

COMMITTEE AGENDA

Audit Committee

Notice is hereby given pursuant to the provisions of the Local Government Act, 1999, that the next Meeting of the Audit Committee will be held in the Council Chambers, 181 Unley Road Unley on

Tuesday 02 July 2019 6.30pm

for the purpose of considering the items included on the Agenda.

A handwritten signature in black ink, appearing to read "Peter Tsokas".

Peter Tsokas
Chief Executive Officer

MEMBERS

Independent Member D Powell (Presiding Member)
Councillor K. Anastasiadis
Councillor M. Broniecki
Independent Member N Handley
Independent Member A Martin

ACKNOWLEDGEMENT

We would like to acknowledge this land that we meet on today is the traditional lands for the Kaurna people and that we respect their spiritual relationship with their country.

We also acknowledge the Kaurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kaurna people today.

ORDER OF BUSINESS

ITEM

1. ADMINISTRATIVE MATTERS

1.1 APOLOGIES

Nil

1.2 LEAVE OF ABSENCE

Nil

1.3 CONFLICT OF INTEREST

Members to advise if they have any material, actual or perceived conflict of interest in any Items in this Agenda and a Conflict of Interest Disclosure Form (attached) is to be submitted.

1.4 MINUTES

1.4.1 Minutes of the Ordinary Audit Committee Meeting held
Tuesday, 30 April 2019

1.5 DEFERRED / ADJORNED ITEMS

Nil

ITEM**PAGE NO****2. REPORTS**

- 2.1 Appointment of Deputy Presiding Member - Audit Committee 5

PRESENTATION

Galpins – City of Unley 2018/19 External Audit Plan
- *Mr Timothy Muhlhausler, Partner*
- *Mr Julian Freitas, Audit Manager*

- 2.2 2018-19 External Audit Plan and Certification of the Annual Financial Statements 7
- 2.3 Strategic Risk Register 34
- 2.4 Internal Financial Controls - Self Assessment 2018/2019 47
- 2.5 Procurement Savings/Overruns - Q4 2018/19 56

3. OTHER BUSINESS**NEXT MEETING**

Tuesday 29 October 2019 - 6.30pm

Council Chambers, 181 Unley Road Unley

DECISION REPORT

REPORT TITLE: APPOINTMENT OF DEPUTY PRESIDING MEMBER - AUDIT COMMITTEE

ITEM NUMBER: 2.1

DATE OF MEETING: 02 JULY 2019

AUTHOR: TAMI NORMAN

JOB TITLE: EXECUTIVE MANAGER, OFFICE OF THE CEO

ATTACHMENTS: NIL

1. **EXECUTIVE SUMMARY**

The Terms of Reference for the Audit Committee provide that the Committee may determine if there will be a Deputy Presiding Member of the Committee, and if so, the term of appointment for that position.

This report seeks a decision from the Audit Committee as to whether it wishes to appoint a Deputy Presiding Member, and if so, to determine who will be appointed and the term of appointment.

2. **RECOMMENDATION**

That:

1. The report be received.
2. _____ be appointed as Deputy Presiding Member of the Audit Committee for the term _____

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership
- 4.1 We have strong leadership and governance.

4. **BACKGROUND**

Council is required to establish an Audit Committee, and recently finalised appointments of Independent Members for a term concluding 31 May 2023.

Council also resolved that Mr David Powell be appointed Presiding Member of the Audit Committee for the term 1 June 2019 – 31 May 2021.

The Audit Committee Terms of Reference provide:

- 4.2. *The Council authorises the Committee to determine if there will be a Deputy Presiding Member of the Committee and, if so, authorises, the Committee to make the appointment to that position for a term determined by the Committee.*
- 4.3. *If the Presiding Member of the Committee is absent from a meeting the Deputy Presiding Member (if such position exists) will preside at that meeting. If there is no position of Deputy Presiding Member, or both the Presiding Member and the Deputy Presiding Member of the Committee are absent from a meeting of the Committee, then a member of the Committee chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.*

5. **DISCUSSION**

The Audit Committee is asked to consider if an appointment of Deputy Presiding Member should be made. If it determines to make such an appointment, the Committee should identify the Member to be appointed to the position and the term of appointment.

6. **ANALYSIS OF OPTIONS**

Option 1 –

1. The report be received.
2. _____ be appointed as Deputy Presiding Member of the Audit Committee for the term _____

This option provides for the appointment of a Deputy Presiding Member, to act in the absence of the Presiding Member. Whilst there is no obligation on the Committee to make an appointment, doing so provides clarity as to who would preside at meetings in the absence of the Presiding Member.

Option 2 –

1. The report be received.

This option receives the report and does not make an appointment to the position of Deputy Presiding Member. The Committee is not obligated to make an appointment. This option does not preclude the Committee from making an alternative decision in the future.

7. **RECOMMENDED OPTION**

Option 1 is the recommended option.

8. **REPORT AUTHORISERS**

Name	Title
Tami Norman	Executive Manager, Office of the CEO
Nicola Tinning	General Manager, Business Support & Improvement

DECISION REPORT

REPORT TITLE: 2018-19 EXTERNAL AUDIT PLAN AND CERTIFICATION OF THE ANNUAL FINANCIAL STATEMENTS

ITEM NUMBER: 2.2

DATE OF MEETING: 02 JULY 2019

AUTHOR: TRACY ROMANO

JOB TITLE: CHIEF FINANCIAL OFFICER

ATTACHMENTS: 1. GALPINS 2018-19 AUDIT PLAN

1. **EXECUTIVE SUMMARY**

This report seeks endorsement of the Annual Audited Financial Statement certification by the Chief Executive Officer and the Principal Member of the Council, namely in accordance with legislative requirements.

2. **RECOMMENDATION**

That:

1. The report be received.
2. It be noted that the 2018-19 Annual Audit Plan (as set out in Attachment 1, Item 2.2, Audit Committee, 02/07/2019) is consistent with the scope of the External Audit engagement and relevant legislation.
3. The Mayor and the Chief Executive Officer be authorised to sign the certification of the statements in their final form once the annual audited financial statements have been completed.

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership
- 4.3 Our business systems are effective and transparent.

4. **BACKGROUND**

Council's External Auditors, Galpins, have provided their Annual Audit Plan and timetable for the 2018-19 Audit. Their plan is consistent with the scope of the External Audit engagement, relevant legislation, and the timetable allows the Annual Financial Statements to be tabled at the

November 2019 Council meeting. This will ensure that Council meets its legislative requirements for distribution to the Minister and the Local Government Grants Commission.

5. DISCUSSION

External Audit

The objective and scope of the audit and audit obligations are established by the Local Government Act and Regulations. Specifically, the conduct of the annual audit is set out in Section 129 of the *Local Government Act 1999*.

The purpose of the External Audit is primarily to enable the External Auditor to express an opinion on the Annual Financial Statements and associated controls. It is standard practice of the External Auditor to plan and organise the external audit in conjunction with the Audit Committee and management noting the need to maintain auditor independence.

The Annual Audit Plan from Galpins includes a provisional timetable setting out the key dates to ensure that the end of year reporting process is completed in a timely and efficient manner. A copy of the Audit Plan is provided as Attachment 1 to this Report.

Attachment 1

Galpins carried out their interim audit visits in May 2019. The final audit, concentrating on the Council's Statement of Financial Position and draft financial statements, will be carried out during September 2019.

Audit Committee Responsibilities

The Audit Committee's Terms of Reference provide that the Committee shall review and make recommendations to Council on the scope of work, reports and activities of the External Auditor, including interaction with any internal audit projects.

There is a further requirement under the *Local Government Act 1999*, Section 126 (4) for the Audit Committee to review the Annual Financial Statements to ensure that they fairly present the state of financial affairs of the Council.

In line with the proposed audit timetable, the Committee will receive the Auditors Report at the meeting scheduled for October 2019.

Subject to any outstanding issues in relation to the Audit being resolved on a timely basis, the Annual Financial Statements will be signed and presented to Council at the meeting of Council scheduled for 25 November 2019.

Certification of the Annual Audited Financial Statements

Council is required, pursuant to Regulation 14 of the *Local Government (Financial Management) Regulations 2011* to authorise the Principal Member of the Council (Mayor) and the Chief Executive Officer to certify the Annual Audited Financial Statements, in their final form.

Specifically, the regulations require the Mayor and the Chief Executive Officer to certify the following statements:

- The accompanying financial statements comply with relevant legislation and Australian Accounting Standards
- The financial statements present a true and fair view of the Council's financial position; and the results of its operations; and cash flows for the financial year
- Internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year
- The financial statements accurately reflect the Council's accounting and other records.

