# AGENDA

## FOR AUDIT AND RISK COMMITTEE MEETING TO BE HELD ON

## 13 FEBRUARY 2024 AT 6.30 PM

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

**MEMBERS**

Cr K Grenfell (Chair)
Cr B Brug (Deputy Chair)
Ms P Davies
Mr N Ediriweera
Mr D Powell

**REQUIRED STAFF**

Chief Executive Officer, Mr J Harry
Deputy Chief Executive Officer, Mr C Mansueto
Manager Governance, Mr R Deco
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 14 November 2023.

**REPORTS**

*Administration*

*For Decision*

*For Information*

**QUESTIONS WITHOUT NOTICE**

**MOTIONS WITHOUT NOTICE**

**OTHER BUSINESS**

**ORDERS TO EXCLUDE THE PUBLIC**

### 7.4.1 Quarterly Cybersecurity Report - 31 December 2023

**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 - 31 December 2023*) 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 *Quarterly Cybersecurity Report - 31 December 2023* item and discussion at this point in time.

### 7.4.2    Report on Lessons Learnt from the Cyber Incident 2022

**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 (*Report on Lessons Learnt from the Cyber Incident 2022*) 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 *Report on Lessons Learnt from the Cyber Incident 2022* item and discussion at this point in time.

### 7.4.3 Litigation Update – TTEG Claim

**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 7.4.3 (*Litigation Update – TTEG Claim*) 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 – TTEG Claim* 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**

**14 NOVEMBER 2023**

**MEMBERS PRESENT**

Cr B Brug (Deputy Chair) – (*Cr B Brug as Deputy Chair presided over the meeting in the absence of the Chair*)
Ms P Davies
Mr N Ediriweera
Mr C Johnson

**STAFF**

Chief Executive Officer, Mr J Harry
Deputy Chief Executive Officer, Mr C Mansueto
Manager Governance, Mr R Deco
Internal Auditor & Risk Coordinator, Mr H Rafeeu
Manager Business Systems and Solutions, Ms L Paltridge (via VC Teams)
Team Leader Technology Client Services, Ms M Collins (via VC Teams)

The meeting commenced at 6:33pm

The Chairman welcomed the Elected Members, and staff to the meeting.

**APOLOGIES**

Nil.

**LEAVE OF ABSENCE**

Leave of absence for this meeting was previously granted to Cr K Grenfell.

**PRESENTATION OF MINUTES**

Moved Ms P Davies
Seconded Mr C Johnson

The Minutes of the Audit and Risk Committee Meeting held on 10 October 2023, be taken as read and confirmed.

**CARRIED**
Unanimously

**REPORTS**

*Administration*

**7.0.1    Actions List**

Moved Mr N Ediriweera
Seconded Ms P Davies

That Council:

1.    Notes the report.

**CARRIED**
Unanimously

**7.0.2    Future Reports for the Audit and Risk Committee**

Moved Mr C Johnson
Seconded Ms P Davies

That Council:

1.    Notes the report.

**CARRIED**
Unanimously

*For Decision*

**7.1.1    Audit & Risk Committee Annual Work Plan -  2023/2024 and 2024/2025**

Moved Cr B Brug
Seconded Ms P Davies

That Council:

1.    Approves the updated Audit & Risk Committee Annual Work Plan for the two years 2023/2024 and 2024/2025 as set out in Attachment 1 to this report (Item No.7.1.1, Audit & Risk Committee, 14 November 2023).

**CARRIED**

### 7.1.2    3-Year Internal Audit Plan 2023/24-2025/26

Moved Mr C Johnson
Seconded Mr N Ediriweera

That Council:

1.  Notes the updates made to the 3-year Internal Audit Plan 2023/2024 to 2025/2026 as set out in Attachment 1 to this report (Item No.7.1.2, Audit and Risk Committee, 14 November 2023).

**CARRIED**

### 7.1.3    Risk Management and Internal Control Activities

Moved Mr C Johnson
Seconded Mr N Ediriweera

That Council:

1.  Notes the update on Risk Management and Internal Control Activities Annual Plan for 2023/2024, as set out in Attachment 1 to this report (Item No.7.1.3, Audit & Risk Committee, 14 November 2023).

**CARRIED**

### 7.1.4    Consultation Report on appointing Person Primarily Responsible for the Internal Audit Function as per new section 125A of the Local Government Act 1999

Moved Mr C Johnson
Seconded Ms P Davies

That Council:

1.  Notes that the CEO intends to appoint the Council's Internal Auditor and Risk Coordinator as the "person primarily responsible for the internal audit function", in consideration of consultation feedback from the Audit and Risk Committee, as required under the new section 125A of the *Local Government Act 1999*.

**CARRIED**

*For Information*

### 7.2.1 Outstanding Actions Arising from Internal Audits

Moved Mr N Ediriweera
Seconded Ms P Davies

That Council:

1. Notes the update in this report and the full Internal Audit Log Actions Register in Attachment 1 to this report (Item No.7.2.1, Audit and Risk Committee, 14 November 2023).

2. Notes the update on the Detailed Action List for Audit Log Action # 35 in Attachment 2 to this report (Item No.7.2.1, Audit and Risk Committee, 14 November 2023).

3. Notes the update on the Capital Works Project Audit Pressure Points Action List in Attachment 3 to this report (Item No.7.2.1, Audit and Risk Committee, 14 November 2023).

**CARRIED**

### 7.2.2 Draft Annual Report 2022/2023

Moved Ms P Davies
Seconded Mr C Johnson

That Council:

1. Notes that the Audit and Risk Committee received the Draft 2022/23 Annual Report as contained in Attachment 1 to this report (Item 7.2.2, Audit and Risk Committee, 14 November 2023), subject to any changes requested and noting that minor edits are still to be made to finalise the 2022/23 Annual Report in readiness for Council adoption on or before 30 November 2023.

2. Notes the audited financial statements of North Adelaide Waste Management Authority (NAWMA) for the financial year 2022/2023, in accordance with section 21(4) of the *Local Government (Financial Management) Regulations 2011*.

**CARRIED**

## MOTIONS ON NOTICE

*Nil*

## QUESTIONS ON NOTICE

*Nil*

## OTHER BUSINESS

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

### Dry Creek Salt Plans Redevelopment Site

Mr C Johnson tabled the Dry Creek housing development flooding risk media article for information.

### A&R-MON1- Acknowledgement of Service

Moved Cr B Brug
Seconded Ms P Davies

That Council:

Acknowledges Mr Craig Johnson for his contribution to the City of Salisbury as an independent Audit (and Risk) Committee member for a number of years and thank him for his dedicated service.

**CARRIED**
Unanimously

## ORDERS TO EXCLUDE THE PUBLIC

### 7.4.1    Quarterly Cybersecurity Report - 30 September 2023

Moved Mr N Ediriweera
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 (*Quarterly Cybersecurity Report - 30 September 2023*) except the staff of City of Salisbury, Chief Executive Officer, Deputy Chief Executive Officer, Manager Governance, Internal Auditor & Risk Coordinator, Manager Technology and Digital Solutions, Team Leader Technology Client Services 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 *Quarterly Cybersecurity Report - 30 September 2023* item and discussion at this point in time.

**CARRIED**

The meeting moved into confidence at 7:36pm

*The minute item and decision for Item 7.4.1 was released from Confidence. The report, attachments and discussion for this item remain under Confidential Order.*

**7.4.1    Quarterly Cybersecurity Report - 30 September 2023**

Moved Mr C Johnson
Seconded Mr N Ediriweera

That Council:

1.    Notes the report.

2.    Approves that, pursuant to Section 91(7) of the Local Government Act 1999, the report, attachments, presentation, discussion, for this item will remain confidential and not available for public inspection until 30 June 2028.

3.    Approves that, pursuant to Section 91(9)(c) of the Local Government Act 1999, the power to revoke the order under Section 91(7)(a)&(b) prior to any review or as a result of any review is delegated to the Chief Executive Officer.

**CARRIED**
Unanimously

The meeting moved out of confidence at 7:58pm

**7.4.2    Internal Audit Report on Desktop Audit on the Strategic Alignment of Investments in ERP Solutions**

Moved Ms P Davies
Seconded Mr N Ediriweera

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 (***Internal Audit Report on Desktop Audit on the Strategic Alignment of Investments in ERP Solutions***) except the staff of City of Salisbury, Chief Executive Officer, Deputy Chief Executive Officer, Manager Governance, Internal Auditor & Risk Coordinator, 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 *Internal Audit Report on Desktop Audit on the Strategic Alignment of Investments in ERP Solutions* item and discussion at this point in time.

**CARRIED**

The meeting moved into confidence at 8:02pm.

The meeting moved out of confidence and closed at 8:27pm.

CHAIRMAN…………………………………….

DATE………………………………………….

| ITEM | 7.0.1 |
|---|---|
| | **AUDIT AND RISK COMMITTEE** |
| **DATE** | 13 February 2024 |
| **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<br>4.4 We plan effectively to address community needs and identify new opportunities |
| **SUMMARY** | This report summarises the actions arising from previous meetings, since presented to the November 2023 Audit & Risk Committee meeting. |

**RECOMMENDATION**

That Council:

1.    Notes the report.

**ATTACHMENTS**

There are no attachments to this report.

**1.    BACKGROUND**

1.1    The Audit and Risk Committee has requested that an actions list be maintained and included as an item on the agenda for each meeting.

1.2    An actions list has been developed to capture actions arising out of the Audit and Risk Committee meetings. These actions do not replace the minutes from the Audit and Risk Committee, or the recommendations of the Committee that were submitted to the Council for adoption. They are included in this report to support the Audit and Risk Committee.

**2.    REPORT**

2.1    The actions list contains information regarding the date on which the action was identified, a description of the action, the action owner, the expected due date for completion of the action and the current status of the action.

2.2    Below is the list of actions arising out of the Audit and Risk Committee meetings, which has been compiled for the purpose of supporting the Audit and Risk Committee.

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

2.4 Where an action is noted as outstanding on the Futures Report (Agenda item 7.0.1), that action is removed from this report, to avoid duplication.

| No | Date | Action | Owner | Due Date | Status |
|----|------|--------|-------|----------|--------|
| 42 | 12 Feb 2023 | Consider undertaking an independent audit or review on the lessons learned arising from the confidential Quarterly Cybersecurity Report update given to February 2023. | Deputy Chief Executive Officer | ~~Sep 2023~~<br><br>Feb 2024 | Completed. Included in February 2024 Audit and Risk Committee agenda. |

## 3. CONCLUSION / PROPOSAL

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

**Item 7.0.1**

| ITEM | 7.1.1 |
|---|---|
| | **AUDIT AND RISK COMMITTEE** |
| **DATE** | 13 February 2024 |
| **HEADING** | Audit & Risk Committee Annual Work Plan - 2023/2024 and 2024/2025 |
| **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<br>4.4 We plan effectively to address community needs and identify new opportunities |
| **SUMMARY** | The Audit & Risk Committee Annual Work for 2023/2024 and 2024/2025 is attached for review by the Audit & Risk Committee. |

## RECOMMENDATION

That Council:

1. Approves the updated Audit & Risk Committee Annual Work Plan for the two years 2023/2024 and 2024/2025 as set out in Attachment 1 to this report (Item No.7.1.1, Audit & Risk Committee, 13 February 2024).

## ATTACHMENTS

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

1. Audit and Risk Committee Annual Work Plan for 2023-2024 and 2024-2025 ⬇ 📄

## 1. BACKGROUND

1.1 The Annual Work Plan 2023/2024 and 2024/2025 was last presented to the Audit & Risk Committee at its meeting held on 14 November 2023.

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 under section 126 of the *Local Government Act 1999* ("the Act").

1.3 Section 126 of the *Local Government Act 1999* ("the Act") states that:

*The functions of a council audit and risk committee include—*

*(a) reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and*

*(b) proposing, and providing information relevant to, a review of the council's strategic management plans or annual business plan; and*

(c) *monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor; and*

(d) *proposing, and reviewing, the exercise of powers under section 130A; and*

(e) *liaising with the council's auditor in accordance with any requirements prescribed by the regulations; and*

(f) *reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis; and*

(g) —

    (i) *if the council has an internal audit function—*

        (A) *providing oversight of planning and scoping of the internal audit work plan; and*

        (B) *reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or*

    (ii) *if the council does not have an internal audit function, reviewing and commenting on an annual report provided by the chief executive officer in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures; and*

(h) *reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and*

(i) *reviewing any report obtained by the council under section 48(1); and*

(j) *performing any other function determined by the council or prescribed by the regulations.*

## 2. REPORT

2.1 Key changes on the Audit and Risk Committee Annual Work Plan 2023/24 to 2024/2025, since it was last presented in November 2023 are as follows:

2.1.1 The Strategic Reporting Process Audit report and the Review of Lessons Learnt from Dec 2022 Cyber Incident report which were deferred from last quarter reporting are now included in this February 2024 Audit & Risk Committee agenda.

2.1.2 The internal audit report submission timelines for Audit and Risk Committee have been rescheduled for the following internal audits (See the 3-year internal audit plan (Item No.7.1.1, Audit & Risk Committee, 14 November 2023), for more details):
- Independent External Review of Internal Audit Function
- Tree Management Framework Audit
- Risk Management Audit
- Fraud and Corruption Prevention Control Audit
- Data Governance Audit

2.1.3    The revised strategic risk register is included in February 2024 Audit and Risk Committee agenda.

**3.    CONCLUSION / PROPOSAL**

This report outlines all changes made to the Audit & Risk Committee Annual Work Plan for the 2023/2024 financial year since last presented to the Audit & Risk Committee at its meeting held on 14th November 2023.

**Audit & Risk Committee Annual Plan 2023/2024 - 2024/2025**

(Updated for 13 February 2024 Meeting)

| No. | Activity | Relevant Touch points (LG Act / TOR) | FY 2023 / 2024 | | | | | FY 2024 / 2025 | | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Jul-23 | Oct-23 | Nov-23 | Feb-24 | Apr-24 | Jul-24 | Oct-24 | Nov-24 | Feb-25 | Apr-25 | |
| 1.0 | **Financial Reporting** | s126(4)(a) | | | | | | | | | | | |
| 1.1 | Review Annual Financial Statements - Review Asset Valuations - Review methodology and approach to Depreciation | " | | ▮ | | | | | ▮ | | | | |
| 1.2 | Reviewing significant accounting and reporting issues, recent changes in standards and industry updates | " | | ▮ | | | | | ▮ | | | | |
| 1.3 | Reviewing significant accounting and reporting issues, recent changes in standards and industry updates for | | | | | | ▮ | | | | | ▮ | |
| 2.0 | **Internal Controls** | s126(4)(c) | | | | | | | | | | | |
| 2.1 | Review Better Practice Model Self-Assessment (External Auditor reviews as part of Controls certification) | " | ▮ | | | | | ▮ | | | | | |
| | | | | | | | | | | | | | |
| 3.0 | **Risk Management** | s126(4)(c) | | | | | | | | | | | |
| 3.1 | Review of Strategic Risk Register | " | ▮ | | ▮➡ | ▮ | ▮ | ▮ | | ▮ | ▮ | ▮ | New Strategic Risk Register aproved by Executives in January 2024 and now included in February 2024 A&RC agenda. |
| 3.2 | Risk Management & Internal Control Activities | " | ▮ | | ▮ | ▮ | ▮ | ▮ | | ▮ | ▮ | ▮ | |
| 3.6 | Confidential Report on Cybersecurity | " | ▮ | | ▮ | ▮ | ▮ | ▮ | | ▮ | ▮ | ▮ | Recurring Quarterly status update report |
| 4.0 | **Internal Audit** | s126(4)(c) | | | | | | | | | | | |

## Audit & Risk Committee Annual Plan 2023/2024 - 2024/2025

**(Updated for 13 February 2024 Meeting)**

| No. | Activity | Relevant Touch points (LG Act / TOR) | FY 2023 / 2024 | | | | | FY 2024 / 2025 | | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Jul-23 | Oct-23 | Nov-23 | Feb-24 | Apr-24 | Jul-24 | Oct-24 | Nov-24 | Feb-25 | Apr-25 | |
| 4.1 | Review Internal Audit Plan | " | ▮ | | ▮ | ▮ | ▮ | ▮ | | ▮ | ▮ | ▮ | |
| 4.2 | Review the status of Outstanding Audit Actions | " | ▮ | | ▮ | ▮ | ▮ | ▮ | | ▮ | ▮ | ▮ | |
| 4.3 | Desktop Audit on Strategic Alignment of Investment in ERP Solutions. | " | ▮ → | | ▮ | | | ▮ | | ▮ | | | |
| 4.4 | IA Report - Strategic Reporting Process | " | | | | ▮ → ▮ | | | | | | | Final Report with management comments included in Feb 2024 A&RC agenda. |
| 4.5 | IA Report - Review of Lessons Learnt from Dec 2022 Cyber Incident | | | | | ▮ → ▮ | | | | | | | Included in Feb 2024 A&RC agenda. |
| 4.6 | IA Report - Tree Management Framework Audit | " | | | | ▮ | → → | ▮ | | | | | Tree Management Audit has been put on hold (with the intention of resuming audit in May 2024). This decision was made following a recommendation from Urban Services Committee and Council resolution to undertake an internal review of the Council's tree removal process by end of Jan 2024, and subsequently a new tree removal process is to be presented to Council in April 2024. |
| 4.7 | IA Report - Rates Setting Process, Revenue and Debtors Audit | " | | | | | ▮ | | | | | | |

Item 7.1.1 - Attachment 1 - Audit and Risk Committee Annual Work Plan for 2023-2024 and 2024-2025

**Audit & Risk Committee Annual Plan 2023/2024 - 2024/2025**

(Updated for 13 February 2024 Meeting)

| No. | Activity | Relevant Touch points (LG Act / TOR) | FY 2023 / 2024 | | | | | FY 2024 / 2025 | | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Jul-23 | Oct-23 | Nov-23 | Feb-24 | Apr-24 | Jul-24 | Oct-24 | Nov-24 | Feb-25 | Apr-25 | |
| 4.8 | IA Report - Risk Management Audit | " | | | | ▪ | | | | | | | To allow for readiness and ERM Framework implementation, the commencement of Risk Management Audit rescheduled from Jan 2024 to August 2025 and present report to November 2025 A&RC. |
| 4.9 | IA Report - Fraud and Corruption Prevention Control Audit | " | | | | | ▪ | | | | | | rescheduled commencement from Apr 24 to Nov 2025, and present report in Feb 2026. |
| 4.10 | IA Report - Business Continuity Audit | " | | | | | | ▪ | | | | | |
| 4.11 | IA Report - IT Disaster Recovery Audit | " | | | | | | ▪ | | | | | |
| 4.13 | IA Report - Community Consultation Process, and Community Perception Survey Effectiveness Audit | " | | | | | | | | ▪ | | | |
| 4.14 | IA Report - Data Governance | " | | | | | | | | ▪ ➡ | | ▪ | Reschduled to allow audit to take place in Jan 2025 post ERP implementation which impacts the governance process, and present report to April 2025 A&RC. |
| 4.15 | IA Report - Grants Management Audit | " | | | | | | | | | ▪ | | |
| 4.16 | IA Report - Budgetary Control Audit | " | | | | | | | | | | ▪ | |
| **5.0** | **External Audit** | s126(4)(b) | | | | | | | | | | | |
| 5.1 | Review External Audit Plan | " | | | | | | ▪ | | | | ▪ | |
| 5.2 | Review Interim Audit Report | " | ▪ | | | | | ▪ | | | | | |
| 5.3 | Review final External Audit Report | " | | ▪ | | | | | | ▪ | | | |
| 5.4 | Review Management Representation Letters | " | | ▪ | | | | | | ▪ | | | |

Item 7.1.1 - Attachment 1 - Audit and Risk Committee Annual Work Plan for 2023-2024 and 2024-2025

## Audit & Risk Committee Annual Plan 2023/2024 - 2024/2025

(Updated for 13 February 2024 Meeting)

| No. | Activity | Relevant Touch points (LG Act / TOR) | Jul-23 | Oct-23 | Nov-23 | Feb-24 | Apr-24 | Jul-24 | Oct-24 | Nov-24 | Feb-25 | Apr-25 | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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) | | | | | | | | | | | |
| 6.1 | Audit Committee Self-Assessment report | " | | | | | ■ | | | | | ■ | |
| 6.2 | Report on Audit Committee Work program status and future proposals | " | ■ | | ■ | ■ | ■ | ■ | | ■ | ■ | ■ | |
| 6.3 | CEO's annual report to the Audit & Risk Committee on COS's internal audit processes. | s99(1)(ib) | | | | | | | ■ | | | | |
| 6.4 | CEO's consultation report to the Audit & Risk Committee on appointment of a "person primarily responsible for the internal audit function". | s125A(1) | | | ■ | | | | | | | | |
| 6.5 | Annual report of the Audit & Risk Committee functions, for inclusion in COS's annual report. | s126(8)(b) s126(9) | | | | | | | ■ | | | | |

Item 7.1.1 - Attachment 1 - Audit and Risk Committee Annual Work Plan for 2023-2024 and 2024-2025

## Audit & Risk Committee Annual Plan 2023/2024 - 2024/2025

**(Updated for 13 February 2024 Meeting)**

| No. | Activity | Relevant Touch points (LG Act / TOR) | FY 2023 / 2024 | | | | | FY 2024 / 2025 | | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Jul-23 | Oct-23 | Nov-23 | Feb-24 | Apr-24 | Jul-24 | Oct-24 | Nov-24 | Feb-25 | Apr-25 | |
| **7.0** | **Strategic, Financial and Management Planning** | **s126(4)(ab)** | | | | | | | | | | | |
| 7.1 | Review Annual Plan & LTFP | " | | | | | ∎ | | | | | ∎ | |
| 7.2 | Review Annual Budget, Fees & Charges | " | | | | | ∎ | | | | | ∎ | |
| **8.0** | **Policy and Procedure Review** | **s126(4)(c)** | | | | | | | | | | | |
| 8.1 | Treasury Policy | " | | ▮ | | | | | | | | | |
| 8.2 | Internal Audit Charter | " | | | | ▮(red) | →→→ | | | ∎ | | | Rescheduled to present to November 2024 meeting, as the current Internal Audit Charter's next review date is January 2025. |
| **9.0** | **Other Matters** | **s126(4)(ac)** | | | | | | | | | | | |
| 9.1 | Review/Approve Audit Committee Annual Work Program | " | ▮ | | ▮ | ▮ | ∎ | ∎ | | ∎ | ∎ | ∎ | |
| 9.2 | Proposing and reviewing the exercise of powers under s130A of the Act (if any) | **s130A** | | | | | | | | | | | |
| 9.3 | Public Interest Disclosures cases reported and investigations undertaken (if any) | " | | | | | | | | | | | |
| 9.4 | Internal Controls Framework and Audit Committee section for inclusion in the Annual Report for FY2022/2023 | | ▮ | | | | | | | | | | |

| | |
|---|---|
| ▮ | Past Reporting / Review |
| ▮ | Current Month Reporting / Review |
| ▮ | Rescheduled / Deferred |
| ∎ | Future Reporting / Review |
| ▮ | Excluded / Removed / New Additions |

| | |
|---|---|
| **ITEM** | 7.1.2 |
| | **AUDIT AND RISK COMMITTEE** |
| **DATE** | 13 February 2024 |
| **HEADING** | 3-Year Internal Audit Plan 2023/24-2025/26 |
| **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 changes to the 3-year Internal Audit Plan 2023/2024 to 2025/2026, since the last presentation to the Audit and Risk Committee in November 2023. |

## RECOMMENDATION

That Council:

1. Notes the updates made to the 3-year Internal Audit Plan 2023/2024 to 2025/2026 as set out in Attachment 1 to this report (Item No.7.1.2, Audit and Risk Committee, 13 February 2024).

## ATTACHMENTS

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

1. 3 Year Internal Audit Plan 2023-24 to 2025-26⇩
2. Indicative Scope for Pending Audits 13 February 2024⇩

## 1. BACKGROUND

1.1 The 3-year Internal Audit Plan 2023-2024 to 2025-2026 and the accompanying indicative draft audit scopes were last considered by the Audit and Risk Committee in November 2023.

1.2 The Audit and Risk Committee at its July 2023 meeting requested to include the 3-year Internal Audit Plan showing the mapping of internal audits to the strategic risks, and this was presented to the November 2023 meeting.

1.3 Council's strategic risk register was revised and approved by Executive in January 2024, and therefore a similar mapping of internal audits against risks in the revised strategic risk register will need to be prepared to ensure internal audits are aligned to the strategic risks.

## 2. REPORT

The updated 3-year Internal Audit Plan 2023-2024 to 2025-2026 is set out in Attachment 1 to this report.

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

### 2.1 Update on Ongoing & Completed Audits as per Approved Internal Audit Plan

**2.1.1** **Strategic Reporting Process Audit** – Final audit report with agreed management comments are included in 14 February 2024 Audit and Risk Committee agenda papers.

**2.1.2** **Rates Setting Process, Revenue and Debtors Audit** – UHY is engaged to undertake this audit and audit fieldwork is 80% completed, and audit progressing on track as per agreed timeline, to have draft audit report issued for management comment by mid-February 2024. The final audit report with agreed management comments will be presented to the next Audit and Risk Committee in April 2024.

### 2.2 Audits Rescheduled

- **Tree Management Framework Audit** (co-sourced) – Galpins was engaged in August 2023 to undertake this audit and have completed 50% of the audit fieldwork. It was decided to temporarily suspend this audit, following the Urban Services Committee recommendation and Council's resolution to undertake an internal review of Council's tree removal process by end of January 2024. Therefore, the Tree Management Framework Audit is rescheduled to commence in May 2024, subject to Council adopting the new tree removal process in April 2024.

- **Risk Management Audit** (co-sourced) – In order to allow for readiness and the implementation of Enterprise Risk Management Framework, the commencement of this audit is rescheduled from January 2024 to August 2025.

- **Fraud and Corruption Prevention Control Audit** and the **Business Continuity Audit** (in-house) – The commencement of both audits is now rescheduled from January 2024 to April 2024, to allow revised commencement timelines for Risk Management audit and Rates Setting Process audit. Both audits are scheduled to be presented to the July 2024 Audit and Risk Committee meeting.

- **Independent External Review of Internal Audit Function** (co-sourced) – The commencement of this audit is rescheduled from July 2024 to September 2025 to balance and even out the number of audits to four for the three-year period.

### 2.3 Pending Audits as per previous plan

The following audits are on **schedule to commence in 2023/2024** in accordance with the last update to the Audit and Risk Committee in July 2023:

- **IT Disaster Recovery Audit** (co-sourced) – As per plan to commence in April 2024.

- **Business Continuity Audit** (co-sourced)– As per plan to commence in April 2024.

- **Community Consultation Process, and Community Perception Survey Effectiveness Audit** (co-sourced) – As per plan to commence in July 2024.
- **Grants Management Audit** (in-house) – As per plan to commence in November 2024.
- **Budgetary Control Audit** (in-house) – As per plan to commence in November 2024.
- **By-Laws Management and Enforcement Process Audit** (in-house) – As per plan to commence in July 2025.

### 2.4 New Audit:

In context of the new Strategic Risk Register, no other audits are suggested.

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

The scopes for pending audits (included in Attachment 3 for ease of reference and information only) have not changed since last presented to the Audit and Risk Committee in November 2023.

