalies and seek justification where possible. Seek the possibility of incorporating exception parameters within the fleet management system to identify anomalies, and review on a monthly basis. 	
Management Response / Action		Action Owner (Title)	Target Date
<p>Fuel cards for the majority of the fleet are kept at the Operations Centre overnight and only accessed during working hours. This reduces the potential/likelihood of misuse.</p> <p>Recommendation 2 – is considered the most time and cost-effective manner for improving governance of fuel cards, with investigations into dashboards and auto generated exception reports in AusFleet based on mileage and fuel usage.</p>		Coordinator Fleet and Workshop	30 June 2023



Appendix I – Risk Standards

10. Appendix I – Risk Standards

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

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



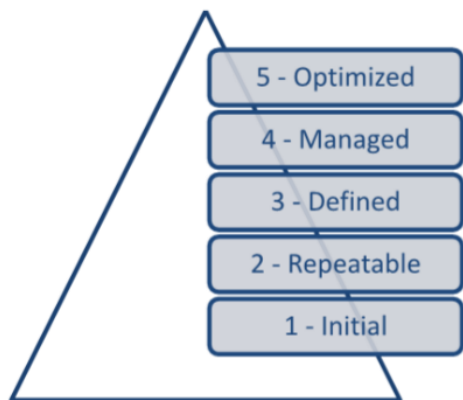
Appendix I – Risk Standards

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



Appendix II – Process Maturity Assessment Standards

11. Appendix II - Process Maturity Assessment Standard



Level 1—Initial

It is characteristic of processes at this level to be (typically) undocumented and in a state of dynamic change, tending to be driven in an ad hoc, uncontrolled, and reactive manner by users or events. This provides an unstable environment for the processes.

At the initial level, processes are disorganized. Success is likely to depend on individual efforts, and is not considered to be repeatable, because processes would not be sufficiently defined and documented to allow them to be replicated.

Level 2—Repeatable

It is characteristic of processes at this level that some of the processes are repeatable, possibly with consistent results. Process discipline is unlikely to be rigorous, but where it exists it may help to ensure that existing processes are maintained during times of stress.

Level 3—Defined

It is characteristic of processes at this level that there are sets of defined and documented standard processes established and subject to some degree of improvement over time. These standard processes are in place (i.e., they are the AS-IS processes) and used to establish consistency of process performance across the organization.

Level 4—Managed

It is characteristic of processes at this level that, using process metrics, management can effectively control the AS-IS process (e.g., for software development). In particular, management can identify ways to adjust and adapt the process to particular projects without measurable losses of quality or deviations from specifications. Process Capability is established from this level.

Level 5—Optimized

It is a characteristic of processes at this level that the focus is on continually improving process performance through both incremental and innovative technological changes/improvements.



Inherent Limitations

12. Inherent Limitations

The services provided by City of Salisbury's Audit and Risk Unit in connection with this engagement comprise an advisory engagement which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and consequently no conclusions intended to convey assurance will be expressed.

Due to the inherent limitations of any control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further the internal control structure within which the control procedures that are to be subject to the internal audit will not be reviewed in their entirety and therefore no opinion or view will be expressed as to the effectiveness of the broader control structure.

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

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

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

Third Party Reliance

This report is solely for the purpose established in the Engagement Letter and for the Audit and Risk Committee, Corporate Executive and Management information and should not be used for any other purpose or distributed to any other party without the prior written consent of the Audit and Risk Committee. Any reliance placed on the findings and recommendations captured in this report by a third party, including but not limited to City of Salisbury's external auditor is that party's sole responsibility.

Confidentiality

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

ITEM	7.1.4
	AUDIT AND RISK COMMITTEE
DATE	15 February 2023
HEADING	Audit & Risk Committee Performance Self-Assessment
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	Best practice standards suggest that the performance of the Audit and Risk Committee should be reviewed on a regular basis. One method of doing this is through a self-assessment process. This report outlines the proposed methodology for self-assessment of the Audit and Risk Committee and seeks recommendation for Council approval of the assessment process.

RECOMMENDATION

That Council:

1. Approves the self-assessment survey questions, as set out in Attachment 1 to this report (Audit and Risk Committee, 15 February 2023, Item No. 7.1.4) for issuance to members of the Audit and Risk Committee for completion following the February 2023 Council meeting, with results to be collated and presented at the next Audit and Risk Committee meeting.