The Certification of Financial Statements forms part of the Annual Audited Financial Statements.

6. ANALYSIS OF OPTIONS

Option 1 – That the Audit Committee recommends to Council that:

1. The Report be received.
2. It be noted that the 2018-19 Annual Audit Plan (as set out in Attachment 1, Item 2.2, Audit Committee, 02/07/2019) is consistent with the scope of the External Audit engagement and relevant legislation.
3. The Mayor and the Chief Executive Officer be authorised to sign the certification of the statements in their final form once the annual audited financial statements have been completed.

This option enables the Auditor and Administration to proceed with audit activity as outlined in the Plan and will ensure that Council meets its legislative obligations under the *Local Government (Financial Management) Regulations 2011*.

7. RECOMMENDED OPTION

Option 1 is the recommended option.

8. **POLICY IMPLICATIONS**

8.1 **Legislative/Risk Management**

Local Government Act 1999 Section 129

Local Government (Financial Management) Regulations 2011 Regulation 14 and 19

The Audit Committee may wish to amend the audit plan following discussions with Administration and the External Auditor.

It is good practice for Council to note the Annual Audit Plan but if this does not occur, it is unlikely to impact on the audit given that the scope of the audit is conducted in accordance with the *Local Government Act 1999*, Regulations and Australian Auditing Standards.

However, failure to authorise the Certification of Financial Statements by the Mayor and the Chief Executive Officer means that Council will not comply with the legislative requirements under the *Local Government (Financial Management) Regulations 2011*.

9. **REPORT AUTHORISERS**

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

Galpins

Accountants, Auditors & Business Consultants

2018/19 External Audit Plan

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1. AUDIT SCOPE

Opinion on the Financial Report

We have to audit the financial report of City of Unley, which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

We are to provide an audit opinion on whether the financial report of City of Unley, presents fairly, in all material respects, the Council's financial position as at 30 June 2019 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the Local Government Act 1999, and the Local Government (Financial Management) Regulations 2011.

Controls Opinion

We have to undertake a reasonable assurance engagement on the design and the operating effectiveness of controls established by City of Unley in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2018 to 30 June 2019 relevant to ensuring such transactions have been conducted properly and in accordance with law.

We are to provide an opinion whether, in all material respects:

- the controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- the controls operated effectively as designed throughout the period from 1 July 2018 to 30 June 2019.

2. AUDIT METHODOLOGY

Our financial statements Audit Methodology is a risk based methodology consisting of four main stages – Audit Planning, Internal Controls, Substantive Procedures and Completion. The stages are managed in an environment of ongoing monitoring and review and consultation with stakeholders.



We conduct our audits in accordance with the requirements of Australian Auditing Standards and Auditing Guidance Statements adopted from time to time by CPA Australia and The Institute of Chartered Accountants in Australia.

Audit Planning Stage - the objective of the audit planning stage is to develop a greater understanding of the entity. Based on our understanding of the entity, planning analytical review, structured interviews with management and walkthroughs we identify and rank the inherent risks.

Internal Controls - we obtain an understanding of the internal controls relevant to the financial statements and perform tests of design and effectiveness for these controls. Based on the results of the control testing, we then assess controls risks and design further audit procedures.

Substantive Procedures - From our understanding of the entity, our risk analysis and results of control testing, we are able to design and refine appropriate substantive procedures, including analytical review and test of details. Testing methods include reconciliations, recalculations, 3rd party confirmations, observation and inspection.

Completion - We evaluate the results of the audit testing and determine whether adjustments to the financial statements are required and review the final financial statements to provide support regarding the best presentation of these reports.

3. AUDIT PLANNING STAGE

Understanding the Entity and Inherent Risks

We research and document the Council's nature of operations, industry, regulatory environment, legislative responsibilities, financial reporting environment, understanding of use of information technology, capital investment, critical accounting policies and process of reviewing the Council's financial performance. This understanding enables us to identify the initial inherent risks. Structured interviews with management will also be carried out to identify other inherent risks.

Planning Analytical Review

The planning analytical review will help us to identify the existence of unusual transactions or events that may represent a risk of material misstatement. Our planning analytical review will also assist us to understand the classes of transactions and account balances to be expected in the financial report that should be subject to a specific audit program.

Identification of business cycles and definition of audit approach

The procedures performed when obtaining an understanding of the entity and the planning analytical review will assist us to identify the main business cycles and the account balances expected to be in the financial report. Also, this knowledge will enable us to define our audit approach for each class of transactions or account balances being a controls approach, a substantive approach or a combination of both.

Once we have identified all inherent risks based on our understanding of the entity's business, planning analytical review and enquiries of management and have defined our audit approach for each class of transaction and account balances, we will be able to commence the next stage of our audit (Internal controls stage).

We designed a table containing our understanding of all classes of transactions, account balances and related business cycles together with our initial understanding of the audit approach to be undertaken based on our initial inherent risk assessment.

The results of plan are included in the audit plan summary table containing our initial inherent risk assessment related to the account balances, classes of transactions and business cycles identified our audit planning.

The inherent risks assessment is what drives our audit approach (being controls approach, substantive approach or a combination of both). We usually provide an internal controls approach together with a substantive approach to the areas with high and medium inherent risks.

See a summary of our inherent risk assessment and the audit approach to be provided for each business cycle in the audit plan summary table below:

A list of internal controls to be tested for each business with high and medium inherent risks is provided in the Appendix 1 of this document.

Audit Plan Summary Table – Statement of Comprehensive Income - Income

Area	2018	2017	Audit approach	Business cycle	Audit Response	Inherent Risk
Rates and charges	40,010	38,585	Controls and Substantive	Rates	Controls and substantive tests	High
Statutory charges	1,542	1,606	Substantive	User Pay Income	Substantive tests	Moderate
User charges	1,755	1,691	Substantive	User Pay Income	Substantive tests	Moderate
Grants	3,631	4,212	Substantive	Grants	Controls and substantive tests	Moderate
Investment Income	14	20	Substantive	Investment Income	Substantive tests	Low
Reimbursements	423	466	Substantive	Other Revenue	Substantive tests	Low
Other Income	940	783	Substantive	Other Revenue	Substantive tests	Low
Equity Accounted Businesses	131	132	Substantive	Other Revenue	Substantive tests	Low

Audit Plan Summary Table – Statement of Comprehensive Income – Expenses

Area	2018	2017	Audit approach	Business cycle	Audit Response	Inherent Risk
Employee costs	16,186	16,655	Controls and Substantive	Payroll	Controls and substantive tests	High
Materials / Contracts / Other Expenses	20,003	18,701	Controls and Substantive	Purchasing, Procurement and Contracting	Controls and substantive tests	High
Depreciation and amortisation	8,011	7,265	Controls and Substantive	Fixed Assets	Controls and substantive tests	High
Finance Costs	225	310	Substantive	Other Expenses	Substantive tests	Low
Equity Accounted Businesses	-	-	Substantive	Other Expenses	Substantive tests	Low

Audit Plan Summary Table – Statement of Comprehensive Income – Other Comprehensive Income

Area	2018	2017	Audit approach	Business cycle	Audit Response	Inherent Risk
Asset Disposals & Fair Value Adjustments	62	34	Controls and Substantive	Fixed Assets	Controls and substantive tests	High
Amounts Received Specifically for New or Upgrade Assets	798	367	Substantive	Grants	Controls and substantive tests	Moderate
Physical Resources Received Free of Charge	-	-	Substantive	Other Revenue	Substantive tests	Low

Audit Plan Summary Table – Statement of Financial Position – Assets

Area	2018	2017	Audit approach	Business cycle	Audit Response	Inherent Risk
Cash and cash equivalents	3,107	29	Controls and Substantive	Banking	Controls and substantive tests	High
Trade and other receivables	1,884	2,383	Controls and Substantive	Debtors	Controls and substantive tests	Moderate
Other Financial Assets	12	12	Substantive	Inventory	Substantive tests	Low
Financial Assets – NC	9	18	Substantive	Loans to Community Groups	Substantive tests	Low
Equity Accounted Businesses	15,571	15,414	Substantive	Other Assets	Substantive tests	Low
IPPE	503,214	540,586	Controls and Substantive	Fixed Assets	Controls and substantive tests	High

Audit Plan Summary Table – Statement of Financial Position - Liabilities

Area	2018	2017	Audit approach	Business cycle	Audit Response	Inherent Risk
Trade and other payables	9,607	8,292	Controls and Substantive	Accounts Payable	Controls and substantive tests	High
Borrowings	3,619	4,153	Substantive	Borrowings	Substantive tests	Low
Provisions	2,379	2,350	Substantive	Provisions	Substantive tests	Moderate
Borrowings - NC	15,568	2,237	Substantive	Borrowings	Substantive tests	Low
Other Non-current liabilities	234	538	Substantive	Other	Substantive tests	Low
Provisions - NC	448	538	Substantive	Provisions	Substantive tests	Moderate

Audit Plan Summary Table – Statement of Financial Position - Equity

Area	2018	2017	Audit approach	Business cycle	Audit Response	Inherent Risk
Accumulated Surplus	145,159	140,252	Substantive	Other business cycles	Substantive tests	Low
Asset Revaluation Reserves	361,203	400,401	Controls and Substantive	Fixed Assets	Controls and substantive tests	High
Other Reserves	-	-	Substantive	Other business cycles	Substantive tests	Low

4. INTERNAL CONTROLS / CONTROLS OPINION

We review the internal controls we consider as key controls to be in place for the purpose of issuing our controls opinion. These key internal controls consist of a prioritised list of controls from the Better Practice Model – Internal Financial Controls 2017 (BPM). This list was based on the key business identified during our audit planning and from our planning analytical review and the internal controls listed in the BPM for these business cycles.