## 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 2023.

This report seeks further guidance of the Audit and Risk Committee on approach to revise the 3-year internal audit plan (including any specific recommendation of internal audits), following the Council's new strategic risk register.

**Item 7.1.2**

**3 YEAR INTERNAL AUDIT PLAN - 2023/2024 to 2025/2026**

| Audit Ref | Audit Title | Audit Title and Summary Description | 2022/2023 | 2023/2024 | 2024/2025 | 2025/2026 | Rationale for Inclusion | Internal Key Stakeholder Divisions Impacted | Status Update (as at 13 February 2024) | Internal / Co-outsourced |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 3-Yr IA Plan | | | | | | |
| 1 | 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. | 1 | 1 | | | 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 | Completed and presented to November 2023 A&RC. | Internal |
| 2 | 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. | 1 | 1 | | | 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 | Included in February 2024 A&RC agenda. | ~~Internal~~ Co-sourced. |
| 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. | | | | 1 | 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 originally scheduled to commence in April 2024. | Co-sourced |

**Item 7.1.2 - Attachment 1 - 3 Year Internal Audit Plan 2023-24 to 2025-26**

| | | | 3 YEAR INTERNAL AUDIT PLAN - 2023/2024 to 2025/2026 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|

| | | | 3-Yr IA Plan | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Audit Ref | Audit Title | Audit Title and Summary Description | 2022/2023 | 2023/2024 | 2024/2025 | 2025/2026 | Rationale for Inclusion | Internal Key Stakeholder Divisions Impacted | Status Update (as at 13 February 2024) | Internal / Co-outsourced |
| 4 | 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. | | | 1 → 1 | | 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 | Rescheduled commencement from July 2024 to September 2025. | Co-sourced |
| 5 | 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. | | 1 | | | 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 . | Galpins commenced audit in August 2023. However, following Urban Services Committee resolution to undertake an internal review of Council's tree removal process by end of January 2024, Galpin's audit has been put on hold with the intention to recommence in May 2024, subject to Council adopting the new tree removal process in April 2024. | Co-sourced |

Item 7.1.2 - Attachment 1 - 3 Year Internal Audit Plan 2023-24 to 2025-26

| | 3 YEAR INTERNAL AUDIT PLAN - 2023/2024 to 2025/2026 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Audit Ref | Audit Title | Audit Title and Summary Description | 2023/2024 | 2024/2025 | 2025/2026 | Rationale for Inclusion | Internal Key Stakeholder Divisions Impacted | Status Update (as at 13 February 2024) | Internal / Co-outsourced |
| 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. | 1 | | | 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 | UHY was engaged to undertake the audit (80% fieldwork completed as of 13th Feb 2024). Final report is intended to be presented to the April 2024 A&RC. | Internal |
| 7 | 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. | 1 → | | 1 | 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 | To allow for ERM Framework implementation and readiness to audit, the commencement of this audit is further rescheduled from Jan 2024 to August 2025 and present report to November 2025 A&RC. | Co-sourced |

Item 7.1.2 - Attachment 1 - 3 Year Internal Audit Plan 2023-24 to 2025-26

| | 3 YEAR INTERNAL AUDIT PLAN - 2023/2024 to 2025/2026 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | 3-Yr IA Plan | | | | | | |
| Audit Ref | Audit Title | Audit Title and Summary Description | 2023/2024 | 2023/2024 | 2024/2025 | 2025/2026 | Rationale for Inclusion | Internal Key Stakeholder Divisions Impacted | Status Update (as at 13 February 2024) | Internal / Co-outsourced |
| 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. | | 1 ➡ | | 1 | 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 | Audit commencement rescheduled from April 2024 to November 2025 and present report to Feb 2026 A&RC. | Internal |
| 9 | 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. | | 1 | | | 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 April 2024 and present report in July 2024. | Co-sourced |
| 10 | 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. | | | 1 | | The mapping of internal audits against the strategic risk register identified that this area has not been audited for adequacy and effectiveness in the past. However, relevant policies and procedures are in place and community perception surveys are undertaken regularly. It may be beneficial for the City to determine the effectiveness of these surveys and how well the learnings from these surveys are incorporated in the service delivery and planning process of Council, and whether the relevant policies and procedures are effectively implemented. | Community Experience; Community Experience & Relationships; Community Development; City Development; and Any other Divisions that involve the development of policy, delivery of projects, including where this is a statutory requirement, etc that requires consultation with the community. | Retain as previously updated to commence in July 2024, and present report to November 2024 Audit & Risk Committee. | Co-sourced |

Item 7.1.2 - Attachment 1 - 3 Year Internal Audit Plan 2023-24 to 2025-26

| 3 YEAR INTERNAL AUDIT PLAN - 2023/2024 to 2025/2026 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | 3-Yr IA Plan | | | | | | |
| Audit Ref | Audit Title | Audit Title and Summary Description | 2022/2023 | 2023/2024 | 2024/2025 | 2025/2026 | Rationale for Inclusion | Internal Key Stakeholder Divisions Impacted | Status Update (as at 13 February 2024) | Internal / Co-outsourced |
| 11 | Data Governance Audit | **Data Governance Audit** Audit on data governance is to provide assurance that City of Salisbury data governance processes ensure adequate protection of information and effective data management required to meet business needs. Audit on IT investment strategy is to provide assurance that the strategy around IT investment is sufficiently robust to support the current business requirements and continuous improvement initiatives. | | | 1 | | There is the risk that City's data management processes could result in loss of data or the inability to utilize the data. This review will provide assurance regarding the adequacy of protection of City of Salisbury information. The City has significant reliance upon technology to maintain and drive business requirements and efficiency gains. Failure to correctly manage the future IT acquisitions and costings may impact the City of Salisbury with inefficient processes, legacy IT issues and lagging IT systems leading to inefficiencies, financial impost, service interruption and inability to maximize continued improvements. This review is to provide City of Salisbury with assurance that the IT Investment Strategy is sufficiently robust to support current and changing business requirements and continuous improvement initiatives. | People & Culture ; Community Experience; Economic Development & Urban Policy; Business Systems and Solutions; Financial Services; and Communications & Customer Relations. Governance;  and Strategic Procurement | Rescheduled to allow audit to take place in Jan 2025 post ERP implementation which impacts the data governance process, and present report to April 2025 A&RC. | Co-sourced |
| 12 | Grants Management Audit | **Grants Management Audit** Provide assurance that the grants provide to City of Salisbury community and businesses are awarded to eligible recipients, and managed effectively as per approved policies and procedures and aligned to the City Plan 2035. | | | 1 | | The City  offers many grants to encourage develop and support community projects. COS offers many different categories of grants available for a broad range of activities with a business or community focus, as listed on its website. This audit is to provide assurance that the grants provide to City of Salisbury community and businesses are awarded to eligible recipients, and managed effectively as per approved policies and procedures and aligned to the City Plan 2035. | Community Planning & Vitality; Community Capacity & Learning; Community Experience; Infrastructure Delivery & Management; Economic Development & Urban Policy; Financial Services; and Communications & Customer Relations. | Retain as previously updated to commence in August 2024, and present report to November 2024 Audit & Risk Committee. | Internal |
| 13 | Budgetary Control Audit | **Budgetary Control Audit** Ensure that the City of Salisbury has robust policies and procedures covering the annual budget preparation process, and that budgetary control processes are implemented effectively and comply with any legislative requirements. | | | 1 | | 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. | Retain as originally scheduled, to commence in November 2024, and present to February 2025 Audit & Risk Committee. | Internal |
| 14 | 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. | | | | 1 | Strategic Risk Register Review lead to identification of Risk Causes and factors, and no specific end-to-end audit has been undertaken on the effectiveness of by-law management and enforcement process in the past. | Primarily Environmental Health & Community Compliance Division and touch base with other divisions as required. | Retain as originally scheduled to commence in July 2025 and report to November 2025 A&RC. | Internal |

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 2023-24 to 2025-26

**INDICATIVE SCOPES FOR PENDING AUDITS ON THE 3 YEAR INTERNAL AUDIT PLAN 2023/2024-2025/2026**
(The scopes are indicative only and in early draft format - actual scope will vary pending stakeholder engagement and further input)

**1.    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.

**2.    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.

**3.    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.

**Item 7.1.2 - Attachment 2 - Indicative Scope for Pending Audits 13 February 2024**

- 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.

## 4.    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.

## 5.    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.

**6.    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.

**7.    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.

### 8.    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.

### 9.    BY-LAWS MANAGEMENT AND ENFORCEMEMENT PROCESS AUDIT

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

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

### 10.    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.)

## 11.   COMMUNITY CONSULTATION PROCESS, AND COMMUNITY PERCEPTION SURVEY EFFECTIVENESS AUDIT

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

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

| ITEM | 7.1.3 |
|---|---|
| | **AUDIT AND RISK COMMITTEE** |
| **DATE** | 13 February 2024 |
| **HEADING** | Internal Audit Report on Strategic Reporting Process |
| **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<br>4.4 We plan effectively to address community needs and identify new opportunities |
| **SUMMARY** | As per the adopted City of Salisbury's (COS's or the City's) Internal Audit Plan 2022-2024, the City's strategic reporting process was audited by Galpins on a co-sourced model. The audit was intended to provide assurance on the processes and controls in place specifically in relation to the City Plan 2035, long term financial plan (LTFP), strategic asset management plan (SAMP) and annual business plan (ABP) process. |

## RECOMMENDATION

That Council:

1.  Notes the final audit report with management comments for the strategic reporting process audit as set out in attachment 1 to this report (Item No.7.1.3, Audit and Risk Committee, 13 February 2024).

## ATTACHMENTS

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

1.  Final Internal Audit Report on the Strategic Reporting Process⇩ 🔓

2.  Executive Accountability Framework⇩ 🔓

## 1.   BACKGROUND

1.1   This audit aligns with the City's current Strategic Risk – *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*.

1.2   The relevant causes for this Strategic Risk from the register included the following:

1.2.1   *Inadequate performance measures which are not linked to objectives or strategies*

1.2.2   *Failure to consistently conduct post implementation reviews and measure benefit realisation*

1.2.3 *Failure to monitor organisational performance against stakeholder expectations and to take action when necessary to correct it*

1.2.4 *Failure to deliver what is expected by the local community due to a lack of alignment of strategic plans*

1.2.5 *Limited meaningful corporate performance indicators in place*

1.2.6 *Inconsistent reporting and data collection of corporate performance indicators*

1.2.7 *Processes and systems fail to address customer needs*

1.2.8 *Inadequate capability and capacity (e.g. workforce plans, training and development, technology, systems etc.)*

1.2.9 *Failure to engage with all stakeholders in developing the City Plan*

1.2.10 *Customer service is neither monitored or managed*

1.2.11 *Insufficient prioritisation of projects and resource scoping*

1.2.12 *Projects approved are not consistent with the strategic direction of CoS*

1.3 The overall objective of this audit is to provide assurance on the processes and controls in place, specifically in relation to the City Plan 2035, annual LTFP, SAMP and ABP process.

## 2. KEY CONSULTATION / COMMUNICATION

2.1 Internal

2.1.1 Chief Executive Officer

2.1.2 Executive Assistant to CEO & Mayor

2.1.3 Deputy Chief Executive Officer

2.1.4 General Manager City Development

2.1.5 General Manager City Infrastructure

2.1.6 General Manager Community Development

2.1.7 Manager Finance and Procurement

2.1.8 Manager Governance

2.1.9 Internal Auditor & Risk Coordinator

2.2 External

2.2.1 Partner Internal Audit / Director, Galpins

2.2.2 Analyst (Internal Audit), Galpins

## 3. REPORT

3.1 Attachment 1 to this report is the final audit report.

3.2 The final internal audit report notes that CoS has a good quality City Plan, outlining Council's intent for achievement across four directions. It includes an engaging mix of longer-term vision and critical actions that align with these, and a reporting framework has been established to monitor progress, with owners allocated to each critical action.

3.3 The report further acknowledges that the following good practices were observed during the audit:

3.3.1 The Plan is easy to understand and has an engaging format, with a clear vision, directions and supporting foundations. The context and intent of the Plan is clear and reader friendly.

3.3.2 The Plan has a variety of critical actions intended to guide action towards the overall vision.

3.3.3 Key stakeholders demonstrated awareness of the Plan and interest in ensuring that it is achieved.

3.3.4 A reporting system is in place and is used to track implementation of the Plan across each Department.

3.3.5 All critical actions within the Plan are assigned to a business owner for action.

3.3.6 Work is underway for developing the next iteration of the Plan, including work on developing 'SMART' measures for critical actions.

3.3.7 The internal budgeting process is mature and new initiatives are linked to the City Plan.

3.4 The report identified some recommendations which have been discussed with the auditor and actions were agreed to be implemented as follows:

| Finding | Agreed Completion Date |
|---|---|
| 1. **Opportunity Exist to Strengthen Governance over Strategic Planning**<br>● **Budget / resources for new reporting system -** Medium Risk<br>● **Minor Legislative non-compliance –** Low Risk | Mar 2024<br>Jul 2024 |
| 2. **Reporting and transparency in achieving the City Plan**<br>● **SMART KPIs –** High Risk<br>● **Detailed delivery plan –** High Risk | Jun 2024<br>Dec 2024 |
| 3. **Budgeting to achieve the City Plan**<br>● **Budget alignment –** Medium Risk | Jun 2024 |
| 4. **Planned system change and City Plan reporting**<br>● **Reporting framework for New City Plan –** Medium Risk<br>● **Ongoing review and monitoring–** Medium Risk | Jun 2024<br>Jan 2024 |
| 5. **Strategic Planning Framework**<br>● **Timing of strategic plan updates –** Better Practice | Dec 2024 |

3.5 The details on findings, risks and recommendations on the above five findings are covered in section 2 of the internal audit report (Attachment 1).

3.6 Furthermore, subsequent to the audit observation and discussion, administration has also updated the Council's Executive Accountability Framework (as in Attachment 2 to this report) which strengthens the process around the monitoring, review and reporting of the delivery of City Plan's critical actions by the Executive.

3.7 A draft of the new city plan has been developed and Administration intends to implement recommendations from this report in the finalisation of the new city plan.

## 4.    CONCLUSION / PROPOSAL

4.1    The final audit report confirms that, while there are a number of positive findings and best practices already implemented in the strategic reporting process, some further areas for improvement were identified that can enhance the monitoring and reporting on delivery of critical actions.

4.2    The responses and actions agreed by management are deemed reasonable to achieve these outcomes.

**Item 7.1.3**
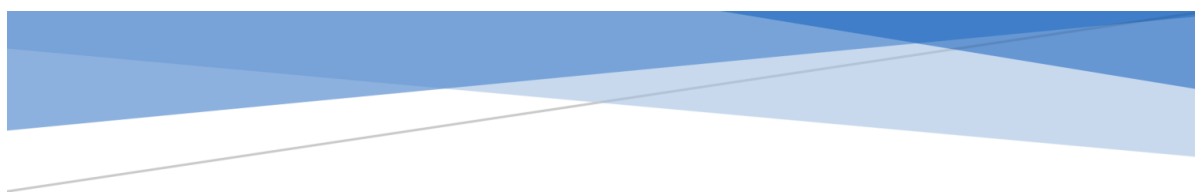
# City of Salisbury

Internal Audit Report – Strategic Reporting Processes

January 2024

**Galpins**

## Table of contents

1.    Executive Summary .................................................................................................. 2

1.1   Background ......................................................................................................... 2

1.2   Objectives ........................................................................................................... 2

1.3   Relevant Strategic Risks ...................................................................................... 2

1.4   Strategic Planning within the SA Local Government ........................................... 3

1.5   Good Practices Observed .................................................................................... 4

1.6   Key Findings and Recommendations .................................................................. 5

2.    Detailed Findings and Recommendations .......................................................... 8

2.1   Opportunities exist to strengthen governance over strategic planning ............... 8

2.2   Reporting and transparency in achieving the City Plan .................................... 12

2.3   Budgeting to achieve the City Plan ................................................................... 19

2.4   Planned system change and City Plan reporting ............................................... 21

2.5   Strategic Planning Framework .......................................................................... 24

Appendix 1. Scope of the audit engagement .................................................................. 27

Appendix 2. Overall Control Environment Conclusion Rating Definitions ....................... 31

Appendix 3. CoS Risk Matrix ......................................................................................... 32

Appendix 4. Extract from the City Plan ......................................................................... 36

Appendix 5. Documents reviewed ................................................................................. 38

Appendix 6. Staff members interviewed ........................................................................ 40

Disclaimers ................................................................................................................... 41

About us ........................................................................................................................ 42

## Document Control

| Date | Revision Number | Revision Details | Author | Reviewer |
|------|-----------------|------------------|--------|----------|
| 10.08.23 | V1.0 | Final Draft Report | Janna Burnham / Danika Brown | Tim Muhlhausler |
| 22.08.23 | V2.0 | Revised Draft Report | Janna Burnham, Partner | Tim Muhlhausler, Partner |
| 21.09.23 | V3.0 | Final Draft Report | | Janna Burnham, Partner |
| 24.01.24 | V1.0 | Final report | n/a | Janna Burnham |

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# 1.    Executive Summary

## 1.1    Background

Section 122 of the Local Government Act 1999 requires the City of Salisbury (CoS) to develop and adopt plans for the management of its area, called 'Strategic Management Plans'. These are to identify key objectives and measure the activities used to achieve these objectives.

CoS' main strategic planning document is the City Plan 2035 (the Plan), and a range of internal strategic reporting is aligned to this document – including for example Departmental Plans, the Annual Report, budget reporting and project reporting. In addition, the Annual Report provides formal external reporting to the community and other stakeholders against CoS's progress on achieving the objectives and critical actions set out in the Plan.

CoS' other key current strategic reporting documents include the Long-Term Financial Plan (LTFP), the Strategic Asset Management Plan (SAMP) and the Annual Business Plan (ABP), which are all aligned to the Plan.

## 1.2    Objectives

The objective of this audit was to provide assurance on the processes and controls in place, specifically in relation to the City Plan 2035, annual LTFP and the ABP process.

The more specific sub-objectives focussed particularly on the City Plan and included, for example, review of whether '*the strategic plan documents align to the [City Plan's] approved four key directions and critical actions*'; and whether '*the deliverables identified in the City Plan 2035 cascade down to relevant functions, critical actions and corporate indicators and are reflected on other strategic planning documents as well*'.

The other audit objectives are covered in the full audit scope included in **Appendix 1**.

## 1.3    Relevant Strategic Risks

This audit aligns with Council's strategic risk '*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.*' In particular, the audit aligns with the last part of this risk. The risk has a high inherent and medium residual risk rating on COS's strategic risk register.

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## 1.4    Strategic Planning within the SA Local Government

The *Local Government Act 1999 (SA)* (the Act) requires local councils in South Australia to undertake strategic management planning and reporting. The Act does not, however, include guidance about how to achieve this.

Many approaches to strategic planning exist. The Local Government Association of SA has developed guidance to assist councils to understand what 'good' strategic management planning looks like.[1] The four main elements of the strategic management planning process are below:
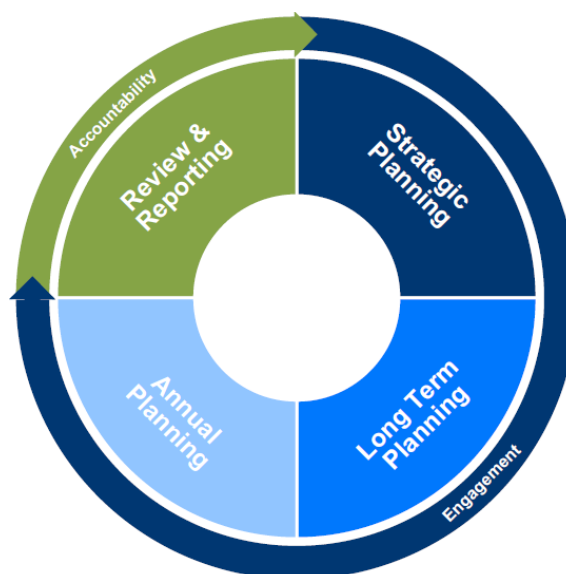


*Source: LGA Strategic Integrated Management Planning Guidelines, p.5.*

Key elements of better practice for consideration include:

- that the City Plan (or 'Strategic Community Plan') is the highest-level plan that a council will prepare, with all other plans having reference to and aligning with the goals and objectives within this plan,

- that community expectations are reflected in the Plan,

- that other strategic plans (e.g. LTFP, Annual Business Plan, SAMP) align with the Plan, and

- that the organisation understands what success looks like (key measures).

CoS' City Plan identifies a vision for a *'progressive, sustainable and connected community'*. The Plan identifies four 'directions' to achieve this, with linked 'foundations' and 'critical actions'. See summary over page.

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[1] LGA of SA, 2022, *Integrated Strategic Management Planning Guidelines (v1.0).* Online, accessed 01.03.23. URL: https://www.lga.sa.gov.au/__data/assets/pdf_file/0019/1212337/ECM_731862_v14-Integrated-Strategic-Management-Planning-Guidelines.pdf.

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**A welcoming and liveable City**

Encompasses issues that affect the liveability of the City and the health and wellbeing of its people, including safety, social connections, the look and feel of our neighbourhoods, and the facilities and programs available to support our community's aspirations.

**A sustainable City**

Includes protecting and conserving our diverse natural environment to support biodiversity, reducing Council's environmental footprint, ensuring we make the most of our resources and enabling our community, environment and infrastructure to be resilient to a changing climate.

**A growing City that creates new opportunities**

This focuses on how we support the success and growth of local businesses, job opportunities for our residents, attracting investment, quality urban planning and providing infrastructure that supports economic activity.

**Innovation and Business Development**

Outlines how Council will work to provide exceptional experiences, deliver quality outcomes and be recognised as a great place to work.

Several 'Foundations' are then identified for each of the 4 directions. Council has determined that these Foundations are the goals that we will seek to achieve for Salisbury. . They are supported by critical actions that outline the Council's priority deliverables over the life of the plan.

**CRITICAL ACTIONS**

Our critical actions range from operational and site-specific projects that will have immediate impact, to strategic objectives that will guide how and what Council achieves in the longer term.

**Immediately noticeable impact**

**Strategic projects**
significant stand-alone projects to be delivered by Council within the next four years

**Operational focus**
services that community feedback has highlighted must be Council priorities through feedback from our community

**Medium to longer term impact**

**Future planning**
strategies and plans Council will develop or review that are important for delivering our City Vision

**Advocacy priorities**
priority projects for which investment will be sought from other organisations

## 1.5    Good Practices Observed

✓  The Plan is easy to understand and has an engaging format, with a clear vision, directions and supporting foundations. The context and intent of the Plan is clear and reader friendly.

✓  The Plan has a variety of critical actions intended to guide action towards the overall vision.

✓  Key stakeholders demonstrated awareness of the Plan and interest in ensuring that it is achieved.

✓  A reporting system is in place and is used to track implementation of the Plan across each Department.

✓  All critical actions within the Plan are assigned to a business owner for action.

✓  Work is underway for developing the next iteration of the Plan, including work on developing 'SMART' measures for critical actions.

✓  The internal budgeting process is mature and new initiatives are linked to the City Plan.

Strategic Reporting Processes
4

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✓ All internal strategic, project and Council reporting references linkage to City Plan, and the budgeting process also links to the Plan.

✓ The Chief Executive Officer (CEO) key performance indicators (KPIs) form a significant part of the strategic reporting framework, in place to track and report progress towards achieving the Plan, as well as new additional targets reporting in accordance with the Act via the CEO Performance Review Committee, which meets quarterly.

✓ The Plan clearly identifies and includes 'advocacy' projects, demonstrating areas of strategic focus where the CoS aims to influence decision-making for the benefit of the City.

## 1.6     Key Findings and Recommendations

The CoS has a good quality City Plan, outlining Council's intent for achievement across four directions. It includes an engaging mix of longer-term vision and critical actions that align with these. A reporting framework has been established to monitor progress, with owners allocated to each critical action.

It is positive that this audit has intentionally been timed in advance of the upcoming refresh of the City Plan. Identified opportunities for improvement can feed into the new Plan.

The recommendations are aimed at building upon the existing culture of delivery and strengthening processes going forward. Due to the strategic and cross-organisational nature of the City Plan, some recommendations have attracted a higher risk rating than if the audit had focussed on a singular function or program.[2]

The audit assessed the controls established to treat the risk that '*Ineffective governance results in the provision of services which do not meet community expectations*'. Based on the work undertaken, we conclude that the design adequacy of controls is **partially adequate**, and the operating effectiveness of controls is **partially effective.** This gives an overall control rating of **partially effective.**[3]

It is clear that CoS staff achieve a range of important work. Audit found opportunity to further strengthen monitoring of achievement against critical actions, this can be achieved for the refreshed City Plan. There is opportunity to ensure:

▪ that internal controls around reporting against the Plan are strengthened for timely reporting and executive review. [Observation: Fifty-five percent (55% or 11 of 20) of tested actions had outdated reporting information included within Departmental reports – e.g. reporting over 3 months old.[4]]

▪ that clear project plans are established for each 'critical action', with associated target dates and action owners. [Observation: Audit could meaningfully gauge progress of only 40% of tested critical actions from reporting information provided.]

▪ that clearer definitions of success for critical actions are established, including KPIs and success criteria (*note – where relevant, more general actions such as advocacy actions, may be included separately and* <u>*not*</u> *be linked to KPIs*).

---

[2] For example, recommendations were more likely to attract a consequence rating of 'high' or 'moderate' due to potential reputational and/or financial risks when considered across CoS.

[3] For further explanation and definition of the control ratings, please see Appendix 2**.**

[4] It is important to also note that work is tracked and reported via a range of other executive and operational reporting – such as project reporting, reporting against the CEO KPIs the Annual Report and via the budgeting process. Departmental reports, however, are intended to be the primary reporting tool vs the City Plan.

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As the current reporting system is planned to be phased out in 2024, there is a need to commence development of a meaningful and user-friendly monitoring and reporting framework to align with the new City Plan. To improve buy-in from key stakeholders, there is a need to consult on this before implementation.

The audit also specifically reviewed linkages of the Plan with the SAMP, LTFP and ABP. All documents include links to the City Plan. In particular:

- The SAMP has recently been refreshed, ahead of the upcoming new version of the City Plan, and the SAMP may need to be updated to reflect the new version of the City Plan.

- The LTFP and ABP are also aligned to the Plan and aim to update against critical indicators. This information is high-level, and includes some different detail to that included in the Departmental Plans. Linkage between these documents can improve after reporting is strengthened in line with the new Plan.

Findings are summarised over page.

