

AGENDA

FOR AUDIT AND RISK COMMITTEE MEETING TO BE HELD ON

12 AUGUST 2025 AT 6.30PM

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

MEMBERS

Cr K Grenfell (Chair)
Cr B Brug (Deputy Chair)
Ms L Teburea
Mr N Ediriweera
Mr D Powell

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
Deputy Chief Executive Officer, Mr C Mansueto
A/Manager Governance, Ms S Kinsella

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Audit and Risk Committee Meeting held on 15 April 2025.

REPORTS

For Decision

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For Information

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QUESTIONS ON NOTICE

There are no Questions on Notice.

MOTIONS ON NOTICE

There are no Motions on Notice.

OTHER BUSINESS

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

ORDERS TO EXCLUDE THE PUBLIC

7.4.1 Quarterly Cybersecurity Report - April to June 2025

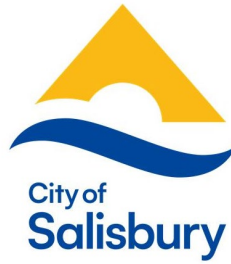
Recommendation

That the Audit and Risk Committee:

1. *Orders that pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (e) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
 - *information the disclosure of which would, on balance, be contrary to the public interest; and*
 - *matters affecting the security of the council, members or employees of the council, or council property; or the safety of any person.*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *Non-disclosure of the matter and discussion of this item in confidence would protect commercial negotiations and Council's commercial position*

*the public's interest is best served by not disclosing the **Quarterly Cybersecurity Report - April to June 2025** 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**

15 APRIL 2025

MEMBERS PRESENT

Cr K Grenfell (Chair)
Cr B Brug (Deputy Chair)
Ms L Teburea
Mr N Ediriweera
Mr D Powell

STAFF

Deputy Chief Executive Officer, Mr C Mansueto
Manager Governance, Mr R Deco
Audit and Risk Manager, Ms S Kinsella
General Manager City Infrastructure, Mr J Devine

The meeting commenced at 6:30pm.

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

APOLOGIES

No apologies were received.

LEAVE OF ABSENCE

The Chair sought and was granted leave of the meeting to bring forward Items 7.1.1 as the first item of business and 7.4.1 to be considered at the conclusion of Item 7.1.3.

REPORTS

Cr B Brug entered the meeting at 6:33pm.

For Decision

7.1.1 BDO's Annual Audit Plan for 30 June 2025

Moved Cr B Brug

Seconded Ms L Teburea

That Council:

1. Notes the report and attachments (Item 7.1.1; Audit and Risk Committee; 15 April 2025) including BDO Annual Audit Plan and Engagement Letters for Internal Controls and Financial Statements.

CARRIED

PRESENTATION OF MINUTES

Moved Cr B Brug
Seconded Mr D Powell

The Minutes of the Audit and Risk Committee Meeting held on 11 February 2025, be taken as read and confirmed.

CARRIED

7.1.2 Draft 2025/26 Long Term Financial Plan and Annual Business Plan

Moved Cr B Brug
Seconded Mr D Powell

That Council:

1. Notes that the Audit and Risk Committee has reviewed the Council's Draft 2025/26 Long Term Financial Plan and Annual Business Plan in accordance with s126(4)(b) of the *Local Government Act 1999*.
2. Notes that the Audit and Risk Committee has considered and reviewed the scenarios provided within this report (Item no 7.1.1, Audit and Risk Committee, 15 April 2025) and notes that it is proposed for a rate increase of 4.2% or higher to be considered in finalising the Draft 2025/26 Long Term Financial Plan and Annual Business Plan.

CARRIED

Cr B Brug left the meeting at 7:30 pm.
Cr B Brug returned to the meeting at 7:39 pm.

7.1.3 Draft Strategic Asset Management Plan 2025/26

Moved Mr D Powell
Seconded Cr B Brug

That Council:

1. Notes that, in line with Section 126 (4)(b) of the *Local Government Act 1999*, the Audit and Risk Committee considered and reviewed the Draft Strategic Asset Management Plan 2025/26 as attached in the report (Item 7.1.3 - Draft Strategic Asset Management Plan 2025/26, Audit and Risk Committee – 15 April 2025).

CARRIED

ORDERS TO EXCLUDE THE PUBLIC

7.4.1 Quarterly Cybersecurity Report - January to March 2025

Moved Ms L Teburea
Seconded Mr D Powell

That the Audit and Risk Committee Orders:

1. *Pursuant to Section 90(2) and (3)(b)(i) and (b)(ii) and (e) of the Local Government Act 1999, that it is appropriate and necessary to exclude the public for the consideration of Agenda Item 7.4.1 Quarterly Cybersecurity Report – January to March 2025 with the exception of the following persons:*
 - Deputy Chief Executive Officer
 - Manager Governance
 - Audit and Risk Manager
 - Manager Technology & Digital Solutions
 - Cybersecurity Compliance Coordinator

To enable the Committee to consider the Item 7.4.1 in confidence on the basis:

- *it relates to matters affecting the commercial affairs and security of the council, members or employees of the council, or council property; or the safety of any person*
 - *which would, on balance, be contrary to the public interest;*
2. *Accordingly, on this basis, the principle that meetings should be conducted in a place open to the public has been outweighed by the need to consider this matter in confidence.*

CARRIED

The meeting moved into confidence at 7.43pm

The meeting moved out of confidence at 8:19pm.

Cr K Grenfell left the meeting at 8:22pm.

Cr B Brug became acting Chair from 8:22pm to 8:25pm.

Cr K Grenfell returned to the meeting at 8:25 pm and resumed the Chair.

7.1.4 3-Year Internal Audit Plan

Moved Mr N Ediriweera
Seconded Ms L Teburea

That Council:

1. Approves the updates made to the 3-year Internal Audit Plan 2024 to 2027 as set out in Attachment 1 to this report (Item no. 7.1.1, Audit and Risk Committee, 15 April 2025), subject to the removal of the Purchase Cards Internal Audit on the condition BDO's external audit identifies no internal control or risk issues justifying such internal audit.

CARRIED*For Information***7.2.1 Risk Management and Internal Control Activities**

Moved Mr D Powell
Seconded Cr B Brug

That Council:

1. Notes the updates on Risk Management and Internal Control activities detailed for 2024/2025, as set out in this report (Item No.7.2.1, Audit and Risk Committee, 15 April 2025).

CARRIED**7.2.2 Audit and Risk Committee Performance Self-Assessment Survey Outcome**

Moved Cr B Brug
Seconded Mr N Ediriweera

That Council:

1. Notes the report.

CARRIED**7.2.3 Internal Audit Actions Status Update**

Moved Cr B Brug
Seconded Mr D Powell

That Council:

1. Notes the report and the Internal Audit - Action Register in Attachment 1 to this report (Item No.7.2.4 Audit and Risk Committee, 15 April 2025).

CARRIED

QUESTION ON NOTICE

There were no Questions on Notice.

MOTIONS ON NOTICE

There were no Motions on Notice.

OTHER BUSINESS

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

The meeting closed at 8.35pm.

CHAIRMAN.....

DATE.....

ITEM	7.1.1
	AUDIT AND RISK COMMITTEE
DATE	12 August 2025
HEADING	3-Year Internal Audit Plan
AUTHOR	Sharon Kinsella, Audit and Risk Manager, 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 is a summary of the 3-year Internal Audit Plan which was last presented to the Audit and Risk Committee in April 2025.

RECOMMENDATION

That Council:

1. Approves the updates made to the 3-year Internal Audit Plan 2025 to 2028 as set out in Attachment 1 of the report (Item 7.1.1, Audit and Risk Committee, 12 August 2025).

ATTACHMENTS

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

1. 3-Year Audit Plan

1. BACKGROUND

- 1.1 The 3-year Internal Audit Plan 2025-2028 was last considered by the Audit and Risk Committee (the Committee) in April 2025.

2. DISCUSSION

- 2.1 The 3-year Internal Audit Plan 2025 to 2028 is set out in Attachment 1 of this report.
- 2.1 **Update on Ongoing and Completed Audits as per 3-year Internal Audit Plan**
 - 2.1.1 **2027/28 Audit Plan:** the 3-year audit plan will be updated following the scheduled Executive Workshop on our strategic risks, to ensure alignment with Council's material risk profile.
 - 2.1.2 **Risk Management (co-sourced):** this audit is currently underway by Bentleys on behalf of Council and will be presented to the November Audit and Risk Committee. The overall objective is to ensure that Council has robust policies, procedures and frameworks in place for risk management including Projects and Events.