The key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year:

Business cycles	Account Balance	BPM controls	Inherent Risk
Purchasing and Procurement / Contracting	Materials / Contracts / Other Expenses	10	High
Fixed Assets	IPPE, Depreciation expense, Asset Disposals and FV adjustments, Revaluation Reserves	16	High
General Ledger	All accounts	11	N/A
Accounts Payables	Accounts Payables	13	High
Rates / Rates Rebates	Rates charges	10	High
Payroll	Employee Costs	19	High
Receipting	Debtors	5	Moderate
Credit cards	Materials / Contracts / Other Expenses	5	High
Banking	Cash and cash equivalents	5	High
Debtors	Debtors	6	Moderate
Total number of controls		100	

A prioritised list of controls from the better practice model can be seen in Appendix 1. After completing our test of effectiveness of internal controls we perform a controls risk assessment for each account balance. The controls risks are combined with our initial inherent risk assessment performed during our audit planning for determining the risk of material misstatements for each account balance (see more details in the item 5 of this document).



5. RISK OF MATERIAL MISSTATEMENTS

Risk of material misstatement consists of the following components:

Risks	Definition
Inherent risks	How susceptible to fraud or error the financial statements assertions are given the nature of the entity, considering external factors such as competency of staff, availability of information, prior period misstatements, accounting systems, level of supervision, etc before consideration of any related controls. The inherent risk assessment is performed during the planning stage when obtaining understanding of the entity's business (please refer to item 3 of this document).
Controls risks	Risk of a misstatement due to error or fraud that could occur and not be prevented or detected by Council's internal controls. The assessment of internal controls risks is performed during the internal controls stage after performing test of internal controls (please refer to item 4 of this document).

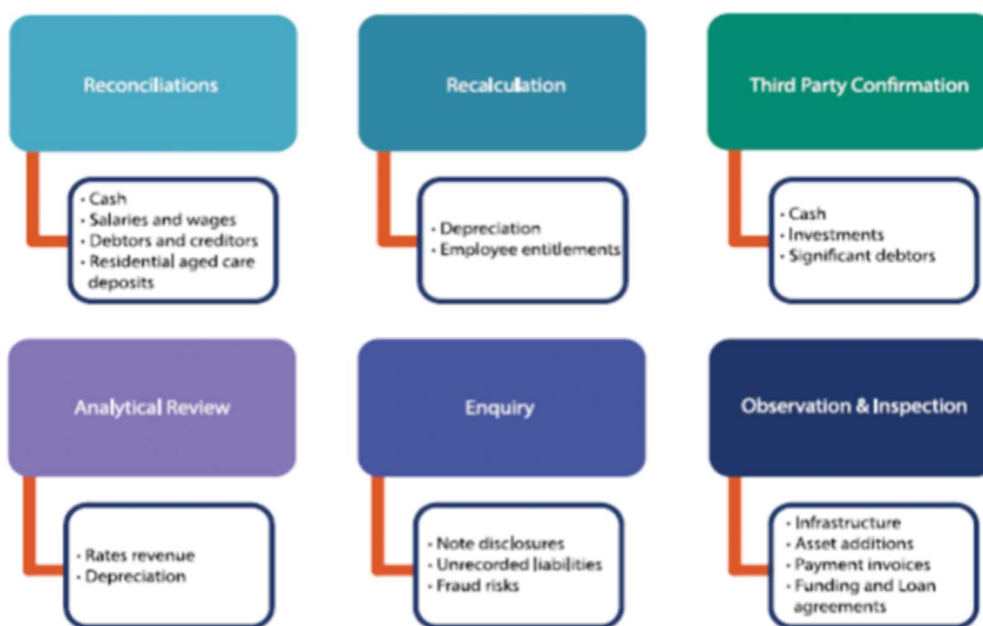
The risk of material misstatement will be based on the combination of inherent and controls risks as demonstrated in the table below:

		Inherent Risks		
		HIGH	MEDIUM	LOW
Controls Risks	HIGH	H	H	M
	MEDIUM	H	M	L
	LOW	M	L	L

The risk of material misstatement will determine the nature and extent of our audit procedures and sample sizes to be utilised. Once we assess the risk of material misstatements we will be able to design our substantive audit procedures.

6. SUBSTANTIVE PROCEDURES STAGE

From our risk analysis (please refer to item 6 of this document), we are able to design and refine appropriate substantive procedures, including analytical review and test of details, to address identified risks of material misstatements of financial statements. Testing methods to be applied to account balances and transactions include:



Please refer to the audit timetable indicating the dates for our final visit to perform our final substantive procedures (please refer to the item 8 of this report).

7. COMPLETION STAGE

This stage consolidates all the audit work performed during the previous stages. We perform a final risk of material misstatements assessment and conclude whether procedures performed were sufficient to reduce the audit risk to an acceptable level. We evaluate the results of audit testing and determine whether adjustments to the financial statements are required. We also review the final financial statements regarding the best presentation of these reports.

Key deliverables to complete the engagement include:

- Final Management Letter;
- Final report listing key matters addressed during the audit;
- Final auditor's report;
- Final controls opinion; and
- List of Immaterial Uncorrected Misstatements.

8. AUDIT TIMETABLE

The following is an indicative for the audit. Actual audit dates will be negotiated with the Council to ensure that dates are convenient.

Audit Activities	Indication of Dates
1. Initial Meeting with Finance Management and Key Staff Members	Early February
2. Detailed Audit Plan / Audit Program Development	Late April
3. Interim Site Visit	27-29 May
4. Interim Management Letter	Mid-June
5. Final Audit Visit	TBA
6. Final Auditor's Report	TBA
7. Final Management Letter	TBA

9. CONTACT DETAILS



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APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS

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Purchasing and Procurement

Risks

- | | |
|----|--|
| R1 | Council does not obtain value for money in its purchasing and procurement. |
| R2 | Purchases of goods and services are made from non-preferred suppliers. |
| R3 | Purchase orders are either recorded inaccurately or not recorded at all. |
| R4 | Purchase orders are made for unapproved goods and services. |

RISKS	Control	Control Type
R1	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Core
R1,R2	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Core
R1	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	Core
R2,R3	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers	Additional
R3	Purchase order numbers are either system generated and/or sequentially numbered.	Core
R3	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Core
R3	There is a process in place to follow up and action incomplete purchase orders.	Additional

CONTRACTING

Risks

- | | |
|----|--|
| R1 | Council is not able to demonstrate that all probity issues have been addressed in the Contracting process. |
| R2 | Council does not obtain value for money in relation to its Contracting. |

RISKS	Control	Control Type
R1,R2	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Core
R1	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Core
R1	Council maintains a current contract register.	Core

FIXED ASSETS

Risks

R1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.
R2	If fixed assets are not securely stored, they may be subject to damage or theft.
R3	If fixed assets are not valued correctly, the management reports and financial statements will be misstated. For example, incorrect carrying values may result from the use of inappropriate depreciation rates.
R4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals.
R5	Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control	Control Type
R1	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Core
R1	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	Core
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Core
R1	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Core
R1	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Core
R1	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Core
R1	Asset register calculations are reviewed for accuracy.	Core
R1	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Core
R1	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	Additional
R2	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Core

RISKS	Control	Control Type
R2	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Additional
R3	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	Core
R3	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	Core
R4	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Core
R5	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	Core
R5	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Core

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GENERAL LEDGER

Risks

R1	General Ledger does not contain accurate financial information
R2	Data contained within the General Ledger is permanently lost.