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| Finding | Recommendation | Audit Risk Rating | CoS Risk Rating | Expected Completion Date |
|---|---|---|---|---|
| **2.1 Opportunities exist to strengthen governance over strategic planning** | **Recommendation 1:** Consider whether there are sufficient resources allocated to establish  the monitoring and reporting systems for tracking the City Plan, particularly as the current reporting system is due to be decommissioned in 2024. | Medium (9) | Medium | 31 March 2024 |
| | **Recommendation 2:** Legislative non-compliance (Minor) | Low (4) | Low | July 2024 |
| **2.2  Reporting  and  transparency  in achieving the City Plan** | **Recommendation 3:** Continue existing work to ensure that 'SMART' (Specific, Measurable, Attainable and action oriented, Relevant and Time-bound) corporate indicators are in place for all critical actions identified the next City Plan. _Note – These measurements can be for actions only, and be clearly separate from any aspirational/visionary statements that may be included in the Plan. Any included advocacy initiatives and/or aspirational goals may be able to be included separately, without needing a direct link to a SMART goal._ | High (12) | High | June 2024 |
| | **Recommendation 4:** Detailed delivery plan | High (12) | High | December 2024 |
| **2.3 Budgeting to achieve the City Plan** | **Recommendation 5:** Build on the existing mature internal budgeting process to more clearly identify the expected source of funding and/or resourcing for actions arising from the next iteration of the City Plan (where appropriate). For example, which of the following sources of resourcing are required:<br><br>▪  operational budgets<br><br>▪  budget bids<br><br>This can help to more clearly outline resourcing requirements to each critical action. | Medium (6) | Medium | June 2024 |

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| Finding | Recommendation | Audit Risk Rating | CoS Risk Rating | Expected Completion Date |
|---|---|---|---|---|
| **2.4 Planned system change and City Plan reporting** | **Recommendation 6:** Reporting framework | Medium (9) | Medium | June 2024 |
| | **Recommendation 7:** Review ongoing critical actions *from* the current City Plan and ensure that there is a workaround to ensure that relevant monitoring is not lost after transition to the new City Plan/ reporting system.<br>*Note – Audit understand that CoS will need to report against the current City Plan in the 2024-25 Annual Report. The approach chosen to monitor current critical actions should be chosen on a cost-benefit basis. For example, a manual workaround may be chosen for these actions, with future City Plan actions tracked in the new system.* | Medium (6) | Medium | January 2024 |
| **2.5 Strategic Planning Framework** | **Recommendation 8:** Timing of strategic plan updates | Better Practice | Better Practice | December 2024 |

Detailed findings and recommendations are elaborated under section 2.

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8

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# 2.    Detailed Findings and Recommendations

| 2.1    Opportunities exist to strengthen governance over strategic planning | Audit Risk Rating | CoS Risk Rating |
|---|---|---|
| | *Medium* | *Medium* |

### Discussion

The audit scope called for review of a variety of governance-related elements of the strategic planning framework. A summary is below, with further discussion in following pages.

| Scope element tested | Summary Audit Comments | Status at CoS |
|---|---|---|
| There are clear roles and responsibilities for the strategic planning process | Overall the roles and responsibilities are relatively clear and also reflected within the COS's Executive Accountability Framework. They have also been re-confirmed subsequent to audit fieldwork. | ✅ |
| Assess whether the strategic planning process is resourced appropriately | There is provision to fund the upcoming City Plan development, however, there is opportunity to confirm sufficiency of resourcing for the associated monitoring and reporting systems for the Plan. The current reporting system is due to be decommissioned in 2024. | 🟡 **Recommendation 1** |
| Confirm that Council is compliant with the Act in relation to Strategic Plan Reporting | Overall compliance, minor opportunities for improvement noted. | 🟡 **Recommendation 2** |

| ✅ Good Standard | 🟡 Needs Improvement | 🟡 Needs Significant Improvement | ❌ Immediate action required |
|---|---|---|---|

## Roles and responsibilities for Strategic Planning

Roles and responsibilities are very important, and clarity can contribute to the smooth execution of a strategic plan, and the achievement of desired outcomes. Currently, roles and responsibilities are relatively clear around the strategic planning process. Audit testing initially found that there was opportunity for clarifying and reiterating roles, responsibilities and accountabilities due to gaps in reporting progress against the Plan. Subsequent to the audit, the Executive Accountability Framework was provided. This reflects roles and responsibilities. In addition, Audit understand that this has been reconfirmed at the executive level. Therefore, no finding is raised against this scope point.

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## Adequacy of resourcing for strategic planning process

Audit considered the resourcing for the development, monitoring and reporting of the City Plan and notes the following:

- Some relevant teams reported being impacted by unplanned work, for example with ongoing privately-led code amendments and the new Enterprise Resource Planning system. Actioning these takes significant time.

- Multiple teams will also be responsible for establishing the new reporting system (see Section 2.4).

- There is some allocated resourcing available for outsourcing development of the Plan. This budget is to cover engagement (community and internal), design, document creation.

While the resourcing required for the refresh and development of the new City Plan may be adequate as confirmed by the management, there may be a need to review the adequacy of resourcing for monitoring and reporting system for the Plan, given that the current reporting system is planned to be decommissioned in late 2024. See **Recommendation 1**.

### Risk Exposure

- The delivery and progress of City Plan critical actions, outcomes and indicators may not be appropriately monitored and reported in a systematic manner in case where insufficient resources are allocated to replace the new reporting system.

| Recommendation 1 | Consider whether there are sufficient resources allocated to establish the monitoring and reporting systems for tracking the City Plan, particularly as the current reporting system is due to be decommissioned in 2024. | | |
|---|---|---|---|
| Audit Risk Rating | Medium (9) | CoS Risk Rating | Medium |
| Agreed Actions | Agreed. | | |
| Action Officer | CEO | | |
| Completion Date | June 2024 | | |

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## Compliance with s.122 of Local Government Act 1999 (the Act)

Overall, the analysis of Council's Strategic Management Plans (SMPs) against key requirements in Section 122 of the Act shows that Council is compliant with key statutory requirements. Five areas where Council could further enhance compliance with the Act are summarised below:

| Section of LG Act 1999 | Status | Comment |
|---|---|---|
| s122(1)(d) states that "A council must develop and adopt SMPs, which states the measures (financial and non-financial) that are to be used to monitor and assess the performance of the council against its objectives over the relevant period". See Section 2.2. | Partially met | There is opportunity for COS to have SMART KPIs to monitor and assess the performance, to fully comply with this section, see Finding 2.2. |
| s122(1)(e) states that "A council must develop and adopt SMPs, which identify the means by which its activities are to be carried out and its objectives achieved". See **Section 2.3.** | Partially met | There is opportunity for COS to have SMART KPIs to monitor and assess the performance, to fully comply with this section, see Finding 2.3 related to clarity around budgeting to achieve the City Plan. |
| s122 (1)(g) states that "A council must develop and adopt SMPs, which address issues associated with arranging its affairs, so as to separate its regulatory activities from its other activities, so far as this is reasonable to do so". | Unclear | Audit found that this is not clearly addressed in the Plan or associated SMPs. Review of other councils also found similar results; however, one council included an organisational chart that sufficiently met the intent of the Act. |
| s122(1)(h) states that "A council must develop and adopt SMPs, which makes provision for the regular review of the charters, activities and plans of any subsidiary of the council". | Unclear | The Plan does not currently address this requirement, nor do other key SMP documents. Audit's review of peer council SMPs identified that this is a common issue. There is opportunity for Council to ensure that this element of the Act is addressed clearly in future iterations of the Plan or relevant strategic plan(s). |
| s122 (8): states that "A council must, for the purpose of this section, specifically declare which plans will constitute the strategic management plans of the council". | Partially met | This declaration requirement encourages councils to consider the alignment and integration of various plans within their Strategic Framework. By explicitly identifying which plans constitute the SMPs, Council can assess the coherence and coordination between different plans and ensure that they are working in harmony towards their objectives. This promotes a more integrated approach to planning and implementation within Council. |

Strategic Reporting Processes
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**Galpins**

City of Salisbury

| Section of LG Act 1999 | Status | Comment |
|---|---|---|
| | | Audit did not find a specific declaration of which plans constitute CoS' SMPs. During interviews, two stakeholders also reported that CoS does not yet have a clear definition of what plans formally make up the SMPs. There is an opportunity to strengthen Council's understanding of what constitutes a Strategic Plan. |

**Risk Exposure**

- Minor non-compliance with the Act in relation to Strategic Management Plans may create some minor negative feedback from the community/oversight bodies.

| Recommendation 2 | For the next iteration of the Plan, ensure to address the identified minor partial compliances with sections 122 (1)d,e and s122 (8) of the *Local Government Act 1999*, and also demonstrate compliance with s122(1)g,h of the *Local Government Act 1999.* | | |
|---|---|---|---|
| Audit Risk Rating | Low (4) | CoS Risk Rating | Low |
| Agreed Actions | Agreed. The following specific actions will be undertaken to ensure full compliance with the Act:<br><br>- s122(1)(d): SMART KPIs will be considered for next City Plan.<br><br>- s122(1)(e): Budget allocations breakdown for City Plan critical actions will be considered where possible, to implement recommendations in finding 2.3<br><br>- s122 (1)(g): COS will give consideration to implementing further organisational delivery frameworks which provides for separation of regulatory activities and other activities, and incorporate within the City Plan an overview of functional structure of the business.<br><br>- s122(1)(h): COS's only subsidiary is NAWMA, which is an independently managed and operated entity. NAWMA Business Plan and Charter, is reviewed by COS, and a reference to include this will be added to the new City Plan as a review requirement.<br><br>- s122 (8): Administration will incorporate a schedule in the New City Plan declaring what would constitute the strategic planning documents that are deemed relevant, eg. City Plan, LTFP, SAMP, ABP and other key strategic documentations such as North West Growth Strategy, Thrive Strategy, Transportation Plan, Sustainability Strategy, Business Transformation project and Customer Services etc. | | |
| Action Officer | CEO | | |
| Completion Date | July 2024 | | |

Strategic Reporting Processes
Liability limited by a scheme approved under Professional Standards Legislation                12

**Galpins**                                                                    City of Salisbury

| 2.2    Reporting and transparency in achieving the City Plan | Audit Risk Rating | CoS Risk Rating |
|---|---|---|
| | **High** | High |

This section includes review of the quality and transparency of reporting and monitoring against the Plan. A summary is below and further discussion is included in subsequent pages.

| Scope element tested | Summary Audit Comments | Status at CoS |
|---|---|---|
| The deliverables in the City Plan cascade down to foundations, critical actions and corporate indicators<br><br>Established mechanisms report performance against strategic plans.<br><br>The strategic information reported is effective, accurate, reliable and timely. | ▪ Deliverables are reflected in critical actions.<br>▪ For critical actions reporting framework, there is a need for clarity around 'what success looks like'; IA found it difficult to align actions to corporate indicators.[5]<br><br>IA however acknowledges that, while not every action has a corporate indicator or can necessarily have a smart outcome, it is important to clearly identify SMART KPIs and sufficient level of details on sub-tasks and project plans as part of the reporting framework for the purpose of tracking progress performance and reporting against targets. | ✓<br><br>**Recommendation 3**<br>**Recommendation 4** |
| Confirm that all required Departmental Plans are established, detailing how critical actions are being delivered and reported quarterly to the Executive | ▪ Some reporting against critical actions occurs via Departmental Plan reporting.[6]<br>▪ IA noted gaps in Departmental Plan reports and had difficulty gauging the status of 12 of 20 (60%) tested critical actions.<br>▪ There is a need for stronger, top-down monitoring and reporting to track critical actions against project plans and more detailed milestones/action items. | ✗<br><br>**Recommendation 4**<br>**Recommendation 6** |
| Provide assurance on whether the strategic reporting process has agreed performance indicators, that are reviewed appropriately | ▪ Testing identified gaps in reporting timeliness, detail and clarity of project planning to meet critical actions.<br>▪ There is opportunity to implement clearer performance expectations and KPIs for associated with critical actions. | ✗<br><br>**Recommendation 3** |
| Linkage between City Plan, LTFP, ABP and SAMP | ▪ Each document references the City Plan. The SAMP references the 'Strategic Plan', not the City Plan.<br>▪ The LTFP/ABP are aligned to the City Plan and aim to update against critical indicators.<br>▪ The SAMP includes some linkage to critical actions. | ✓<br><br>See **Finding 2.5**. |

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[5] This also aligns with section s122(1)(d) and (e) of the Act.
[6] Other reporting is also used – for example the Annual Report, project reporting, budget reporting.

Item 7.1.3 - Attachment 1 - Final Internal Audit Report on the Strategic Reporting Process

**Galpins**

| Scope element tested | Summary Audit Comments | Status at CoS |
|---|---|---|
| | *Nb - reporting in the LTFP/ABP is high-level, with different detail than the Departmental Plans. Linkage between these documents can improve after reporting is strengthened.* | |

✅ Good Standard   ✅ Needs Improvement   ❌ Needs Significant Improvement   ❌ Immediate action required

## Measuring critical actions via 'corporate indicators'

Better practice is for clarity around the activities required to achieve the objectives of a Strategic Plan.[7] Clarity of what success looks like is integral to achievement of the City Plan. This is also required in s.122(1)(d) and (e) of the Act. A visual overview is below.

**Target linkage between strategic goals, actions required and ability to measure success:**

Strategic goals ➤  Critical Actions ➤  Corporate Indicators (KPIs) ➤  Measure success

IA reviewed 20 critical actions[8] and assessed whether the listed 'corporate indicators' clearly aligned and would give a clear indicator of success in achieving the action. Testing identified a need to more clearly strengthen indicators to measure success. CoS officers are also aware of this requirement and are working towards improvement for the next City Plan. A summary of results is over page:

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[7] A range of better practice information consulted, including  Kaplan, R and Norton, P, 1992, *The Balanced Scorecard – Measures that Drive Performance*. Online, Harvard Business Review, accessed 01.03.2023. URL: https://hbr.org/1992/01/the-balanced-scorecard-measures-that-drive-performance-2; Cote, C, 2020, 5 Keys to Successful Strategy Execution, Harvard Business Review, accessed 01.03.23, URL: https://online.hbs.edu/blog/post/strategy-execution#:~:text=Strategy%20execution%20is%20the%20 implementation,flat%20without%20the%20right%20execution.

[8] Five chosen across each 'direction', using a mix of random selection and auditor judgement. Statistical confidence level of 95% and standard error of 0.10 applied.

Strategic Reporting Processes
Liability limited by a scheme approved under Professional Standards Legislation                    14

**Galpins**

| Clear 'corporate indicator' in place to measure success? | Summary | % |
|---|---|---|
| Opportunity to further define indicator | 9 | 45% |
| No direct indicator – however physical delivery is clearly measurable | 8 | 40% |
| No | 3 | 15% |
| Yes | 0 | 0% |

*Note – no 'advocacy' critical actions were tested as these are more general actions in nature, and Audit consider that progress against these may be outside of Council's direct control.*

The table above shows that the current corporate indicators for 60% of tested critical actions[9] require strengthening. For example:

- For critical action *'Support new and existing businesses and industries to grow and create jobs'*, the closest applicable corporate indicator is *'Number of individual businesses receiving advice and information through the Polaris Centre'*. This is an example of where there is a need to further define the corporate indicator.

Audit also understand that not all critical actions have related indicators. Whilst the Plan is intended to be an aspirational and strategic document, there is potential to:

- ensure that critical actions more clearly link to corporate indicators

- more clearly delineate between critical actions and strategic/aspirational directions that will not be specifically measured as a critical action.[10]

A summary of better practice performance measures is included below for reference.

The LGA SA's Guideline '*Integrated Strategic Management Framework (2022)*' outlines:

> *(14) Performance measures should be relevant, meaningful and provide a mechanism to track how the council and the community is progressing. One performance measure approach is SMART (Specific, Measurable, Attainable and action oriented, Relevant and Time-bound).*
>
> *(15) Some important things to keep in mind when deciding on performance measures, are to ensure they are:*
>
> - *repeatable;*
>
> - *within your control;*
>
> - *well defined (how to calculate, what to include/exclude, etc.); and*
>
> - *the time and cost associated with tracking and recording the measure is considered against the value attained.*

See **Recommendation 3**.

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[9] Chosen sample were from the *Strategic Projects*, *Operational Focus* and *Future Planning* critical actions – with an approximate 30% split to each type of action.
[10] As an example, refer to the City of Holdfast Bay's Strategic Plan.

Strategic Reporting Processes
Liability limited by a scheme approved under Professional Standards Legislation                    15

**Galpins**

City of Salisbury

**Risk Exposure**

- ▪ Unclear corporate indicators may create a situation where the CoS cannot adequately gauge success in delivering on critical actions from the City Plan.

| Recommendation 3 | Continue existing work to ensure that 'SMART' (Specific, Measurable, Attainable and action oriented, Relevant and Time-bound) corporate indicators are in place for all critical actions identified the next City Plan. |
|---|---|
| | *Note – These measurements can be for actions only, and be clearly separate from any aspirational/visionary statements that may be included in the Plan. Any included advocacy initiatives and/or aspirational goals may be able to be included separately, without needing a direct link to a SMART goal.* |
| Audit Risk Rating | High (12)         CoS Risk Rating        High |
| Agreed Actions | Agreed. Council intend to develop a Delivery Plan as part of development of the next City Plan, and are  working to ensure that SMART corporate indicators will be established. |
| Action Officer | CEO |
| Completion Date | June 2024 |

## Adequacy of reporting vs Critical Actions (timeliness, completeness)

External reporting on the City Plan is undertaken via the Annual Report. Internal reporting is currently achieved via quarterly Departmental Plans. For the 20 reviewed indicators, Audit assessed the latest reporting update and found gaps in timeliness against these.  See below:

| Latest relevant Dept Plan report against critical indicators (as at June 23) | No. critical indicators last reported at this date | % |
|---|---|---|
| Apr-23 | 8 | 40% |
| Jan-23 | 6 | 30% |
| Nov-22 | 4 | 20% |
| Complete | 1 | 5% |
| Unknown | 1 | 5% |

The latest report as at Audit fieldwork was April 23. The above table indicates that 40% of reporting was up to date, and the other 60% had not been recently updated and/or the indicator was not clearly marked as 'closed'.

The Finance Team provided evidence of ongoing effort to ensure reporting occurs against the Plan. Combined audit analysis and Finance team feedback, however, identified inconsistencies in reporting practices. See **Recommendation 6** around reporting system requirements**.**

Strategic Reporting Processes
Liability limited by a scheme approved under Professional Standards Legislation                    16

**Galpins**

## Gaps in current Reporting Framework to track Critical Actions

The diagram below demonstrates the overall *intended* framework for monitoring and reporting against the current City Plan within CoS, as identified during audit fieldwork. Subsequent to this, the Executive Accountability framework was provided, providing additional detail around the framework:

**City Plan**
- Strategic Goals
- Critical Actions
- 4+ years (current is City Plan 2035)

**Departmental Plan**
- Translates Critical Actions into high level milestones
- Links to budget ( > 1 year)
- Assigns to Executive and Management owners

**Divisional Plan**
- Translates milestones to more specific detail
- Assigns to team members

**Reporting**
- Measures success
- Enables tracking of progress

CITY PLAN
DEPARTMENTAL PLAN
DIVISIONAL PLAN
REPORTING

Audit note that, until 2022-23, reporting against Divisional Plans were required in addition to the higher-level reports against Departmental Plans. These have been 'paused' but were intended to further translate critical actions (and other business as usual activities) and assign these to owners. These could also link through to annual performance review processes.

**Testing results**

Audit reviewed progress reported against the 20 sampled critical actions and had difficulty in clearly understanding and gauging progress for all. A summary is below:

| Critical action – Audit able to easily/ meaningfully gauge progress? | Summary | % |
|---|---|---|
| Yes | 8 | 40% |
| No | 2 | 10% |
| Partial | 10 | 50% |

This demonstrates that, for 60% of reviewed critical actions it was difficult to understand:

- if meaningful action was occurring
- if critical actions were on time, and/or
- if the milestones reported were enough to constitute definitive action.[11]

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[11] For example – for critical action 'Develop a place activation strategy', the detail within the Departmental plan is around reviewing the SAMP and aligning AMPs. Actions refer to the SAMP and not to whether a place activation strategy has been developed.

Strategic Reporting Processes
Liability limited by a scheme approved under Professional Standards Legislation                 17

**Galpins**

If it is difficult to gauge progress against critical actions, then it is difficult to have appropriate oversight and to maintain accountability for achieving these. This lack of detailed departmental reporting has created gaps in being able to clearly understand the progress in implementing critical actions.

*Better practice is for monitoring performance against the Plan to occur, as a way to identify successes and challenges, to help guide subsequent resource allocation and decision-making and give the greatest chance of success.*[12]

Audit note that annual reporting also occurs against the City Plan. This information is higher-level, and interviewees provided feedback that the information included is not drawn from current departmental reports due to limited useability. Instead, the responsible team liaise directly with departments for information. This further demonstrates that the current reporting approach is not sufficient to meet CoS' needs.

It is important to ensure that there is a process to translate expected action against critical actions (develop project plans/milestones for these), and to include these in a monitoring and reporting framework that can then be used to track progress. See **Recommendation 4** and **Recommendation 6**.

## Risk Exposure

- Delayed/incomplete reporting against critical actions creates difficulty in maintaining momentum towards achieving each action, and in enabling effective oversight and accountability over achievement of these actions.

| Recommendation 4 | To ensure that critical actions for the next City Plan are able to be more easily tracked, that expected action and accountability is clear: |
|---|---|
| | - develop project plans and target milestones for each action in a timely manner after the Plan is finalised |
| | - ensure that actions are clearly established within Departmental Plans or equivalent, and |
| | - ensure that more granular detail/ownership of milestones against actions are included in the established reporting framework and are tracked. |
| | *The intention of this recommendation is to promote transparency around achieving critical actions. The method of achieving this is at Council's discretion and may for example include re-instating Divisional Plans or developing a more granular reporting template under the new system. The new system can help to promote consistency across Departments (see also Recommendation 6).* |
| **Audit Risk Rating** | High (12) | **CoS Risk Rating** | High |

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[12] A range of better practice information consulted, including Kaplan, R and Norton, P, 1992, *The Balanced Scorecard – Measures that Drive Performance*. Online, Harvard Business Review, accessed 01.03.2023. URL: https://hbr.org/1992/01/the-balanced-scorecard-measures-that-drive-performance-2; Cote, C, 2020, 5 Keys to Successful Strategy Execution, Harvard Business Review, accessed 01.03.23, URL: https://online.hbs.edu/blog/post/strategy-execution#:~:text=Strategy%20execution%20is%20the%20implementation,flat%20without%20the%20right%20execution

**Galpins**

City of Salisbury

| Agreed Actions | Agreed. It is intended to develop a Departmental Delivery Plan as part of the development of the next City Plan being finalised. |
|---|---|
| Action Officer | CEO |
| Completion Date | December 2024 |

**Item 7.1.3 - Attachment 1 - Final Internal Audit Report on the Strategic Reporting Process**

**Galpins**    City of Salisbury

| 2.3    Budgeting to achieve the City Plan | Audit Risk Rating | CoS Risk Rating |
|---|---|---|
| | Medium | Medium |

The audit aimed to understand budget elements of strategic planning, as per below:

| Scope element tested | Summary Audit Comments | Status at CoS |
|---|---|---|
| Understand how budgets and resources are planned and documented for critical actions, and assess whether this is appropriate | Current process is mature.<br>IA experienced difficulty in aligning budget to 20 tested critical actions.<br>There is some opportunity to clarify whether all critical actions have associated budget/ resources. | ✓<br>**Recommendation 5** |

| ✓ | Good Standard | ✓ | Needs Improvement | ✗ | Needs Significant Improvement | ✗ | Immediate action required |
|---|---|---|---|---|---|---|---|

## Tracking budgets vs critical actions

As per the scope, Audit aimed to understand how budgets and resources are planned and documented for critical actions. Overall, we found that processes are sufficient:

- A four-year budget is used, with an aim to be strategic and to fund projects/initiatives in the medium-term. These are intended to each be linked to critical actions.

- Operational budgets are used to fund some critical actions.

- An established budget bid process is in place to fund additional projects, with funded projects required to link to the City Plan.

- There is a (pooled saved) salary and wages provision that can be drawn upon for financial support as needed.

- Council has an aggregated consulting budgets under the CEO, he has discretion to spend this to support projects as required.

Key stakeholders reported that business proposals are considered against genuine need, and that there is a process of collaboration and alignment to the Plan.

IA aimed to test whether critical actions could be tracked to budget bids/budget information provided and experienced difficulty in aligning to this. We note that some critical actions may be achieved via operational resources and that not all projects would require a budget bid. For the upcoming City Plan, there is opportunity to promote clarity and transparency around expected funding/resourcing of all critical actions.

Strategic Reporting Processes
Liability limited by a scheme approved under Professional Standards Legislation    20

**Galpins**

City of Salisbury

**Risk Exposure**

- Potential gaps in funding against some critical actions may create a situation where actions are not achieved in line with expectations.

| Recommendation 5 | Build on the existing mature internal budgeting process to more clearly identify the expected source of funding and/or resourcing for actions arising from the next iteration of the City Plan (where appropriate). For example, which of the following sources of resourcing are required:<br><br>- operational budgets<br>- budget bids<br><br>This can help to more clearly outline resourcing requirements to each critical action. | | |
|---|---|---|---|
| Audit Risk Rating | Medium (6) | CoS Risk Rating | Medium |
| Agreed Actions | Agreed. It is intended to develop a Delivery Plan as part of the development of the next City Plan and this will also consider budgetary impacts. | | |
| Action Officer | GM City Development | | |
| Completion Date | June 2024 | | |

Strategic Reporting Processes
Liability limited by a scheme approved under Professional Standards Legislation                    21

**Galpins**

| 2.4    Planned system change and City Plan reporting | Audit Risk Rating | CoS Risk Rating |
|---|---|---|
| | Medium | Medium |

## Discussion

This section includes discussion of the use of systems within CoS for monitoring strategic reports:

| Scope element tested | Summary Audit Comments | Status at CoS |
|---|---|---|
| Review whether appropriate systems are in place to capture and report strategic reporting information | ▪ Monitoring/reporting currently achieved via CiAnywhere. Council will discontinue current system from October 2024.<br>▪ Departmental Reports currently updated by PAs within each department.<br>▪ A new monitoring system is required, for critical actions from the current and future City Plan. | ✕<br><br>**Recommendation 6**<br>**Recommendation 7** |

| | | | |
|---|---|---|---|
| ✓ Good Standard | ✓ Needs Improvement | ✕ Needs Significant Improvement | ✕ Immediate action required |

Currently, reporting against the Plan is via the CiAnywhere module within the Technology One (Tech1) system, via a tailored reporting template that tracks all critical actions.

Council has made a decision to transition away from Tech1 as of October 2024. The Altus system (the new Enterprise Resource Planning system) will be utilised for some requirements, however Audit understand that there has not yet been a decision on what system will be used for strategic reporting following decommissioning of Tech1.

Five senior interviewees noted that the current reporting template is difficult to use, and not intuitive. It is important that stakeholders accept and find any forward reporting solution to be user-friendly.

Better practice is for strategic reporting to occur via integrated reporting tools, with information being able to be entered once and utilised for different needs. Better practice functionality for reporting is summarised over page.

**Galpins**

**Better Practice Reporting Functionality**

- System is intuitive and user-friendly
- Automated reminders when reporting updates are due
- Capacity to summarise status via a traffic light system, to clearly understand progress vs. plans
- The ability to easily run reports
- Controls to ensure that key details including milestones and due dates cannot be changed without oversight and/or system tracking
- Ability to include clear project plans vs. each critical action and target timeframes
- The ability to include higher-level actions that cascade down to specific ownership of tasks (i.e. the ability to track from the higher-level details)

See **Recommendation 6**.

It is timely for CoS to establish a new reporting framework, ready to be used in line with the updated City Plan. In addition, as some critical actions from the current Plan are ongoing, establishing a mechanism to track and measure momentum against critical actions is important. See **Recommendation 7**.