- 2.1.3 **Business Continuity / IT Disaster Recovery (co-sourced):** the audit is currently underway by Galpins on behalf of Council and will be presented to the November 2025 Audit and Risk Committee. The overall objective is to provide assurance that City of Salisbury has adequate business continuity and IT disaster recovery processes in place, and the processes are likely to be effective in the event of a disruption.

2.2 **Audits Scheduled**

- 2.2.1 **Statutory LGA Compliance Review (Internal):** the Legislative Compliance support registers have been developed by the LGA SA to provide guidance to support councils in achieving compliance through practical considerations, the Audit and Risk Manager has initiated a review to ensure Council's compliance with the *Local Government Act 1999*. The final report is expected to be presented to the Committee in November 2025.

2.3 **Proposed changes**

- 2.3.1 **Procurement (co-sourced):** it is recommended that this audit be postponed until all actions from the Procurement Better Practice Review (presented to committee in November 2024 Audit and Risk Committee, 7.2.2) have been completed and a three-month embedding period has passed. As a result, the audit is now scheduled for 2026.

3. **CONCLUSION**

- 3.1 This report outlines the 3-year Internal Audit Plan, with an update on the timing of Internal Audits since the previous update in April 2025.

3 YEAR INTERNAL AUDIT PLAN - OVERVIEW			
Previous Reports 2025 - 2020	2025 / 2026	2026 / 2027	2027 / 2028
<div>2025</div> <div>- Fraud & Corruption Prevention Controls</div> <div>2024</div> <div>- IA Strategic Reporting Process</div> <div>- Rates Setting and Revenue Process</div> <div>- Tree Management</div> <div>- Statutory LGA Compliance Review</div> <div>- Procurement Better Practice</div> <div>2023</div> <div>- IA Strategic Alignment of Investments in ERP Solutions</div> <div>- Salisbury Aquatic Centre Project</div> <div>- Position Paper Revenue Recognition</div> <div>- IA Fleet Heavy Vehicle, High Value & Portable Assets</div> <div>- Petty Cash & Till Floats</div> <div>2022</div> <div>- IA Capital Works Projects Audit</div> <div>- Interim Strategic Asset Management Plan</div> <div>- Top Cyber-Security Controls Review</div> <div>2021</div> <div>- IA Volunteer Management Audit</div> <div>- Work Health & Safety Audits</div> <div>- IA Events Incident Management Framework</div> <div>- External Audit - Tender Recommendation</div> <div>- IA Complaints Handling Process Audit</div> <div>- Emergency Management Plan</div> <div>2020</div> <div>- Management of Contaminated Sites</div> <div>- Purchase Card</div> <div>- Management of Road Asset Maintenance</div> <div>- Food Safety</div> <div>- Contract Management</div> <div>- Asset Management</div>	<div>Statutory LGA Compliance review</div> <div>(Report: November)</div>	<div>Statutory LGA Compliance review</div> <div>(Report: November)</div>	To be finalised - post strategic risk workshop with Executive in August 2025
	<div>Business Continuity/ IT Disaster Recovery</div> <div>(Report: November)</div>	<div>Strategic Asset Management Plan</div> <div>(Report: February)</div>	
	<div>Risk Management / Internal Audit</div> <div>(Report November)</div>	<div>Asset Disposal</div> <div>(Report: February)</div>	
	<div>Data Governance - State Records, Self Assessment</div> <div>(Report February)</div>	<div>Procurement</div> <div>(Report: April)</div>	
	<div>Purchase Cards</div> <div>(Report April)</div>	<div>Community Consultation Process</div> <div>(Report: April)</div>	
	<div>Grants Management</div> <div>(Commence June - Report August '26)</div>		

ITEM	7.2.1
	AUDIT AND RISK COMMITTEE
DATE	12 August 2025
HEADING	Internal Audit Actions Status Update
AUTHOR	Kylie Schultz, Insurance and Corporate Governance Officer, CEO and Governance
CITY PLAN LINKS	4.1 Our council's services are delivered in an effective and efficient manner 4.3 Our council is recognised for delivering exceptional community experiences and quality outcomes
SUMMARY	This report provides an update on actions in progress arising from previously completed internal audits.

RECOMMENDATIONThat Council:

1. Notes the report and the Internal Audit - Action Register as detailed in Attachment 1 of the report (Item 7.2.1, Audit and Risk Committee, 12 August 2025).

ATTACHMENTS

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

1. Internal Audit - Action Register

1. BACKGROUND

- 1.1 This report provides a status update on the 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 15 April 2025 Audit and Risk Committee (the Committee) meeting.

2. EXTERNAL CONSULTATION / COMMUNICATION

- 2.1 Audit Action Process Owners

3. DISCUSSION

- 3.1 The total number of Internal Audit actions reported to the April 2025 Committee meeting was 29.
- 3.2 A total of four actions were closed for this reporting period from April 2025 to August 2025, which included one medium, one high and two low rated risk actions.
- 3.3 There are no new internal audit actions this quarter and two audits currently underway Risk Management and Business Continuity & IT Disaster Recovery.

- 3.4 A summary of the actions in progress remaining as at 12 August 2025 including the level of completion relative to the total number of actions for the respective audit, are below:

Audit	Total # Actions	Actions Completed	% Complete	Actions In Progress	% In Progress	Extended /Overdue
Management of Contaminated Sites - Oct 2020	14	13	93%	1	7%	0/0
Capital Works Project Audit - Nov 2021	3	3	100%	0	0%	0/0
Fleet Heavy Vehicle, High Value and Portable Assets Audit – Feb 2023	9	7	78%	2	22%	0/0
Rates Setting and Revenue Process	7	5	71%	2	29%	0/0
Tree Management	13	3	23%	10	77%	4/0
Procurement Process Improvement	8	0	0%	8	100%	1/0
Fraud and Corruption Prevention Control Process	4	2	50%	2	50%	2/0
TOTAL	58	33	57%	25	43%	7/0

4. FINANCIAL OVERVIEW

4.1 Nil.

5. CONCLUSION

- 5.1 This report provides a summary of the position on actions from past internal audits, since the April 2025 Audit and Risk Committee meeting.
- 5.2 Four actions were closed in this reporting period, bringing the total to 25 actions, all of which will be tracked to completion.

Log #	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Management Response / Action Agreed	Responsible Officer	Target Date	Revised Date	Audit Manager comment as at 12 August 2025
35	03-Aug-20	Management of Contaminated Sites	Better Practice	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).	Beth MacGillivray - Team Leader Natural Spaces & Environmental Management		Jun-26	There are 10 sub-components to this action, final action due to close by June 2026. Audit and Risk Manager continues to track the sub-components, and will report back to committee closer to the due date.
75	44642	Capital Works Projects Audit	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.	Dec-24	Jun-25	CLOSED - Close in August Committee - All 11 sub-components to this action have been closed, and evidence provided to the Audit and Risk manager.
79	15-Feb-23	Fleet Heavy Vehicle High Value and Portable	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 Kia Logan - People & Performance	Jun-23 Nov-23 May-24	Aug-25	Motor Vehicle policy was presented to Executive in Q1 2025 further review was requested on the risk management of the use of private vehicles for work purposes. Updated policy to be presented in August. Once approved further work on the private use vehicle handover process including on-boarding to be developed. People and Performance working with Field Service on this process.
81	15-Feb-23	Fleet Heavy Vehicle High Value and Portable	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.	1a) Chris Haskas - Manager Engineering Assets & Systems 1b) Mark Purdie - Manager Field Services Kia Logan - People & Performance; 1c&2) Matthew Coldwell	Nov-23 Dec-23 Jun-24	Aug-25	1a) Asset Management Policy has been reviewed and to be presented to the Policy and Planning Committee/ Council in August for endorsement 1b) CLOSED: Duplicate to action #79 1c) CLOSED: Procurement framework has been approved by Executive in April 2025. 2) CLOSED: Draft Portable items and Stocktake procedure in place to be approved by Executive in August. Procedure includes disposal of assets