RISKS	Control	Control Type
R1,R2	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Core
R1,R2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Core
R1	Reconciliation of all balance sheet accounts are completed in accordance with a schedule of review and/or procedure.	Core
R1	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Core
R1	Journal entry access is restricted to appropriately authorised personnel.	Core
R1,R2	Financial data is backed up and stored offsite.	Core
R1	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Core
R1	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Core
R1,R2	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Core
R2	Formal disaster recovery plan is in place and communicated to relevant staff.	Core
R1	There is a process in place to review actual vs budget and significant variances investigated.	Core

ACCOUNTS PAYABLE

Risks

R1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.
R2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all.
R3	Disbursements are not authorised properly.
R4	Accounts are not paid on a timely basis.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1,R2,R4	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Additional
R3	Records must be maintained of all payments with supporting documentation.	Core
R1	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Core
R5	Access to the supplier masterfile is restricted to authorised staff	Core
R2,R5	Separation of Accounts Payable and Procurement duties.	Core
R3	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Core
R1	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Additional
R1	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Core
R4	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Core
R5	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Core

RISKS	Control	Control Type
R5	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Additional
R4	There is a system generated report detailing supplier invoices due for payment at any one time.	Core
R5	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Additional

DRAFT

RATES / RATES REBATES

Risks

R1	Council does not raise the correct level of rate income.
R2	Rates and rate rebates are either inaccurately recorded or not recorded at all.
R3	The Property master file data does not remain pertinent.
R4	Rates are not collected on a timely basis.

RISKS	Control	Control Type
R1,R2	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Core
R2	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run	Core
R1	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Core
R1	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Core
R2	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Core
R2	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Core
R4	There is a process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Core
R3	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Core
R3	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Core
R2	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Core

PAYROLL

Risks

R1	Payroll expense is inaccurately calculated.
R2	Payroll disbursements are made to incorrect or fictitious employees.
R3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.
R4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
R5	Voluntary and statutory payroll deductions are inaccurately processed or without authorisation.
R6	Employees termination payments are not in accordance with statutory and enterprise agreements.

RISKS	Control	Control Type
R1	Where possible standard programmed formulae perform payroll calculations.	Core
R1, R3	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Core
R1	All calculations for generating payroll payments are verified for accuracy.	Core
R4,R5	Managers periodically review listings of current employees within their departments and variances are investigated.	Additional
R1	Payroll is periodically reconciled to the General Ledger accounts.	Additional
R2	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Core
R2	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Additional
R2	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Core
R2	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Core
R2	There is a process to ensure employees are made inactive in payroll records upon termination	Core

RISKS	Control	Control Type
R5	All payroll deductions must be approved by the relevant employee.	Core
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Core
R2	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Core
R2	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Core
R2	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Core
R5	Access to the payroll deduction listing is restricted to authorised staff.	Core
R6	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Core
R3	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Core
R4	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Core

CREDIT CARDS

Risks

- | | |
|----|---|
| R1 | Credit Cards are issued to unauthorised employees. |
| R2 | Credit Cards are used for purchases of a personal nature. |
| R3 | Credit Card limits are set at inappropriate levels. |

RISKS	Control	Control Type
R1,R3	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	
R1,R2	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	
R2	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	
R2	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	
R3	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	

BANKING

Risks

- | | |
|----|---|
| R1 | Banking transactions are either inaccurately recorded or not recorded at all. |
| R2 | Fraud (i.e. misappropriation of funds) |

RISKS	Control	Control Type
R1,R2	There is a process in place to ensure all cash, bank cheques and/or cheque signing machine are adequately safeguarded.	Core
R1	Access to EFT Banking system is restricted to appropriately designated personnel.	Core
R1,R2	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Core
R2	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Core
R2	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Core

DEBTORS

Risks

R1	Debtors are either inaccurately recorded or not recorded at all.
R2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
R3	An appropriate provision for doubtful debts is not recorded
R4	Debtors are either not collected on a timely basis or not collected at all
R5	The Debtors master file data does not remain pertinent.

RISKS	Control	Control Type	CSA Importance Weighting
R1, R4	Debtor's reconciliation performed on a regular basis to the General Ledger and reviewed by an independent person.	Core	4
R1	Council maintains a Debt Collection Policy.	Core	5
R2, R3, R4	Management and/or Council review and approve all rebates, credit notes, bad debt write-offs and movements in the provision for doubtful debts, in accordance with delegations of authority and Local Government Act.	Core	5
R3, R4	Management reviews debtors ageing profile on a regular basis and investigates any outstanding items.	Core	4
R5	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by management for accuracy and on-going pertinence.	Core	5
R5	Recorded changes to debtor's master file data are compared to authorised source documents or confirmed with customers/ratepayers to ensure that they were input accurately.	Core	4

RECEIPTING

Risks

R1	Receipts are either inaccurately recorded or not recorded at all.
R2	Receipts are not deposited at the bank on a timely basis.

RISKS	Control	Control Type
R2	Prior to and during the banking process, cash is stored securely at all times.	Core
R1	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Core
R1	There is a review process for the authorisation of the reversal of transactions.	Additional
R1	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Core
R2	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Additional

INFORMATION REPORT

REPORT TITLE:	STRATEGIC RISK REGISTER
ITEM NUMBER:	2.3
DATE OF MEETING:	02 JULY 2019
AUTHOR:	LIDA CATALDI
JOB TITLE:	PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS:	1. STRATEGIC RISK REGISTER - 2019

1. **EXECUTIVE SUMMARY**

A review of the Strategic Risk Register has been undertaken by the Executive Management Team. A new format for the Risk Register has been adopted, which includes an inherent and residual risk assessment for each risk, a risk tolerance, and where relevant, a treatment plan.

The Report provides the Strategic Risk Register to the Audit Committee for consideration.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership

4.1 We have strong leadership and governance.

4. **BACKGROUND**

The Executive Management Team (EMT) recently undertook a review of the Strategic Risk Register for the City of Unley.

As part of this review a new format for the Register was adopted, which provides for the capture of contributory factors and impacts for each identified event, as well as the existing controls/current mitigating practices. The template allows for an inherent risk assessment to be made, followed by a residual risk assessment that considers the existing controls/mitigating practices.

For each event, a risk tolerance has also been determined, and where the residual risk rating exceeds the risk tolerance treatment plans have been developed.

This review sought to align strategic risks to the Community Plan 2033 and resulted in a consolidation of previous strategic risk topics; seven strategic risks have been included in the revised Strategic Risk Register.

5. **DISCUSSION**

The Strategic Risk Register was last reviewed in December 2017. However, this was never presented to the Audit Committee. As a consequence of staffing changes, further review of the Register has not been undertaken until recently.

The draft version of the Strategic Risk Register that formed the basis of this current review was initially developed by the Executive Manager Office of the CEO & the Principal Risk Management Officer from the December 2017 register.

The 2017 document contained the following strategic risks:

Long Term Financial Sustainability and Capacity

- Maintaining financial sustainability while delivering community expectations over the long term

Service Expectations

- Not providing tailored services, programs and communications that meet customer, community and stakeholder expectations

People Capability and Resource Allocation

- Having a competent, engaged workforce with capacity to deliver business need

Legislative Compliance Obligations

- Ability to continue to meet growing legislative and regulatory compliance obligations

Agility

- Not having capacity and capability to respond in a timely manner to changes within internal and external environments

Emergency, Recovery and Continuity Management

- Being able to continue service provision as a result of unforeseen events

Information, Communication and Technology Systems

- Continuing to invest appropriately in changing technologies

Good Governance

- Not having sound / effective and transparent processes and clear policies and practices to enable good decision making

Health, Safety and Welfare

- Ensuring the health, safety and welfare of staff and contractors and public safety

As part of the initial review process, the above items were consolidated, and contributory factors/impacts, along with existing controls/mitigating practices were identified and documented. Following this review seven (7)

events were presented to the Executive Management Team (EMT) for consideration.

As part of the EMT review, a risk assessment (inherent and residual) was undertaken. EMT also determined a risk tolerance for each risk.

The resulting Strategic Risk Register has six risks with a residual risk rating of 'medium' which were all within the tolerances set by EMT, requiring no further treatments.

Strategic Risk No. 3 – *Effective and transparent decision making* received a residual risk rating of 'high' where as the risk tolerance level was up to 'medium'. As a consequence, further treatment plans have been established.

A summary of the distribution of risks across the Community Plan theme areas is shown below:



A full copy of the Strategic Risk Register is provided as Attachment 1.