**Galpins**

City of Salisbury

**Risk Exposure**

- Gaps in reporting against the City Plan may create difficulties in demonstrating transparency and accountability towards implementation of critical actions.
- Ineffective stakeholder buy-in may mean that the new reporting framework is not well accepted and utilised across CoS.

| Recommendation 6 | Establish a project/approach to develop a reporting framework for the new City Plan. In particular: |
|---|---|
| | ▪ decide what system solution will be used |
| | ▪ commence planning to ensure that the reporting framework is fit for purpose and easy to use |
| | ▪ ensure that the framework meets better practice principles as identified in this report, and |
| | ▪ to help ensure ongoing organisational support for and use of the reporting framework, consult with stakeholders for input into the new reporting framework. |
| | This will help to ensure that the framework is developed and ready to be tailored to reflect new critical actions from the updated City Plan in a timely way. |
| **Audit Risk Rating** | Medium (9) / **CoS Risk Rating** / Medium |
| **Agreed Actions** | Agreed. |
| **Action Officer** | CEO |
| **Completion Date** | June 2024 |

| Recommendation 7 | Review ongoing critical actions from the current City Plan and ensure that there is a workaround to ensure that relevant monitoring is not lost after transition to the new City Plan/ reporting system. |
|---|---|
| | *Note – Audit understand that CoS will need to report against the current City Plan in the 2024-25 Annual Report. The approach chosen to monitor current critical actions should be chosen on a cost-benefit basis. For example, a manual workaround may be chosen for these actions, with future City Plan actions tracked in the new system.* |
| **Audit Risk Rating** | Medium (6) / **CoS Risk Rating** / Medium |
| **Agreed Actions** | Agreed. The review of the City Plan will include an audit of the existing actions and indicators and this process will inform what actions may be incorporated into the new City Plan and reporting against the 2023/24 Annual Report. |
| **Action Officer** | CEO |
| **Completion Date** | December 2024 |

Strategic Reporting Processes
Liability limited by a scheme approved under Professional Standards Legislation                24

**Galpins**                                                    City of Salisbury

| 2.5     Strategic Planning Framework | Audit Risk Rating | CoS Risk Rating |
|---|---|---|
| | *Better Practice* | *Better Practice* |

Discussion

The audit objective is to provide assurance on the processes and controls in place, specifically in relation to the City Plan 2035, annual LTFP and the ABP process (i.e. that the City Plan is effectively developed and implemented).

Internal Audit reviewed the CoS' strategic reporting framework – including the linkage between the City Plan and other strategic plans.

| Scope element tested | Audit Comments | Status at CoS | Recommendation |
|---|---|---|---|
| The deliverables in the City Plan 2035 … are reflected in other strategic planning documents. | Strategic planning documents reference the Plan. There is opportunity, however, to develop these documents after the Plan has been revised. | 🔄 | **Recommendation 8** |

✅ Good Standard     🟡 Needs Improvement     ❎ Needs Significant Improvement     ❌ Immediate action required

## Timing of development of City Plan vs other Strategic Plans

The LGA outlines that the City Plan is to be the highest-level plan of Council, with all other plans referencing and aligning with this. One key interviewee indicated that *'we struggle internally to decide which [Strategy] aligns to which... there's disconnect observed in the actual implementation…for example we do the budget, we do the SAMP according to the budget. But the SAMP should drive the budget… there's a disconnect there'*.

In an environment where the City Plan is developed on a four-yearly basis, but other documents such as the ABP and LTFP are updated annually, this perceived disconnect is common.

Audit reviewed the timing of development of other publicly available Council 'strategic' plans relevant to the current (June 2020) Plan. A summary is below:

| Strategic Plan | Development timing |
|---|---|
| **Strategic Asset Management Plan** | Dated 2023, has already been updated and references current City Plan. This must legislatively be refreshed within two years of an election, and it is positive that it has been renewed. It is, however, in alignment with the current (but soon to be outdated) City Plan. |
| **Sustainability Strategy 2035** | Dated 2023, references current City Plan. |
| **Age Friendly Salisbury Strategy 2022-27** | References current City Plan. |
| **The Community Safety Strategy** | Endorsed in 2019, references previous City Plan. |
| **Tourism and Visitor Strategy** | Endorsed in 2016, references previous City Plan. |

Strategic Reporting Processes
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**Galpins**

Audit understand that the development of strategies can take time and may be impacted by other requirements, and that Council will aim to update key strategic documents after the City Plan has been developed. This may be challenging if the City Plan includes any significant change. Alignment with the new City Plan can help to ensure that appropriate linkage between strategies occurs, along with associated implementation plans and resourcing. See **Recommendation 8**.

### Risk Exposure

- Development of strategic documentation before the updated City Plan may mean that these documents require subsequent substantial update to ensure alignment with the Plan.

| Recommendation 8 | Aim to coordinate the timing of update of Council's supporting strategic plans, so that the City Plan is adopted first, and that subsequent plans are updated and/or adopted subsequent to and in alignment with this. *Note – some annual updates are legislatively required, however a plan may be developed to help ensure that, over time, the City Plan is finalised in advance of other strategic plans/sub-plans.* | | |
|---|---|---|---|
| **Audit Risk Rating** | Better practice[13] | **CoS Risk Rating** | Better practice |
| **Agreed Actions** | Agreed. The administration will review all supporting strategic plans post the adoption of the new City Plan to facilitate alignment. For future reviews, the review timeframes for all sub-plans will be amended so that they are adopted after the City Plan is adopted. *Note - the development and review timing of the strategic documents is inter-related and research and development of supporting strategies helps inform the City Plan. Conversely the City Plan research and development also informs sub-plan development (documents are not mutually exclusive).* | | |
| **Action Officer** | CEO | | |
| **Completion Date** | December 2024 and ongoing in each planning cycle | | |

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[13] This recommendation is included for better practice only, and is not assigned a risk rating.

Strategic Reporting Processes
Liability limited by a scheme approved under Professional Standards Legislation          26

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Accountants, Auditors & Business Consultants

# Appendices

Strategic Reporting Processes
Liability limited by a scheme approved under Professional Standards Legislation                    27

**Galpins**                                                                    City of Salisbury

# Appendix 1.  Scope of the audit engagement

To:           Charles Mansueto, Acting Chief Executive & General Manager Business Excellence

CC:           Amy Pokoney Cramey, General Manager Community Development
              Michelle English, General Manager City Development
              John Devine, General Manager City Infrastructure

From:         Hussain Rafeeu, Internal Auditor & Risk Coordinator

Date:         1 May 2023

Subject:      **Engagement Letter – _Strategic Reporting Process Audit_**

In accordance with City of Salisbury ("COS" or "Council")'s approved Internal Audit Plan 2023/2024, Internal Audit is to undertake a review of COS's strategic reporting process.

The objective, scope, audit approach and timetable for this engagement are set out below.

**Background**

Section 122 of the _Local Government Act 1999_ requires the Council to develop and adopt plans for the management of its area, collectively called the "Strategic Management Plans", that identify the objectives, provide assessment, identify the principle activities to undertake to achieve its objectives, and state performance measures. This section also states the reporting obligations and deadlines for the Council and also the designated authority for the local government sector, which is the Essential Services Commission of South Australia (ESCOSA). Section 123 covers the legislative requirements for Annual Business Plan and budgets.

The Council's main strategic planning document is the **City Plan 2035** ("the Plan") and COS's strategic reporting is measured against this strategic management plan document.

The Plan contains a vision for Salisbury to be 'a progressive, sustainable and connected community'. It is comprised of 4 key directions, including a statement of what the Council aspires to achieve during the life of the Plan, how it will be achieved and the indicators that will demonstrate the progress in achieving these directions. There are three directions including the social, environmental and economic influences on the City of Salisbury, and one direction that addresses factors within Council itself. The four directions are:
-   A welcoming and liveable City
-   A sustainable City
-   A growing City that creates new opportunities.
-   Innovation and Business Development.
The Plan then lists down relevant critical actions under each of the four-key directions, outlining the Council's priorities for delivery over the life of the Plan, and are structured in an easy to monitor manner breaking down into actions that have an immediately noticeable impact (strategic and operational focus) and those with medium to long term impact (future planning and advocacy priorities). Performance

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and those with medium to long term impact (future planning and advocacy priorities). Performance indicators are listed for critical actions, and are hierarchically structured under the respective key direction.

COS's other key current strategic reporting documents include the 10-year Long Term Financial Plan (LTFP) 2022/2023 to 2031/2032, Strategic Asset Management Plan (SAMP) 2022/2023 and the Annual Business Plan (ABP) 2022/2023, which are all aligned to the Plan. For strategic reporting purposes, the ABP deliverables and expectations are then covered within Departmental Plans, which detail how critical actions of the City Plan are to be delivered.

## Objective

The overall objective of the audit is to provide assurance on the processes and controls in place, specifically in relation to the City Plan 2035, annual LTFP, SAMP and ABP process.

## Scope

In addressing the overall objective, the audit will include, but not necessarily be limited to, the consideration of the following items with reference to strategic reporting:
- The City Plan 2035.
- The current LTFP  2023/2023- 2031/2032 and draft LTFP 2023/2024 – 2032/2033.
- The current ABP 2022/2023 and Draft ABP  2023/2024.
- The current SAMP 2022/2023 and Draft SAMP 2023/2024.
- Relevant Departmental Plans.
- Software tool(s) used in strategic reporting (if any).
- Key reports and reporting approach to the Executive Group, Committees and Council.
- Reporting Timelines

The specific objectives for the audit will be to ensure that:
- The Council has policies and procedures governing the strategic planning process.
- The Council is compliant with relevant statutory and regulatory requirements in terms of strategic plan reporting.
- Strategic plan documents align to the Council's approved 4 key directions and critical actions.
- The deliverables identified in City Plan 2035 cascades down to relevant foundations, critical actions and corporate indicators and are reflected on other strategic planning documents as well.
- All required departmental plans are established detailing how critical actions are being delivered and reported quarterly to Executive.
- Budgets and resources are planned and documented for critical actions appropriately.
- Appropriate systems are in place to capture the strategic reporting information.
- Established mechanisms 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

The audit will be conducted predominantly at Council's office located at 34 Church Street, Salisbury, SA 5108. Review of the Annual Report and reporting process is outside the scope of this audit.

## Audit Approach

The approach to undertaking this audit will be as follows:

2

Strategic Reporting Processes
29

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City of Salisbury

- Obtain the necessary information required to develop an audit program and to obtain a good knowledge of the auditable activities. This will be undertaken through research, reviewing existing procedures and policy documentation, and talking to key staff members.
- Conduct the fieldwork, which incorporates an evaluation of the effectiveness of controls undertaken through sample testing of outcomes.
- Discuss audit issues with relevant staff and management throughout the audit process to remove risk of misunderstandings and to allow management to consider resolutions to audit issues.
- Discuss the final audit issues with management at the exit interview with external audit resource. Upon conclusion, Internal Audit will issue the draft audit report for management comments.
- Conduct the audit in line with the Institute of Internal Auditors International Standards for Professional Practice of Internal Auditing and their Code of Ethics.
- 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.

**Risk Assessment**

The need for this audit arises from Risk 6 of the City's Strategic Risk Register, with its high inherent risk rating and medium residual risk rating. See COS's Strategic Risk Register extract as follows:

| Risk Description | Cause | Inherent Risk Rating | Residual Risk Rating |
|---|---|---|---|
| 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. | Inadequate performance measures which are not linked to objectives or strategies | High | Medium |
| | Failure to consistently conduct Post Implementation Reviews and measure benefits realisation | | |
| | Failure to monitor organisational performance against stakeholder expectations and to take action when necessary to correct it | | |
| | Failure to deliver what is expected by the local community due to a lack of alignment of strategic plans | | |
| | Limited meaningful corporate performance indicators in place | | |
| | Inconsistent reporting and data collection of corporate performance indicators | | |
| | Processes and systems fail to address customer needs | | |
| | Inadequate capability and capacity (e.g. workforce plans, training and development, technology, systems etc.) | | |
| | Failure to engage with all stakeholders in developing the City Plan | | |
| | Customer service is neither monitored or managed | | |
| | Insufficient prioritisation of projects and resource scoping | | |
| | Projects approved are not consistent with the strategic direction of CoS | | |

**Audit Output and Outcome**

3

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The output of the audit will be a report that is agreed and accepted by the Chief Executive Officer and General Manager Business Excellence, containing:
- A one-or-two-page Executive Summary; and
- Detailed findings and recommendations, with a suitable audit trail evidencing the findings.

The primary outcome of the audit will be an opinion on the adequacy and effectiveness of Council's strategic reporting processes, and identify any relevant gaps and areas for improvements.

### Reporting

The findings for this internal audit will be discussed in the first instance with relevant COS personnel. A comprehensive report outlining all control weaknesses, risks and recommendations will then be provided to management for formal management comment once fieldwork has been completed. The report will also include a summarised list of positive findings on key controls within the audit area.

### Auditor Participation

The audit will be **co-sourced** with an external audit partner (Contractor) to be selected through a **tender** by invitation process, and coordinated by COS's Internal Auditor and Risk Coordinator.

### Your Participation

We will seek to keep disruptions to a minimum and will schedule meetings when it is convenient for staff.

The participation of all GMs, relevant Divisional Managers and relevant staff from the key divisions including Governance, and Financial Services Division will be required.

### Progress Reports

Informal progress meetings will be held throughout the course of the audit, at times convenient to you. Where a significant audit issue has been identified, this will be brought to the attention of management immediately.

### Budget

Estimated $10,000 - $15,000

### Time schedule

It is expected that this audit will commence in May 2023 and be completed in July 2023, and the draft report to be issued for management comments by 14 August 2023. The final report with management comments to be presented to the November 2023 Audit and Risk Committee meeting. However, this may vary should we experience delays in obtaining information or an unforeseen circumstance occur which prevent the auditor from dedicating continual resources to this audit program. Any variance to audit completion will be advised to Manager Governance.

### Approval

APPROVED / NOT APPROVED

.........................................
Charles Mansueto, Acting CEO
Date:    10/5/23.

APPROVED / NOT APPROVED

.........................................
Rudi Deco, Manager Governance
Date:    10/05/23

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# Appendix 2. Overall Control Environment Conclusion Rating Definitions

This internal audit project aimed to assess the controls established to address a key strategic risk or risks as documented in the Executive Summary. For this engagement, we used CoS' control environment definitions. Based on the work undertaken, and when considering the design and/or effectiveness of controls collectively, we conclude that the control environment is one of the following ratings:

| Rating | Definition |
|---|---|
| **Design Adequacy of Controls** | |
| Adequate | The control is designed in a manner that it can give reasonable assurance that the risk will be mitigated. In other words, existing systems and procedures cover known circumstances and provide reasonable assurance for majority of risks. |
| Majority Adequate | The control design is adequate for majority risks, except for minor areas for improvement. |
| Partially adequate | The control is designed in a way that will partially mitigate the risk and designed in a way to partially meet the design objectives. |
| Significant Improvement Required | The control is designed poorly and requires significant changes to adequately mitigate the risk. |
| Inadequate | The design of the control is not sufficient enough to give reasonable assurance that the risk will be mitigated. There may be no systems and procedures in place, or existing systems and procedures are obsolete and require review. |
| **Operating Effectiveness of Controls** | |
| Effective | The control as described has been fully implemented and in all cases has been applied effectively in terms of being consistent, complete, reliable and timely. |
| Majority Effective | The control has been implemented as described and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments. |
| Partially effective | The control partially operates in a manner that is effective in terms of being consistent, complete, reliable and timely. |
| Significant Improvement Required | The control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation and requires significant management action to improve the effectiveness of the control. |
| Ineffective | The control has not been implemented as described. Urgent management action is required to implement the described control processes |

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# Appendix 3.  CoS Risk Matrix

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

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

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## APPENDIX C: CONSEQUENCE RATING CRITERIA

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

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

34

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## Consequence Table for Project Risks

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

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

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

### RISK RATING / EVALUATION STEPS

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

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

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

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

### RISK RATING SCALE SUMMARY

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

### RESIDUAL RISK LEVEL CONTEXT, REPORTING FREQUENCY AND ACTION REQUIRED

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

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

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

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# Appendix 4.  Extract from the City Plan

Below is an example extract of the city dashboard, foundations and critical actions from the Plan.

## A welcoming and liveable City

## City Dashboard

| | |
|---|---|
| Population | 143,560 people |
| Community perception of quality of life | 6.6/10 |
| Proportion of people born overseas | 31% |
| Reported crime per 10,000 people | 79.81 incidents |
| Housing Affordability | TBC |
| SEIFA Index of Advantage & Disadvantage | 908 |
| Proportion of Salisbury's working population with Certificate 3 & above qualifications | 50.9% |

## Foundations

- Our City is attractive and well maintained
- The health and wellbeing of our community is a priority
- People are valued and they feel safe, included and connected
- We are proud of our strengths, achievements and cultural diversity
- Our community is resilient and adaptive to change

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## Critical Actions (0-5 years)

**Strategic Projects**

- Upgrade community hubs at Burton and Ingle Farm
- Implement St Kilda and Paddocks masterplans
- Complete the Bridgestone athletics facility and maximise its use
- Provide at least 15% affordable housing through Council's development projects
- Implement the regional public health plan and wellbeing agenda
- Enhance the visual appearance and amenity of public space through an expanded verge maintenance program, appropriate lighting and more greening of reserves
- Improve our playgrounds and sporting facilities and cycle paths
- Implement the 'Ability Inclusion Strategic Plan', including providing more equipment in our playgrounds that is able to be used by people with different abilities

**Operational Focus**

- Improve quality and cleanliness of residential areas
- Promptly remove rubbish dumped on public land
- Implement Council's community safety strategy, including CCTV coverage
- Ensure public spaces are accessible and sporting facilities are maintained
- Provide support and grants to sporting and community groups
- Work closely with Community and Senior Centres to provide effective and well received programs
- Deliver Council's intercultural Strategic Plan to build connections and increase collaboration among community groups and service providers

Strategic Reporting Processes
38

**Item 7.1.3 - Attachment 1 - Final Internal Audit Report on the Strategic Reporting Process**

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# Appendix 5.  Documents reviewed

**City of Salisbury documents**

- City Plan 2035
- 2022-23 Long Term Financial Plan and Annual Business Plan
- 2008 City Landscape Plan
- Sustainability Strategy 2035 [draft – for consultation]
- 2022 Interim Strategic Asset Management Plan
- 2019 Endorsed Community Safety Strategy
- 202-21 Annual Report
- 2021-22 Annual Report
- Age Friendly Strategy
- Building City Pride Report
- 2023 Updated Long Term Financial Plan and Annual Business Plan
- City of Salisbury Organisational Chart
- City Infrastructure Department Plan Update Report – Executive Summary 2nd Quarter
- April 2023 Audit and Risk Committee Report
- April 2023 Finance and Corporate Services Committee Report
- May 2022 – Strategic Asset Management Plan – Drainage Assets
- Asset Management Sub Committee Report – AMSC3
- April 2022 – Interim Strategic Asset Management Plan – Process Review (Audit Committee)
- April 2022 – Interim Strategic Asset Management Plan (AMSC)
- April 2022 – Strategic Asset Management Plan – Building Assets – Building Types
- April 2023 – Draft Strategic Asset Management Plan 2023-24 – Policy and Planning
- April 2023 - Draft Strategic Asset Management Plan 2023-24 (Audit Committee)
- August 2022 – Strategic Asset Management Plan – Building Assets – Stage 2 – Levels of Service and Financial Impacts
- August 2022 – Strategic Asset Management Plan – Drainage Assets – Stage 2 - Levels of Service and Financial Impacts
- August 2022 – Strategic Asset Management Plan – Playspaces – Stage 2 – Levels of Service and Financial Impacts
- August 2022 – Strategic Asset Management Plan – Road Assets – Stage 2 – Levels of Service and Financial Impacts
- July 2022 – Interim Strategic Asset Management Plan (Interim SAMP) – Consultation Outcomes and Adoption
- July 2022 – Strategic Asset Management Plan – Urban Built Assets – Playspaces

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- March 2022 – Strategic Asset Management Plan – Building Assets
- March 2022 – Strategic Asset Management Plan – Reporting Schedule
- March 2022 – Strategic Asset Management Plan – Road Assets
- March 2023 – Draft Strategic Asset Management Plan 2023-24 (AMSC)
- Community Development Department Plan Update Report
- Business Excellence Department Plan Update Report
- City Infrastructure Department Plan Update Report
- City Development Department Plan Update
- February 2023 – CEO Review Committee – Agenda and Reports

### Other documents reviewed

- Local Government Act 1999
- Tawse, A, Tabesh, P, 2022, Thirty years with the balance scorecard: what have we learned?
- Mallard, D, Auditing Strategy Execution
- AICPA & CIMA, 2013, The Performance Prism – a management framework
- CGMA, 2013, Balanced Scorecard Case Study
- PlanSA, Community Engagement Charter
- Local Government Association of South Australia, Integrated Strategic Management Framework – LGA Guidelines August 2022

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# Appendix 6.   Staff members interviewed

| Name | Title |
|------|-------|
| John Devine | General Manager City Infrastructure |
| Leandro Lopez Digon | Manager City Shaping |
| Michelle English | General Manager City Development |
| Kate George | Manager Financial Services |
| Belinda Hanlon | Executive Assistant to CEO & Mayor |
| John Harry | Chief Executive Officer |
| Charles Mansueto | General Manager Business Excellence |
| Amy Pokoney-Cramey | General Manager Community Development |
| Hussain (Rafy) Rafeeu | Internal Auditor & Risk Coordinator |

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# Disclaimers

## Inherent limitations

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

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

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

## Third party reliance

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

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## About us



Galpins' audit/ advisory leadership team (from L to R): Tim Muhlhausler, Jessica Kellaway, Luke Williams and Janna Burnham

Galpins is a South Australian Firm. All partners and staff are residents of South Australia, and many of our suppliers are also South Australian owned. Our services are delivered from three offices located at Norwood, Mount Gambier and Stirling.

We provide high quality audit, assurance, consulting and advisory services to a wide range of clients including State and local government agencies, the not-for-profit sector, superannuation funds and companies. Our Audit and Assurance team is one of the largest in South Australia.

Galpins is a preferred supplier to the South Australian Government for the provision of Audit and Financial Advisory Services. We were originally selected in August 2007 and have been the largest provider of services under this contract outside of the "Big 4" accounting firms.

Galpins has strong experience in delivering internal audit and advisory services covering performance, compliance, financial assurance, governance and strategy, as well as consulting reviews. We aim to provide a pragmatic, valuable service to our clients and work hard to deliver quality work that meets your needs. Galpins offer a strong, skilled service and our repeated work with a range of state government clients demonstrates the ongoing quality and value of these services. Examples of clients include:

- City of Salisbury
- City of West Torrens
- City of Holdfast Bay
- Local Government Finance Authority
- Auditor-General's Department
- Department Environment and Water

- City of Burnside
- City of Playford
- Coorong Council
- Department for Education
- PIRSA
- Department Premier and Cabinet

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## CURRENT STATE EXECUTIVE ACCOUNTABILITY

Critical Process Map for Business Improvement Actions/Initiatives, Decisions and Quality Assurance for Council directions/actions

**Accountability**
High Risk Potential Actions
and Initiatives

Council CEO Briefing Sessions
(Critical/Important/Exec. Items)

CEO / Chair

**COUNCIL**

**Council Reports**
**Coordination Process**

→ For Decision
→ For Information/Assurance/Exec Sign off

Future / Reports to Council

**CEO**

→ Quarterly CEO PERFORMANCE REVIEWS →

CEO Performance
Review Committee Qtrly
Status of critical actions etc.

CEO Chair / presence
PCG / PEG / External Bodies

**Corporate Importance**
BTF Pgm / Dry Creek / NW Sector
**Business Transformation**
WH&S / NAHLN

**CEO / CHAIR**

**EXECUTIVE**

→ CEO / Exec (BAU) **Weekly** →

**Strategic Executive Meeting**
Key Initiatives
Strategic Critical Actions
**Monthly**

**Project Teams**
Finance
WH&S
Business Plan Reporting Dept level

**GMs**

Departmental Responsibility - Project Team Chair
Departmental Responsibility - Project Control Group

Established subject to scope, risk, political considerations

TURE STATE (Formal project)
per current state Plus fortnightly

am established for development and oversight of
rategic planning framework & city plan development,
elivery and monitoring.

oject Team:
EO Chair/ Deputy CEO

upport:
amework development & Context development
visions Finance and procurement & City shaping

ccountability for Delivery of City Plan:
ec/GM/CEO

ocess:
Monthly reporting via Strategic Exec. Meeting of City
an Critical Actions Delivery

**DIVISIONAL
HEADS / TEAMS**

Work Programs
Delivery Agendas etc.
Projects

**Existing Reporting at Divisional/Departmental level to Exec.**

* Briefing to support
Reports:
1) **Quarterly** / Budget / Finance
2) **Monthly** Capital Works
3) Individual Project Reports / CA etc.
4) Strategic Performance / CEO KPI
5) **Bi-monthly** Project Connect / Business Transformation
6) **Quarterly** / WHS

Key

Review By Exec at Coordination
**Weekly**
**Monthly**
**Bi-monthly**

| | |
|---|---|
| **ITEM** | 7.1.4 |
| | **AUDIT AND RISK COMMITTEE** |
| **DATE** | 13 February 2024 |
| **HEADING** | Risk Management and Internal Control Activities |
| **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<br>4.4 We plan effectively to address community needs and identify new opportunities |
| **SUMMARY** | This report provides an update on the risk management and internal control activities undertaken and planned for the period 1 July 2023 to 30 June 2024. |

## RECOMMENDATION

That Council:

1.  Notes the update on Risk Management and Internal Control Activities Annual Plan for 2023/2024, as set out in Attachment 1 to this report (Item No.7.1.4, Audit & Risk Committee, 13 February 2024).

2.  Notes the new Strategic Risk Register as included in Attachment 2 to this report (Item No.7.1.4, Audit & Risk Committee, 13 February 2024), taking into consideration that, given the ongoing nature of the review of the risk register, a further updated register will be presented to the next Audit and Risk Committee.

## ATTACHMENTS

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

1.  Risk Management and Internal Control Activities Annual Plan 2023/2024⇩ 📄

2.  Revised New Strategic Risk Register - February 2024⇩ 📄

3.  Strategic Risk Register Previous Version - December 2023⇩ 📄

## 1.  BACKGROUND

1.1  This report provides an update on the risk management and internal control activities undertaken and planned for the year 2023/2024.

1.2  The report allows the Audit and Risk Committee to monitor and review these activities and assurances they provide.

## 2. REPORT

2.1 The risk management and internal control activities undertaken and planned for 2023/2024 are summarised in Attachment 1 and have been updated since they were last reviewed by the Audit and Risk Committee in November 2023.

2.2 The Executive has approved a revised new strategic risk register as included in Attachment 2 of this report. See below a brief summary of the process followed in developing and further updating this register:

2.2.1 July 2022 – Executive held strategic risk workshop

2.2.2 November 2022 – Audit and Risk Committee recommended to revisit the format of the register and consider incorporating treated risks and map the controls with their corresponding causes of risk.

2.2.3 Feb 2023 - Executive approved the new format

2.2.4 June 2023 – Executive held further strategic risk workshop. Agreed to revise register from 11 risks to 8 risks after considering (among other things) the Council's strengths, weaknesses, opportunities and threats, and also risk trends within sector and risks considered strategic to the accomplishment of Council's City Plan 2035 objectives and critical actions.