Log #	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Management Response / Action Agreed	Responsible Officer	Target Date	Revised Date	Audit Manager comment as at 12 August 2025
93		Rates Setting and Revenue Process	Low	The Community Consultation Policy	The Community Consultation Policy on the Council's website is out of date for review.	As an interim measure, the Administration will administratively review the current policy (i.e. no actual change in policy position; rather, editorial update) and then, in due course, seek the Council to consider and adopt the new CEC and Community Engagement Policy position.	Chelsea Kroepsch - Manager of Community Experience	Apr-24 Mar-25	Apr-25	CLOSED - Close in August Committee - Review was complete, all relevant Managers/ Team Leaders have provided input. The Revised Community Consultation Policy was adopted at the April Council meeting, minutes confirmed policy was approved (CARRIED 0871/2025)
94		Rates Setting and Revenue Process	Medium	Meeting for the consultation on the ABP.	The Public Meeting was held before the 21 days had been completed from the date of the notice of the meeting for the consultation on the ABP.	For the next ABP process cycle, these timeframes will be incorporated into the scheduling. Noted that the meeting was held on day 20 for the 2023/24 ABP consultation process.	Karen Wehrmann - Procurement Services	Jun-24	May-25	CLOSED - Close in August Committee - Public consultation was advertised on Wednesday 30 April and closed on Wednesday 21 May 2025 at close of business – clear 21 days allowed for consultation period. This was then reported in June 2025 at the Finance and Corporate Service Committee.
98		Rates Setting and Revenue Process	Better Practice	If an instalment is not paid when due, a fine of 2% is payable, and after each full month after the date due, interest accrues.	If an instalment is not paid when due, a fine of 2% is payable, and after each full month after the date due, interest accrues. Rate Notices with Fines and Interest only show one figure labelled 'Fines', which includes both the fines and the interest. Business Improvement Opportunity: Showing Fines and Interest separately on rates notices may make it easier for ratepayers to understand what they are being charged for when their payments are late.	This is unable to be done in the current system. UHY Response: The Council is changing software. This should be noted as an improvement for the new software.	Karen Wehrmann - Procurement Services	Mar-25	Mar-26	The decision to upgrade Pathway to Pathway UX means that the configuration has not changed. Council intend to explore this action during the optimization phase to address this action. Revised date of March 2026.
99		Rates Setting and Revenue Process	Medium	Postponed rates can be charged interest, but the interest on the postponed rates notices uses the description fines.	Postponed rates can be charged interest, but the interest on the postponed rates notices uses the description fines. Recommendation: R18 (6)(b)(ii) Legislation requires that subsequent rates notices must show information about the amount of interest that has accrued under the postponement. The Council's rate notices only show one line, labelled fines, that includes fines and interest. The Notices should show interest separately.	This is unable to be done in the current system. UHY Response: The Council is changing software. This should be noted as a requirement in the new software.	Karen Wehrmann - Procurement Services	Mar-25	Mar-26	The decision to upgrade Pathway to Pathway UX means that the configuration has not changed. Council intend to explore this action during the optimisation phase to address this action. Revised date of March 2026.
100	Aug-24	Tree Management Framework	Medium	Recommendation1 : Defining the City's strategic intention for trees.	Clarify and define the COS' strategic intention around trees (for example – retain current levels, increase, decrease levels), including why trees are of importance to the environment/community. This direction can then be used to inform ongoing planning and operations of COS staff. Note – this will need to be informed by SA Government expectations (e.g. Urban Greening Strategy), new legislative requirements and Council's financial capacity. For example, in-house estimations are that the cost of planting/maintaining and watering a new tree in initial years is \$500.	Develop a strategy to provide clarity and direction.	Beth MacGillivray - Team Leader Natural Spaces & Environmental Management Craig Johansen - Team Leader Buildings, Electrical & Energy Management	Dec-25	Dec-25	Next update will be in November Audit and Risk Committee.

Log #	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Management Response / Action Agreed	Responsible Officer	Target Date	Revised Date	Audit Manager comment as at 12 August 2025
101	Aug-24	Tree Management Framework	Medium	Recommendation 2: Updating the Tree Management Procedure	Update and finalise the Tree Management Procedure. Note, one element to update and strengthen is around the management of significant/regulated and landmark trees – including roles/responsibilities for this across teams.	Complete review and update of Tree Management Procedure.	Beth MacGillivray - Team Leader Natural Spaces & Environmental Management Craig Johansen - Team Leader Buildings, Electrical & Energy Management	Nov-25 May-26	Dec-25	Field Services have completed a review of the Tree Management Procedure, additional changes are required and will be incorporated with Tree Management Strategy.
102	Aug-24	Tree Management Framework	Medium	Recommendation 3: Clear Understanding of Council's approach to tree protection.	Confirm the Council's intended approach to the protection of trees. For example: Is the current approach sufficient/in line with expectations, Is there an appetite to pursue additional action when tree vandalism/damage is identified. This decision is subject to internal appetite, budget and capacity to prove wrongdoing. The recommendation is aimed at ensuring consistent understanding of the intended approach to tree protection.	Confirm expectations as part of update of Tree Management Procedure [refer Recommendation #2]. Council's overall intent to protect trees/ not support tree damaging activity will be reflected in our defined strategic direction around trees	Beth MacGillivray - Team Leader Natural Spaces & Environmental Management	Mar-26 May-26	Dec-25	Field Services have completed a review of the Tree Management Procedure, additional changes are required and will be incorporated with Tree Management Strategy.
104	Aug-24	Tree Management Framework	Medium	Recommendation 5: Review service levels around tree requests.	Clarify the City's expected service levels associated with tree requests. For example, consider: clear timelines requirements for notifying residents of council's intent, allocating a short timeframe to higher-risk requests, allocating a longer timeframe to lower-risk requests. In line with this, review the adequacy of available resources to meet expected service levels. Note - suggested action only - service levels are at the City's description and IA note that an increase in service levels is likely to correlate to an increase in resources required.	Review Service Levels, workflows, processes and response timeframes.	Beth MacGillivray - Team Leader Natural Spaces & Environmental Management	Jun-26	Dec-25	A Consultant has been engaged to review customer experience and service levels.
105	Aug-24	Tree Management Framework	Medium	Recommendation 6: Potential contractor access to Confirm system.	Work to reduce in-house double-handling of tree-related data provided by contractors. This may be achieved by providing tree contractors with access to the Confirm system and/or development of another automated solution. Note - the intent of this recommendation is to reduce inefficiencies, however the security of the City's asset data is important. Appropriate controls must be achieved before access is potentially provided.	Automate solution and improve confirm/salesforce interface.	Craig Johansen - Team Leader Buildings, Electrical & Energy Management	Dec-25	Dec-25	Next Committee update in November.
106	Aug-24	Tree Management Framework	Medium	Recommendation 7: Managing tree-related input into development applications.	Conduct a workshop to review the current approach to providing tree-related input into development applications. Options to consider include but are not limited to whether: additional resources are required (for example, additional arborists or targeted administrative support), Current processes are as efficient as possible (for example, referral occurs at the optimal time), there is potential to reduce the number of applications referred by upskilling City Development staff about tree matters, and/or services of an external arborist/consultant can be used to assist when demand peaks.	Workshop as recommended	Beth MacGillivray - Team Leader Natural Spaces & Environmental Management Craig Johansen - Team Leader Buildings, Electrical & Energy Management	Sep-25	Sep-25	Next Committee update in November.