Attachment 1

Separately, the EMT has been documenting 'Areas of Focus' for the next 18 months – 2 years. In some instances, there is alignment between the Commitments to Action and Strategic Risks. Where directly relevant, actions from the EMT Areas of Focus have been included as treatment plans. Further analysis of the Areas of Focus will be undertaken to determine if other Commitments to Action should be included as treatment plans. This will be considered by the EMT as part of the next review of the Strategic Risk Register.

EMT have determined that going forward the Strategic Risk Register will be reviewed on a quarterly basis. The next review will occur in September and will be presented to the Audit Committee at the October 2019 meeting.

6. ANALYSIS OF OPTIONS

Option 1 – The Strategic Risk Register be received.

Council's current Strategic Risk Register is received and will form the basis of future reviews, monitoring and management of Strategic Risks.

Option 2 – The Committee recommends the Administration undertake further work on the Strategic Risk Register.

Further review and updates are made to the Strategic Risk Register based on the feedback and recommendations from the Audit Committee.

7. RECOMMENDED OPTION

Option 1 is the recommended option.

8. POLICY IMPLICATIONS

Section 125 of the *Local Government Act 1999* specifies that Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient manner to achieve its objectives.

Section 134 (4) (b) of the *Local Government Act 1999* requires Council to adopt risk management policies, controls and systems

9. REPORT AUTHORISERS

Name	Title
Tami Norman	Executive Manager, Office of the CEO
Nicola Tinning	General Manager, Business Support & Improvement

Strategic Risk Register

1	Event Description: Maintaining financial sustainability while delivering community expectations over the long term		
Responsible Managers: CEO, EMT, CFO		Community Plan Theme: CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> Forecasting tools are not relevant or out of date Long Term Financial Plan is not maintained or not appropriate for business needs Financial resources to deliver required services are inadequate Financial capacity to meet service delivery demands Financial resources are not managed in line with treasury management policy Debt levels and debt management strategies are not in line adopted targets or are not sustainable 		Impacts (risks): <ul style="list-style-type: none"> Financial Maladministration & Corruption Inability to delivery community expectations into the future Financial sustainability is compromised Reputational Damage Legislative Compliance (Financial) are not met Inter-generational equity is not achieved 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: HIGH	
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Endorsed Community Plan, Four Year Delivery Plan and Annual Operating Plans Comprehensive budget development process that meets legislative requirements (including consultation). Long Term Financial Plan in place with adopted financial targets; reviewed annually Adoption and application of the Better Practice Model – Internal Financial Controls Prudential Management Framework Treasury Management Plan Infrastructure & Asset Management Policy & Plans are linked to the long-term financial plan 		<ul style="list-style-type: none"> Quarterly budget review process Regular Financial reporting and budget monitoring Qualified and experience finance human resources Oversight from the Audit Committee External Audit Defined and agreed levels of service 	
Control Effectiveness: to be reviewed quarterly			
Risk Tolerance up to: MEDIUM	Likelihood: Rare	Consequence: Major	Residual Risk Rating: MEDIUM
Treatment Plan:		Responsibility:	Target Completion Date:
		•	•

EMT reviewed – 12 June 2019

Strategic Risk Register

2	Event Description: Delivering services, programs and communications that meet customer/community needs and expectations		
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: COMMUNITY LIVING & CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> Community Plan is out of date or not relevant Annual Business Plan and Budget process is not aligned with Community Plan and 4 Year Delivery Plan Resourcing is not aligned to 4 Year Delivery Plan Long Term Financial Plan is inadequate Conduct is inconsistent with Code of Conduct/ Values Systems and processes don't appropriately capture information regarding community needs Asset Management Plans are inadequate Legislative movement of responsibilities Disengaged Elected Members 		Impacts (risks): <ul style="list-style-type: none"> Dissatisfied community (public outrage) Reputational damage (negative media) Instability of staff (people leaving a negative environment) Organisational culture is negatively affected Negative perception of performance of the Council (Elected Body) 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: HIGH	
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Community Plan 2033 Annual Business Plan and Budget 4-year Delivery Plan Annual Operating Plan Long Term Financial Plan Strategies, Policies and Procedures Infrastructure and Asset Management Plans Corporate Performance Report CEO KPIs 		<ul style="list-style-type: none"> Organisational culture and values Role clarity and Position Descriptions aligned to service delivery Consultation processes (YourSay, website, social media) Customer Experience Framework Customer satisfaction surveys Community Engagement Framework and Policy Service Reviews Communication Channels Business Continuity Plan & Emergency Management Plan 	
Control Effectiveness: to be reviewed quarterly			
Risk Tolerance up to: MEDIUM	Likelihood: Rare	Consequence: Major	Residual Risk Rating: MEDIUM
Treatment Plan:		Responsibility:	Target Completion Date:
		•	•

EMT reviewed – 12 June 2019

Strategic Risk Register

3	Event Description: Effective and transparent decision making		
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> • Inappropriate conduct of staff/Elected Members • Inaccurate information • Ill-informed decision makers • Lack of accountability • Deficient policies and procedures • Noncompliance with legislative obligations/requirements • Internal control failures • Inappropriate delegations 		Impacts (risks): <ul style="list-style-type: none"> • Reputational damage • Scrutiny by regulatory bodies (ICAC/Ombudsman) • Financial impact/cost • Loss of confidence in council 	
Likelihood: Likely	Consequence: Catastrophic	Inherent Risk Rating: EXTREME	
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> • Legislative obligations (eg Code of Conduct, Policies etc) • Policies and Procedures • Delegation of Authority (Legislative and Financial) • Appropriately trained staff and Elected Members • Elected Members briefings and workshops 		<ul style="list-style-type: none"> • Elected Members training programs • Agreed and Endorsed Meeting procedures Risk Management Framework • Internal Controls Framework • Reporting Quality Control • Quality and experienced governance human resources 	
Control Effectiveness: to be reviewed quarterly			
Risk Tolerance up to: MEDIUM	Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: HIGH
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none"> - Delegation training (understanding roles, responsibilities and delegation of authority) - Risk Management awareness training 		EMOCEO EMOCEO	<ul style="list-style-type: none"> • December 2019 • December 2019
EMT Area of Focus Confirm an accountability matrix that articulates decision making at each level of the organisation: <ul style="list-style-type: none"> - Identify existing instruments of accountability and responsibility. - Test and review the accountability matrix to ensure levels of authority are applied consistently. 		GMBSI/EMOCEO EMT	2020/21 <ul style="list-style-type: none"> • •

EMT reviewed – 12 June 2019

Strategic Risk Register

4	Event Description: Ability to continue to meet growing legislative and regulatory compliance obligations		
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> • Other levels of government assigning new/different responsibilities • Increasing compliance obligations • Changing legislative obligations • Local Government Reform agenda 		Impacts (risks): <ul style="list-style-type: none"> • Failure to meet compliance obligation • Reputational damage • Loss of confidence in Council • ICAC investigation • Unreasonable Customer expectations • Negative Media exposure • Financial Sustainability • Negatively impact on service delivery & levels 	
Likelihood: Unlikely	Consequence: Major	Inherent Risk Rating: MEDIUM	
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> • Strategic Planning framework and documents (eg Community Plan, Annual Plan etc) • Long Term Financial Plan/Annual Business Plan & Budget • Policies and Procedures • Internal Controls • Risk management framework • Delegations 		<ul style="list-style-type: none"> • Audit Committee • External/Internal Audit • Appropriately trained and experienced staff • Access to suitably qualified service providers for support (eg legal advice) • Access to LGA resources & opportunity to influence outcomes 	
Control Effectiveness: to be reviewed quarterly			
Risk Tolerance up to: MEDIUM	Likelihood: Rare	Consequence: Major	Residual Risk Rating: MEDIUM
Treatment Plan:		Responsibility:	Target Completion Date:
		•	•

EMT reviewed – 12 June 2019

Strategic Risk Register

5	Event Description: Having an appropriately skilled and engaged workforce		
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> • Insufficient resources to attract appropriate staff • Inappropriately skilled staff • Negative organisational culture • Lack of contemporary working conditions • Limited access to ongoing training and development • No career progression opportunities • Lack of workforce planning • Job doesn't meet staff expectations • Unsatisfactory relationship with Elected Members 		Impacts (risks): <ul style="list-style-type: none"> • Unnecessary high staff turnover • Failure to deliver plans and strategies • Community expectations not met • Reputational damage • Inability to retain the right staff 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: HIGH	
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> • Recruitment strategies and practices • Well established brand • Active management and development of organisational culture (OCI) • Appropriate employment conditions 		<ul style="list-style-type: none"> • Documented job descriptions documented and reviewed • Corporate Values • Development planning process (PDR) • Relevant resources and tools 	
Control Effectiveness: to be reviewed quarterly			
Risk Tolerance up to: MEDIUM	Likelihood: Unlikely	Consequence: Major	Residual Risk Rating: MEDIUM
Treatment Plan:		Responsibility:	Target Completion Date:
<i>EMT Area of Focus</i> Establish and implement the appropriate ratio of permanent vs contract roles and identify the workforce development strategies required to achieve the next 4-year Delivery Plan: <ul style="list-style-type: none"> - Understand priority areas in the next 4-year Delivery Plan. - Determine the resource requirement and type (e.g. permanent, contract, outsource) to achieve the 4-year Delivery Plan. 		EMT EMT	2020/21