2.2.5 September 2023 – Risk descriptions were approved by Executive and reviewed by the Audit and Risk Committee

2.2.6 October 2023 – The causes, controls and ratings were expanded for the approved risk descriptions and a draft new strategic risk register was shared with the Senior Leadership Team (SLT - all Divisional Managers).

2.2.7 November 2023 - Feedback from SLT was incorporated.

2.2.8 January 2024 – Further review and consideration by Executive to adopt the new strategic risk register, and agreed to present to the Audit and Risk Committee for further feedback.

2.2.9 February 2024 – Audit and Risk Committee consultation.

2.3 A Strategic Risk Register is a living document and continuous work in progress. An updated version of the new revised strategic risk register will be presented to the next Audit and Risk Committee meeting with further updated timelines and action owners.

2.4 For your ease of reference and comparison, the previous version of the strategic risk register is included in Attachment 3.

## 3. CONCLUSION / PROPOSAL

3.1 This report provides a summary of the risk management and internal controls activities undertaken and planned for 2023/2024 since its last presentation to the Audit and Risk Committee in November 2023.

3.2 The report also seeks Audit and Risk Committee guidance, feedback and comments on the revised new strategic risk register.

Risk Management and Internal Control Activities – July 2023 to 30 June 2024

| Annual Plan – 1 July 2023 to 30 June 2024 | | | | | |
|---|---|---|---|---|---|
| **Activity** | **Type of Activity (Risk Management or Internal Controls)** | **Resourcing (Internal, External, Co-sourced)** | **Status: Completed, In progress, Not yet commenced** | **Rationale for piece of work** | **Update on progress** (for **14 November 2023** Audit and Risk Committee**)** |
| 1. External Audit of financial internal controls 2023/2024 | Internal Controls | External | **Not yet commenced** | This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work. | The External Audit Plan for 2023/2024 is scheduled to be presented to April 2024 Audit & Risk Committee. The Audit Plan will cover the audit of financial internal controls and auditors will issues a separate certification report for this. |
| 2. External Audit of financial internal controls 2023/2024 | Internal Controls | External | **Not yet commenced** | This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work. | The external audit plan for 2023/2024 is scheduled to be presented to April 2024 Audit & Risk Committee. |
| 3. Control Self-Assessments and Risk Assessments for 2023/2024 through the Control Track system, preparing for external audit certification. | Internal Controls (Financial Internal Controls Best Practice Model) | Internal | **Not yet commenced** | The external auditor's expectations are that at least one control self-assessment will be conducted annually and a risk assessment should also be conducted on financial internal controls. | For FY203/2024 control self-assessments and risk assessments are scheduled to occur in May 2024. |

**Item 7.1.4 - Attachment 1 - Risk Management and Internal Control Activities Annual Plan 2023/2024**

Risk Management and Internal Control Activities – July 2023 to 30 June 2024

| Annual Plan – 1 July 2023 to 30 June 2024 | | | | | |
|---|---|---|---|---|---|
| Activity | Type of Activity (Risk Management or Internal Controls) | Resourcing (Internal, External, Co-sourced) | Status: Completed, In progress, Not yet commenced | Rationale for piece of work | Update on progress (for 14 November 2023 Audit and Risk Committee) |
| 4. Cash Management (Petty Cash Audit –2023 /2024) | Internal Controls | Internal | Not yet commenced | This work needs to be completed annually as a part of the financial internal control framework; it includes the end of year reconciliations of petty cash and till floats. This work needs to be completed annually as a part of the financial internal control framework; it includes the end of year reconciliations of petty cash and till floats. | Will start in July 2024. |
| 5. Audit Committee self-assessments 2023/2024 | Internal Controls | Internal | Not yet commenced | The annual self-assessment reviews the performance of the Audit Committee. | Planned to be undertaken in March 2024. |
| 6. Strategic Risk Register Review | Risk Management | Internal | Completed | Given the dynamic nature of macro factors affecting COS's strategic risk environment, and emerging risks, Administration determined to review the strategic risk register. | Following further review, Excutives have developed a new Strategic Risk Register, and is included in February 2024 Audit & Risk Committee agenda. |

Risk Management and Internal Control Activities – July 2023 to 30 June 2024

| Annual Plan – 1 July 2023 to 30 June 2024 | | | | | |
|---|---|---|---|---|---|
| **Activity** | **Type of Activity (Risk Management or Internal Controls)** | **Resourcing (Internal, External, Co-sourced)** | **Status: Completed, In progress, Not yet commenced** | **Rationale for piece of work** | **Update on progress** (for **14 November 2023** Audit and Risk Committee**)** |
| 7.  ERM Roadmap Deliverable – Operational Risk Registers for all Divisions | Risk Management | Internal | In progress | Establishing and maintaining an operational risk register for each division is required under the ERM Framework adopted by Council. | Governance Division facilitated this process and worked with the Divisional Managers to have their operational risk registers updated along with training key stakeholders on how to use the ERM Framework. All divisional managers received training to update register using a standard template. Initial operational risk registers are expected to be in place by end of March 2024. |
| 8.  Risk Management Internal Audit | Risk management | External | Not yet commenced | An independent assurance on the risk management process implemented. | An internal Audit is scheduled to commence in August 2025 as per the 3 year Internal Audit Plan. |

**Item 7.1.4 - Attachment 1 - Risk Management and Internal Control Activities Annual Plan 2023/2024**

**City of Salisbury — Strategic Risk**

**REVISED NEW STRATEGIC RISK**

Current as at: 1/02/2024

| Strategic Pillar | Risk short name | Risk Owner | Risk Description (There is a risk of/that:) | Cause # | Causes (Potential and Actual) | Consequences | L | C | Inherent Risk Rating | Critical Controls | Addresses Cause # | Effectiveness rating | Overall Control Effectiveness | L | C | Current Risk Level | ACCEPT THE RISK AT THIS LEVEL? | Treatment Actions | Who | When by? | Change/Trend/Mood | Treatment Implementation Progress (Status) | Development of Control | Implementation of Control | L | C | Treated Risk Rating | Last Review Date | Next Review Due Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 — Innovation and Business Development | Financial Sustainability Risk | Primarily: Deputy CEO; Secondarily: Other CMs | There is a risk that the long term financial sustainability is compromised and may impact the Council's capacity to respond to emerging needs of Council, and meet the financial commitments and requirements for Council's operations and delivery of services. | 1.1 | Decline in grant funding due to change in government priorities | The Council may face consequences in the form of service reduction, infrastructure deficiencies, budget constraints, increased debt and interest cost, reduced investment in community development and deterioration of service quality. | LIKELY | MAJOR | High | **Preventative Controls** — Appropriate execution of the Grant application and management process, and maintain good relationship with grant funding bodies. | 1.1, 1.9, 1.13 | E | ME | UNLIKELY | MAJOR | Medium | YES | | | | | | | | UNLIKELY | MAJOR | Medium | | |
| | | | | 1.2 | Inadequate revenue base or failure to maximise revenue from all sources | | | | | Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, NAWMA) | 1.2 | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.3 | Unplanned spending | | | | | Long term financial planning, covering future financial needs, potential risks, and implementing strategies to enhance financial sustainability. Focus on achieving | 1.10, | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.4 | Inadequate valuation of assets or inaccurate depreciation | | | | | Up-to-date robust accounting policies, procedures and work instructions. | 1.6, 1.4 | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.5 | Inadequate planning for infrastructure repairs or upgrades and asset maintenance backlogs, and changes in service levels without consideration of the broader financial implications. | | | | | Annual Plan and Annual Report reviewed by both Audit & Risk Committee and Finance & Corporate Services Committee | 1.4, 1.7, 1.17 | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.6 | Fraud, corruption, misconduct or maladministration | | | | | Review of Financial information by the Finance & Corporate Services Committee | 1.7 | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.7 | Inadequate oversight review process of financial plans and budget. | | | | | Internal audits scheduled including grants process audit, rates setting and revenue process audit, strategic | 1.7, | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.8 | Cost shifting or roles and responsibilities and associated costs are shifted from federal or state government to City | | | | | Managing, monitoring and reviewing of LTFP and ensuring that LTFP and other strategic plans | 1.7, 1.5, 1.15 | ME | | | | | | | | | | | | | | | | | | |
| | | | | 1.9 | | | | | | Treasury Policy in place for appropriate management of debt funds | 1.11, 1.12, | ME | | | | | | | | | | | | | | | | | | |
| | | | | 1.10 | Ineffectively structured debt funding arrangements | | | | | Business Case Modelling requirement for acquisition and investment projects over a certain financial threshold, in accordance with prudential report policy. | 1.4, 1.17 | ME | | | | | | | | | | | | | | | | | | |
| | | | | 1.11 | Ineffective investment decision making | | | | | Undertaking Quarterly budget reviews and implement effective strategies to reduce costs and financial | 1.3 | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.12 | Unknown consequences of new infrastructure provision from other levels of government or private sector investment | | | | | Regular reviews of rating system on its fairness and equity | 1.2, 1.8, 1.17 | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.13 | Failure to encourage investment in the City | | | | | Annual external Audit activities to test for internal controls and true and fair view of audited financial statements | 1.3, 1.4, 1.5, 1.7 | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.14 | Lack of planning and adaptability to population growth and change in demographics leading to increase in service demand creating pressure on existing resources. | | | | | Stimulate economic growth measures and property value appreciation; and consider appropriate Rates modelling to monitor property values and adjust budget forecast accordingly. | 1.18 | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.15 | Default or delays in Rates payment due to community financial distress and hardship. | | | | | **Reactive Controls** | | | | | | | | | | | | | | | | | | | | |
| | | | | 1.16 | City revenue has to be raised increasingly through more traditional methods (rate rises) | | | | | Maintain appropriate insurance coverage and implement risk management practices to manage legal risks | 1.19 | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.17 | Revenue from the sale of assets (land) is not invested for the longer term benefit of the community | | | | | Effective debt collection and credit control process | 1.16 | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.18 | Increase in costs for Council due to inflation, unplanned spending, economic down turn, contractual obligations and regulatory compliance. | | | | | Budgetary control and management process in place covering effective revenue and expenditure management | 1.10, 1.3, 1.5 | E | | | | | | | | | | | | | | | | | | |
| | | | | 1.19 | Unexpected legal liabilities such as law suits or court | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 — Innovation and Business Development | Cybersecurity Risk | Primarily: Deputy CEO | There is a risk that inadequate and ineffective IT security controls may leave the organisation vulnerable to cyber attacks, having potential for harm or loss arising from the unauthorized access, use, disclosure, disruption, or destruction of personal and organisational data / information. | 2.1 | Cyber attack (Unauthorised access/network intrusion, denial of service, vulnerability exploitation, malware, social engineering, hacking, phishing, ransomware) | Data breach and loss of sensitive information, operational disruption and downtime; financial loss; legal and regulatory consequences to legislative non-compliance or breach; poor service delivery; reputational damage; costs of litigation and restoration of services. | LIKELY | CATASTROPHIC | Very High | **Preventative Controls** — Developed and implemented IT Governance Framework and IT Road Map | 2.1, 2.2, 2.5 | PE | ME | LIKELY | MAJOR | High | NO | Implementation of Cyber Security Program | Manager Business Systems & Solutions | In Progress | Same | On-Track | | | POSSIBLE | MODERATE | Medium | | |
| | | | | 2.2 | Business Continuity / Disaster Recovery Plans not tested or properly documented | | | | | Programmed testing of systems for security and reliability including penetration testing | 2.8, 2.12, 2.11, | ME | | | | | | | Development and implementation of the Digital Strategy | Director Business Transformation | In Progress | Same | On-Track | | | | | | | |
| | | | | 2.3 | Mobile device management with the potential for a lost or stolen device being used to access Council systems | | | | | Compliance with Information Security Policies and Procedures | 2.7 | PE | | | | | | | Implementation of IOT Governance Framework and IT Roadmap | Manager Business Systems & Solutions | In Progress | Same | On-Track | | | | | | | |
| | | | | 2.4 | Lack of auditing and logging functions to capture cybersecurity breach attempts and events | | | | | Deploy robust antivirus and anti-malware solutions | 2.1, 2.11, 2.12 | E | | | | | | | Testing of IT disaster recovery plan | Manager Business Systems & Solutions | In Progress | Same | On-Track | | | | | | | |
| | | | | 2.5 | Lack of monitoring of cybersecurity threats to organisational assets | | | | | Documented and tested Business Continuity Plans, Incident Response Plan and back up strategies | 2.13, 2.5 | ME | | | | | | | | | | | | | | | | | | |
| | | | | 2.6 | Lack of security awareness, communication/training for all staff regarding information security | | | | | Implemented security and access controls, including strong password policies and multi-factor authentication | 2.8, 2.5 | ME | | | | | | | | | | | | | | | | | | |
| | | | | 2.7 | Information to facilitate action during a cybersecurity incident is not available | | | | | Regular software update and patch management and software maintenance procedures | 2.12, 2.8, 2.9 | ME | | | | | | | | | | | | | | | | | | |
| | | | | 2.8 | Weak or easily guessable passwords (password complexity and update frequency not enabled) | | | | | Performance of Cyber Security Risk Assessments, including due diligence on 3rd party vendors | 2.8, 2.13, 2.2, 2.1 | ME | | | | | | | | | | | | | | | | | | |
| | | | | 2.9 | Software vulnerabilities and unpatched systems | | | | | Audit logs for access to systems | 2.4, 2.8, 2.12, 2.13 | ME | | | | | | | | | | | | | | | | | | |
| | | | | 2.10 | lack of awareness of internal risks (eg. Phishing emails) | | | | | Documented and embedded Fraud & Corruption Prevention & Management Policy and Framework | 2.15 | PE | | | | | | | | | | | | | | | | | | |
| | | | | 2.11 | Third-party security breaches | | | | | Documented and implemented Cyber Security Improvement Program | 2.1 to 2.13 | SIR | | | | | | | | | | | | | | | | | | |
| | | | | 2.12 | Lack of current policies and procedures related to IT Security. | | | | | Security awareness training program | 2.6 | ME | | | | | | | | | | | | | | | | | | |
| | | | | 2.13 | Lack of best practice measures and quality standards and relevant legislative compliance requirements | | | | | Essential 8 Maturity Model to mitigate cyber threats | 2.1 | PE | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Implement network and system monitoring tools | 2.5 | ME | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | **Reactive Controls** — Documented and tested IT Disaster Recovery Plan | 2.9 | PE | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Comply with quality standards and best practice measures and comply with legislative requirements | 2.13 | ME | | | | | | | | | | | | | | | | | | |
| 3 | | | There is a risk that the lack of alignment, data integrity, and effectiveness of information systems and technology strategy deployment may not adequately support the efficiency and effectiveness of Council operations and service delivery. | 3.1 | IS/IT Strategy not aligned to the business strategy and City Plan directions and critical actions. | Delays in processing tasks and services due to outdated or unreliable systems; higher operational costs; decreased quality and consistency in service delivery; budget overruns and ineffective utilisation | | | | **Preventative Controls** — Approved Digital Strategy 2027 and Digital Strategy 2027 Implementation Plan. | 3.1, 3.2 | E | | | | | | | Investment in data quality tools and data cleansing process is required | Manager Technology and Digital Solutions | In Progress | Same | On-Track | | | | | | | |
| | | | | 3.2 | Lack of IS/IT governance due to lack of clear policies, procedures, guidelines and practices. | | | | | Current IS/IT policies, procedures and guidelines, and IT Governance Framework. | 3.2 | PE | | | | | | | Microsoft 365 Roll Out | Manager Technology and Digital Solutions | TBA | Same | On-Track | | | | | | | |

Item 7.1.4 - Attachment 2 - Revised New Strategic Risk Register - February 2024

**Column headers:** Strategic Pillar | Risk short name | Risk Owner | Risk Description (There is a risk that of that:) | Causes (Potential and Actual) | Consequences | L | C | Inherent Risk Rating | Critical Controls | Addresses Cause # | Effectiveness rating | Overall Control Effectiveness | L | C | Current Risk Level | ACCEPT THE RISK AT THIS LEVEL? | Treatment Actions | Who | When by? | Change/Trend/Mood | Treatment Implementation Progress | Treated Risk Rating | L | C | Last Review Date | Next Review Due Date

### Risk 3 — Information Systems and Technology (IS/IT) Risk (excluding Cybersecurity)

Strategic Pillar: Innovation and Business Development
Responsible: Primarily: Deputy CEO; Secondarily: Other GMs

Inherent Risk Rating: ALMOST CERTAIN / MAJOR — **Very High**
Overall Control Effectiveness: **PE**
Current Risk Level: POSSIBLE / MAJOR — **High**
Accept the risk at this level?: **NO**
Treated Risk Rating: POSSIBLE / MODERATE — **Medium**

| Cause # | Causes | Critical Controls | Addresses Cause # | Effectiveness |
|---|---|---|---|---|
| 3.3 | Inadequate and inefficient IS/IT project management practices may result in project implementation delays, increased costs, and failure to deliver on all project objectives. | Clearly defined and approved project scope, objectives, project governance structure, and clearly defined and approved project management and implementation plan documents. | 3.3 | PE |
| 3.4 | Lack of thorough software testing for bug fix and business rules testing. | Sound testing regime established for software, business rule and undertaken data validation and reconciliations. | 3.4 | E |
| 3.5 | Resistance to change and ineffective change management practices. | Provide adequate training for end users of IS/IT systems and create awareness/training on effective data and information security measures. | 3.5 | PE |
| 3.6 | Inaccurate, incomplete, or outdated data due to poor data management practices. | Data governance policies and procedures. | 3.6 | PE |
| 3.7 | Inadequate end-user training. | Data quality tools and data cleansing processes. | 3.6 | SIR |
| 3.8 | Inadequate resource allocation and budgeting for IS/IT initiatives. | Create a data architecture that facilitates data integration and reduces silos. | 3.9 | ME |
| 3.9 | Integration and compatibility issues within Information systems | Training and development of IT staff and end-users | 3.7 | ME |
| 3.10 | lack of IT general controls including systems and network access | Implement change management practices to ensure staff adoption of new technologies. | 3.5 | ME |
| 3.11 | IT system down time and data loss or disruption due to disaster or unexpected events. | Keep up with relevant data protection and compliance regulations | 3.6 | PE |
| 3.12 | Parallel run of current systems and ERP solutions during transition and resultant ineffective data management | Integrated Enterprise Resource Planning (ERP) system as a connected eco-system | 3.1, 3.3, 3.9 | ME |
| 3.13 | Not meeting internal customer needs and failure to identify and respond to new digital solution opportunities | IT Audits, reviews and need assessments | 3.1 - 3.13 | E |
| 3.14 | | Firewall management of incoming and outgoing traffic and network segmentation to isolate sensitive data and | 3.10 | ME |
| 3.15 | | Operational risk assessments for key ERP events and in decision making process. | 3.3, 3.12 | ME |
| | | IT Governance Framework and various steering committee structures | 3.1, 3.2 & 3.3 | E |
| | | **Reactive Controls** | | |
| | | IT disaster recovery plans and policies in place. | 3.11 | ME |
| | | Post Implementation review of key IT projects | 3.3 | PE |
| | | Patch management | 3.4, 3.9 | ME |
| | | Service Quality measurements and KPI reporting | 3.13 | ME |

Consequences: and ineffective utilisation of IT resources; increased financial loss; system downtime and loss of productivity; trigger operational disruptions and loss of productivity; reputation and loss of stakeholder confidence; low user adoption; data loss; fraud and corruption; legal action and fines for non-compliance; user dissatisfaction and resistance to change; cybersecurity breaches and loss of confidential, critical, sensitive and personal information.

Treatment Actions:
| Treatment Action | Who | When by | Trend | Status |
|---|---|---|---|---|
| ERP Phase 2 implementation | Director Business Transformation | | In Progress | On-Track |
| Data governance and privacy policy implementation | Manager Governance, and Manager Technology and Digital Solutions | TBA | | Pending |

### Risk 4 — Assets and Infrastructure Management Risk

Strategic Pillar: A sustainable City
Responsible: Primarily: GM City Infrastructure; Secondarily: GM Business Excellence; GM City Development

Risk Description: There is a risk that the planning, acquisition, development, operation, maintenance, safe demolition and financing of Council's assets and infrastructure may not be managed in a sustainable manner for operation and provision of Council's services.

Inherent Risk Rating: POSSIBLE / MAJOR — **High**
Overall Control Effectiveness: **ME**
Current Risk Level: POSSIBLE / MODERATE — **Medium**
Accept the risk at this level?: **NO**
Treated Risk Rating: POSSIBLE / MINOR — **Medium**

| Cause # | Causes | Critical Controls | Addresses Cause # | Effectiveness |
|---|---|---|---|---|
| | **Preventative Controls** | | | |
| 4.1 | Inadequate funding for assets and infrastructure development, management and maintenance. | Current Strategic Asset Management Plan and Long Term Financial Plan aligned to each other. | 4.1, 4.2 | E |
| 4.2 | Asset management plans not aligned to financial plans and budget, or set at levels that are not financially sustainable. | Annual Business Plan and Budget for assets planned for delivery in the current financial year. | 4.1 | E |
| 4.3 | Aging infrastructure requiring significant maintenance and replenishment due to aging. | Asset maintenance plans updated in Asset Management Operating Plans or Asset Management Plans | 4.1, 4.2, 4.7 | SIR |
| 4.4 | Natural disasters and climate change impacts leading to unforeseen/unexpected damage or destruction of assets and infrastructure. | Asset Inventory and condition assessments undertaken regularly as per an agreed schedule or plan | 4.3 | SIR |
| 4.5 | Inadequate and ineffective assets and infrastructure maintenance regime in practice | Regular and proactive maintenance programs are in place to address minor issues before they escalate, extending asset lifespan and minimizing the risk of failures. | 4.5 | ME |
| 4.6 | Failure to monitor and forecast demographic changes in the City and adjust objectives and plans accordingly | Reviewed and maintained Asset Management Policy and Plans | 4.7 | ME |
| 4.7 | Asset management plan not current and not implemented effectively. | Asset Management infrastructure audits | 4.1 - 4.12 | ME |
| 4.8 | Failure to maintain and implement a social infrastructure plan for the existing and future assets | Risk assessments and mitigation controls are in place in the assets acquisition, development, management and maintenance process for assets and infrastructure. | 4.4, 4.5, 4.6 | ME |
| 4.9 | Failure to adapt to new technological advancements, leading to assets and infrastructure that is inefficient, costly and ineffective. | Reviewed and maintained City Plan/Strategic Plans/Business Plans | 4.12 | ME |
| 4.10 | Lack of staff training and capacity among staff responsible for asset and infrastructure management leading to inadequate maintenance practice, incorrect assessment, and sub-optimal decision making. | ERP Solution enhancing asset management process | 4.5, 4.11 | PE |
| 4.11 | Inadequately designed and ineffectively implemented project management and capital infrastructure delivery process. | Capital Delivery Framework implemented | 4.11 | ME |
| 4.12 | Assets and infrastructure delivery and management is not aligned to the strategic objectives of Council. | Asset Maintenance as per Asset Management Operating Plans, and prioritised maintenance of assets based on risk. | 4.3 | PE |
| | Service level creep without consideration of financial implications | **Reactive Controls** | | |

Consequences: Failure to address the causes to effectively manage assets and infrastructure management risks can lead to service disruptions impacting essential services, increased repair and replacement cost, decreased assets performance and lifespan, safety risks, financial asset value, and reduction in future grant funding.

Treatment Actions:
| Treatment Action | Who | When by | Trend | Status |
|---|---|---|---|---|
| Asset Management Operating Plans (AMOP) to be updated | GM City Infrastructure | TBA | Same | On-Track |
| Schedule of Asset Condition Report Assessments to be developed and audited. | GM City Infrastructure | TBA | Same | On-Track |
| Develop a social infrastructure plan outlining current and future needs taking into account growth, dynamism and emerging challenges. | GM Community Development | TBA | Same | On-Track |

### Risk 5 — Business Continuity & Emergency Management Risk

Strategic Pillar: A welcoming and liveable City
Responsible: Primarily: CEO; Secondarily: GM City Infrastructure

Risk Description: There is a risk that potential threats including emergency events, natural disasters, technological incidents and other unforeseen events can disrupt the Council's ability to function normally and carry out its operations, and effective controls and processes to respond and recover from such threats are not planned and implemented.

Inherent Risk Rating: ALMOST CERTAIN / CATASTROPHIC — **Very High**
Overall Control Effectiveness: **ME**
Current Risk Level: LIKELY / MODERATE — **High**
Accept the risk at this level?: **NO**
Treated Risk Rating: POSSIBLE / MINOR — **Medium**

| Cause # | Causes | Critical Controls | Addresses Cause # | Effectiveness |
|---|---|---|---|---|
| | **Preventative Controls** | | | |
| 5.1 | Lack of plans and procedures to inform recovery and response strategies when a business continuity or emergency event occurs. | Business Continuity and Incident Management Team identified and trained on roles and responsibilities. | 5.2 | PE |
| 5.2 | Lack of communication/training for relevant staff required to respond to business continuity and emergency events | Current and maintained Business Continuity Framework (including Business Continuity Plans - BCP, Incident Management Plans - IMP, risk assessment and testing regime) | 5.1, 5.3 & 5.8 | ME |
| 5.3 | Information to facilitate action during business continuity or emergency events is insufficient or not available. | Performance testing of BCP scenarios including Business Continuity Impact Assessments for critical function | 5.1, 5.3, 5.4, 5.5, 5.8 & 5.9 | PE |
| 5.4 | Natural disasters such as hurricanes, earthquakes, floods, bushfire and heat waves can disrupt business operations and cause significant damage to Council assets, infrastructure and systems. | Current and maintained Emergency Management Plan (EMP) | 5.1, 5.5 | PE |
| 5.5 | Pandemics and epidemics can lead to staff shortages, supply chain disruptions, project deliveries. | Effective and regularly reviewed COVID action plans and pandemic response plans in place. | 5.5 | E |
| 5.6 | Inadequate procedures and plans in place to prevent, and manage incidents when they occur. | Cybersecurity Improvement Program in progress | 5.9 | PE |
| 5.7 | Lack of a robust asset and infrastructure management and maintenance regime leading to failure of critical assets and infrastructure. | Cybersecurity Awareness Program in progress | 5.9 | E |

Consequences: Service delivery to community severely compromised, reputational damage, loss of morale and resources, compromised regulatory decisions, death/critical injury of staff and/or public, financial costs to rectify, legal cost of failure to prevent a health and safety incident, regulatory or Government censure.