Log #	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Management Response / Action Agreed	Responsible Officer	Target Date	Revised Date	Audit Manager comment as at 12 August 2025
107		Tree Management Framework	Medium	Recommendation 8: Strengthening communication for tree-related customer requests.	Review communication provided for tree-related customer requests and ensure that: it clearly establishes expectations for timelines, where a request is closed, that communication clearly identifies the action taken/not taken and enables residents to follow-up.	Review timeframes and communication (in conjunction with Recommendation 5).	Beth MacGillivray - Team Leader Natural Spaces & Environmental Management Craig Johansen - Team Leader Buildings, Electrical & Energy Management	Jun-25	Dec-25	A Consultant has been engaged to review customer experience and service levels.
108		Tree Management Framework	Medium	Recommendation 9: Finalising the forward approach to tree asset management.	Clarify and finalise the City's forwards approach to tree asset management, in particular: if a Tree Asset Management Plan is required as outlined in the SAMP, ensure that it is developed, and if a Tree Asset Management Plan is not supported (noting it has been in draft since 2015), clarify how the asset management will occur and where the expected approach will be documented.	Prepare Tree AMP. Connected to Recommendation 1.	Beth MacGillivray - Team Leader Natural Spaces & Environmental Management Craig Johansen - Team Leader Buildings, Electrical & Energy Management	Dec-25	Dec-25	Next Committee update in November.
109		Tree Management Framework	Medium	Recommendation 10: Implement the planned review of tree asset hierarchy and Levels of service for Street Trees/Trees Management.	Continue work to implement the Strategic Asset Management Plan's deliverable of 'Undertake a review of [tree] asset hierarchy and Community Levels of Service for Street Trees and current Tree Management Practices.' Note - this item is included as a recommendation as it has been included in more than one year's version of the SAMP.	Undertake review as per recommendation.	Beth MacGillivray - Team Leader Natural Spaces & Environmental Management Craig Johansen - Team Leader Buildings, Electrical & Energy Management	Oct-25	Oct-25	Next Committee update in November.
110	Aug-24	Tree Management Framework	Medium	Recommendation 11: Urban trees - ensuring tree inspection and remediation work is scheduled and funded.	For urban trees, ensure that: repeat audit/condition inspection and associated risk rating of urban trees is scheduled, and associated remediation work and inspection regimes are funded on an ongoing basis and implemented.	Undertake audit followed by remedial works identified. Include ongoing funding in future budgets. Condition audits of trees continue to be part of regular operational activities (including via unit pruning contract).	Beth MacGillivray - Team Leader Natural Spaces & Environmental Management Craig Johansen - Team Leader Buildings, Electrical & Energy Management	Dec-25	Dec-25	Next Committee update in November.

Log #	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Management Response / Action Agreed	Responsible Officer	Target Date	Revised Date	Audit Manager comment as at 12 August 2025
113	28-Oct-24	Procurement Process Improvement Review	Better Practice	Procurement Lifecycle 1. Needs Assessment 2. Risk Management 3. Continuous Improvement	1. Conduct thorough analysis and documentation of procurement needs before initiating the tendering process. Develop procurement category specific processes including details around responsibility. 2. Implement risk assessment and mitigation strategies at each stage to ensure a robust procurement process. 3. Initiate continuous improvement processes like ongoing quantitative and qualitative performance monitoring mechanisms to evaluate supplier performance and contract compliance and establish a feedback loop with suppliers and stakeholders to continually improve procurement processes. By embedding these continuous improvement methodologies, the council can foster an adaptive and resilient procurement framework that responds to evolving challenges and opportunities.	1. We note and agree with the recommendation to enhance the analysis and documentation of procurement needs before initiating the tendering process but will need to review and consider the benefits of moving to a developing a procurement category specific process. 2. We note and agree with this recommendation to enhance existing risk assessments. 3. This will be actioned via the re-establishment of the Strategic Procurement Group focussed on overseeing the recommendations of this report and continuing to enhance processes as a key focus	Matthew Coldwell – Team Leader Procurement & Systems	Dec-25	Dec-25	Next Committee update in November.
114	28-Oct-24	Procurement Process Improvement Review	Better Practice	Planning and Strategy: 1. Integrated Needs Identification 2. Procurement Strategy Framework 3. Proactive Project Management & Procurement Integration	1. Integrate the needs identification process into the new system to ensure alignment with procurement activities. Enhance stakeholder collaboration in the initial stages to gather comprehensive input. Define a clear value proposition for procurement to guide decision-making. 2. Develop clear criteria for selecting the most suitable procurement approach for all procurements, including low-value purchases. This will ensure consistency and transparency in procurement decisions. 3. Based on the annual City Plan and Budget, project management should collaborate with the procurement team to proactively create forward procurement plans. This will help with resource planning and ensure timely procurement activities.	1. To be considered within the system functionality and enhancements 2. Noted and agreed to review current process to assess market and selecting the most suitable procurement approach to the market to maximise value for Council and ensure appropriate probity considerations 3. Noted and agreed with the aim to align with the preparation of the 2025/26 budget to better understand procurement needs in 2025/26	Matthew Coldwell – Team Leader Procurement & Systems	Mar-25	Feb-26	The implementation of the Procurement Optimisation components of the new system have been deferred due to some issues identified in functionality and processes identified during User Acceptance Training. This has required a review of the system and approach to delivering the required system enhancements. Based on this it is proposed that a revised date of February 2026 is required to complete the review and implement. The purchasing matrix contained within the review of the Procurement framework and situated on the intranet provides guidance to the business relating to Low value procurements (<\$100k) which are managed within the Business Units. Further revision of the process will be discussed as part of the Procurement and Contract Management Steering Group agenda. Pending enhancements of the system noted above, the Procurement and Project Teams have implemented an interim spreadsheeting solution supported by regular meetings that provides for 2 way communication of forward Project Plans and the status of procurement processes to assist with resource planning and timeliness of procurement processes.
115	28-Oct-24	Procurement Process Improvement Review	Better Practice	Sourcing and Solicitation 1. Standardised and Tailored Templates 2. Efficient Tender Documentation 3. SME Accessibility	1. Develop standardised, tailored templates based on the type of procurement, such as low-risk, high-risk, low-value, or high-value. This approach will: • Make it easier for tenderers to respond efficiently. • Reduce the administrative burden on both tenderers and the council. • Ensure that only necessary information is requested, leading to a more seamless process for everyone. 2. For tender documentation, add a cover page with a table of contents format to help navigate the content more efficiently. Ensure accurate naming and prioritisation of files to aid tenderers in understanding the requirements. 3. Streamline the procurement process to make it more accessible for small and medium enterprises (SMEs). Ensure tender response documentation is concise and effective by developing tailored templates for low-value procurements.	1. Noted and agreed with various templates created within the new system for use by the business 2. Noted and agreed 3. Noted and agreed with this to be considered by the re-establishment of the Strategic Procurement Steering Group	Matthew Coldwell – Team Leader Procurement & Systems	Dec 25	Dec-25	1. The procurement team are currently reviewing tender templates to identify opportunities to streamline the documents and reduce the impost on tenderers by implementing an annual prequalification process that would aim to reduce the amount of effort tenderers are required to provide a tender submission to Council. 2. CLOSED – A Table of Contents is available for all RFT packs that are put to the market (Evidence provided) that contain clear Schedules for Tenderers. These vary slightly depending on the nature of the work (i.e. Works, Goods, Services) 3. Next update at the November Audit and Risk Committee.