EMT reviewed – 12 June 2019

Strategic Risk Register

5	Event Description: Having an appropriately skilled and engaged workforce	
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: CIVIC LEADERSHIP
Treatment Plan:	Responsibility:	Target Completion Date:
<p><i>EMT Area of Focus</i></p> <p>Establish and implement a communication framework and plan that conveys what will be communicated, to who, when and how.</p> <ul style="list-style-type: none"> - Review internal communications work undertaken to date. - Undertake an audit (including a survey of staff) to understand communication needs and identify gaps to inform the plan. - Develop and implement the communication framework and plan. - Support the implementation of the framework and plan. 	<p>GMBSI/EMOCEO GMBSI</p> <p>GMBSI/EMOCEO EMT</p>	<p>2019/20</p>

EMT reviewed – 12 June 2019

Strategic Risk Register

6				Event Description: Having the capacity and capability to respond to change			
Responsible Managers: CEO, EMT, Mangers				Community Plan Theme: ALL			
Negative Contributory Factors: <ul style="list-style-type: none"> Lack of plans to respond to events that impact service delivery Lack of resources Lack of planning Not monitoring external environment & trends Out-dated systems and processes Reallocation of responsibilities via legislative changes Four-year election cycles Unskilled staff Lack of appropriate staff turnover Unrealistic expectations of customers 				Impacts (risks): <ul style="list-style-type: none"> Failure to deliver on plans and strategies Community dissatisfaction Service level reduction Reputational Risk Limitations in service delivery options 			
Likelihood: Possible		Consequence: Major		Inherent Risk Rating: HIGH			
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Strategic planning framework and documents External liaison and relationship management Business Continuity Plan & Emergency Management Plan Long Term Financial Management Plan Elected Members Induction process Active management and development of organisational culture (OCI) Continuous improvement 				<ul style="list-style-type: none"> Annual Business Plan & Budget Collaboration between Councils ERA Digital Strategy and BS&S capability Technology Ongoing training and development 			
Control Effectiveness: to be reviewed quarterly							
Risk Tolerance up to: MEDIUM		Likelihood: Unlikely		Consequence: Major		Residual Risk Rating: MEDIUM	
Treatment Plan:				Responsibility:		Target Completion Date:	
				•		•	

EMT reviewed – 12 June 2019

Strategic Risk Register

7	Event Description: Maintaining our urban environment and strengthening resilience to climate change		
Responsible Managers: CEO, EMT		Community Plan Theme: ENVIRONMENTAL STEWARDSHIP	
Negative Contributory Factors ("root" causes / how and why the event arises): <ul style="list-style-type: none"> • Tree canopy reduction across the City • High density development which does not provide for 'green' • Climate change – extreme weather events • State Government Planning Reforms • China Sword – lack of recyclables market • Growing resource costs (gas, water, electricity) • Limited public space available for planting trees 		Impacts (risks): <ul style="list-style-type: none"> • Canopy reduced – (out of Council's control) • Reputational impact – as community has strong 'green' focus • Heat-Island effect • Public Health implications and risks • Reduction in quality of life now and future • Increased costs • Impacts to rate-payers • Impact to local flora and fauna • Loss of enviable amenities 	
Likelihood: Almost Certain	Consequence: Major	Inherent Risk Rating: EXTREME	
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> • Tree Canopy Action Plan • Budget allocation for 19/20 to target canopy cover has been established • Brown Hill Keswick Creek subsidiary • Strategic Plan and objects • Re-use water (dam and aquifer) 		<ul style="list-style-type: none"> • Waste management plan • Public Health Plan • Alternative Energy initiatives • Cycling and walking network 	
Control Effectiveness: to be reviewed quarterly			
Risk Tolerance up to: MEDIUM	Likelihood: Unlikely	Consequence: Major	Residual Risk Rating: MEDIUM
Treatment Plan:		Responsibility:	Target Completion Date:
		•	•

EMT reviewed – 12 June 2019

INFORMATION REPORT

REPORT TITLE:	INTERNAL FINANCIAL CONTROLS - SELF ASSESSMENT 2018/2019
ITEM NUMBER:	2.4
DATE OF MEETING:	02 JULY 2019
AUTHOR:	LIDA CATALDI
JOB TITLE:	PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS:	1. INTERNAL FINANCIAL CONTROLS - SELF ASSESSMENT 2018/2019

1. **EXECUTIVE SUMMARY**

This report presents the 2018/19 Internal Financial Controls self-assessment report to the Audit Committee.

35 Internal Financial Controls were selected to form the current financial year's self-assessment process.

Out of the 35 internal financial controls selected, one required a treatment plan, which requires the Coordinator Procurement & Contract to review the use and maintenance of the contract register by December 2019.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership

4.1 We have strong leadership and governance.

4. **BACKGROUND**

The Better Practice Model – Internal Financial Controls (BPM) is a framework that identifies financial risks and controls for local government Councils in South Australia. The BPM requires Council's to conduct a self-assessment of controls identified via a risk-based approach.

External Audit will provide an audit opinion on the effectiveness of the internal financial controls. This External Audit report is currently in draft

form with the final version to be presented to the Audit Committee at the October 2019 meeting.

In October 2018 an inherent risk assessment was conducted utilising ControlTrack which entailed 92 risks identified in the Internal Financial Controls framework being assessed by the relevant 'risk owner'

There were a number of factors that needed to be taken into account to establish which controls were included for the self-assessment. These factors included:

- Staffing changes within the Finance team
- Process improvement projects/consultation work that has been identified for areas such as Accounts Payable, Procurement
- Current risk & control environment with Finance
- External Auditors Internal Financial Control selection

For 2018/2019 financial year a total of 35 controls were selected for the self-assessment process – this selection was conducted in conjunction with the Chief Financial Officer. These controls covered areas relating to the general ledger, rates, receipting, accounts payable, contracting, credit cards, purchasing and procurement, banking, petty cash, debtors and fixed assets.

The internal financial controls self-assessment process concluded in June 2019. Each control was assessed by the relevant officer and reviewed by their next level supervisor/manager.

The summary graph below shows a comparison of the average effectiveness rating between the assessor and the reviewer. The effectiveness rating scale is:

Control Effectiveness	
1	Ineffective
2	Requires Significant Improvement
3	Partially Effective
4	Majority Effective
5	Effective

The average assessor effectiveness rating of the controls is 4.46 whereas the reviewer's effectiveness rating is 4.69.

A copy of the Internal Financial Control assessment for the 35 controls is provided at Attachment 1.

Attachment 1

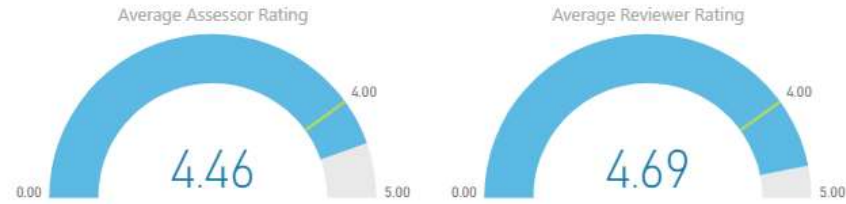
Summary Report – Internal Financial Control – 2018/2019