Treatment Actions:
| Treatment Action | Who | When by | Trend | Status | Commentary | Dev % | Impl % |
|---|---|---|---|---|---|---|---|
| Develop and deliver training on business continuity to relevant staff. | Manager Governance | TBA | Same | On-Track | | | |
| Delivery of Emergency Management Project | TBA | TBA | Same | On-Track | The Emergency Management Policy and Emergency Management Plan have been adopted. The Incident Operations Framework has been adopted. The project has been substantially completed from a design and documentation point of view. | 80% | 50% |
| Review the Business Continuity Impact Assessments for critical functions. | Manager Governance | TBA | Same | On-Track | | | |
| Review the BC Policy and EM Procedure | Manager Governance | TBA | Same | On-Track | | | |
| Review and update AMOPs for all Critical Asset Categories. | GM City Infrastructure | TBA | Same | On-Track | | | |
| Perform testing of ITDR Plans. | Manager Technology and Digital Solutions | TBA | Same | On-Track | | | |

**Item 7.1.4 - Attachment 2 - Revised New Strategic Risk Register - February 2024**

| Strategic Pillar | Risk short name | Risk Owner | Risk Description | Cause # | Causes (Potential and Actual) | Consequences | L | C | Inherent Risk Rating | Critical Controls | Addresses Cause # | Effectiveness rating | Overall Control Effectiveness | L | C | Current Risk Level | ACCEPT THE RISK AT THIS LEVEL? | Treatment Actions | Who | When by? | Change/Trend/Mood | Treatment Implementation Progress | Dev. of Control | Impl. of Control | L | C | Treated Risk Rating | Last Review Date | Next Review Due Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

**Business Continuity (continued)** — Primarily: Secondary/Responsible

| | | | | 5.8 | Inadequate due diligence performed by CoS in order to identify relevant risks related to the management and delivery of community events. Risk assessments are not undertaken for critical functions of Council, and controls and actions are not implemented. | | A | G | | Distribution and maintenance of effective (Virtual Private Network (VPN) network access to all relevant staff. | 5.1, 5.6 | E | | | | | | | | | | | | | | | | | |
| | | | | 5.9 | Cybersecurity incidents such as hacking, data breaches, and malware attacks can compromise critical business systems, disrupt operations and lead to financial loss. | | | | | Reviewed and maintained Asset Management Operating Plans (AMOP), including maintenance regimes for critical infrastructure and assets. | 5.7 | PE | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Active participation within Northern Adelaide Zone Emergency Management Committee (NAZEMC) to jointly understand emergency management triggers and work out joint strategies. | 5.2, 5.3, 5.4 | PE | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Evacuation procedures and regular testing of procedures. | 5.6 | ME | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Building Control and Inspections | 5.7 | ME | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Provision and maintenance of Building safety systems – e.g. exit signs, fire extinguishers, wardens etc., induction process. | 5.7 | ME | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Internal Audits in the area of BCP, EM, Cybersecurity, Risk Management. | 5.8 | ME | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | **Reactive Controls** | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Current and maintained Disaster Recovery Plans (DRP) and IT Disaster Recovery Plan (ITDRP) including testing regime in place. | 5.5 | PE | | | | | | | | | | | | | | | | | |

**Climate Change Adaptation Risk** — A sustainable City. Primarily: GM City Development; Secondary/Other GMs.

Risk Description: There is a risk that failure to plan and adapt to severe changes in climate conditions including but not limited to extreme fluctuations in temperatures, altered rainfall patterns, bushfires, heatwaves, cyclones, drought and storms may negatively impact City of Salisbury's operations, infrastructure, services and the community.

Inherent: ALMOST CERTAIN / MAJOR / Very High. Current Risk: POSSIBLE / MODERATE / Medium. NO. Treated Risk: POSSIBLE / MINOR / Medium.

| Cause # | Causes | Critical Controls | Addresses | Eff. | Treatment Actions | Who | When by | Trend | Progress | Dev | Impl |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Preventative Controls** | | | | | | | | | |
| 6.1 | Inadequate understanding of and planning for the impact of climate change on Council's assets infrastructure and service provision. | Sustainability Strategy 2035 developed with objectives, indicators and actions for 5 key themes: Biodiverse, Carbon Responsible, Climate Resilient, Resourceful, and Waterwise. | 6.1, to 6.18 | PE | Implementation of the Sustainability Strategy 2035 | GM City Development | In Progress | Same / On-Track | | 100% | 25% |
| 6.2 | Business plans fail to adequately address evolving impacts of climate change | Climate change risk assessment project underway | 6.1, to 6.18 | PE | Climate Change Adaptation Risk Assessment | GM City Development | In Progress | Same / On-Track | Climate change risk assessment workshop undertaken | 100% | 90% |
| 6.3 | Lack of planning for increased heatwaves and frequency of very hot days on assets, operations and staff | Current and maintained Emergency Management Plan | 6.4, | ME | Implementation of Adaptation Plan - Adapting Northern Adelaide | GM City Development | Ongoing - actions reviewed every two years. | Same / On-Track | | | |
| 6.4 | Lack of climate change adaptation plans and procedures to inform response strategies when climate change related event occurs | Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced | 6.7, 6.8 | ME | Develop and deliver training on business continuity to relevant staff. | Manager Governance | TBA | On-Track | | | |
| 6.5 | Coastal inundation and impact on biodiversity such as impact of the Dry creek salt fields | Implementation of the Watercourse Management Plan and capital program including the renewal of Wetlands and desilting/removal of pollutants in waterways as required | 6.7, 6.8; 6.13 | E | | | | | | | |
| 6.6 | Insufficient modelling of weather events used within Asset Management Planning | Reviewed and maintained Asset Management Policy and Plans | 6.2, 6.6, 6.7, 6.8 | E | | | | | | | |
| 6.7 | Failure to consider environmental consequences when planning and designing infrastructure | Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEW | 6.4 | E | | | | | | | |
| 6.8 | Inadequate infrastructure to manage stormwater and sea level rises | One in 100 year flood and Probable Maximum Flood modelling including tidal info. in place at individual house level, using digital terrain modelling | 6.4, 6.6, 6.12, 6.13 | ME | | | | | | | |
| 6.9 | Lack of adequate resourcing for climate change adaptation and environmental sustainability | Regular monitoring of risk sites e.g. land fill sites, dams | 6.7 | ME | | | | | | | |
| 6.10 | Inadequate understanding of and planning for factors impacting the environmental suitability | Bushfire Management Plan | 6.15, 6.12 | E | | | | | | | |
| 6.11 | Lack of adoption of renewable energy sources | Planned development of an Organisational Emissions Reduction Action Plan and Resource Recovery Action Plan | 6.15 | ME | | | | | | | |
| 6.12 | Increased demand for irrigation water due to more frequent and serve droughts | Effective undergrowth management procedures | 6.3, 6.16, 6.14 | E | | | | | | | |
| 6.13 | Increased demand for irrigation water due to more frequent and serve droughts | Asset Management infrastructure audits | 6.14, 6.12 | ME | | | | | | | |
| 6.14 | Loss of critical infrastructure and utilities due to extreme events and disasters, e.g. electricity blackouts | **Reactive Controls** | | | | | | | | |
| 6.15 | Lack of systems to manage increased frequency of bushfires such as demands of staff and decline in air quality | Evacuation procedures and testing | 6.3 | ME | | | | | | | |
| 6.16 | Lack of amenity in local and regional shopping precincts causing reduce patronage impacting business success and community resilience due to change in climatic conditions | Extreme Heat response process (for residents) | 6.3 | ME | | | | | | | |
| 6.17 | Lack of food security due to increased cost of food, loss of food growing skills and difficult growing conditions | Adequate insurance | 6.3, 6.17 | ME | | | | | | | |
| 6.18 | Loss of tree canopy and green space due to increased mortality of trees and vegetation not adapted to changing climate | Adapting Northern Adelaide Zone Emergency Management plans | 6.1, 6.2, 6.3, 6.4 | ME | | | | | | | |
| | | Building Control and Inspections | 6.9, 6.16, 6.14 | ME | | | | | | | |

Consequences (Climate Change): Increased demands for services, service delivery to community is compromised, reduced ability to raise income, financial cost of dealing with the consequences of frequent freak weather related events, long term impact on infrastructure, its maintenance and replacement, failure to adapt to a changing external environment resulting in some services becoming irrelevant or insufficient, organisational plans and strategies are not achieved or delivered in a way that is consistent with our values, not meeting community needs, reputational damage. Increased incidence of death and serious illness, especially the elderly. Decreased water quality, impacts on rivers and wetlands ecosystems. Increased damage to foundations. Increased fire danger. Increased flood damage. Salt water intrusion into ground water and coastal wetlands, mangroves. Increased coastal flooding.

**Human Resources, Organisational Capability and Safety Risk** — Innovation and Business Development. Primarily: Deputy CEO; Secondary: Other GMs.

Risk Description: There is a risk that lack of efficient and effective implementation of systems and process for human resource management, work health and safety and organisational capacity development governance can lead to inadequate, insufficient, and inappropriately skilled human resources and capability for effective council operation and service delivery, and the safety and well being of human resources may not be sustainable. There is a risk that human resources may not meet the people and culture needs for the future growth of the business.

Inherent: LIKELY / CATASTROPHIC / Very High. Current Risk: UNLIKELY / MAJOR / Medium. NO. Treated Risk: UNLIKELY / MODERATE / Medium.

| Cause # | Causes | Critical Controls | Addresses | Eff. | Treatment Actions | Who | When by | Trend | Status |
|---|---|---|---|---|---|---|---|---|---|
| 7.1 | Inadequate controls to prevent incidents from occurring | **Preventative Controls** | | | Employee succession planning and retention policy implementation | Manager People & Culture | TBA | Same | On-Track |
| 7.2 | Insufficient reporting of incidents and near misses | WHS Management system which conforms to Work Health and Safety Standards for Self-Insured Employers. | 7.1, 7.2, 7.3, 7.5 | E | Development of a People Strategy | Manager People & Culture | TBA | Same | On-Track |
| 7.3 | Safe work practices not documented or communicated to employees | Employee WHS Induction and training needs analysis ensures training is adequate and provided in incident and near miss reporting. | 7.2, 7.4, | ME | Enhancement of employee lifecycle though implementation of new systems | Manager People & Culture | TBA | Same | On-Track |
| 7.4 | Inadequate induction, training and supervision | Work Instruction available based on safety risk register entries. Safe work practices communicated through onboarding, toolbox and team meetings. | 7.1, 7.3, 7.6 | ME | Review policies and procedures to align to new systems and process | Manager People & Culture | TBA | Same | On-Track |
| 7.5 | Inadequate hazard management system | Stop for Safety meetings used to provide personal and team motivation on the importance of following WHS policies and procedures. | 7.6 | E | Align corporate training to support new policies and procedures. | Manager People & Culture | TBA | Same | On-Track |
| 7.6 | Organisational safety attitude does not recognise the importance of following WHS policies and procedures | PDP Process provides a vehicle to identify and plan development needs to ensure ongoing capability | 7.7, 7.8 | ME | | | | | |
| 7.7 | Limited workforce planning, and need/capability assessment | Recruitment Policy and Procedures includes comprehensive guidelines to ensure appropriate candidates are selected. | 7.8 | E | | | | | |
| 7.8 | Lack of appropriate recruitment and selection process covering competency, capacity and right fit for the job. | Biannual analysis of comparison Councils as part of Enterprise Agreement Negotiations. | 7.9 | E | | | | | |
| 7.9 | Rising wages and salaries cost due to inflation and market competitive conditions. | Financial resource requirements for meeting human resource needs are considered in annual budget reviews. | 7.10 | ME | | | | | |
| 7.10 | Limited budget for implementing effective human resource, and safety strategies. | Service Anniversary Awards twice yearly. | 7.11 | E | | | | | |
| 7.11 | Limited employee recognition programs | PDP Process incorporates development planning. P&C team L&D function assist with coordinating individual and group training. | 7.12 | E | | | | | |
| 7.12 | Insufficient training and development | Formal Annual PDP process | 7.13 | ME | | | | | |
| 7.13 | Lack of an effective staff appraisal system and performance evaluation process | PDP process identifies next level leaders. Exit interviews and employees surveys provide data and information for Managers to implement Action plans and strategies to retain staff | 7.14, 7.15 | ME | | | | | |
| 7.14 | Lack of appropriate succession planning and employee retention strategy | **Reactive Controls** | | | | | | | |
| 7.15 | Deteriorating staff turnover ratio indicating talent drain, losing experienced employees. | | | | | | | | |
| 7.16 | Unhealthy work environment and toxic culture | | | | | | | | |

Consequences (Human Resources): Health and Safety related consequences include the possibility of an employee, contractor, volunteer or elected member getting injured or dies as a result of a preventable incident or accident; potential financial consequences for the City of an incident affecting a member of staff including; medical/rehabilitation expenses, injury compensation claim, legal expenses, fines; regulatory censure including a SafeWork SA Prohibition Notice, Improvement Notice or prosecution/conviction; legal consequences for senior management should policies and procedures be determined as inadequate by SafeWork SA; organisational reputation is damaged through the failure to prevent an accident or injury occurring at work. Consequences in relation to HR and capability include skill gaps and shortage, demotivated staff, high staff turnover, and unhealthy culture.

**Item 7.1.4 - Attachment 2 - Revised New Strategic Risk Register - February 2024**

| Strategic Pillar | Risk short name | Risk Owner | Risk Description | Causes (Potential and Actual) | Consequences | L | C | Inherent Risk Rating | Critical Controls | Addresses Cause # | Effectiveness rating | Overall Control Effectiveness | L | C | Current Risk Level | ACCEPT THE RISK AT THIS LEVEL? | Treatment Actions | Who | When by? | Change/ Trend/ Mood / Outlook of Risk | Delivery Status | Treatment Implementation Progress | | L | C | Treated Risk Rating | Last Review Date | Next Review Due Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| All City Plan directions | Ineffective Governance Risk | Primarily , CEO. Secondarily Other GMs. | There is risk that failure to set up and maintain appropriate governance structures, systems, processes and practices may hinder the operation, service delivery and achievement of objectives for COS in a transparent, accountable and efficient manner and meet community expectations. | **8.1** Inadequate performance measures which are not linked to objectives or strategies.<br>**8.2** Failure to consistently conduct Post Implementation Reviews and measure benefits realisation<br>**8.3** Failure to monitor organisational performance against stakeholder expectations and to take necessary corrective actions.<br>**8.4** Failure to deliver what is thought by the local community due to a lack of alignment of strategic plans<br>**8.5** Lack of formalised policies and procedures for key areas / process and may not be kept current. I don't think this is a good idea.<br>**8.6** Inconsistent reporting and data collection of corporate performance indicators<br>**8.7** Processes and systems fail to address customer needs<br>**8.8** Inadequate capability and capacity (e.g. workforce plans, training and development, technology, systems etc.)<br>**8.9** Failure to engage with all stakeholders in developing the City Plan<br>**8.10** Customer service is neither monitored or managed<br>**8.11** Insufficient prioritisation of projects and resource scoping<br>**8.12** Projects approved are not consistent with the strategic direction of CoS.<br>**8.13** Political interferences / influences override sound governance principles, undermining effective decision-making process.<br>**8.14** Lack of review by independent oversight bodies.<br>**8.15** Inadequate financial controls.<br>**8.18** Challenges from managing Elected Member and/or Employee behaviour/misconduct<br>**8.17** Challenges with managing Council Meetings, efficiently and effectively.<br>**8.18** Compliance with Strategic Planning process<br>**8.19** Lack of a robust risk management policy and framework<br>**8.20** Lack of an effective accountability framework for individual and team actions and decisions<br>**8.21** Legislative non-compliances | Organisational performance is not adequately measured and therefore cannot be managed, organisational plans and strategies are not achieved, organisational resources are not used effectively, organisational plans and strategies are not valued or desired by the community, organisational plans and strategies are not delivered in a way that is consistent with the organisational values, lack of customer / community engagement, lack of employee engagement and commitment to City objectives, poor customer service, council lacks a coherent direction, failure to meet legislative obligations, not meeting community needs, reputational damage, poor organisational performance, negative impact on staff health and wellbeing. | LIKELY | MAJOR | High | **Preventative Controls**<br>Budgets and budgetary control process.<br>Independent oversight and review of strategic reports by Audit and Risk Committee.<br>Review and approval of City Plan by elected members, covering community expectations.<br>Established and embedded Customer Service Framework<br>Monthly Strategic Executive Group meetings<br>Alignment of New Initiative Bid documentation to the City Plan<br>Strategic Planning and Executive Accountability Framework<br>Effective use of and compliance with Community Engagement Framework<br>Capital Delivery Framework implemented<br>Conduct of bi-annual customer satisfaction survey<br>Regular performance of CEO Review via CEO Review Committee<br>Establishing clear current policies and procedures, promoting good governance principles.<br>Enterprise Risk Management policy and framework<br>Regular Strategic Project Reporting<br>Regular review and reporting of City Plan critical actions and KPIs<br>Best Practice Internal Financial Controls Model implemented<br>Effective legislative compliance management and monitoring process<br>Independent Internal Audit Function<br>Elected Member policies and procedures and mandatory training<br>Regular review of policies, procedures and delegations<br>Legal Services Review function<br>**Reactive Controls** | 8.1<br>8.14<br>8.4<br>8.4, 8.5, 8.7, 8.10,<br>8.3<br>8.1, 8.12<br>8.1, 8.12, 8.18, 8.20<br>8.10, 8.9, 8.3<br>8.2, 8.11<br>8.10<br>8.1<br>8.5, 8.20<br>8.19<br>8.12, 8.15<br>8.1, 8.15<br>8.15<br>8.21<br>8.5, 8.7, 8.20, 8.19,8.19<br>8.17, 8.13,<br>8.5<br>8.21 | E<br>E<br>E<br>ME<br>ME<br>ME<br>ME<br>ME<br>ME<br>ME<br>E<br>ME<br>PE<br>ME<br>PE<br>E<br>PE<br>E<br>E<br>ME<br>ME | ME | POSSIBLE | MODERATE | Medium | NO | Implement the ERM Framework by providing training, and support DMs to have operational registers updated.<br>Implementing a legislative compliance monitoring system | Internal Auditor & Risk Coordinator<br>Senior Legal Services Advisor | 31/12/2023<br>TBA - awaiting LGA delivery of Toolkit. | Better<br>Better<br>Same | On-Track<br>On-Track | Operational Risk Register Gap Analysis undertaken and the IA&RC is facilitating the establishment of a baseline operational risk register that DMs can start updating. A consolidated risk register to be put on MS Teams folder where DMs have access to modify and GMs to have view access. | 100% / 60% | UNLIKELY | MODERATE | Medium | | |

City of Salisbury (COS)
Strategic Risk Register

**OLD STRATEGIC RISK REGISTER**

Current as at: **31/12/2023**

| Risk # | Strategic Pillar | Risk short name | Risk Owner | Risk Description | | Causes (Potential and Actual) | Consequences | Inherent Risk (L/C/Inherent) | Critical Controls | Addresses Cause # | Effectiveness rating | Overall Control | Residual Risk (L/C/Current Risk Level) | ACCEPT THE RISK AT THIS | Treatment Actions | Who | When by? | Change/Trend | Treatment Implementation Progress | Treated Risk |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

**Risk 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.

Inherent Risk: ALMOST CERTAIN / CATASTROPHIC / Very High

Causes:
- 1.1 Lack of plans and procedures to inform response strategies when a business continuity or emergency event occurs
- 1.2 Lack of communication/training for relevant staff required to respond to business continuity and emergency events
- 1.3 Information to facilitate action during business continuity or emergency events is insufficient or not available
- 1.4 Impact of climate change on weather patterns
- 1.5 COVID-19 pandemic
- 1.6 Inadequate procedures and plans in place to prevent incidents
- 1.7 Lack of asset management and maintenance
- 1.8 Inadequate due diligence performed by CoS in order to identify relevant risks related to the management and delivery of community events

Consequences: Service delivery to community severely compromised, reputational damage, loss of morale and resources, compromised regulatory decisions, death/critical injury of staff and/or public, financial costs to rectify, legal cost of failure to prevent a health and safety incident, regulatory or Government censure.

| Critical Controls | Addresses Cause # | Effectiveness |
|---|---|---|
| **Preventative Controls** | | |
| Current and maintained Business Continuity Framework (including Plans and testing regime) | 1.1, 1.3 | ME |
| Maintaining and reviewing Business Continuity Framework | 1.1, 1.3 | ME |
| Performance testing of BCP scenarios | 1.1 | ME |
| Business Continuity staff identified and trained on roles and responsibilities | 1.2 | PE |
| Incident Management Team identified and trained | 1.2 | PE |
| Key ICT members actively participating within the Zone Emergency Management Committee – Northern Area | 1.2 | ME |
| 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 |

Overall Control: ME
Residual Risk: POSSIBLE / MODERATE / Medium
Accept the risk at this: NO

Treatment Actions:
1. Develop and deliver training on business continuity to relevant staff. — Team Leader Corporate Governance — Completed — Same — On-Track
2. Delivery of Emergency Management Project — Emergency Management Project Coordinator — 30/04/2022 — Same — Overdue — The Emergency Management Policy and Emergency Management Plan have been adopted. The Incident Operations Framework has been adopted. The project has been substantially completed from a design and documentation point of view. — Development of Control 80% / Implementation of Control 50%

Treated Risk: POSSIBLE / MODERATE / Medium

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**Risk 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.

Inherent Risk: POSSIBLE / CATASTROPHIC / High

Causes:
- 2.1 Inadequate monitoring plans and sample testing
- 2.2 Failure to respond appropriately in the event of contamination
- 2.3 Failure of controls within the Recycled Water Risk Based Management Plan
- 2.4 Wet weather could hamper clean-up operations or contribute to a contamination event
- 2.5 PFAS and PFOA infiltration.
- 2.6 Act of Terrorism
- 2.7 Illegal dumping

Consequences: Impacts: Financial cost of replacing supply with SA Water and clean-up costs, financial impost of rectification, failure to fulfil commercial contractual obligations, reputational damage, regulatory or government intervention and/or fines, revenue reduction, health risk to staff and community.

| Critical Controls | Addresses Cause # | Effectiveness |
|---|---|---|
| **Preventative Controls** | | |
| Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced | 2.1 | ME |
| 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 |
| Implementation of the Water Course Management Plan including the renewal of Wetlands and desilting/removal of pollutants in waterways as required | 2.3 | ME |
| Review of Risk Based Management Plan every five years | 2.1 | ME |
| Maintenance of the CoS Contaminated Sites Register | 2.1 | PE |
| **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 |

Overall Control: ME
Residual Risk: UNLIKELY / MAJOR / Medium
Accept the risk at this: NO

Treatment Actions:
1. Implementation of relevant findings from the Management of Contaminated Sites Audit - monitored within Audit Log Actions Register. — GM City Infrastructure — 30/06/2026 — Same — On-Track — 30/6/23: Site Categorisation as per NEPM; 2026 - Develop ICRMP.

Treated Risk: UNLIKELY / MODERATE / Medium

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**Risk 3 – A welcoming and liveable City – Public and Environmental Health Risk – GM City Development**

Lack of management of public and environmental health risks. Community experiences illness or injury due to a failure to deliver public and environmental health and safety outcomes for the community (includes food safety, dog and cat management, by-law enforcement and parking control).

Inherent Risk: LIKELY / MAJOR / High

Causes:
- 3.1 Inadequate management, monitoring or testing
- 3.2 Failure to respond appropriately in the event of an incident
- 3.3 Animal/vermon infestation
- 3.4 Noctious plants
- 3.5 Failure of waste disposal contractor to meet contractual obligations.

Consequences: Financial impost to rectify a health and safety incident, reputational damage, regulatory or Government intervention or censure/fines, health risk to staff and the public.

| Critical Controls | Addresses Cause # | Effectiveness |
|---|---|---|
| **Preventative Controls** | | |
| Compliance with Public Health and Environmental Policies and Procedures | 3.1 | ME |
| Performance of General Inspections | 3.1 | E |
| Accurate completion of Food Safety Inspection Checklists | 3.1 | E |
| Performance of infrastructure maintenance activities | 3.1 | E |
| Provision of all Food Safety Inspection documentation to relevant business Proprietors | 3.1 | ME |
| 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 |

Overall Control: ME
Residual Risk: POSSIBLE / MAJOR / High
Accept the risk at this: YES

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**Risk 4 – A sustainable City – Environmental and Social Risks – GM City Development, GM City Infrastructure, GM Community Development**

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.