Log #	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Management Response / Action Agreed	Responsible Officer	Target Date	Revised Date	Audit Manager comment as at 12 August 2025
116	28-Oct-24	Procurement Process Improvement Review	Better Practice	Evaluation and Award 1. Panel Contract Evaluation 2. Transparency and Communication	1. Ensure no duplication of evaluation criteria for panel contracts or panel requests for tenders. For example, location-based criteria should not be evaluated twice when a tenderer from the panel is requested to quote for a particular requirement. 2. Maintain transparency in the tender evaluation process by informing unsuccessful tenderers early on, before the final choice is declared. This will help maintain positive relationships with vendors.	1. Noted and agreed with clear guidelines in tender documentation and ongoing management of panels to assist the market and staff to better understand the process 2. Noted and agreed in principle but will need to consider the appropriate process and timing to ensure the revised process is appropriate for Council needs	Matthew Coldwell – Team Leader Procurement & Systems	Jun-25	Sep-25	The Panel Contract Evaluation has been incorporated into the Evaluation and Probity Guidelines document. Await final Executive endorsement to close action. Action due to close before next committee.
117	28-Oct-24	Procurement Process Improvement Review	Better Practice	Contract Management and Supplier Relationships 1. Performance Management 2. Strategic Partnerships 3. Feedback Mechanism	1. Implement a formal performance management system with KPIs to track supplier performance and identify areas for improvement. 2. Identify key suppliers and establish formal partnerships to foster long-term collaboration and value creation. 3. Include a step to gather feedback from suppliers after complex tender processes in addition to providing feedback to the suppliers. Capture relevant feedback and improvement opportunities and implement them as part of a continuous improvement process.	1. Noted and agreed and will be considered as part of the new system implementation to track contractor performance 2. Agree in principle but will need further consideration as to how this will be progressed and any implications on this approach 3. Notes and agreed	Matthew Coldwell – Team Leader Procurement & Systems	Dec-25	Dec-25	Next Committee update in November.
118	28-Oct-24	Procurement Process Improvement Review	Better Practice	Continuous Improvement 1. Procurement Steering Committee 2. KPI Development	1. Extend the role of the procurement steering committee to lead continuous improvement activities. Gather feedback from tenderers during briefing sessions, list improvements identified as lessons learned, and flag implementable suggestions as actions for the committee. 2. Develop KPIs to evaluate the success of a procurement process by assessing it against the procurement principles identified in the framework. Include these KPIs in the executive's dashboards.	1. Notes and agreed 2. Noted and agreed with the Strategic Procurement Group leading this work	Matthew Coldwell – Team Leader Procurement & Systems	1) Feb-25 11 Apr-25 2) Dec-25	1) Sep-25 2) Dec-25	1. The Procurement Steering Group and Membership was approved by Executive in June 2025. The first meeting was held in July. 2. KPI's are still to be defined and agreed. How these KPI's will be stored and reported in a corporate system is also still to be defined.
119	28-Oct-24	Procurement Process Improvement Review	Better Practice	Risk Management 1. Comprehensive Requirements Gathering	1. Ensure an extensive requirement gathering process, especially for high-value procurements. This will help identify risks appropriately, and contractors will not have to worry about design changes during the tender process. Assign a Subject Matter Expert (SME) to identify and document requirements clearly, along with known and unknown risks in the tender documentation. If an SME is not available within the Council, consider an SME on a contract term to help drafting the tender requirements. The Council could consider retaining the contractor as an evaluator throughout the procurement process until contract award for all high-value, high-risk, and strategically important procurements.	1. Noted and agreed to review and enhance current process	Matthew Coldwell – Team Leader Procurement & Systems	Sep-25	Sep-25	Next Committee update in November.
120	28-Oct-24	Procurement Process Improvement Review	Better Practice	Systems Related Improvement Recommendations	Process related Controls related (Further information available in report)	Noted and agreed	Matthew Coldwell – Team Leader Procurement & Systems	Mar-26	Feb-26	The implementation of the Procurement Optimisation components of the new system have been deferred due to some issues identified in functionality and processes identified during User Acceptance Training. This has required a review of the system and approach to delivering the required system enhancements. Based on this it is proposed that a revised date of February 2026 is required to complete the review and implement.

Log #	Report Date	Audit	Risk Rating	Title: Finding/Opportunity for Improvement	Recommendations	Management Response / Action Agreed	Responsible Officer	Target Date	Revised Date	Audit Manager comment as at 12 August 2025
143	18-Dec-24	Fraud and Corruption Prevention Control Process	Medium	F1. Community Grants Process The review of the Community Grants Program identified incomplete documentation, funding amount discrepancies, and missing conflict-of-interest declarations, exposing control breakdowns and risks to program integrity.	Management should standardise grant application procedures, establish a conflict-of-interest policy, and implement a system of checks and balances to ensure grant program integrity. We recommend management: (1) Standardise procedures for grant applications to ensure completeness and accuracy, including recommended funding amounts and documented justifications for variations. (2) Implement the conflict-of-interest policy that is incorporated in the Employee Code of Conduct and s109 of the LG Act for staff and individuals involved in the evaluation process.	Agree to standardise procedures as recommended which will include conflict of interest (1) Agree to standardise procedures as recommended. (2) Agree to include COI to standardise procedures.	Hayley Berrisford - PA to General Manager Community Development	May-25	Nov-25	Grant Application procedure is currently being reviewed the conflict of interest requirement has been incorporated into this procedure. The business is working with the Governance Manager to finalise this procedure document.
144	18-Dec-24	Fraud and Corruption Prevention Control Process	Medium	F2. Minor Capital Grants Process A review of the Minor Capital Works Grants program revealed weaknesses in grant administration, including missing documentation, project evaluation and monitoring frameworks, and missing conflict of interest declarations.	Management should implement a standardised record-keeping system, gather stakeholder feedback to develop a formal evaluation process, establish a clear conflict of interest policy, and implement a system to monitor grant projects. We recommend management: (1) Implement a systematic record and filing review process to ensure approval letters and other critical documentation are present and correctly filed. (2) Develop and document clear evaluation criteria for the grant application assessment process. (3) Require all individuals involved in evaluating grant applications to complete a formal conflict of interest declaration before their review. (4) Require financial statements to be certified by a qualified auditor or certified chartered accountant as part of the standard grant application review process. (5) Ensure all applicants provide a valid Certificate of Incorporation or equivalent documentation demonstrating their non-profit status.	Business agreement with recommendation. (1) Implement a systematic file review process to ensure approval letters and other critical documentation are present and correctly filed. This work will be tied to the development of Objective, our new Electronic Document Management System (EDMS), which will be delivered next year 2025. (2) Agreed, administration to develop and document clear evaluation criteria for the grant application assessment process. (3) Require all individuals involved in evaluating grant applications to complete a formal conflict of interest declaration before their review. (4) Develop a formal process to undertake appropriate health checks and clubs annually (in relation to recommendation 4 & 5). This will be done in partnership with Sport and Recreation Division.	Jon Foong - Manager Urban, Recreation & Natural Assets	Jun-25	Dec-25	Action progressing – Report deferred to better consider proposed changes, with presentation to the Wellbeing and Sport Committee scheduled for September. Next Committee update in November.
145	18-Dec-24	Fraud and Corruption Prevention Control Process	Low	F3. Leave Balances The audit identified instances of employees accruing annual leave balances exceeding the two-year limit (304 hours) and long service leave balances exceeding the 15-week limit (507 hours), as defined in the City of Salisbury Municipal Officers Agreement and the City of Salisbury, AWU and Local Government Employees document, respectively.	Management should implement controls to enforce leave accrual limits, develop a clear policy and procedure for managing excess leave, and review and update relevant agreements for clarity and alignment with leave management practices. We recommend management: (1) Implement controls to enforce and prevent employees from accumulating leave beyond the defined limits. (2) Develop a clear policy and procedure for managing and reducing excess leave balances. This should include: Regular monitoring of leave balances, Proactive communication with employees regarding excess leave and Clear guidelines for approving leave requests. (3) Consider reviewing and updating the relevant agreements to ensure clarity and alignment with the Council's leave management practices and practical requirements.	Power BI reporting has been developed to ensure visibility of high balances. General Managers have access to this, which then becomes a leadership management requirement. At this stage reporting is operating however, control measures not mapped out to ensure action. (1) Leave liability is now captured and will be reported quarterly to Executive (2) Executive to review risk and inform their leaders to put action plans into place (3) Quarterly report to Executive by the People and Performance Team to confirm progress of leave management.	Kate Fennell - Senior payroll officer	Dec-24 Mar-25	Jun-25	CLOSED - Close in August Committee - BI Payroll dashboard in place and quarterly reporting to Executive is occurring with ongoing discussion with Executive team to ensure leave is managed and reviewed.

**INFORMATION
ONLY
ITEM**

7.2.2

AUDIT AND RISK COMMITTEE**DATE**

12 August 2025

HEADING

Risk Management and Internal Control Activities

AUTHOR

Sharon Kinsella, Audit and Risk Manager, CEO and Governance

CITY PLAN LINKS

4.1 Our council's services are delivered in an effective and efficient manner

SUMMARY

This report provides an update on the Risk Management and Internal Control activities undertaken and planned since the last update to the Audit and Risk Committee in April 2025.

RECOMMENDATIONThat Council:

1. Notes the updates on Risk Management and Internal Control activities as set out in the report (Item 7.2.2, Audit and Risk Committee, 12 August 2025).

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 This report provides an update on the risk management and internal control activities undertaken and planned since the April 2025 Audit and Risk Committee (the Committee) meeting.
- 1.2 The report allows the Committee to monitor and review these activities and assurances they provide.

2. EXTERNAL CONSULTATION / COMMUNICATION

- 2.1 Nil.

3. DISCUSSION**3.1 Risk Registers**

- 3.1.1 **A Strategic Risk Workshop** has been scheduled with the Executive Team for 19 August 2025. During the session, we will review all new, emerging, and existing strategic risks. Following this, the 2027/28 Internal Audit Plan will be finalised to ensure alignment with the updated strategic risk profile. The revised Strategic Risk Assessment will be presented to the Committee in November 2025.