ATTACHMENTS

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

1. Audit & Risk Committee Survey Questionnaire for 2022

1. BACKGROUND

- 1.1 It is considered best practice to review the performance of an Audit and Risk Committee on a periodic basis. One method of conducting this performance review is through a self-assessment questionnaire, completed by the members of the Audit and Risk Committee.
- 1.2 Self-assessment surveys are an efficient method for conducting the performance review because they can be completed at the convenience of the Audit and Risk Committee members, without the need to arrange or attend any additional meetings or interviews.
- 1.3 It is proposed that the Audit and Risk Committee complete a self-assessment for the period 1 January 2022 to 31 December 2022. A copy of the proposed self-assessment survey questions is provided as Attachment 1 to this report.

- 1.4 The self-assessment was last completed for the period 1 January 2021 to 31 December 2021 following the Council meeting in February 2022, and the results were collated and presented at the April 2022 Audit and Risk Committee meeting.

2. REPORT

- 2.1 The focus of the self-assessment is primarily to drive continuous improvement in the performance and effectiveness of the Audit and Risk Committee.
- 2.2 The self-assessment survey questionnaire from last review is proposed as its relevancy remains unchanged.
- 2.3 It is proposed that the attached self-assessment questionnaire be circulated to members of the Audit and Risk Committee following the February 2023 Council meeting, for completion by 15 March 2023. The questionnaire will be circulated in the form of an online survey. A link to the survey will be provided to Committee members. The results of the survey will be collated and reported back to the Committee at its April 2023 meeting.

3. CONCLUSION / PROPOSAL

- 3.1 The attached self-assessment survey is a useful tool for assessing the performance of the Audit and Risk Committee and identifying areas for improvement.
- 3.2 On the basis that it is good practice to conduct a self-assessment annually, it is proposed that the Audit and Risk Committee recommends to Council approval of the self-assessment process.
- 3.3 The Audit and Risk Committee acknowledges that this self-assessment will be conducted by way of an online survey, with the results collated and reported anonymously to the Audit and Risk Committee in a single report.

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

The Audit & Risk Committee (“the Committee”) is established as a Standing Committee within the City of Salisbury Council’s governance framework, pursuant to section 41 of the *Local Government Act 1999*, to perform its functions as per its Terms of Reference (“TOR”). It is an industry best practice for Audit & Risk Committees to undertake a self-assessment on an annual basis.

Please complete this questionnaire based on your views as a member of the Committee. Where a “Strongly Disagree” or “Disagree” rating is provided please include comments/information to clarify your response. Results from the self-assessment questionnaire will be used to identify areas for development/improvement in the operations of the Committee.