Assessment

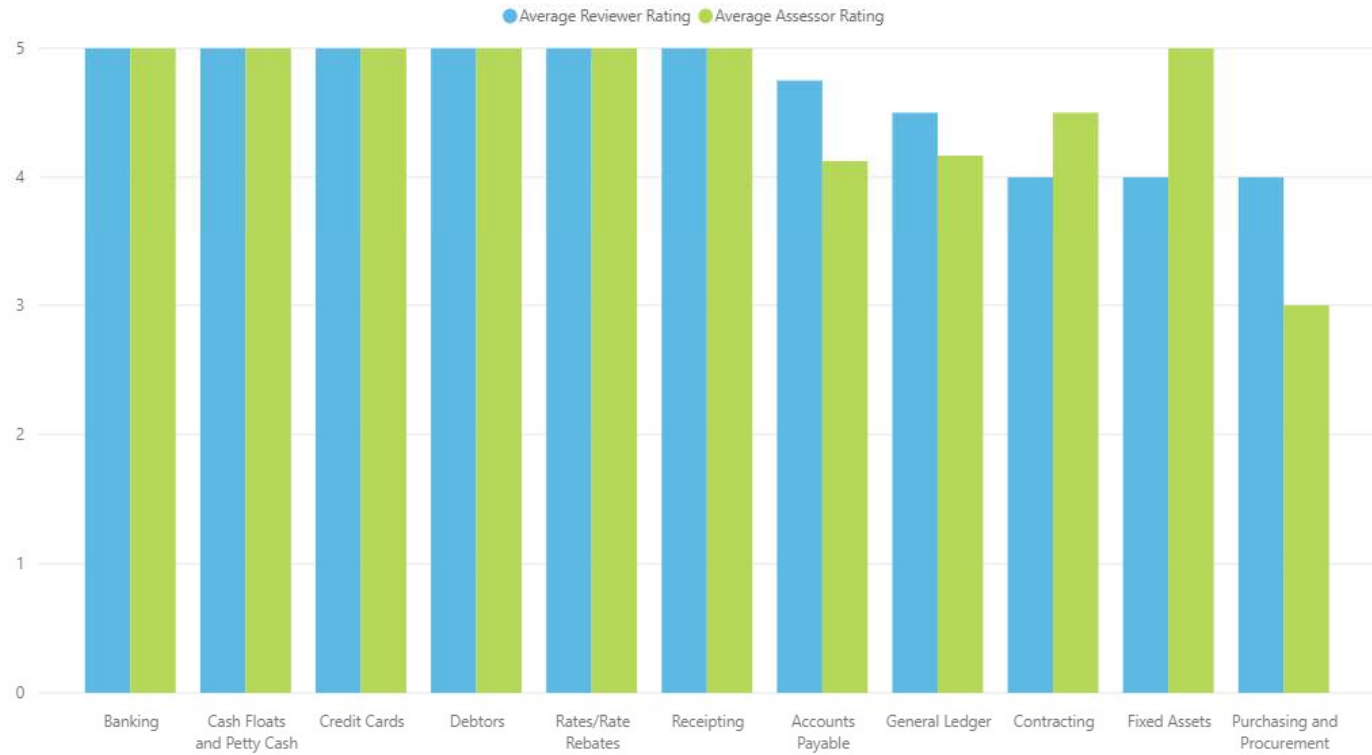
All ▼ ↻

Show by Business Units: ⓘ

Assessment	Avg AR	Avg RR
Internal Financial Control - 2018/2019	4.46	4.69
Total	4.46	4.69



Average Reviewer Rating and Average Assessor Rating by Process



5. **DISCUSSION**

Out of the 35 internal financial controls selected as part of this financial year's self-assessment process, one control required a treatment plan to be implemented as it received a partially effective rating by the reviewer:

- EXT-CON-001 – Council maintains a current contract register – reviewer '*whilst the contract register is in TechOne the use and maintenance of this needs to be reviewed*'.

The treatment has been allocated to the Coordinator Procurement & Contracts to *Review the Contracts Register* which needs to be completed by December 2019.

The City of Unley is yet to complete the residual risk assessment of the risk associated with the self-assessment controls. This is envisaged to be completed in July 2019.

6. **REPORT AUTHORISERS**

Name	Title
Tami Norman	Executive Manager, Office of the CEO
Nicola Tinning	General Manager, Business Support & Improvement

Internal Financial Control - 2018/2019 Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<div style="background-color: #28a745; color: white; padding: 2px;">Strategic Financial Planning</div>							
<div style="border: 1px solid #ccc; padding: 2px; display: inline-block;">General Ledger</div>							
STR-GEN-0012	There is a process in place to review actual vs budget and significant variances investigated. Strategic Financial Planning - General Ledger	Rooxana Webber	3	The rollup from the PJ Ledger to the GL Ledger is not in sync (Issue has been logged with Tech One) and only affects OPE.. Other variances are followed up regularly.	Tracy Romano	4	
STR-GEN-0011	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure. Strategic Financial Planning - General Ledger	Morgan Kris	4	There is a schedule of review for reconciliations. However, it needs to be refined moving forward.	Tracy Romano	4	
STR-GEN-0010	Journal entry access is restricted to appropriately authorised personnel.	Muhammad Rashid	5	Access to Journal entries in Tech One is restricted to finance staff only.	Tracy Romano	5	
STR-GEN-0007	Financial data is backed up and stored offsite.	James Roberts	5	All Financial data is backed up regularly to offsite Disaster Recovery site.	Tracy Romano	5	
STR-GEN-0002	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. Strategic Financial Planning - General Ledger	Morgan Kris	3	Reconciliations are being done regularly, but review of reconciliations are done on an adhoc basis due to staff turnover between July 18 - Current. This process will be more established when recruitment has completed. However, we (Finance) have mitigated the risk by reviewing the reconciliations from Jul-18 to Mar 19. This will be captured in a pdf format once the approver has signed off.	Tracy Romano	4	Project in place and staff member changes now have this going forward on a regular basis.
STR-GEN-0001	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Muhammad Rashid	5	Access to Tech one is granted based on the individuals role in the organisation. Administrative access is restricted to very few personnel.	Tracy Romano	5	
<div style="background-color: #28a745; color: white; padding: 2px;">Revenue</div>							
<div style="border: 1px solid #ccc; padding: 2px; display: inline-block;">Rates/Rate Rebates</div>							
REV-RAT-0009	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Chris Arthur	5	I process the request received via ECM and then send confirmation email to the requestor advising that changes have been actioned. The Pathways System also has an audit trail which shows prior master file changes.	Kym Caufield	5	
REV-RAT-0004	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Kym Caufield	5	Annual Valuations are received from the Office of the Valuer General between April and June and are balanced to the City of Unley Rate Assessments during this time all newly created and cancelled rate assessments are resolved. Final Valuation are adopted by Council June of each year.	Tracy Romano	5	

Internal Financial Control - 2018/2019 Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
REV-RAT-0002	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Kym Caufield	5	Rate Rebates Applications are processed as per the Rate Rebate Policy as attached	Tracy Romano	5	
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Receipting</div>							
REV-REC-0007	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Alaina Brodyk	5	Staff are aware of the need to investigate discrepancies and correct them before the end of day, to assist with this there is documented process/flowchart to step through how to find and correct any errors. staff also receive significant training in the cash handling procedures and myself as coordinator are here to assist. The bank reconciliation is done within the finance team as a further check.	Kim Thomson	5	
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Liabilities</div>							
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Accounts Payable</div>							
LIA-ACC-0016	There is a system generated report detailing supplier invoices due for payment at any one time.	Tracey Shepard	4	There is a payment proposal which can be run at any time, that shows all invoices currently due/overdue. Payment terms are set up by the Finance team member (usually the Accounts Payable officer), when creating or maintaining supplier details in Tech One.	Tracy Romano	5	
LIA-ACC-0013	Separation of Accounts Payable and Procurement duties.	Tracey Shepard	3	Currently Accounts Payable back-up is provided by a Procurement Officer, and/or Management Accountant - City Services. Where Procurement may raise purchase orders, there is no financial delegation that enables approval of PO or invoice. Where supplier master file information is changed or created, it must be checked and signed off by another Finance team member. This is manually enforced, but not reported on.	Tracy Romano	4	Secondary and system restrictions are in place to ensure no payments are made fraudulently.
LIA-ACC-0011	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Tracey Shepard	2	The Accounts Payable staff is meant to review Statements on a regular basis, but this is rarely achieved.	Tracy Romano	4	Large supplier statements or those with queries against payments are reviewed on a semi regular basis.
LIA-ACC-0010	Records must be maintained of all payments with supporting documentation.	Tracey Shepard	4	Invoices are scanned and kept in ECM, as well as the original hard copy.	Tracy Romano	5	
LIA-ACC-0009	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Dianne Williams	5	upon receipt of a suppliers name change or banking details change I phone them directly for verbal verification. Once that's received I make the change within Tech1 then that printed document is given to Account Management for double checking.	Tracy Romano	5	
LIA-ACC-0007	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Dianne Williams	5	Upon receipt of each Tax Invoice the authorizing signature is checked for correct financial delegation and account line allocation.	Tracy Romano	5	