- 3.1.2 **Operational Risk Registers** training took place in quarter 4 of 2024 with all Divisional and General Managers, to help Council document, identify, evaluate, and manage risks affecting daily operations. It covers risks such as system failures, compliance breaches, and service disruptions. The process included risk identification, impact assessment, mitigation strategies with appropriate action plans to further enhance the mitigation of the risk.

3.2 Climate Change

- 3.2.1 Following completion of a Climate Change Risk Assessment in March 2024, Council approved development of a Climate Change Adaptation Action Plan to guide and prioritise risk controls and next steps.
- 3.2.2 The Audit and Risk Committee noted a report on the Climate Change Risk Assessment at its meeting on 13 August 2024 and an update on progress of next steps was provided at its meeting in November 2024.
- 3.2.3 Arup was engaged to conduct a technical analysis with spatial data to better understand how climate change will affect infrastructure and community services and inform the development of a Climate Change Adaptation Action Plan.
- 3.2.4 The technical analysis included a climate risk assessment using spatial data with consideration of climate hazards, exposure of assets and vulnerability of assets to those hazards. The output of the assessment is a series of risk maps showing how climate change risk is distributed across the City of Salisbury Council area, on a 1km square grid.
- 3.2.5 The assessment considered the impact of four climate hazards (extreme heat, bushfire, flood, and drought and drying trend) on five asset typologies (open space, trees, transport, drainage and coastal, and buildings) for current and future timescales.
- 3.2.6 The technical analysis project has been completed with the final report and spatial data delivered in June 2025.
- 3.2.7 The technical analysis findings will inform strategy and planning work underway such as the Tree Management Strategy and Open Space Strategy. In parallel, work is progressing on the development of the Climate Change Adaptation Action Plan, which is scheduled to be presented to Council in 2025.

3.3 Finance

- 3.3.1 **Superannuation Guarantee (SGC) payments:** this relates to contractors who are deemed “common law employees” (independent contractors). Council is currently working through processes to ensure compliance going forward, with changes made to contractual agreements and procurement procedures already implemented. The Local Government Association (LGA) have issued Guidelines upon approach from the South Australian Local Government Financial Management Group (SALGFMG). Under the *Superannuation Guarantee (Administration) Act 1992* (SGA Act), historic superannuation payments are required to be rectified for those deemed common law employees who are engaged by Council. This could potentially relate to artists, musicians, sitting board members etc. The obligation cannot be contracted out to another party. The Commissioner of Taxation may pursue unpaid contributions beyond 5 years, noting that whilst the liability for SGC payments dates back to 1992, the minimum threshold of \$450 per month for superannuation to be applicable was removed in July 2022. Administration has commenced work on identifying outstanding payments to be submitted to the Australian Taxation Office and these works are progressing with retrospective payments and future state processes expected to be in place by January 2026. Work has commenced on identifying outstanding payments from prior years to determine the scope of the outstanding liability to Council. SALGFMG are working collectively to ensure best practice and consistency in how these are submitted.
- 3.3.2 **Australian Sustainability Reporting Standards AASB S1 and S2:** these are voluntary disclosures and align with other key deliverables undertaken within Council. We are still in early stages of investigating these standards and will work with both the SALGFMG and the Climate Change team in the coordination of these works.
- 3.3.3 **Internal Controls:** our External Auditor BDO is required to provide an audit opinion on Council's internal controls in accordance with Section 129(1)(b) of the Local Government Act 1999. Financial internal controls are accounting and auditing processes to ensure the integrity of financial reporting and regulatory compliance and to mitigate the risk of fraud. Council has finalised their self-assessment of internal controls which is based on the criteria of the Better Practice Model – Financial Control for South Australian Councils as issued by the Local Government Association of South Australia. BDO will provide their audit opinion as part of the end of year audit process and subsequent Management Reports.
- 3.3.4 **Asset Depreciation Policy:** was last reviewed in April 2023. Council continues to apply the Straight Line Method for asset depreciation. The Policy will next be reviewed and presented to the Audit and Risk Committee in April 2026.

4. FINANCIAL OVERVIEW

4.1 Nil.

5 CONCLUSION

5.1 This report provides a summary of the risk management and internal controls activities undertaken since its last presentation to the Audit and Risk Committee in April 2025.

ITEM	7.2.3
	AUDIT AND RISK COMMITTEE
DATE	12 August 2025
HEADING	Audit and Risk Committee - Annual Report 2024/25
AUTHOR	Sharon Kinsella, Audit and Risk Manager, CEO and Governance
CITY PLAN LINKS	4.1 Our council's services are delivered in an effective and efficient manner
SUMMARY	<p>Section 126(8)(b) of the <i>Local Government Act 1999</i> (the Act) requires the Audit and Risk Committee to provide an annual report to the Council on its work during the financial year.</p> <p>The Annual Report of the Audit and Risk Committee is to be included in the Annual Report of the Council.</p> <p>Section 99(1)(ib) of the Act establishes an annual reporting obligation for the Chief Executive Officer on the Council's Internal Audit processes.</p> <p>This report presents both the Audit and Risk Committee annual report and the Chief Executive report on the Internal Audit processes to the Audit and Risk Committee for its consideration.</p>

RECOMMENDATION

That the Audit and Risk Committee in accordance with its statutory functions:

1. Approves the Audit and Risk Committee annual report for the 2024/25 financial year as set out in Attachment 1 of the report (Item 7.2.3, Audit and Risk Committee, 12 August 2025).
2. Notes the report from the Chief Executive Officer on the Council's Internal Audit process, in accordance with Section 99(1)(ib) of the *Local Government Act 1999* as set out in Attachment 2 OF the report (Item 7.2.3, Audit and Risk Committee, 12 August 2025).

ATTACHMENTS

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

1. Audit and Risk Annual Report 2024/25
2. Chief Executive Officer Report on Internal Audit Processes 2024/25

1. BACKGROUND

- 1.1 Pursuant to section 131 of the *Local Government Act 1999* (the Act), Council is required to publish its Annual Report. The City of Salisbury annual report must be prepared and adopted by Council no later than 30 November each year. Contained within the Annual Report is information regarding Council's operating and financial activities for the previous financial year. It also includes the Audit and Risk Committee's annual report pursuant to section 126(9) of the Act.
- 1.2 The Audit and Risk Committee is asked to consider the statements to be included in the City of Salisbury annual report relating to the operations of the Audit and Risk Committee.
- 1.3 Consistent with the LGA Financial Sustainability Information Paper No 3, the Audit and Risk Committee annual report includes items such as:
 - 1.3.1 Membership
 - 1.3.2 Meetings scheduled and attendance
 - 1.3.3 Activities
 - 1.3.4 Progress against the workplan
- 1.4 The Audit and Risk Committee Annual Report *may* also include, where appropriate, the Committee's comments on:
 - 1.4.1 Any areas of accounting treatment that are open to discretion and in particular have material impact on reported financial performance or position of the Council.
 - 1.4.2 The veracity of financial information included in publications for external audiences.
 - 1.4.3 The adequacy of asset values and depreciation methodology.
 - 1.4.4 The adequacy of strategies to minimise the likelihood of occurrence and adverse consequence for obvious and major internal and other risks.
 - 1.4.5 The adequacy of arrangements for employees to confidentially raise concerns of alleged malpractice in accordance with legislative provisions.
 - 1.4.6 The effectiveness of the internal audit function, where this exists (in particular, the adequacy of the internal audit function for managing the risks to which the council's operations are exposed).
 - 1.4.7 The arrangements in place for initiating and undertaking efficiency and economy audits.
 - 1.4.8 The conformity of the appointment arrangements of the external auditor with legislative provisions.
 - 1.4.9 Its monitoring of progress in response to its previous recommendations regarding areas requiring improvement (including matters raised by the Council's external auditor).

- 1.5 The draft City of Salisbury annual report is presented each year to the Audit and Risk Committee for review and recommendation to Council. To allow the Audit and Risk Committee to consider the sections relevant to its operations prior to inclusion in the draft City of Salisbury Annual Report, the draft Audit and Risk Committee annual report is presented for its consideration.

2. EXTERNAL CONSULTATION / COMMUNICATION

- 2.1 Nil.