Section A – Establishment of the Committee		Rating	Comments / Suggestions for Improvement
1.	The TOR of the Committee provide clear information on the role and functions of the Committee and its oversight responsibilities on behalf of Council.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
2.	The Committee members’ qualities (e.g. financial literacy and skills, understanding of City of Salisbury, commercial and risk acumen, industry and capital markets) as a whole, are sufficient and appropriate to discharge the Committee’s oversight responsibilities on behalf of Council.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
3.	The Committee members demonstrate the highest level of integrity (including maintaining the utmost confidentiality and identifying, disclosing and managing conflicts of interest and acting appropriately where conflicts or interests arise).	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section A – Establishment of the Committee		Rating	Comments / Suggestions for Improvement
4.	New members of the Committee are provided induction information and materials to educate them on City of Salisbury, their responsibilities, and Council's financial reporting practices.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
5	The Presiding Member of the Committee is well prepared for the meetings and conducts the meetings effectively as required under the legislation and the Committee's current TOR.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
6	The other members of the Committee are well prepared for the meetings and perform effectively in the fulfilling their role of the Committee as required under the legislation and the Committee's current TOR.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section B – Meetings		Rating	Comments / Suggestions for Improvement
7.	Arrangements for Committee meetings are appropriate (i.e. frequency, time of day, duration, venue, location and format).	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
8.	The Committee ensures that appropriate internal and external stakeholders attend meetings as necessary (e.g. CEO, GM Business Excellence, external audit representative, etc.)	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
9.	All members of the Committee participate actively and constructively during meetings and work collaboratively with others attending the meeting.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
10.	The written materials (e.g. meeting agendas, reports, minutes and supporting documentation) provided to the Committee are appropriate, relevant, and concise.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section B – Meetings		Rating	Comments / Suggestions for Improvement
11.	The written materials provided to the Committee are circulated with sufficient time to allow Committee members to consider the information.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
12.	The meeting procedures and processes in place at the City of Salisbury ensure smooth operation of the Committee.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
13.	The Committee meetings are effective in providing independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section C – Internal Audit		Rating	Comments / Suggestions for Improvement
14.	The Committee appropriately considers internal audit reports, management’s responses, actions for improvement, and monitors the responsiveness of the Council to recommendations based on previous audits and risk assessments, including those raised by the Council’s Internal Auditor and External Auditor.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
15.	I have direct and unrestricted access to the internal audit function.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
16.	The Committee provides oversight of planning and scoping of the internal audit work plan, and ensure that activities in the internal audit plan address areas of concern and provide assurance to Council.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
17.	The Committee regularly considers the audit plan and makes recommendations.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section D – External Audit		Rating	Comments / Suggestions for Improvement
18.	I have direct and unrestricted access to the External Auditor.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
19.	I understand the information being presented to me by the External Auditor.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
20.	The Committee discusses significant findings from the financial and internal controls audits with the External Auditor.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
21.	The Committee monitors and oversees the process for appointment of the external auditor in accordance with the <i>Local Government Act 1999</i> .	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section E – Financial Oversight		Rating	Comments / Suggestions for Improvement
22.	The Committee assesses whether the annual financial statements reflect appropriate accounting principles.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
23.	The Committee reviews significant accounting and reporting issues, including complex or unusual transactions, highly subjective areas and significant changes in accounting policies and their corresponding impact on the financial statements.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
24.	The Committee reviews the annual financial statements and ensure they present fairly the state of affairs of the Council.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
25.	I am comfortable that the Committee is able to propose and review the exercise of powers under section 130A of the <i>Local Government Act 1999</i> . Namely, the examination of any matter relating to financial management, or the efficiency and economy with which the council management or uses its resources to achieve its objectives.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section E – Financial Oversight		Rating	Comments / Suggestions for Improvement
26.	The Committee reviews the City of Salisbury’s key accounting policy positions.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
27.	The Committee receives sufficient information to assess and understand the process for the evaluation of the City of Salisbury’s internal financial controls, and believes that the internal control testing supports its internal control assessment.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
28.	The Committee understands and considers the internal control testing process conducted by the Administration, the internal auditor, and the external auditor to assess the process for detecting internal control issues or fraud. The Committee addresses and monitors significant deficiencies or weaknesses.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
29.	The Committee oversees the action taken by the Administration to resolve repeat comments from auditors, especially when related to internal controls.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section E – Financial Oversight		Rating	Comments / Suggestions for Improvement
30.	The Committee reviews adjustments to the financial statements resulting from the external audit.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section F – Risk Management and Internal Controls		Rating	Comments / Suggestions for Improvement
31.	The Committee is satisfied that there is an effective risk management framework in place at the City of Salisbury.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
32.	The Committee assures itself that the Chief Executive Officer and General Managers take personal responsibility for risk identification and control.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
33.	The Committee understands and discusses issues which present significant risks to the organisation.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
34.	The Committee ensures that the controls are appropriate for achieving the Council's goals and objectives, safeguarding the Council's assets and as far as possible maintaining the accuracy and reliability of Council records.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section F – Risk Management and Internal Controls		Rating	Comments / Suggestions for Improvement
35.	The Committee is satisfied that Council implements and maintains appropriate policies, practices and procedures of internal control.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
36.	The Committee is comfortable that the Council and other committees take into account significant risks which may affect financial reporting.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
37.	The Committee understands and approves the process implemented by the Administration to identify, assess, and respond to risks.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
38.	The Committee understands the Administration’s fraud risk assessment and understands identified fraud risks.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section G – Oversight of Other Activities		Rating	Comments / Suggestions for Improvement
39.	The system for reviewing outstanding items arising from external or internal audit reports is efficient and effective.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
40.	I am satisfied that the Committee is provided with the opportunity to propose, and provide information relevant to, a review of the Council’s strategic management plans, long term financial plan and annual business plan.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
41.	I have satisfied myself that Council is meeting its fiduciary and legislative responsibilities.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	

	2022
Audit & Risk Committee Self-Assessment Questionnaire	

Section G – Oversight of Other Activities		Rating	Comments / Suggestions for Improvement
42.	An annual performance assessment of the Committee is conducted and any matters requiring follow-up are resolved.	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
43	Reflecting on your level of comfort, how likely are you to offer an opinion different than other board members?	1. Strongly Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree	
44	What do you consider as the Committee's greatest strength?		
45	Conversely, in your view what is the Committee's greatest weakness?		
46.	Any further comments or suggestions for improvement not already covered in the sections above?		

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ITEM	7.1.5
	AUDIT AND RISK COMMITTEE
DATE	15 February 2023
HEADING	Revised Internal Audit Charter
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 purpose of this report is to review the City of Salisbury Internal Audit Charter.

RECOMMENDATION

That Council:

1. Approves the Internal Audit Charter as set out in Attachment 1 to this report (Audit and Risk Committee, 15 February 2023) for Council adoption.

ATTACHMENTS

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

1. Revised Internal Audit Charter with Track Changes

1. BACKGROUND

- 1.1 The Internal Audit Charter was last adopted by Council on 23 November 2020 and due for review.