Internal Financial Control - 2018/2019 Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
LIA-ACC-0006	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Dianne Williams	5	My prepared EFT/Cheque document are given to Account Management for 1st cheque, where he/she goes over each document finitely for correct supplier, correct amount, correct authorisations.	Tracy Romano	5	
LIA-ACC-0001	Access to the supplier masterfile is restricted to authorised staff	Muhammad Rashid	5	Access in Tech One is granted based on the individual's role in the organisation. Access to AP Master file is restricted to relevant individuals who worked in Finance.	Tracy Romano	5	
External Services							
Contracting							
EXT-CON-0003	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Tracey Shepard	5	This information is captured at various points in the process - the acquisition plan, the recommendation/evaluation or via separate forms prior to receiving tender documentation.	Tracy Romano	5	
EXT-CON-0001	Council maintains a current contract register.	Tracey Shepard	4	We enter Contract details within the contract register in Tech One Financials.	Tracy Romano	3	Whilst the contract register is in Tech One the use and maintenance of this needs to be reviewed.
Expenses							
Credit Cards							
EXP-CRE-0007	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Stephen Edwards	5	All credit card holders are required to complete the Corporate Credit Card Cardholder approval and acknowledgment form which outlines limits/ conditions and limits given. This is approved by their GM and CEO	Tracy Romano	5	
EXP-CRE-0005	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Stephen Edwards	5	All credit card holders are required to have their purchases approved by their Supervisor / Manager to ensure compliance with relevant policies.	Tracy Romano	5	
EXP-CRE-0003	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	Stephen Edwards	5	In line with the Credit Card Policy cardholders have a duty to ensure transactions are checked for accuracy on their statements - this is then entered into our finance system and sent to their Supervisor or Manager for approval.	Tracy Romano	5	
Purchasing and Procurement							
EXP-PUR-0009	There is a process in place to follow up and action incomplete purchase orders.	Tracey Shepard	1	Procurement is not involved in any process that involves follow up of incomplete purchase orders.	Tracy Romano	4	EOY - PO reports are run and a review of all open and outstanding PO's is completed. As part of the proposed automation of AP it is recommended to review the Councils use of PO's therefore the review of outstanding PO's and regularity will be taking into account.

Internal Financial Control - 2018/2019 Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
EXP-PUR-0008	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Tracey Shepard	4	Where there is a PO in place, the invoice can be matched to that. When a PO is complete, the GL or PJ code can be used directly (from the PO details). When the payment run is processed, all invoices to be paid are checked for accuracy of dollar amount, correct creditor details and the employee signing off the spend has appropriate financial delegation.	Tracy Romano	4	
EXP-PUR-0005	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Tracey Shepard	4	We have a Procurement Policy and Procurement Framework available to all staff. We are also part of the new employee induction program. We also provide a Decision-Making Matrix, to help staff understand when they need to involve Procurement. The Delegations of Authority are stipulated by hierarchy and role.	Tracy Romano	4	
<p>Assets</p> <p>Banking</p>							
ASS-BAN-0004	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Stephen Edwards	5	Banking is done on a daily basis at all Service Centre's this reconciled with receipting records, banking is collected from various Centre's and sent to NAB - this then will appear on the Bank Statement every day for reconciliation by the Management Accountant - City Services	Tracy Romano	5	
ASS-BAN-0002	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated. Assets - Banking	Stephen Edwards	5	Bank rec is updated daily with a EOM reconciliation done by the Management Accountant - City Services, this is then reviewed and approved by another Management Accountant - unreconciled items are reviewed and updated accordingly	Tracy Romano	5	Recent project completed EOM bank reconciliaiton is now kept in a soft digital format.
ASS-BAN-0001	Access to EFT Banking system is restricted to appropriately designated personnel.	Stephen Edwards	5	Personnel who have access to NAB banking are assigned a login and password (sometimes) token or mobile app - this requires 2 authorising officers to sign off any payment email confirmation received from Management eg FPO or GM prior to access being granted within NAB	Tracy Romano	5	Before access to the EFT banking system is approved an employee must recieve authroisation from either the CFO, and/or the GM Business Support Improvement and CEO. Nominated forms from NAB are completed and where appropriate identification is viewed by the bank.
<p>Cash Floats and Petty Cash</p>							
ASS-PET-0010	Petty Cash to be approved in line with policy or procedure having regard to amounts, substantiation criteria and authorisation.	Stephen Edwards	5	In line with Petty Cash Policy and Procedures petty cash reimbursements are signed by the incumbent supervisor - checking amount substantiation criteria and authorisation authority.	Tracy Romano	5	
ASS-PET-0009	Petty Cash amounts paid out should be under a predetermined amount and payments cannot be split over more than one voucher to come under the predetermined amount.	Stephen Edwards	5	In line with the Petty Cash controls and Procedures Policy, petty cash claims are monitored by AP for integrity and reviewed by the Management Accountant - City Services	Tracy Romano	5	

Internal Financial Control - 2018/2019 Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
ASS-PET-0001	A register for cash floats and petty cash and custodians is maintained by authorised personnel to record all movements.	Stephen Edwards	5	The register is kept by the Management Accountant updated as needed and reconciled on a quarterly basis, at the EOY an audit is done to ascertain accuracy and integrity, the holders of Petty Cash are also asked to sign a declaration confirming the amounts held are consistent with the records.	Tracy Romano	5	
Debtors							
ASS-DEB-0005	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.	Kym Caufield	5	Monthly reconciliations are completed and forwarded to Finance for review.	Tracy Romano	5	
ASS-DEB-0003	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.	Kym Caufield	5	<ul style="list-style-type: none"> • Statements are sent to follow up unpaid invoices at 30 days and continue until debt is paid or cancelled • A credit note request form is required to be fill out and approved by the appropriate manager when cancelling a debt from the system. • Raise the credit note as soon as you have received the approval. • A reminder letter is sent at 60 days of the debt remaining unpaid • A final reminder letter is sent at 90 days of the debt remaining unpaid giving the debtor 14 days to pay and if the debt still remains unpaid debt is sent to the collection agency for recovery. • The final decision to send the debt to our collection agency is made by the responsible officer. • If the debt is not sent to the collection agency for recovery the debt will have to be cancelled. 	Tracy Romano	5	Any debts which can not be collected or are deemed uncollectable are presented to the appropriate delegated level employee for approval.
Fixed Assets							
ASS-FIX-0016	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Anthony Starr	5	Assets are kept securely and keys are only issued to key personnel.	Mark Clarke	4	Currently in the process of installing security cameras within the works depot to increase the securing of the major of plant assets.

INFORMATION REPORT

REPORT TITLE:	PROCUREMENT SAVINGS/OVERRUNS - Q4 2018/19
ITEM NUMBER:	2.5
DATE OF MEETING:	02 JULY 2019
AUTHOR:	LEN CARTER
JOB TITLE:	COORDINATOR PROCUREMENT & CONTRACTS
ATTACHMENTS:	NIL

1. **EXECUTIVE SUMMARY**

The City of Unley is committed to providing value for money in its purchasing processes when engaging with the marketplace for the provision of goods and services. Financial savings are sought through procurement analysis and commercial market engagement.

This report is provided to inform the Audit Committee of new tenders and contracts that have achieved savings/cost avoidances of more than \$20k and budget overruns of more than \$50k in the fourth quarter of the 2018/2019 financial year.

2. **RECOMMENDATION**

That:

The report be received.

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership

4.3 Our business systems are effective and transparent.

4. **BACKGROUND**

At the Audit Committee meeting held 30 April 2019, the Committee recommended to Council that:

1. *The Audit Committee be informed of new tenders and contracts which have resulted in overruns of more than \$50,000, in addition to savings and avoidances achieved of more than \$20,000.*

At the Council meeting held 27 May 2019, Council endorsed the recommendation. This is the first quarterly report to incorporate the

revised cost saving/cost avoidance amounts (savings in excess of \$20k and cost overruns in excess of \$50k). Previous reports were based on savings/avoidances of greater than \$10K.

5. DISCUSSION

Procurement Savings/Cost Avoidances and Overruns for Quarter 4, 2018/2019

During Quarter 4, 2018/19 a number of procurement processes were undertaken. A snapshot of these includes:

- Unley Playspace Upgrades for Parks and Reserves
- Drum Wood Chipper
- Orphanage Park Irrigation Upgrade
- Thames St, Clarence Park Drainage Upgrade
- Park St, Hyde Park Drainage Upgrade
- Heywood Park Smart Cities Initiatives

Within the procurement activity undertaken there have been no savings/cost avoidances that warrant reporting to the Audit Committee.

6. REPORT AUTHORISERS

Name	Title
Tracy Romano	Chief Financial Officer
Nicola Tinning	General Manager, Business Support & Improvement