3. DISCUSSION

Audit and Risk Committee Annual Report

- 3.1 The City of Salisbury's Annual Report includes Council's end of financial year statements and a summary of its operating activities over the previous financial year. Financial statements are anticipated to be presented to the Audit and Risk Committee for review at the October 2025 meeting.
- 3.2 The Audit and Risk Committee's draft Annual Report is provided as Attachment 1 (Item 7.2.3), Audit and Risk Committee, 12 August 2025).
- 3.3 Upon the Audit and Risk Committee's consideration of the proposed text for its Annual Report, this will then be incorporated in the draft City of Salisbury Annual Report 2024/25.

Chief Executive Report on Internal Audit Processes

- 3.4 Section 99 of the Act prescribes the functions of the Chief Executive Officer of the Council. This list of current functions has been expanded following Local Government Reform to include two new functions which relate to:
 - 3.4.1 the establishment and maintenance of effective policies, systems and procedures for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks; and
 - 3.4.2 the provision of an annual report to the relevant audit and risk committee in relation to the council's internal audit processes
- 3.5 There is no prescribed timeframe or format for this Internal Audit process report, however it was deemed appropriate to align the timing of presentation of such report to the Audit and Risk Committee with other annual reporting requirements relating to the financial year.

4. FINANCIAL OVERVIEW

- 4.1 Nil.

5. CONCLUSION

- 5.1 Section 126(8)(b) of the *Local Government Act 1999* (the Act) requires the Audit and Risk Committee to provide an annual report to the Council on its work during the financial year.
- 5.2 Section 99(1)(ib) of the Act establishes an annual reporting obligation for the Chief Executive Officer on the Council's Internal Audit processes.
- 5.3 This report presents both the Audit and Risk Committee annual report and the Chief Executive report on the Internal Audit processes to the Audit and Risk Committee for its consideration.

AUDIT AND RISK COMMITTEE ANNUAL REPORT – 2024/2025

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

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

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

Audit and Risk Committee Membership July 2024 – June 2025

Name	Elected Member Or Independent Member	Term	Total Number of Meetings Attended
Cr Kylie Grenfell	Elected Member (Chair)	As Chair (From February 2023)	5 out of 5
Cr Beau Brug	Elected Member (Deputy Chair)	As Deputy Chair	5 out of 5
Mr Neil Ediriweera	Independent Member	Appointed until November 2025	5 out of 5
Mr David Powell	Independent Member	Appointed until February 2027	5 out of 5
Ms Lisa Teburea	Independent Member	Appointed until December 2027	2 out of 2
Ms Paula Davies	Independent Member	Up to November 2024	3 out of 3

(Meetings held on 13 August 2024 / 09 October 2024 / 12 November 2024 / 11 February 2025 / 15 April 2025)

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

Internal audits

The City of Salisbury operates a risk-based Internal Audit Plan, where audits are conducted to provide assurance on risks identified. Internal audits are undertaken in line with the Institute of Internal Auditors International Standards for Professional Practice of Internal Auditing and their Code of Ethics, and relevant industry best practice standards. A summary of internal audit status at different stages of the internal audit activity life cycle is shown below:

Schedule of Internal Audit Activity Cycle - July 2024 to June 2025

Internal Audits	Report Date
The Rates Setting and Revenue Process	August 2024
Tree Management	November 2024
Better Practice Review – Procurement	November 2024
Statutory Legislative Compliance Review – Chapter 8	November 2024
Fraud and Corruption Prevention Control Process	February 2025

Actions outstanding from previous audits as at June 2025

Audit	Total # Actions	Actions Completed	% Complete	Actions In Progress	% In Progress
Management of Contaminated Sites - Oct 2020	14	13	93%	1	7%
Capital Works Project Audit - Nov 2021	3	3	100%	0	0%
Fleet Heavy Vehicle, High Value and Portable Assets Audit – Feb 2023	9	7	78%	2	22%
Rates Setting and Revenue Process	7	5	71%	2	29%
Tree Management	13	3	23%	10	77%
Procurement Process Improvement	8	0	0%	8	100%
Fraud and Corruption Prevention Control Process	4	2	50%	2	50%
TOTAL	58	33	57%	25	43%

The Audit and Risk Committee received internal audit reports on the following areas: Rates Setting and Revenue Process, Tree Management, Better Practice Procurement, Statutory Legislative Compliance Review (Chapter 8), and Fraud and Corruption Prevention Control Process.

Internal audits are currently underway for Risk Management, Business Continuity, and IT Disaster Recovery. These will be reported in next year's Annual Report.

Financial Internal Controls Framework

The City of Salisbury applies the Local Government Better Practice Model – Financial Internal Control for South Australian Councils. In order to demonstrate compliance with this model, the City operates an extensive financial internal controls framework. The framework is designed to ensure financial processes, procedures, policies and systems are applied efficiently and effectively in order to mitigate the financial risks identified in the Model.

The City of Salisbury utilises a risk and control management application called ControlTrack, to monitor and review its internal financial controls. There are 259 controls within Control Track across 7 process categories: Assets, Expenses, External Services, Liabilities, Revenue, Strategic Financial Planning and Financial Governance.

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

All of the 259 controls in the Better Practice Model were assessed and reviewed in 2024/25. No controls were deemed ineffective or requires significant improvement. Six controls were assessed as being partially effective, and the other controls assessed are rated as either effective or majority effective. Treatment plans have been established to improve the rating for the partially effective.

External Audit

For the financial year ending 30 June 2025, BDO was engaged to perform an audit on the City of Salisbury (COS or the Council's) financial statements and internal controls, in accordance with the *Local Government Act 1999* ("the Act") and the *Local Government (Financial Management) Regulations* (2011) ("the Regulations").

BDO presented an Audit Completion Report, covering the Independent Auditor's Report, Auditor Independence Declaration, and the Independent Assurance Report on Internal Controls of the Council (Item: 7.1.1 Council, 28 October 2024)

BDO issued an unmodified audit opinion over the financial report of the Council for the period 1 July 2023 to 30 June 2024, and confirms that the Council has been audited in accordance with Australian Accounting Standards, the Act and the Regulations.

Risk Management

The Risk Management and Internal Controls Activities report was reviewed by the Audit and Risk Committee and Council quarterly which captures the update of the strategic risk register and other risk management and internal control activities.

Audit and Risk Committee performance

Best practice suggests that the performance of the Audit and Risk Committee ("the Committee") should be reviewed on a regular basis. The process for a self-assessment was approved at the February 2025 Committee meeting. A self-assessment survey was subsequently issued to the four relevant members of the Committee. Completed survey results were presented to the April Audit and Risk Committee and Council in a consolidated way.

The table below presents the activities reported to the Audit and Risk Committee

Activity	Responsible officer	Timing 2024 / 2025				Comments
		Q1 (Jul-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-Jun)	
Audit & Risk Committee performance						
- Recommendations of the Audit and Risk Committee presented to Council.	Audit and Risk Manager	✓	✓	✓	✓	
Present annual work plan	Audit and Risk Manager	✓				
- Undertake self assessment	Audit and Risk Manager				✓	
- Review of Terms of Reference (alternate years)	Audit and Risk Manager					Next review date Nov 2026
Financial Reporting						
- Review annual financial statements	Finance Manager		✓			
- Review asset valuations	Finance Manager		✓			
- Review methodology and approach to depreciation	Finance Manager		✓			
- Review significant accounting and reporting issues, changes to accounting standards and industry updates	Finance Manager		✓			
Management Plans & Business Plans						
- Review of annual business plan and budget	Finance Manager				✓	
- Review of long-term financial plan (s.122(4)(a) on an annual basis)	Finance Manager				✓	
- Review of infrastructure and asset management plan(s)	City Infrastructure				✓	
- Review of strategic plan (s.122(4)(b) within 2 years after each general election)		N/A				
Risk Management						
- Review strategic risk register	Audit and Risk Manager	✓				All changes will be reported to committee.