2. REPORT

- 2.1 The Internal Audit Charter has been reviewed.
- 2.2 There are no material changes to the Internal Audit Charter.
- 2.3 The revised Internal Audit Charter with track changes and minor edits appears as Attachment 1 to this report.

3. CONCLUSION / PROPOSAL

- 3.1 The Internal Audit Charter is put to the Audit and Risk Committee for adoption by Council.

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Internal Audit Charter

<i>Date Previous Version approved by Council</i>	22 February 2016 <u>23 November 2020</u>
<i>Current Version</i>	V.9. <u>65</u>
<i>Date New Version approved by Council</i>	23 November 2020 <u>30 January 2023</u>
<i>Date of Next Review</i>	November 2022 <u>October 2027</u>

1. The Charter

- 1.1 This Charter sets out the purpose, authority, responsibility and other relevant information related to City of Salisbury's internal audit function.
- 1.2 It outlines the City's understanding and expectations of this function and its commitment to ensuring its effective operation.

2. Commitment

- 2.1 City of Salisbury recognises internal audit as an integral element of its governance and risk management framework.
- 2.2 The City is committed to ensuring that its internal audit function is provided with appropriate resources and support to ensure that it is able to discharge its responsibilities effectively and efficiently.

3. Purpose of Internal Audit

- 3.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve City of Salisbury's operations.
- 3.2 It helps City of Salisbury accomplish its objectives by bringing a systematic, disciplined approach to ensure adequate controls are in place, and evaluate and improve the effectiveness of risk management, control and governance processes.

4. Professionalism and Code of Ethics

- 4.1 The internal audit activity will govern itself by adherence to The Institute of Internal Auditors' Mandatory Guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The IIA's Mandatory Guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the internal audit activity's performance.
- 4.2 Internal auditors shall comply with the codes of conduct, definition, standards and professional ethics laid down by the appropriate professional auditing/accounting bodies and the City's Code of Conduct.



Internal Audit Charter

- 4.3 Internal auditors will be prudent in exercising authority and in the use of information acquired in the course of their duties; they shall ensure the confidentiality of information unless legislation prohibits this.
- 4.4 The Manager Governance will ensure that all internal audit staff and consultants comply with the above conduct and standards.

5. Authority

- 5.1 The internal audit function, with strict accountability for confidentiality and safeguarding of records and information, is authorised full, free and unrestricted access to any and all of City of Salisbury's and Council records, physical properties and personnel pertinent to carrying out any engagement.
- 5.2 All public officers are requested to assist and fully cooperate with the internal audit function in fulfilling its roles and responsibilities.
- 5.3 Internal audit will also have free and unrestricted access to the Council.
- 5.4 In addition, specifically Internal Audit:
- Is allowed direct communication with all staff, contractors and consultants.
 - Can report such matters considered necessary to be communicated or reported.
 - Is free to conduct such special assignments or consultancy engagements as considered necessary. Usually and wherever practical, the Audit [and Risk](#) Committee of Council and the Chief Executive Officer (CEO) will be informed prior to commencement of such assignments.
 - Will normally conduct audits in consultation with general managers, managers and staff. However, where considered necessary, internal audit is authorised to conduct reviews without prior consultation, in exceptional circumstances. In such cases the CEO is to be advised as soon as practicable.
 - Shall record the details of any restrictions imposed upon it and the reasons for them, not withstanding any limitations in this Internal Audit Charter and the Audit [and Risk](#) Committee of Council Terms of Reference.
 - Shall have direct contact with any level of management concerning an audit or activity and may require any public officer to furnish information and explanations.

6. Organisation

- 6.1 The Internal Auditor will report functionally to the Audit [and Risk](#) Committee of Council, operationally to City of Salisbury Executive Group and administratively to the Manager Governance.
- 6.2 All decisions regarding the performance evaluation, appointment or removal of the Internal Auditor as well as their annual compensation and salary adjustment will be made by the CEO or [their-designated delegate](#), the Manager Governance.



Internal Audit Charter

- 6.3 The Internal Auditor will communicate directly with the Audit [and Risk](#) Committee of Council and City of Salisbury Executive Group.

7. Independence and Objectivity

- 7.1 The internal audit activity will remain free from interference by any element in City of Salisbury, including matters of audit selection, scope, procedures, frequency, timing or report content in order to facilitate an independent and objective attitude. The Internal Auditor or any External Service Providers should disclose the existence of any actual or perceived conflict of interest to the management.
- 7.2 Internal auditors will have no direct operational responsibility or authority over any of the activities audited directly by the internal audit function.
- 7.3 When internal auditors are conducting engagements that have previously been the subject of consultancy work, the same internal auditor should not be responsible for both pieces of work for at least one year after the consultancy work was completed.
- 7.4 Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.
- 7.5 They must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.
- 7.6 The Internal Auditor will confirm to the Audit [and Risk](#) Committee of Council, at least annually, the organisational independence of internal audit activity, covering any major restrictions on the scope of Internal Audit, impairments, resource issues and any conflicts of interests.