Causes:
- 4.1 Inadequate understanding and planning for factors impacting the environment
- 4.2 Failure to consider environmental consequences when planning and designing infrastructure
- 4.3 Insufficient modelling of weather events used within Asset Management Planning
- 4.4 Inadequate infrastructure within the City to manage stormwater and sea level rises due to storm events
- 4.5 Inadequate understanding of and planning for the impact of climate change on City infrastructure and assets
- 4.6 Failure to monitor and forecast demographic changes in the City and adjust objectives and plans accordingly
- 4.7 City Plan becomes obsolete or fails to anticipate the financial impact of demographic changes
- 4.8 Failure to maintain a social infrastructure plan for the existing and future assets

Consequences: Financial cost of dealing with the consequences of frequent freak weather related events, long term impact on infrastructure, its maintenance and replacement,organisational plans and strategies are no longer valued or desired by the community, failure to adapt to a changing external environment resulting in some services becoming irrelevant and others insufficient.

| Critical Controls | Addresses Cause # | Effectiveness |
|---|---|---|
| **Preventative Controls** | | |
| Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEWNR | 4.1 | E |
| Bushfire Management Plan | 4.1 | ME |
| Watercourse Management capital program | 4.1, 4.9 | ME |
| 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 |
| Adapting Northern Adelaide Plan | 4.2 | ME |
| Reviewed and maintained Asset Management Policy and Plans | 4.10, 4.3, 4.2 | ME |
| Flood mapping is updated periodically and communicated as necessary and is incorporated into the development plan process | 4.4 | ME |

Overall Control: ME
Accept the risk at this: NO

Treatment Actions:
1. Development of a Sustainability Plan. — GM City Development — 31/07/2022 — Same — Overdue — Development of Control 50% / Implementation of Control 0%
2. Delivery of Emergency Management Project (including review of Emergency Management Plan) — Manager Governance — 30/04/2022 — Same — Overdue — substantially complete — Development of Control 90% / Implementation of Control 50%

| Risk # | Strategic Pillar / Strategic Objectives (City Plan 2035 Direction) | Risk short name / Short reference | Risk Owner / Responsible | Risk Description (There is a risk of that:) | Cause # / Causes Potential and Actual | Consequences | L | C | Inherent Risk | Critical Controls | Addresses Cause # | Effectiveness rating | Overall Control | L | C | Current Risk Level | ACCEPT THE RISK AT THIS | Treatment Actions | Who / Accountability | When by? | Change/Trend / Outlook of Risk | Treatment Implementation Progress / Delivery Status | Treatment Action status Commentary | Development of Control (Insert %) | Implementation of Control (Insert %) | L | C | Treated Risk Rating / Post-Treatment |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 4.9 Coastal inundation and impact on biodiversity | | POSSIBLE | MAJOR | High | Reviewed and maintained Growth Management Plan | 4.6 | E | | UNLIKELY | MODERATE | Medium | | | | | | | | | | UNLIKELY | MODERATE | Medium |
| | | | | | 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, 5 | ? | ME | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Compliance with Home Care Common Standards – Operating Manual, 5 | ? | 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 | Is this available? | 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 | | | | | | | | | | | | | | | | |
| 5 | Innovation and Business Development | Financial Sustainability Risk | GM Business Excellence, GM City Infrastructure, GM City Development | City of Salisbury financial sustainability is compromised by internal decisions and / or external events. CoS fails to maintain service standards and invest in assets and infrastructure as a result of increased pressure on CoS operating surplus due to factors such as rate capping and cost shifting. Risk of CoS failing to appropriately manage cost and efficiency. CoS fails to identify opportunities for alternative sources of revenue. Insufficient budgeting for the completion of the strategic plan. | 5.1 Insufficient or reduction in grant funding | Council ultimately becomes financially unsustainable, City revenue has to be raised increasingly through more traditional methods (rate rises), revenue from the sale of assets (land) is not invested for the longer term benefit of the community, financial cost associated with falling rates revenue or increasing bad or doubtful debts | LIKELY | MAJOR | High | **Preventative Controls** | | ME | | UNLIKELY | MAJOR | Medium | YES | Implementation of relevant findings from the Asset Management audit report | Manager Infrastructure Management and Manager Property & Buildings | Completed | Better | On-Track | All actions reported to Nov 2022 Audit & Risk Committee as closed/completed. ** | 100% | 100% | UNLIKELY | MAJOR | Medium |
| | | | | | 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 | | | | | | | | | | | | | | | | |
| | | | | | 5.3 Unplanned spending | | | | | Managing monitoring and reviewing of Asset Management Plans, 4 | 5.5 | ME | | | | | | Implementation of the Project Management Methodology | GM City Infrastructure | Completed | Better | On-Track | completed with the implementation of new Capital Delivery Framework. ** | 100% | 100% | | | |
| | | | | | 5.4 Inadequate valuation of assets or inaccurate depreciation | | | | | Undertaking Quarterly Budget Review, 5 | 5.3, 5.1 | E | | | | | | | | | | | | | | | | |
| | | | | | 5.5 Inadequate planning for infrastructure repairs or upgrades | | | | | Annual Plan and Annual Report reviewed by Audit Committee, 5 | 5.7, 5.17, 5.4 | E | | | | | | | | | | | | | | | | |
| | | | | | 5.6 Introduction of draft legislation regarding rate capping | | | | | Adhoc Prudential Reviews, 5 | 5.7, 5.13, 5.12 | E | | | | | | | | | | | | | | | | |
| | | | | | 5.7 Fraud, misconduct or maladministration | | | | | Regular reviews of rating system fairness and equity, 4 | 5.9, 5.2, 5.6, 5.18, 5.20 | E | | | | | | | | | | | | | | | | |
| | | | | | 5.8 Changes to legislation/obligations imposed by other levels of government | | | | | Appropriate execution of the Grant Management application Process, 3 (subject of an internal audit) | 5.1 | PE | | | | | | | | | | | | | | | | |
| | | | | | 5.9 Potential new revenue streams/opportunities are not fully investigated | | | | | Review of Financial information by the Budget & Finance Committee, 4 | ? | ? | | | | | | | | | | | | | | | | |
| | | | | | 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), 4 | 5.2 | ME | | | | | | | | | | | | | | | | |
| | | | | | 5.11 Short term revenue is maximised at the expense of longer term revenue | | | | | Compliance with Budget Policies and Procedures, 5 | 5.3, 5.11, 5.17 | E | | | | | | | | | | | | | | | | |
| | | | | | 5.12 Poorly structured debt funding | | | | | Business Case Modelling, 4 | 5.18, 5.20, 5.4 | ME | | | | | | | | | | | | | | | | |
| | | | | | 5.13 Poor investment decision making | | | | | Business Support Agenda, 4 | Not sure what this is. | | | | | | | | | | | | | | | | | |
| | | | | | 5.14 Unknown consequences of new infrastructure provision from other levels of government or private sector investment | | | | | Growth Action Plan, 4 | 5.2, 5.5 5.6, 5.16, 5.17 | ME | | | | | | | | | | | | | | | | |
| | | | | | 5.15 Failure to encourage investment in the City | | | | | Annual external Audit activities | 5.7, 5.3 5.4, 5.5. | E | | | | | | | | | | | | | | | | |
| | | | | | 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, 3 | 5.5, | PE | | | | | | | | | | | | | | | | |
| | | | | | 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 | Organisational performance is not adequately measured and therefore cannot be managed, organisational plans and strategies are not achieved, organisational resources are not used effectively, organisational plans and strategies are not valued or desired by the community, organisational plans and strategies are not delivered in a way that is consistent with the organisational values, lack of customer / community engagement, lack of employee engagement and commitment to City objectives, poor customer service, council lacks a coherent direction, failure to meet legislative obligations, not meeting community needs, reputational damage, poor organisational performance, negative impact on staff health and wellbeing. | LIKELY | MAJOR | High | **Preventative Controls** | | ME | | UNLIKELY | MODERATE | Medium | YES | Resourcing Plan Major Project (2 Year) | General Managers | 30-Jun-23 | | Overdue | | | | | UNLIKELY | MODERATE | Medium |
| | | | | | 6.2 Failure to consistently conduct Post Implementation Reviews and measure benefits realisation | | | | | Compliance with Budget Process | 6.1 | E | | | | | | | | | | | | | | | | |
| | | | | | 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 | | | | | | | | | | | | | | | | |
| | | | | | 6.4 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 | | | | | | Timely Completion of relevant agreed actions arising out of Internal Audits | Various | N/A | | On-Track | on track , followed separately under Audit Log Action Register | 100% | 50% | | | |
| | | | | | 6.5 Limited meaningful corporate performance indicators in place | | | | | Established and embedded Customer Service Framework | 6.4, 6.5, 6.7, 6.10, | ME | | | | | | | | | | | | | | | | |
| | | | | | 6.6 Inconsistent reporting and data collection of corporate performance indicators | | | | | Monthly Strategic Executive Group meetings | 6.3 | ME | | | | | | Implementation of the Project Management Methodology | GM City Infrastructure | Completed | | On-Track | | 100% | 100% | | | |
| | | | | | 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 | | | | | | Review the Governance Framework and Statement | Manager Governance | Completed | | On-Track | | | | | | |
| | | | | | 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 | ? | 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 | ? | E | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Infrastructure Maintenance Activities | ? | E | | | | | | | | | | | | | | | | |
| | | | | | | | | | | Succession Planning | 6.8 | ME | | | | | | | | | | | | | | | | |
| | | | | | | | | | | LG Performance Excellence Program benchmarking | 6.5 | ME | | | | | | | | | | | | | | | | |
| | | | | | | | | | | **Reactive Controls** | | | | | | | | | | | | | | | | | | |
| 7 | Innovation and Business Development | Work Health and Safety Risk | The Executive Group, Elected Members | Immature and inadequate work health safety policies and procedures result in an unsafe working environment. Failure to meet WHS obligations which result in an unsafe workplace. CoS recognises that this risk is included on the Strategic Risk Register due to the seriousness with which CoS takes its obligations in relation to Work Health and Safety. | 7.1 Inadequate controls in place to prevent incidents occurring | An employee, contractor, volunteer or elected member is injured or dies as a result of a preventable incident or accident; potential financial consequences for the City of an incident affecting a member of staff including; medical/rehabilitation expenses, injury | | | | **Preventative Controls** | | | | | | | | Training to be provided on WHS Procedures. | Manager People & Culture | Completed | Better | On-Track | Training is continuous | 100% | 100% | | | |
| | | | | | 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 | | | | | | | | | | | | | | | | |
| | | | | | 7.3 Safe work practices not documented or communicated to employees | | | | | Performance of Licensing qualifications checks | 7.3 | E | | | | | | | | | | | | | | | | |
| | | | | | 7.4 Inadequate induction, training and supervision | | | | | Training in WHS Procedures | 7.4 | E | | | | | | | | | | | | | | | | |
| | | | | | 7.5 Inadequate hazard management system | | | | | Updated WHS IM Business Plan | 7.1 | E | | | | | | | | | | | | | | | | |

| Risk # | Strategic Pillar (City Plan 2035 Direction) | Risk short name (Short reference) | Risk Owner (Responsible) | Risk Description (There is a risk of that:) | Cause # | Causes Potential and Actual | Consequences COS | L | C | Inherent Risk | Critical Controls | Addresses Cause # | Effectiveness rating | Overall Control | L | C | Current Risk Level | ACCEPT THE RISK AT THIS | Treatment Actions | Who | When by? | Change/Trend/Outlook of Risk | Delivery Status | Treatment Action status Commentary | Development of Control (Insert %) | Implementation of Control (Insert %) | Treated Risk Rating Post-Treatment Analysis (if all) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 7.6 | Organisational safety attitude does not recognise the importance of following WHS policies and procedures | expense, injury compensation claim, legal expenses, fines; regulatory censure including a SafeWork SA Prohibition Notice, Improvement Notice or prosecution/conviction; legal consequences for senior management should policies and procedures be determined as inadequate by SafeWork SA; organisational reputation is damaged through the failure to prevent an accident or injury occurring at work; scheme losing self-insured status and resultant lack of financial sustainability. | LIKELY | CATASTROPHIC | Very High | Performance WHS Reviews | 7.1, 7.2 | ME | ME | UNLIKELY | MAJOR | Medium | YES | | | | | | | | UNLIKELY | MAJOR | Medium |
| | | | | | | | | | | | 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 | Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure; organisational disruption; financial loss; data theft; data fraud; breach of legislation; failure to adapt to a changing external environment; inefficient and ineffective use of organisational resources; poor service delivery; reputational damage; costs of litigation and restoration of services. | LIKELY | CATASTROPHIC | Very High | **Preventative Controls** | | | ME | POSSIBLE | MODERATE | Medium | NO | 1. Delivery of relevant aspects of the Smart Salisbury governance structure | Director Business Transformation | Completed | Better | On-Track | Training is continuous | 100% | 100% | Medium |
| | | | | | | | | | | | IT Governance Framework | 8.1, 8.2, 8.5 | PE | | | | | | 2. Implementation of Cyber Security Program | Manager Business Systems & Solutions | In Progress | Same | On-Track | In Progress as per CSIP | | | |
| | | | | | 8.2 | Failure to consider all options when improving a system or process | | | | | Programmed testing of systems for security and reliability | 8.8, 8.12, 8.11, | ME | | | | | | | | | | | | | | |
| | | | | | 8.3 | Organisational change is not conducted in a structured and logical manner | | | | | Penetration testing | 8.8, 8.11 | ME | | | | | | 3. Development and implementation of the Smart Salisbury Framework, including the Digital Strategy | Director Business Transformation | In Progress | Same | On-Track | In Progress as per CSIP | | | |
| | | | | | 8.4 | Failure to support the skill set of individuals responsible for the delivery of business systems | | | | | Compliance with Information Security Policies and Procedures | 8.7, 8.14 | ME | | | | | | 4. Implementation of IT roadmap | Manager Business Systems & Solutions | In Progress | Same | On-Track | | | | |
| | | | | | 8.5 | Lack of business engagement and clarity of roles | | | | | Continuous Improvement Framework | 8.13 | ME | | | | | | | | | | | | | | |
| | | | | | 8.6 | External pressure for changes to systems | | | | | Documented and tested Business Continuity Plans | 8.13, 8.14, 8.5 | ME | | | | | | 5. Council approval of Fraud & Corruption Prevention & Management Framework | Manager Governance | Completed | Better | On-Track | Fraud Corruption and Prevention Framework to be updated in context of legislative changes to the ICAC Act and Omudsman Act prior to awareness training | 90% | 90% | |
| | | | | | 8.7 | Lack of plans and procedures to inform response strategies when a cybersecurity incident occurs | | | | | Incident Management Team identified and trained | 8.4, 8.15, 8.13 | ME | | | | | | | | | | | | | | |
| | | | | | 8.8 | Cyber attack (Unauthorised access/network intrusion, denial of service, vulnerability exploitation, malware, social engineering, hacking, phishing, ransomware) | | | | | Building security and access controls | 8.8, 8.5 | ME | | | | | | 6. Training provided on Fraud & Corruption Prevention and Management policy and framework | Manager Governance | 44650 | Same | Overdue | | 50% | 50% | |
| | | | | | 8.9 | Business Continuity / Disaster Recovery Plans not tested or properly documented | | | | | User access system 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 | | | | | Patch management and software maintenance procedures | 8.12, 8.8 | ME | | | | | | | | | | | | | | |
| | | | | | 8.11 | Lack of auditing and logging functions to capture events | | | | | Performance of Cyber Security Risk Assessments | 8.8, 8.14, 8.2, 8.1 | ME | | | | | | 7. Executive Group approval of Disaster Recovery Plan | Manager Business Systems & Solutions | Completed | Better | On-Track | | 100% | 100% | |
| | | | | | 8.12 | Lack of monitoring of cybersecurity threats to organisational assets | | | | | Audit logs for access to systems | 8.8, 8.12, 8.14 | ME | | | | | | | | | | | | | | |
| | | | | | 8.13 | Lack of communication/training for all staff regarding information security | | | | | Documented and embedded Fraud & Corruption Prevention & Management Policy and Framework | 8.15 | PE | | | | | | | | | | | | | | |
| | | | | | 8.14 | Information to facilitate action during a cybersecurity incident is not available | | | | | Documented and implemented Cyber Security Program | 8.8, 8.12, 8.14 | PE | | | | | | | | | | | | | | |
| | | | | | 8.15 | Staff fraud | | | | | **Reactive Controls** | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | Documented and tested IT Disaster Recovery Plan | 8.9 | PE | | | | | | | | | | | | | | |
| 9 | A sustainable City | Climate Change Risk | All General Managers | 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 | Increased demands for services, service delivery to community is compromised, reduced ability to raise income, financial cost of dealing with the consequences of frequent freak weather related events, long term impact on infrastructure, its maintenance and replacement, failure to adapt to a changing external environment resulting in some services becoming irrelevant or insufficient, organisational plans and strategies are not achieved or delivered in a way that is consistent with our values, not meeting community needs, reputational damage. Increased incidence of death and serious illness, especially the elderly. Decreased water quality, impacts on rivers and wetlands ecosystems. Increased damage to foundations. Increased fire danger. Increased flood damage Salt water intrusion into ground water and coastal wetlands, mangroves. Increased coastal flooding. | ALMOST CERTAIN | MAJOR | Very High | **Preventative Controls** | | | ME | POSSIBLE | MODERATE | Medium | NO | 1. Development of an Environmental and Sustainability Strategy | GM City Development | Completed | | On-Track | | 100% | 100% | Medium |
| | | | | | | | | | | | Current and maintained Business Continuity Framework (including Plans and testing regime) | ? | ME | | | | | | | | | | | | | | |
| | | | | | 9.2 | Business plans fail to adequately address evolving impacts of climate change | | | | | Business Continuity staff identified and trained on roles and responsibilities | ? | PE | | | | | | 2. Climate Change Governance | GM City Development | 31/07/2022 | | Overdue | | 50% | 50% | |
| | | | | | 9.3 | Lack of plans and procedures to inform response strategies when climate change related event occurs | | | | | Incident Management Team identified and trained | 9.3 | ME | | | | | | | | | | | | | | |
| | | | | | 9.4 | Information to facilitate action is insufficient or not available | | | | | Current and maintained IT Disaster Recovery Plan (including testing regime) | ? | ME | | | | | | 3. Implementation of Adaptation Plan | GM City Development | Ongoing - actio | | On-Track | | 50% | 50% | |
| | | | | | 9.5 | Lack of communication and/or training for relevant staff | | | | | Current and maintained Emergency Management Plan, 4 | 9.3 | 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) | | | | | Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced, 4 | 9.7, 9.8 | ME | | | | | | 4. Develop and deliver training on business continuity to relevant staff. | Manager Governance | Completed | | On-Track | | 50% | 50% | |
| | | | | | 9.7 | Inadequate monitoring plans and testing of recycled water systems | | | | | Participation in Zone Emergency Management Committees – Northern Area, 5 | ? | | | | | | | | | | | | | | | |
| | | | | | 9.8 | Weather events contribute to a recycled water system contamination event | | | | | Implementation of the Water Course Management Plan including the renewal of Wetlands and desilting/removal of pollutants in waterways as required, 4 | 9.8, 9.7 | ME | | | | | | | | | | | | | | |
| | | | | | 9.9 | Lack of asset management or maintenance | | | | | Reviewed and maintained Asset Management Policy and Plans, 4 | 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, 5 | 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, 4 | 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, 5 | 9.7 | E | | | | | | | | | | | | | | |
| | | | | | 9.13 | Insufficient modelling of weather events used within Asset Management Planning | | | | | Bushfire Management Plan, 4 | 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, 4 | 9.2, 9.16, 9.13, 9.12, 9.10 | ME | | | | | | | | | | | | | | |
| | | | | | 9.15 | Coastal inundation and impact on biodiversity | | | | | Watercourse Management capital program, 4 | 9.15 | ME | | | | | | | | | | | | | | |
| | | | | | 9.16 | Failure to update Asset Management Plans | | | | | Reviewed and maintained Growth Management Plan, 5 | 9.3, 9.16, 9.14 | E | | | | | | | | | | | | | | |
| | | | | | 9.17 | Lack of adequate resourcing for climate and environmental sustainability | | | | | Effective undergrowth management procedures, 5 | 9.14, 9.12 | E | | | | | | | | | | | | | | |
| | | | | | | | | | | | Asset Management infrastructure audits, 5 | | E | | | | | | | | | | | | | | |
| | | | | | | | | | | | Compliance with Home Care Common Standards – Operating Manual, 5 | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | Reviewed and maintained Learning Strategy, Wellbeing Strategy & Intracultural Strategy, 4 | 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), 4 | 9.3 | ME | | | | | | | | | | | | | | |
| | | | | | | | | | | | Evacuation procedures and testing, 4 | 9.3 | ME | | | | | | | | | | | | | | |
| | | | | | | | | | | | Extreme Heat response process (for residents), 4 | 9.3 | ME | | | | | | | | | | | | | | |
| | | | | | | | | | | | Adequate insurance, 5 | 9.3, 9.17 | E | | | | | | | | | | | | | | |
| | | | | | | | | | | | Adapting Northern Adelaide Adaptation Plan, 4 | 9.3 | ME | | | | | | | | | | | | | | |
| | | | | | | | | | | | Building Control and Inspections, 4 | 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 | Loss of community trust in Council; Negative media reporting; increased customer complaints; negative impact on staff health and wellbeing; loss of investment opportunity; failure to attract investment from the private | | | | **Preventative Controls** | | | | | | | | 1. Salisbury City Centre / John Street upgrade | GM City Development | 31-Dec-22 | Better | Over due | | 100% | 90% | |
| | | | | | | | | | | | Embedded organisational values, 4 | 10.10 | ME | | | | | | | | | | | | | | |
| | | | | | 10.2 | Elected Member cohesion | | | | | Communicated and embedded Employee Code of Conduct, 5 | ? | E | | | | | | | | | | | | | | |
| | | | | | 10.3 | Increased regulatory activity | | | | | Documented and embedded Employee Conduct Policy, 4 | ? | ME | | | | | | | | | | | | | | |
| | | | | | 10.4 | Failure to undertake legislative requirements | | | | | Media Policy, 4 | 10.1, 10.6 | ME | | | | | | | | | | | | | | |

| Risk # | Strategic Pillar | Risk short name | Risk Owner | Risk Description | Causes *Potential* and *Actual* | | Consequences | L | C | Inherent Risk | Critical Controls | Addresses Cause # | Effectiveness rating | Overall Control | L | C | Current Risk Level | ACCEPT THE RISK AT THIS | Treatment Actions *(italics = action covers multiple risks)* | Who | When by? | Change/ Trend/ | Treatment Implementation Progress | | | Treated Risk Rating | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Strategic Objectives (City Plan 2035 Direction) | Short reference | Responsible | There is a risk of/that: | Cause # | What are the contributing factors as to How and Why this risk occurs right now? What would cause the event to occur in the future (based on what we know now)? ACTUAL causes are more powerful than POTENTIAL causes | What would the consequences be to COS if the risk did occur? | | | If all controls fail, how bad can it be? | What are the things we do to manage the risk? (controls either reduce the likelihood or consequences) Align to causes where possible | Reconcile controls to each cause - and each cause to one or many controls | Effective; Partially Effective; Largely | Effective; Partially Effective; Largely | | | After controls, how bad is it now? | RISK TREATED TO ALARP? (As Low As Reasonably Practicable?; No = | What are the things we should be doing that we currently are not? Once implemented becomes a new control | Accountability | If Completed, enter "Completed" or enter Target Completion Date. | / Outlook of Risk | Delivery Status | Treatment Action status Commentary | Development of Control (Insert %) | Implementation of Control (Insert %) | L | C | Post-Treatment Analysis (if all |
| | | | | | 10.5 | Government inquiry | sector; negative impact on the City of Salisbury brand. | | | | Positive relationships fostered with media and Salisbury Business Association, 4 | 10.1 | ME | | | | | | | | | | | | | | | | |
| | | | | | 10.6 | Negative media interest | | | | | Relevant training provided to Elected Members (e.g. Chairing meetings and Meeting Procedures) | 10.2 | E | | | | | | | | | | | | | | | | |
| | | | | | 10.7 | Staff dissatisfaction | | | | | Documented People & Culture policies and procedures | 10.8, 10.7, 10.13 | ME | | | | | | | | | | | | | | | | |
| | | | | | 10.8 | Poor performance | | | | | Employee induction procedures | 10.13 | ME | | | | | | | | | | | | | | | | |
| | | | | | 10.9 | Failure to deliver successful projects | | | | | Documented and embedded Volunteers Policy | 10.10, 10.11, 10.13 | ME | | | | | | | | | | | | | | | | |
| | | | | | 10.10 | Failure to deliver services expected by the community | | | | | Documented Community Consultation Policy | 10.1, 10.6 | ME | | | | | | | | | | | | | | | | |
| | | | | | 10.11 | Customer service is not properly monitored or managed | | | | | Community Perception Survey | 10.6, 10.10, 10.11, 10.12 | ME | | | | | | | | | | | | | | | | |
| | | | | | 10.12 | Not meeting strategic objectives | | LIKELY | MODERATE | High | Effective and comprehensive Community Consultation Process | 10.1, 10.10 | ME | ME | UNLIKELY | MODERATE | Medium | NO | | | | | | | | | UNLIKELY | MODERATE | Medium |
| | | | | | 10.13 | Inadequate capability and capacity (e.g. workforce plans, training and development, technology, systems) | | | | | Provision of general business information and expert advice at Polaris Business and Innovation Centre | 10.14, 10.15 | ME | | | | | | | | | | | | | | | | |
| | | | | | 10.14 | Inadequate business advisory services | | | | | Comprehensive budget process | 10.16, 10.9, 10.8 | ME | | | | | | | | | | | | | | | | |
| | | | | | 10.15 | Insufficient investment opportunities for business | | | | | Cost effective business related workshops and seminars | 10.15, 10.17 | ME | | | | | | | | | | | | | | | | |
| | | | | | 10.16 | Infrastructure fails to support investment and business activity | | | | | Provision of online resources for starting a business, growing a business and developing digital in business | 10.15, 10.17 | ME | | | | | | | | | | | | | | | | |
| | | | | | 10.17 | Poorly planned urban growth | | | | | 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 | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | Polaris Centre Client Satisfaction Scorecard conducted by new focus | 10.10, 10.15, 10.16, 10.17 | ME | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | **Reactive Controls** | | | | | | | | | | | | | | | | | | |

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| **ITEM** | 7.1.5 |
| | **AUDIT AND RISK COMMITTEE** |
| **DATE** | 13 February 2024 |
| **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<br>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, consistent with previous practice. |

**RECOMMENDATION**

That Council:

1.  Approves the self-assessment survey questions, as set out in Attachment 1 to this report (Item No. 7.1.5, Audit and Risk Committee, 13 February 2024) for issuance to members of the Audit and Risk Committee for completion following the February 2024 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 2023⇩ 🔺

**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    Consistent with previous practice, it is proposed that the Audit and Risk Committee complete a self-assessment for the period 1 January 2023 to 31 December 2023. 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 2022 to 31 December 2022 following the Council meeting in February 2023, and the results were collated and presented at the April 2023 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 2024 Council meeting, for completion by 15 March 2024. 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 2024 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    Consistent with previous practice, 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.

| | **2023** |
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**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<br>2.  Disagree<br>3.  Neither agree nor disagree<br>4.  Agree<br>5.  Strongly Agree<br>6.  N/A | |
| 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<br>2.  Disagree<br>3.  Neither agree nor disagree<br>4.  Agree<br>5.  Strongly Agree<br>6.  N/A | |
| 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<br>2.  Disagree<br>3.  Neither agree nor disagree<br>4.  Agree | |

| | | 2023 |
|---|---|---|
| | **Audit & Risk Committee Self-Assessment Questionnaire** | |

| | Section A – Establishment of the Committee | Rating | Comments / Suggestions for Improvement |
|---|---|---|---|
| | | 5. Strongly Agree<br>6. N/A | |
| 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |

**Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023**

| | | 2023 |
|---|---|---|
| | **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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 9. | All members of the Committee participate actively and constructively during meetings and work collaboratively with others attending the meeting. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |

Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023

| | 2023 |
|---|---|
| **Audit & Risk Committee Self-Assessment Questionnaire** | |

| | **Section B – Meetings** | **Rating** | **Comments / Suggestions for Improvement** |
|---|---|---|---|
| 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 11. | The written materials provided to the Committee are circulated with sufficient time to allow Committee members to consider the information. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 12. | The meeting procedures and processes in place at the City of Salisbury ensure smooth operation of the Committee. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |

Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023

| | 2023 |
|---|---|
| **Audit & Risk Committee Self-Assessment Questionnaire** | |

| | 2023 |
|---|---|
| **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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 15. | I have direct and unrestricted access to the internal audit function. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |

**Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023**

| | 2023 |
|---|---|
| **Audit & Risk Committee Self-Assessment Questionnaire** | |

| | **Section C – Internal Audit** | **Rating** | **Comments / Suggestions for Improvement** |
|---|---|---|---|
| 17. | The Committee regularly considers the audit plan and makes recommendations. | 1. Strongly Disagree <br> 2. Disagree <br> 3. Neither agree nor disagree <br> 4. Agree <br> 5. Strongly Agree <br> 6. N/A | |

| | **Section D – External Audit** | **Rating** | **Comments / Suggestions for Improvement** |
|---|---|---|---|
| 18. | I have direct and unrestricted access to the External Auditor. | 1. Strongly Disagree <br> 2. Disagree <br> 3. Neither agree nor disagree <br> 4. Agree <br> 5. Strongly Agree <br> 6. N/A | |
| 19. | I understand the information being presented to me by the External Auditor. | 1. Strongly Disagree <br> 2. Disagree <br> 3. Neither agree nor disagree <br> 4. Agree <br> 5. Strongly Agree <br> 6. N/A | |

**Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023**

| | 2023 |
|---|---|
| **Audit & Risk Committee Self-Assessment Questionnaire** | |

| | **Section D – External Audit** | **Rating** | **Comments / Suggestions for Improvement** |
|---|---|---|---|
| 20. | The Committee discusses significant findings from the financial and internal controls audits with the External Auditor. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 21. | The Committee monitors and oversees the process for appointment of the external auditor in accordance with the *Local Government Act 1999*. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |

| | **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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |

Page 8 of 16

| | 2023 |
|---|---|
| **Audit & Risk Committee Self-Assessment Questionnaire** | |

| | **Section E – Financial Oversight** | **Rating** | **Comments / Suggestions for Improvement** |
|---|---|---|---|
| 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 24. | The Committee reviews the annual financial statements and ensure they present fairly the state of affairs of the Council. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 25. | I am comfortable that the Committee is able to propose and review the exercise of powers under section 130A of the *Local Government Act 1999*. 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |

**Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023**

| | 2023 |
|---|---|

**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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |

**Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023**

| | 2023 |
|---|---|
| **Audit & Risk Committee Self-Assessment Questionnaire** | |

| | **Section E – Financial Oversight** | **Rating** | **Comments / Suggestions for Improvement** |
|---|---|---|---|
| 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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 30. | The Committee reviews adjustments to the financial statements resulting from the external audit. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |

**Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023**

| | 2023 |
|---|---|
| **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<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 32. | The Committee assures itself that the Chief Executive Officer and General Managers take personal responsibility for risk identification and control. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 33. | The Committee understands and discusses issues which present significant risks to the organisation. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 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<br>2. Disagree<br>3. Neither agree nor disagree | |

Page 12 of 16

**Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023**

| | 2023 |
|---|---|
| **Audit & Risk Committee Self-Assessment Questionnaire** | |

| | **Section F – Risk Management and Internal Controls** | **Rating** | **Comments / Suggestions for Improvement** |
|---|---|---|---|
| | | 4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 35. | The Committee is satisfied that Council implements and maintains appropriate policies, practices and procedures of internal control. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 36. | The Committee is comfortable that the Council and other committees take into account significant risks which may affect financial reporting. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 37. | The Committee understands and approves the process implemented by the Administration to identify, assess, and respond to risks. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 38. | The Committee understands the Administration's fraud risk assessment and understands identified fraud risks. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree | |

Page 13 of 16

| | | 2023 |
|---|---|---|
| | **Audit & Risk Committee Self-Assessment Questionnaire** | |

| Section F – Risk Management and Internal Controls | | Rating | Comments / Suggestions for Improvement |
|---|---|---|---|
| | | 4.  Agree<br>5.  Strongly Agree<br>6. N/A | |

| | 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<br>2.  Disagree<br>3.  Neither agree nor disagree<br>4.  Agree<br>5.  Strongly Agree<br>6. N/A | |
| 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<br>2.  Disagree<br>3.  Neither agree nor disagree<br>4.  Agree<br>5.  Strongly Agree<br>6. N/A | |

Page 14 of 16

**Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023**

| | **2023** |
|---|---|
| **Audit & Risk Committee Self-Assessment Questionnaire** | |

| | **Section G – Oversight of Other Activities** | **Rating** | **Comments / Suggestions for Improvement** |
|---|---|---|---|
| 41. | I have satisfied myself that Council is meeting its fiduciary and legislative responsibilities. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 42. | An annual performance assessment of the Committee is conducted and any matters requiring follow-up are resolved. | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 43 | Reflecting on your level of comfort, how likely are you to offer an opinion different than other board members? | 1. Strongly Disagree<br>2. Disagree<br>3. Neither agree nor disagree<br>4. Agree<br>5. Strongly Agree<br>6. N/A | |
| 44 | What do you consider as the Committee's greatest strength? | | |
| 45 | Conversely, in your view what is the Committee's greatest weakness? | | |

Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023

| | 2023 |
|---|---|
| **Audit & Risk Committee Self-Assessment Questionnaire** | |

| 46. | What's your perspective on the expectations of the Audit and Risk Committee? | |
|---|---|---|
| | As an individual member of the Audit and Risk Committee, what is your expectation of the Audit and Risk Committee? | |
| | As an individual member of the Audit and Risk Committee, what are your expectations from the Administration? | |
| | As a member of the Audit and Risk Committee, what do you think are the expectations from the Audit and Risk Committee? | |
| | As a member of the Audit and Risk Committee, what do you perceive to be the expectations from the Audit and Risk Committee? | |
| 47. | Any further comments or suggestions for improvement not already covered in the sections above? | |

**Item 7.1.5 - Attachment 1 - Audit & Risk Committee Survey Questionnaire for 2023**

| | |
|---|---|
| **ITEM** | 7.2.1 |
| | **AUDIT AND RISK COMMITTEE** |
| **DATE** | 13 February 2024 |
| **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 <br> 4.4 We plan effectively to address community needs and identify new opportunities |
| **SUMMARY** | This report provides an update on the status of outstanding actions arising from previously completed internal audits. |

**RECOMMENDATION**

That Council:

1.  Notes the update in this report and the full Internal Audit Log Actions Register in Attachment 1 to this report (Item No.7.2.1, Audit and Risk Committee, 13 February 2024).