Activity	Responsible officer	Timing 2024 / 2025				Comments
		Q1 (Jul-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-Jun)	
Internal Controls						
- Review internal controls self-assessment	Control Owners				✓	
- Review internal control policies and procedures	Audit and Risk Manager	✓				
Internal Audit						
- Oversight of planning and scoping of internal audit plan [within '3-Year Internal Audit Plan quarterly report]	Audit and Risk Manager	✓	✓	✓	✓	
- Review (as presented) internal audit reports	Audit and Risk Manager	✓				
- Internal Audit – Action status report	Audit and Risk Manager	✓	✓	✓	✓	
- CEO's annual report to the Audit & Risk Committee; COS's internal audit processes (\$.99)	CEO	✓				
- Annual report of the Audit & Risk Committee activities, for inclusion in the COS's annual report	Audit and Risk Manager	✓				
External Audit						
- Submission of Annual Audit Plan	BDO / Audit and Risk Manager				✓	
- Review interim audit report	BDO / Audit and Risk Manager	✓				
- Review final external audit report	BDO / Audit and Risk Manager		✓			
- Review management representation letters	CEO		✓			
- Meet with External Auditor (in confidence)	BDO		✓			
Other Reporting						
- Cybersecurity report	Technology Manager	✓	✓	✓	✓	
- CEO's consultation report to the Committee on appointment of a 'person primarily responsible for the internal audit function'.	CEO	N/A				Ad-hoc
- Litigation risk update	Legal Services Advisor					Ad-hoc

CHIEF EXECUTIVE REPORT ON INTERNAL AUDIT PROCESSES

1. ESTABLISHMENT OF AUDIT AND RISK COMMITTEE:

- 1.1 Pursuant to section 41 of the Local Government Act 1999 (the Act) the Council establishes a committee to be known as the Audit and Risk Committee (“the Committee”)
- 1.2 The Committee is mandated under section 126 of the Act and operates within the functions and responsibilities of the Act and associated Regulations.

2. PURPOSE OF PAPER: Section 99 of the Local Government Act 1999 (Local Government Act) prescribes the functions of the Chief Executive Officer (CEO) of the council which includes ‘to report annually to the relevant Audit and Risk Committee on the council’s internal audit processes’.

3. REPORT:

- 3.1 The City of Salisbury operates a risk-based Internal Audit Plan, where audits are conducted to provide assurance on risks identified. Internal audits are undertaken in line with the Institute of Internal Auditors International Standards for Professional Practice of Internal Auditing and their Code of Ethics, and relevant industry best practice standards.
- 3.2 The City of Salisbury utilises a risk and control management application called ControlTrack, to monitor and review its internal financial controls. There are 259 controls within Control Track across 7 process categories: Assets, Expenses, External Services, Liabilities, Revenue, Strategic Financial Planning and Financial Governance.
- 3.3 The City of Salisbury applies the Local Government Better Practice Model – Financial Internal Control for South Australian Councils. In order to demonstrate compliance with this model, the City operates an extensive financial internal controls framework. The framework is designed to ensure financial processes, procedures, policies and systems are applied efficiently and effectively in order to mitigate the financial risks identified in the Model.
- 3.4 The City of Salisbury’s Annual Financial Statements for 2024 were prepared in accordance with the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011*, the Australian Accounting Standards and the South Australian Model Financial Statements 2023 and presented at the October 2024 Audit and Risk Committee.

A summary of internal audit status at different stages including of the internal audit activity life cycle is shown below:

Schedule of Internal Audit Activity Cycle - July 2024 to June 2025

Audit Engagement	Report Date	Q1 Jul- Sep 2024	Q2 Oct- Dec 2024	Q3 Jan- Mar 2025	Q4 Apr- Jun 2025
The Rates Setting and Revenue Process	August 2024				
Tree Management	November 2024				
Better Practice Review – Procurement	November 2024				
Statutory Legislative Compliance Review – Chapter 8	November 2024				
Fraud and Corruption Prevention Control Process	February 2025				

Internal Audit Activity Cycle	1. Fieldwork
	2. Management Reporting
	3. Audit & Risk Committee Reporting

Actions outstanding from previous audits as at June 2025

Audit	Total # Actions	Actions Completed	% Complete	Actions In Progress	% In Progress
Management of Contaminated Sites - Oct 2020	14	13	93%	1	7%
Capital Works Project Audit - Nov 2021	3	3	100%	0	0%
Fleet Heavy Vehicle, High Value and Portable Assets Audit – Feb 2023	9	7	78%	2	22%
Rates Setting and Revenue Process	7	5	71%	2	29%
Tree Management	13	3	23%	10	77%
Procurement Process Improvement	8	0	0%	8	100%
Fraud and Corruption Prevention Control Process	4	2	50%	2	50%
TOTAL	58	33	57%	25	43%

ITEM	7.2.4
	AUDIT AND RISK COMMITTEE
DATE	12 August 2025
HEADING	Audit and Risk Committee Annual Work Plan - 2025/2026
AUTHOR	Sharon Kinsella, Audit and Risk Manager, CEO and Governance
CITY PLAN LINKS	4.2 We deliver quality outcomes that meet the needs of our community 4.4 We plan effectively to address community needs and identify new opportunities
SUMMARY	The Audit and Risk Committee Annual Work for 2025/2026 is attached for review by the Audit and Risk Committee.

RECOMMENDATION

That Council:

1. Notes the Audit and Risk Committee Annual Work Plan 2025/2026 as set out in Attachment 1 to this report (Item 7.2.4, Audit & Risk Committee, 12 August 2025).

ATTACHMENTS

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

1. Audit and Risk Committee - Annual Plan

1. BACKGROUND

- 1.1 The Annual Work Plan 2025/2026 was last presented to the Audit and Risk Committee at its meeting held on 11 February 2025.
- 1.2 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. DISCUSSION

- 2.1 The purpose of the Audit & Risk Committee Annual Work Plan is to ensure that all essential areas are covered by the Audit and Risk Committee, in performing its roles and responsibilities under section 126 of the Act.

3. CONCLUSION

- 3.1 This report outlines the Audit and Risk Committee Annual Work Plan for the 2025/2026 financial year.

Audit and Risk Committee Annual Plan 2025/2026

Activity	Responsible officer	Timing 2025 / 2026				Comments
		Q1 (Jul-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-Jun)	
Audit & Risk Committee performance						
- Recommendations of the Audit and Risk Committee presented to Council.	Audit and Risk Manager	✓	✓	✓	✓	
Present annual work plan	Audit and Risk Manager	✓				
- Undertake self assessment	Audit and Risk Manager				✓	
- Review of Terms of Reference (alternate years)	Audit and Risk Manager					Next review date Nov 2026
Financial Reporting						
- Review annual financial statements	Finance Manager		✓			
- Review asset valuations	Finance Manager		✓			
- Review methodology and approach to depreciation	Finance Manager		✓			
- Review significant accounting and reporting issues, changes to accounting standards and industry updates	Finance Manager		✓			
Management Plans & Business Plans						
- Review of annual business plan and budget	Finance Manager				✓	
- Review of long-term financial plan (s.122(4)(a) on an annual basis)	Finance Manager				✓	
- Review of infrastructure and asset management plan(s)	City Infrastructure				✓	
- Review of strategic plan (s.122(4)(b) within 2 years after each general election)		N/A				
Risk Management						
- Review strategic risk register	Audit and Risk Manager		✓			All changes will be reported to committee.

Audit and Risk Committee Annual Plan 2025/2026

Activity	Responsible officer	Timing 2025 / 2026				Comments
		Q1 (Jul-Sept)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-Jun)	
Internal Controls						
- Review internal controls self-assessment	Control Owners				✓	
- Review internal control policies and procedures	Audit and Risk Manager					Post election
Internal Audit						
- Oversight of planning and scoping of internal audit plan [within '3-Year Internal Audit Plan quarterly report]	Audit and Risk Manager	✓	✓	✓	✓	
- Review (as presented) internal audit reports	Audit and Risk Manager	✓				
- Internal Audit – Action status report	Audit and Risk Manager	✓	✓	✓	✓	
- CEO's annual report to the Audit & Risk Committee; COS's internal audit processes (S.99)	CEO	✓				
- Annual report of the Audit & Risk Committee activities, for inclusion in the COS's annual report	Audit and Risk Manager	✓				
External Audit						
- Submission of Annual Audit Plan	BDO / Audit and Risk Manager				✓	
- Review final external audit report	BDO / Audit and Risk Manager		✓			
- Review management representation letters	CEO		✓			
- Meet with External Auditor (in confidence)	BDO		✓			
Other Reporting						
- Cybersecurity report	Technology Manager	✓	✓	✓	✓	
- CEO's consultation report to the Committee on appointment of a 'person primarily responsible for the internal audit function'.	CEO	N/A				Ad-hoc
- Litigation risk update	Legal Services Advisor					Ad-hoc