8. Roles and Responsibility

- 8.1 The Internal Auditor will be responsible to the Audit [and Risk](#) Committee of Council for the functional conduct of internal audit activities in relation to:
- Development, implementation and oversight of internal audit methods and procedures.
 - Development, implementation, oversight and completion of the internal audit plan.
 - Scope and boundaries of audits.
 - Fulfilling the objectives of internal audit.
 - Utilising audit resources to maximise the efficiency and effectiveness of internal audit.
 - Maintenance of appropriate internal auditing standards.



Internal Audit Charter

- 8.2 Internal audit activity is reviewed by the Audit [and Risk](#) Committee of the Council, which is governed by its own Terms of Reference that ~~has~~ ~~been~~ ~~endorsed~~ ~~adopted~~ by the Council.
- 8.3 The internal audit function assists the Audit [and Risk](#) Committee of Council and City of Salisbury Executive Group in the effective discharge of their responsibilities by examining and evaluating the adequacy and effectiveness of City of Salisbury's governance, risk management and internal control processes in relation to the City's defined goals and objectives.
- 8.4 Internal audit will contribute to these goals and objectives by:
- Determining the adequacy and effectiveness of the City's control environment, financial, operational and information systems controls, so that significant risks are identified and properly managed.
 - Reviewing the integrity of financial and other key information used in decision making, including controls over the collection, recording, storing and communication of that information.
 - Reviewing the internal controls and process for monitoring compliance reporting and management, including legislative requirements, relevant standards, and Council policies and procedures.
 - Providing assurance services and consulting services to advise management on identifying risks (including opportunities foregone) and generating an awareness of effective control techniques to minimise such risks.
 - Appraising the means of safeguarding the City's assets, including verification where appropriate.
 - In collaboration with staff and management identifying ways of improving customer service, efficiency, economy and effectiveness in operations.
 - Assisting management to identify the risks of fraud and recommend fraud prevention and monitoring strategies.
 - Assessing the extent of compliance with policies, procedures, statutory requirements, guidelines and best practice.
 - Providing advice to management on and/or interpreting statutory requirements and guidelines.
 - Conducting reviews of programs or projects to ensure objectives have been achieved and that the programs or projects are still appropriate.
 - Carrying out assurance services and consulting services or special assignments as directed by the Audit Committee of Council, or the CEO.
 - Reporting significant risk exposures and control issues identified to the Audit [and Risk](#) Committee of Council and City of Salisbury Executive Group.



Internal Audit Charter

9. Scope

- 9.1 This charter applies to all employees, contractors and consultants of the Council providing internal audit services. The charter excludes Work Health and Safety audits.
- 9.2 ~~The determination of auditable areas or functions~~ ~~Audit entities~~ will be reviewed according to the perceived level of risk ~~the units that may affect present to~~ City of Salisbury's defined goals and objectives as evident in the City of Salisbury's Strategic Risk Register.
- 9.3 Those ~~functional areas~~ ~~entities~~ presenting the highest risks will generally be audited more frequently and extensively than those representing lower levels of risk to the achievement of objectives, as resource and budget allows.
- 9.4 The Internal Auditor will ~~decide upon~~ ~~determine~~ the nature and scope of any review in consultation with the Manager Governance, General Manager of the area under review and / or the CEO.

10. Internal Audit Plan

- 10.1 At least annually, the Internal Auditor will submit to the Audit ~~and Risk~~ Committee of Council an internal audit plan for review and comment, including risk assessment criteria.
- 10.2 The plan will include the timing as well as the budget and resource requirements for the next financial year.
- 10.3 The Internal Auditor will communicate to both the Audit ~~and Risk~~ Committee of Council and City of Salisbury Executive Group the impact on the plan of resource limitations and significant interim changes.
- 10.4 An internal audit plan will be developed based on the risks in the City of Salisbury's Strategic Risk Register, including input from the Audit ~~and Risk~~ Committee of Council and City of Salisbury Executive Group.
- 10.5 Where required, External Service Providers will be engaged on a co-sourced model in the delivery of internal audit services, to facilitate the economic and efficient use of audit resources and provide a more comprehensive assurance services program.
- 10.6 Any significant deviation from the approved internal audit plan will be communicated to the Audit ~~and Risk~~ Committee of Council and the CEO as soon as practical.
- 10.7 On a periodic basis the Internal Auditor will provide a report to the Audit ~~and Risk~~ Committee of Council on internal audit activity.