2.  Notes the update on the Detailed Action List for Audit Log Action # 35 in Attachment 2 to this report (Item No.7.2.1, Audit and Risk Committee, 13 February 2024).

3.  Notes the update on the Capital Works Project Audit Pressure Points Action List in Attachment 3 to this report (Item No.7.2.1, Audit and Risk Committee, 13 February 2024).

**ATTACHMENTS**

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

1.  Internal Audit Log Actions Register - Feb 2024⇩ 🗎

2.  Audit Log Item 35 Action Plan Status Update⇩ 🗎

3.  Audit Log Item 75 - Capital Works Project Audit Pressure Points Action List⇩ 🗎

**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 November 2023 Audit & Risk Committee meeting.

## 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 -
## Nov 2023 to February 2024 Movement



| | 1 Very High | 2 High | 3 Medium | 4 Low | 5 Better Practice | 6 LGA Review | Total |
|---|---|---|---|---|---|---|---|
| Bal. as at 14 Nov 23 | 0 | 1 | 6 | 1 | 1 | 1 | 10 |
| Closed | | | 1 | | | 1 | 2 |
| Reopened | | 1 | | | | | 1 |
| Bal. as at 13 Feb 24 | 0 | 2 | 5 | 1 | 1 | 0 | 9 |
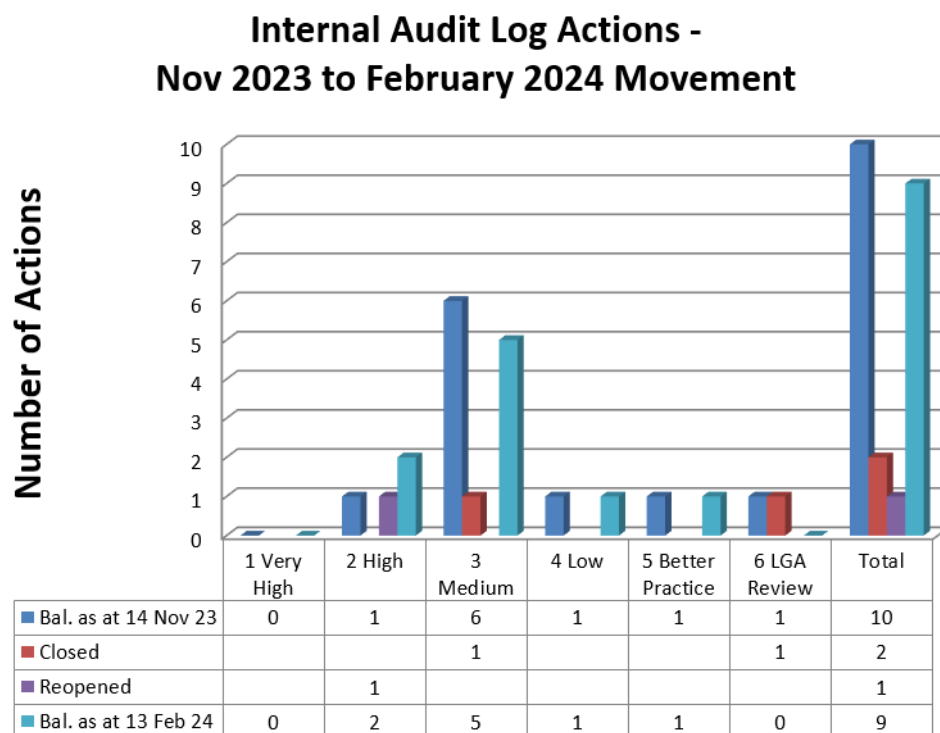
3.2 The total number of outstanding Audit actions reported to the November 2023 Audit & Risk Committee was 10.

3.3 A total of 2 actions were closed for this reporting period from November 2023 to February 2024, which included one medium risk rated audit action and one from the LGA risk review.

3.4 One action item that was previously reported as closed was re-opened. This was related to the recommendation to have updated and current Plant & Fleet Asset Management Operating Plans (P&FAMOP). For this round of reporting, the Internal Auditor & Risk Coordinator observed that the Draft P&FAMOP is yet to be finalised through the Technical Asset Management Group, hence the action was reopened with a revised completion deadline.

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

3.6 The two actions that are reported as closed in this reporting period are validated and confirmed by the Internal Auditor & Risk Coordinator as resolved.

**Actions Outstanding**

3.7 A summary of the outstanding actions remaining as at 13 February 2024, their status and risk ratings, and the level of completion relative to the total number of actions for the respective audit, are illustrated below:

| Audit | Total # Actions | Actions Completed | % | Actions Outstanding | % | Status of Outstanding Actions |
|---|---|---|---|---|---|---|
| Management of Contaminated Sites - Oct 2020 | 14 | 13 | 93% | 1 | 7% | 1 Extended (1 Better Practice, with 9 sub tasks) |
| LGASA 2019 Risk Evaluation Report - Nov 2019 | 6 | 6 | 100% | 0 | 0% | |
| Complaints Handling Process - Mar 2021 | 6 | 6 | 100% | 0 | 0% | |
| Volunteer Management Audit - Sep 2021 | 4 | 4 | 100% | 0 | 0% | |
| Capital Works Project Audit - Nov 2021 | 3 | 2 | 67% | 1 | 33% | 1 High Risk (with 11 sub tasks) |
| Fleet Heavy Vehicle, High Value and Portable Assets Audit – Feb 2023 | 9 | 2 | 22% | 7 | 78% | (1 High Risk and 6 Medium Risk) |
| **TOTAL** | **42** | **33** | 79% | **9** | 21% | |

3.8 The status of all outstanding actions with agreed target deadlines, relevant action owners and updated commentary is included in the Attachments 1 to 3.

**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 Two actions were closed during the reporting period and one reopened, resulting in a total of nine actions remaining to be closed.

**Audit Log Actions Register - 13 February 2024**

| 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 13/02/2024 | 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 | James Zacharia (Team Leader Safety and Wellbeing) | 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 12/4/23:** Funding to be explored to engage consultancy to facilitate completion of hazard risk assessments in accordance with NERAG (National Emergency Risk Assessment Guidelines). Northern Adelaide Zone Emergency Management Committee reviewing its northern zone risk assessments – prepared by SES for which CoS may build upon." **Update 14/11/23:** LGRS engaged to undertake risk assessment and on track to complete by end of Dec 2023. **Update 13/2/24:** Action completed - Risk Assessments undertaken by Marsh Australia, involving a series of risk management workshops. | Closed | | Yes |
| 35 | 03-Aug-20 | 4. Management of Contaminated Sites | 5_Better Practice | 11. Management of Contaminated Sites Integrated into a Single Framework | The management of contaminated sites should be integrated into a single framework, providing documented feedback mechanisms, and ensuring the overall risk to the CoS and the Recycled Water Systems are appropriately managed. | a) Noted b) At this point in time the Contaminated Site Register sits in the Corporate GIS system and is managed by City Infrastructure, however there is no mechanism to provide ongoing reporting in this area, other than on an incident by incident basis. c) Also agree that a more integrated approach across Council Departments is required. This is proposed to be done by revising the Integrated Water Cycle Management Plan into a new Integrated Catchment Risk Management Plan and up-dating all Stormwater Management Plans (SMPs) to ensure they model and monitor water quality issues as well as water quantity (i.e. flood management). | Craig Johansen (Team Leader Streetscape and Open Space Assets) | 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 which details the delivery of this item in 10 phased action milestones, whereby the ICRMP will get developed in 2026. | Extended | See **Attachment 2** on status update for items in the Action plan. | No |
| 75 | 22-Mar-22 | 12. Capital Works Projects Audit | 2_High | Project Management Pressure Points - Action Plan Items | Recommendation from Feb 2023 Audit & Risk Committee was to track the status of Capital Works Project Audit Pressure Point Action Plan presented to the A&RC and include that in the Audit Log Action Items Register. | The Action Plan items are included as a separate attachment and status update tracked from the action owners and reported to every A&RC meeting until fully resolved. See Attachment 2 for details. | Jarred Collins, Manager Infrastructure Delivery. | On going, tracked separately. | | See comments in separate attachment. | Extended | See **Attachment 3** on status update for items in the Action plan. | No |
| 76 | 15-Feb-23 | 13. Fleet Heavy Vehicle High Value and Portable | 2_High | Plant & Fleet Asset Management Plan | 1)Review the current asset management process and update the P&FAMP or P&FAMOP. 2)Consider implementing a process where budget bids for asset maintenance and acquisition relies on approved P&FAMPs. | The Action Plan items are included as a separate attachment and status update tracked from the action owners and reported to every A&RC meeting until fully resolved. See Attachment for details. | Mark Purdie (Manager Field Services) | 30/06/2023 | 30/09/2023 31/05/2024 | 11/7/23: Draft P&F AMOP is being updated and consulted with key stakeholders and expected to get finalised by end of September 2023 14/11/23: AMP updated, old one removed from website. Awaiting approval from Technical Asset Management Group (TAMG). **13/2/24:** Field Services have updated the Draft Fleet AMOP in June 2023 and currently being reviewed by Strategic Assets Team to finalise the AMOP | Reopened | Action item reopened as Fleet AMOP is currently in draft. | No |
| 77 | 15-Feb-23 | 13. Fleet Heavy Vehicle High Value and Portable | 3_Medium | Physical Verification and Asset Stocktake | 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. | Recommendation 1: Policy / Procedure will be developed as recommended. 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. | 1.Kate George (Manager Finance & Procurement) 2.Relevant Divisional Managers (subject to Recommendation 1 process approved). | 1.30 June 2023 2.TBD as per procedure approved. | 31/12/2023 30/06/2024 | **11/7/23:** Draft Policy development in progress and expected to be completed with new resource coming on board in July 2023. **13/2/24:** Further extended due to resource challenges. | Extended | | No |
| 78 | 15-Feb-23 | 13. Fleet Heavy Vehicle High Value and Portable | 3_Medium | Comprehensive Minor Assets Register | 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. | Recommendation 1: Policy / Procedure will be developed as recommended. 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. | 1.Kate George (Manager Finance & Procurement) 2.Relevant Divisional Managers (subject to Recommendation 1 process approved). | 1.30 June 2023 2.TBD as per procedure approved. | 31/12/2023 30/06/2024 | | Extended | | No |

**Item 7.2.1 - Attachment 1 - Internal Audit Log Actions Register - Feb 2024**

**Item 7.2.1 - Attachment 1 - Internal Audit Log Actions Register - Feb 2024**

| 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 13/02/2024 | Resolved |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 79 | 15-Feb-23 | 13. Fleet Heavy Vehicle High Value and Portable | 3 _ Medium | Private Use Vehicles and Salary Sacrifice Calculator | 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. | Agree with the recommendation.  A working group has been established to review and update the Vehicle Policy. | Mark Purdie (Manager Field Services) | 30/06/2023 | ~~30/09/2023~~ ~~30/11/2023~~ 31/05/2024 | KPMG completed review of calculator. Working group completed review in May 2023. Presentation made to Exec in June 2023, and ready to incorporate within the revised Motor Vehicle Policy. **14/11/23:** Policy review presented to executive in September 23. Policy to be amended Nov 23. **13/2/24:** Executive have considered the KMPG Report and Salary Sacrifice Calculator Review (June and Sep 2023) – with further modelling undertaken Dec 2023.  The Motor Vehicle Policy will now be updated to reflect the review and will be presented to Executive in 2024 | Extended | | No |
| 81 | 15-Feb-23 | 13. Fleet Heavy Vehicle High Value and Portable | 3 _ Medium | Policies and Procedures | 1.Review the following policies and procedures that have gone beyond their current stated next review dates: 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: 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. | Recommendation 1a): Agree with recommendation. Work is underway to review and update the Asset Management Policy. Recommendation 1b): Agree with recommendation. Work is underway to review and update the Motor Vehicle Policy. Recommendation 1c and 2: Agree with recommendation. Will be resolved by 30 September 2023 | 1a) Jonathan Foong (Manager Urban, Recreation and Natural Assets) 1b) Mark Purdie (Manager Field Services); 1c&2) Kate George (Manager Finance & Procurement) | 1a) ~~30 June 2023~~  30 Sep 2023 1b) ~~30 June 2023~~  30 Sep 2023 1c) ~~30 June 2023~~  30 Sep 2023 2) 30 September 2023 | ~~31/12/2023~~ 30/06/2024 | 1c&2) Manager Strategic Procurement is currently vacant, to be filled. **11/7/23 Update:** 1b) Working Group have reviewed the policy. Presentation to Exec June 2023 - Final Policy drafting and endorsement by Sep 2023 **14/11/23:** 1b) Policy review presented to executive in September 23. Policy to be amended Nov 23. **13/2/24:** 1a) Asset Management Policy revision in progress with new staff 1b) Motor Vehicle Policy - Execs have considered the  KMPG Report and Salary Sacrifice Calculator Review (June and Sep 2023) – with further modelling undertaken Dec 2023.  The Motor Vehicle Policy will now be updated to reflect the review and will be presented to Executive 2024. 1c&2) Further extended due to resource challenges. | Extended | | No |
| 82 | 15-Feb-23 | 13. Fleet Heavy Vehicle High Value and Portable | 3 _ Medium | Review of Assets in Use Beyond the Stated Useful Economic Life | 1.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. 2.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. 3.Review and adjust the fixed assets register for assets that have been disposed in prior years. | **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, 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. The following specific key improvement actions will be undertaken: •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. **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. | 1 & 2: Mark Purdie (Manager Field Services) 3: Zaman Bhuiyan - Acting Senior Accountant (Projects, Assets and Systems) | 30 June 2023 31 October 2023 3 - 31/12/2023 | | **11/07/2023 Update:** Actions 1 & 2 completed. Useful lives reviewed as part of annual Asset Management Policy in May 2023. Notations made in Ausfleet where useful lives have been extended beyond Policy and reasons therefore. Action 3: Not due Yet, will get completed as part of the yearend process. 14/11/2023: Action 3 - further extended till 31 Dec 2023. 13/02/2024: Action 3 completed - the disposed assets are adjusted in the Fixed Assets Register. | Closed | All actions completed. | Yes |

| Log # | Report Date | Audit | Risk Rating | Title: Finding/Opportunity for Improvement | Recommendations | Management Response / Action Agreed | Responsible Officer | Target Date | Revised Date | Administration's Further Comments | Status | Audit Comment as at 13/02/2024 | Resolved |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 83 | 15-Feb-23 | 13. Fleet Heavy Vehicle High Value and Portable | 3_Medium | The National Heavy Vehicle Law (NHVL) Compliance - Areas for improvement | 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. | Agree with the recommendations. | 1, 2 & 3) Toby Henderson (Coordinator Fleet and Workshop)\n\n4.Mark Purdie (Manager Field Services) | 31/10/2023 | 31/12/2023 | **14/11/23:** IPWEA engaged to review our documentation, and they are now midway through report with several meetings completed reviewing initial findings. Final review and document should be available by end of Nov 23. Initial findings confirm we are not required to be a part of mandatory testing yet there are several deficiencies in our current documentation that need addressing. There will be a body of work required following this review. | Not Due Yet | | No |
| 84 | 15-Feb-23 | 13. Fleet Heavy Vehicle High Value and Portable | 4_Low | Fuel Card Usage Review on Unusual Transactions | 1.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. 2.Seek the possibility of incorporating exception parameters within the fleet management system to identify anomalies, and review on a monthly basis. | 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.\n\nRecommendation 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. | Toby Henderson (Coordinator Fleet and Workshop) | 30/06/2023 | 30/09/2023 30/03/2024 | Extension timeline requested, given workload. | Extended | | No |

Item 7.2.1 - Attachment 1 - Internal Audit Log Actions Register - Feb 2024

**Attachment 2: Audit Log Action #35 - Follow up of Action Status**

(Status Updated for 13 February 2024 A&RC)

| Task No | Task Description | Resources Required | Timing | Updated timing | Comments from Relevant Manager - (Manager Salisbury Water) Updated (as at 8 February 2024) |
|---|---|---|---|---|---|
| 1 | Review historical land use within the catchments of City of Salisbury.  A comprehensive report has been prepared previously by a consultant so an internal review to update this is proposed in order to reduce expenditure. | Reviewed internally – savings on consultant Estimated time – 0.2 FTE (from existing budget) | During 2022 (Feb to June) | Completed | CSIRO historical land-use mapping – internal review completed Dec.2023 |
| 2a | Investigate data management and analysis systems/software requirements and available suitable products | Internal | 1$^{st}$ Half 2022 | Completed | Investigation complete.  Information provided to IT for procurement and business requirements document. |
| 2b | Purchase and set-up a suitable software package to store, analyse and present data from sampling across the City. | Approximately $50K to purchase and $40K per year for licensing and support | 2$^{nd}$ Half 2022 | By July 2024 | a. IT market scan and risk assessment complete. b. Procurement are progressing a select tender approach. |
| 3 | Sample and test water from waterways and Salisbury Water injection sites to screen for a wide variety of analytes to establish a baseline | Salisbury Water – already included in budget (no additional cost) City Infrastructure - $50K | June – Nov. 2023 | July - Nov 2024 | Full laboratory analyses for 'all pollutants of concern' completed Jan. 2024 |
| 4 | Review the baseline data collected to identify risks | Internal review and data analysis Estimated resourcing – 0.2 FTE (from existing budget) | Oct 2023 – June 2024 | Oct 2024 - June 2025 | Baseline data analysis is underway. |

**Item 7.2.1 - Attachment 2 - Audit Log Item 35 Action Plan Status Update**

| | | | | | |
|---|---|---|---|---|---|
| 5 | Revise and update the contaminated sites register.  A review of the register was undertaken during 2021, however including new/additional information and sites to keep the register current is an ongoing task. This will also be an internal review, as part of the newly established review procedure for the register. | Undertaken internally – savings on consultant Estimated resourcing – 0.2 FTE (from existing budget) | 2$^{nd}$ half 2023 | Completed | Updated August 2023.  Regular reviews will continue. Refer to Beth McGilvray (Senior Engineer, City Infrastructure). |
| 6 | Discuss identified risks (determined from data obtained) with EPA to highlight priorities within the catchments and the City of Salisbury area. | Internal resources, within existing budgets | Mid 2024 | Oct 2024 - June 2025 | |
| 7 | Undertake additional sampling and analysis to refine data regarding identified key contaminants. | Will depend on findings. Allowance of up to $100K | Late 2024 - 2025 | July - Dec 2025 | |
| 8 | Prepare Integrated Framework document, based on catchment information and contaminant data obtained.  Risk management plans, including monitoring programs/plans for key areas or sites to be prepared as outworkings of the integrated framework. | Consultants engaged to prepare Integrated Framework document and risk management plans - $150K | Mid 2025 – early 2026 | Nov 2025 - June 2026 | |
| 9 | Assessment undertaken to determine required resources in the year 2025 and following to maintain the integrated contaminated management system. | Internal Report to Executive and subsequent update of Strategic Asset Management Plan | 2025 | 2025 | |
| 10 | Feedback and refinement prior to the next round of sampling and analysis. | Internal resources | Mid 2026 | Mid 2026 | |

**Item 7.2.1 - Attachment 2 - Audit Log Item 35 Action Plan Status Update**

**Attachment 3: Project Management Audit Action Group - Follow up of Action Status**
(Status Updated for 13 February 2024 A&RC)

| No. | Action Tasks | Pressure Point Identification | Responsible Group | Due Date | Status | Comments |
|---|---|---|---|---|---|---|
| 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 | ~~31/12/2023~~ 31/12/2024 | Not Due Yet | **11/7/23:** In line with ERP system roll out<br>**13/2/24:** Ongoing with the roll out of the ERP System |
| 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<br>3 – Community consultation<br>5 – Resident and EM information requests<br>6 - Reporting | Infrastructure Delivery | ~~31/12/2023~~ 31/12/2024 | Extended | **11/7/23:** In line with ERP system roll out<br>**13/2/24:** System has been created in Power Bi to track projects and will be rolled out in line with the ERP system |
| 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<br>5 – Resident and EM information requests<br>6 - Reporting | Infrastructure Delivery | ~~31/12/2023~~ 31/12/2024 | Extended | **11/7/23:** In line with ERP system roll out<br>**13/2/24:** Ongoing with the roll out of the ERP System |

| 4 | A1 digital drawing review solution implemented, subject to funding availability.<br>- Schedule working group to discuss and determine requirements<br>- Investigate options and estimated pricing<br>- Determine funding source<br>- Schedule tender<br>- Schedule install<br>- Schedule training | 1 – Cross collaboration between teams<br>2 – Resourcing<br>3 – Community Consultation<br>4 – Procurement<br>5 – Resident & EM requests<br>7 – Clarity of Roles and Responsibilities<br>8 – Prioritisation of Projects<br>9 – Bespoke design work | Design Team, Infrastructure Delivery | 31/08/2024 | Extended | **11/7/23:** In line with funding availability, workshop scheduled for July 2023 to review options available and their integration into COS system.<br>**14/11/23**: Workshop has been completed, reviewing available funding sources for implementation.<br>**13/2/24:** Still determining funding source with a view to implement in 24/25 financial year |
| 5 | Develop process to maintain Major Project information on the City of Salisbury website<br>- Document process<br>- Upload updated Major Project information<br>- Schedule periodical reviews | 2 – Resourcing<br>3 – Community consultation<br>5 – Resident & EM information requests | City Infrastructure Administration | 1/09/2023 | Completed | **11/7/23:** Upgrade work has commenced to allow a section of Capital Works to be included on the website (location wise, scope and timing of projects). We are currently working through this in preparation for implementation later in this calendar year. Relevant changes to the back-end reporting functionality for Elected Member reporting on progress of capital work project will also be undertaken in this process.<br>**14/11/23:** Completed, pilot projects have been loaded and these will be continued to be developed and reviewed.<br>https://www.salisbury.sa.gov.au/development/council-projects/capital-works |

| | | | | | | |
|---|---|---|---|---|---|---|
| 6 | Schedule bi-annual workshops to review overarching project risk register | 1 – Cross collaboration between teams<br>6 – Reporting<br>8 – Prioritisation of projects | Infrastructure Delivery | 1/03/2023 | Completed | The Project Risk Register has been updated and included on the intranet for reference, it is proposed to review this inline with preparation of the new Financial Year in July 2023 and mid year in January 2024 consecutively. |
| 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<br>6 – Reporting<br>8 – Prioritisation of projects | Infrastructure Delivery | 1/03/2023 | Completed | Workshops scheduled to occur in July and January each year, and a sample of 3-4 completed projects to be reviewed for lessons learned. Register of Lessons Learnt to be kept within the Capital Delivery Framework page on Intranet. |
| 8 | Schedule workshop to review Change RACI (Roles Accountability Consulted Inform) Chart | 1 – Cross collaboration between teams<br>2 – Resourcing<br>7 – Clarity of Roles and Responsibilities | Infrastructure Delivery | ~~01/04/2023~~<br>~~30/06/2023~~<br>31/12/2023 | Completed | Work has commenced to review the current RACI chart an updated RACI chart will be completed in line with the Capital Framework and we will look to have this completed by 30/06/2023, following internal review.<br>**14/11/23:** Workshop has been completed - New RACI will be uploaded to the Capital Delivery Templates workspace by 31/12/2023<br>**13/2/24:** <span style="color:red">Completed</span> and uploaded |
| 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 | ~~1/06/2023~~<br>31/07/2023 | Completed | **11/7/23:** Underway, to be completed by the end of July.<br>**14/11/23: Completed**<br>http://intranet.cos.ad/Our_Business/Capital_Delivery_Framework/Capital_Delivery_Framework_Templates |

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| 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<br>6 – Reporting | Infrastructure Delivery | 1/05/2023 | Completed | Completed |
| 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 | ~~1/06/2023~~ 31/12/2024 | Completed | In line with ERP system roll out, working with Project Support Team and Financial Services<br>**13/2/24:** Completed - considered business partners working with departments as projects arise on an as needed basis. |