Internal Audit Charter

11. Reporting and Monitoring

- 11.1 A written report will be prepared and issued by the Internal Auditor following the conclusion of each internal audit engagement and will be distributed as appropriate.
- 11.2 Internal audit results will also be provided to the Audit [and Risk](#) Committee of Council.
- 11.3 The internal audit report may include management's response and corrective action taken or to be taken with regard to the specific findings and recommendations.
- 11.4 Management's response, whether included within the original audit report or provided thereafter by agreement with the audited area, should include a timetable for anticipated completion of actions and an explanation for any corrective actions that will not be implemented.
- 11.5 The Internal Auditor will be responsible for appropriate follow-up on engagement findings and recommendations.
- 11.6 Where appropriate, internal audit findings will be used to update the City's Strategic Risk Register.

12. Quality Assurance

- 12.1 The Internal Auditor should establish and maintain a quality assurance program. This program is to include:
 - Ensuring a scoping document is signed for every engagement, and maintaining defensible audit evidence.
 - Developing a comprehensive work reporting arrangement.
 - Maintaining a regular review of internal audit plans.
 - Ensure that a comprehensive process has been established to follow up on audit / internal review action points. Recommendations are considered outstanding until they are implemented and or hold a status of 'no further action required'.
 - Follow up on audit action points and update the status to Audit [and Risk](#) Committee.
 - Maintaining effective communication links with the Audit [and Risk](#) Committee, CEO, managers and external auditors.
 - Disclose internal audit non-conformance of Standards to the Audit [and Risk](#) Committee.
- 12.2 In order to ensure that the quality of internal audit work is of a consistently high standard, the CEO shall:



Internal Audit Charter

- Ensure that a quality review of the internal audit function is undertaken by an independent External Service Provider at least every five years.
- Provide internal audit staff with appropriate professional development opportunities.

13. Review

- The Charter should be reviewed [at least every 2 years within 12 months after a general election](#).
- The Internal Auditor and Risk Coordinator is responsible for regular review of the Charter as required.

14. Relevant Legislations and References

- Section 125 of the Local Government Act 1999 (the Act), requires the Council to implement and maintain appropriate internal control policies and procedures.
- [Section 13 and section 30 of Schedule 2 of the Act specifically covering "Internal Audit" for Subsidiaries and Regional Subsidiaries of Council requires the establishment and maintenance of effective auditing of its operations.](#)

Internal Audit Activities will be conducted in accordance with relevant professional standards, including:

- The Code of Ethics and Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.
- Standards relevant to internal audit issued by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia.
- The Statement on Information Systems Auditing Standards issued by the Information Systems and Controls Association, and
- Standards issued by Standards Australia and the International Standards Organisation.

15. Definitions

Add Value

The internal audit activity adds value to the organization (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

Adequate Control

Present if management has planned and organized (designed) in a manner that provides reasonable assurance that the organization's risks have been managed effectively and that the organization's goals and objectives will be achieved efficiently and economically.

Assurance Services

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the



Internal Audit Charter

organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

Audit and Risk Committee

A Committee established under Section 41 of the Local Government Act 1999 pursuant to Section 126 of that Act. The Committee is required to review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis as per the Council approved Audit Committee Terms of Reference.

Audit Entities

~~The auditable functional areas or various parties that the Internal Auditor has interests in to provide internal audit services.~~

Charter

The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Code of Ethics

The Code of Ethics of The Institute of Internal Auditors (IIA) encompass the Principles relevant to the profession and practice of internal auditing, and Rules of Conduct that describe behaviour expected of internal auditors. The Code of Ethics applies to all parties / entities that provide internal audit services. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Compliance

Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

Conflict of Interest

Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.

Consulting Services

Advisory and related client service activities, the nature and scope of which are agreed ~~with the client~~, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

Control

Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.



Internal Audit Charter

Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Control Environment

The attitude and actions of the board and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organizational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

Control Processes

The policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within the level that an organization is willing to accept.

Core Principles for the Professional Practice of Internal Auditing

The Core Principles for the Professional Practice of Internal Auditing are the foundation for the International Professional Practices Framework and support internal audit effectiveness.

Engagement

A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

External Service Provider

A person or firm outside of the organization that has special knowledge, skill, and experience in a particular discipline.

Fraud

Any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organizations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage.

Governance

The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.



Internal Audit Charter

Impairment

Impairment to organizational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations (funding).

Independence

The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit Function

An independent business function / unit within the Governance division designed to add value and improve Council's operations by providing assurance in the effectiveness of risk management, internal controls and governance processes.

Internal Audit Plan

A 3-year rolling plan outlining the audit program to be undertaken for the City of Salisbury, prepared by the Internal Auditor, and ~~recommended for endorsed adoption~~ by the Audit ~~and Risk~~ Committee ~~for to-Council adoption~~.

Internal Auditor

Internal Auditor describes the role of the person responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The Internal Auditor will have appropriate professional certifications and qualifications. The specific job title and/or responsibilities of the Internal Auditor may vary across organizations.

Internal Audit Services

The services provided by the Internal Auditor or an External Service Provider covering assurance services, consulting services and other internal audit activities undertaken to accomplish the roles and responsibilities stipulated in this Charter.

International Professional Practices Framework

The conceptual framework that organizes the authoritative guidance promulgated by The IIA, which includes

- (1) Mandatory guidance and
- (2) Recommended guidance.



Internal Audit Charter

Objectivity

An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk Management

Processes to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

Should

The Standards use the word "should" where conformance is expected unless, when applying professional judgment, circumstances justify deviation.

Standard

A professional pronouncement promulgated by the International Internal Audit Standards Board that delineates the requirements for performing a broad range of internal audit activities and for evaluating internal audit performance.

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ITEM	7.2.2
	AUDIT AND RISK COMMITTEE
DATE	15 February 2023
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.

RECOMMENDATIONThat Council:

1. Notes the update in this report and the full Internal Audit Log Actions Register in Attachment 1 to this report (Audit and Risk Committee, 15 February 2023, Item No.7.2.2).

ATTACHMENTS

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

1. Internal Audit Log Actions Register - Feb 2023

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.

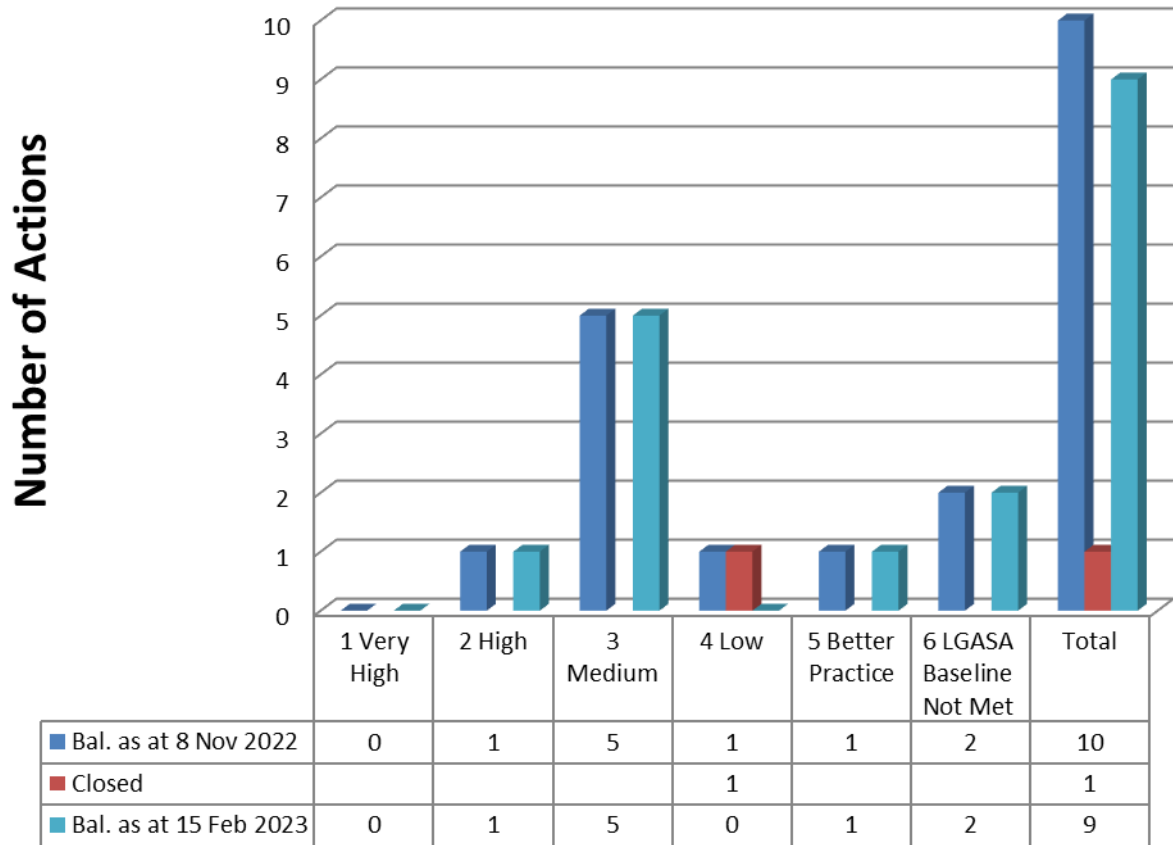
2. CONSULTATION / COMMUNICATION

- 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 Actions - Movement



3.2 The total number of outstanding Audit actions reported to the November 2022 Audit & Risk Committee was 10, out of which, one low risk action was closed and resolved, leaving nine actions to be resolved for this reporting period.

3.3 The risk profile summary position of actions for the reporting period is shown above.

Actions Closed

3.4 The closed action for the reporting period as follows, is tested by the Internal Audit and Risk Coordinator and confirmed as fully resolved.

Log #	Report Date	Audit	Risk Rating	Title: Finding/ Opportunity for Improvement	Recommendations	Status	Resolved
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.	Closed	Yes

Actions Outstanding

3.5 There are nine actions remaining on the Audit Log Register as at 15 February 2023 to be closed, and their status and risk ratings, and the level of completion relative to the total number of actions for respective audit are illustrated below:

Audit	Total # Actions	Actions Completed	%	Actions Outstanding	%	Status of Outstanding Actions
Management of Contaminated Sites - Oct 2020	14	12	86%	2	14%	2 not due (1 Medium Risk, 1 Better Practice)
LGASA 2019 Risk Evaluation Report - Nov 2019	6	4	67%	2	33%	2 Extended (2 LGASA Baseline Not Met)
Complaints Handling Process - Mar 2021	6	2	33%	4	67%	1 not due (High Risk), 3 extended (Medium Risk)
Volunteer Management Audit - Sep 2021	4	3	75%	1	25%	2 Extended (1 Medium Risk, 1 Low Risk)
TOTAL	30	21	70%	9	30%	

- 3.6 The two actions remaining from Management of Contaminated Sites Audit are in progress as part of a separate action plan, reported to the February 2022 Audit and Risk Committee, with a final deliverable to establish an Integrated Catchment Risk Management Plan by mid-2026.
- 3.7 The two actions from LGASA risk evaluation report identified needed further extension till 30 June 2023 to complete risk assessments for remaining scenarios specific to emergency management plan in consultation with the Zone Emergency Management Committee, and to provide necessary training for relevant staff identified in the Incident Operations Manual.
- 3.8 The four actions remaining from Complaints Handling Process audit, are agreed to be resolved with the implementation of the Customer Relationship Management (CRM) module within the ongoing Enterprise Resource Planning (ERP) solutions implementation process. CRM implementation is prioritised in the first phase of ERP implementation.
- 3.9 The one action remaining from Volunteer Management audit is related to the development of a Volunteer Health and Safety Handbook, which is progressing on track and scheduled for finalisation by end of March 2023.
- 3.10 The full listing of all nine pending actions, with recommendation, management comments, action owners, and target deadlines for resolution are covered in the Audit Log Actions Register included in Attachment 1.

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 One action was closed during the reporting period and nine actions remain to be closed as elaborated above.

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Audit Log Actions Register - February 2023

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 15/02/2023	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 31/12/2023	Action is on track. Risk assessments have been commenced. 14/1/22: Emergency Mgt scenario risk assessment for flood and bushfire scenarios undertaken. Update 15/2/23:	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 30/06/2023	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. Update 15/2/23: The Emergency Incident Operations Framework update was presented to Executive Group 19/1/2023. Emergency Incident Commander training is to be arranged for all Executive Group members. All non Executive staff with assigned responsibilities within the Emergency Incident Operations Framework are to be trained in those responsibilities.	Extended		No
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 updating 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 Enterprise Resource Planning solution and the first module to be implemented will be CRM Update 15/02/2023: Part of the ERP 1st phase implementation	Not Due Yet		No
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 Ongoing - part of the ERP 1st phase implementation	Update: 9/11/21: The Community Experience 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 Enterprise Resource Planning solution and the first module to be implemented will be CRM Update 15/02/2023: Part of the ERP 1st phase implementation.	Extended		No

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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 Management).	31/12/2021	31/12/2022 Ongoing - part of the ERP 1st phase implementation	Update: 9/11/21: Requirements for escalations will be built into the detailed business requirements document for the Customer Relationship 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 Enterprise Resource Planning solution and the first module to be implemented will be CRM Update 15/02/2023: Part of the ERP 1st phase implementation	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 Ongoing - part of the ERP 1st phase implementation	Update: 9/11/21: Requirements for escalations will be built into the detailed business requirements document for the Customer Relationship 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 Enterprise Resource Planning solution and the first module to be implemented will be CRM Update 15/02/2023: Part of the ERP 1st phase implementation	Extended		No
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.	Not Due Yet		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. Update 12/1/2023: Action completed – the Volunteer Management Corporate Guideline and information on intranet are updated addressing all identified inconsistencies.	Closed		Yes