

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 08 December 2020 6.30pm

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

Chief Executive Officer

MEMBERS

Presiding Member D Powell (Presiding Member)
Councillor K. Anastassiadis
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	PAGE NO
1. ADMINISTRATIVE MATTERS	
1.1 APOLOGIES	
Nil	
1.2 LEAVE OF ABSENCE	
Nil	
1.3 CONFLICT OF INTEREST	
<i>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.</i>	
1.4 MINUTES	
1.4.1 Minutes of the Ordinary Audit Committee Meeting held Tuesday, 3 November 2020	
1.5 DEFERRED / ADJOURNED ITEMS	
Nil	
2. REPORTS	
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3. OTHER BUSINESS

NEXT MEETING

Tuesday 9 February 2021 – 6.30pm (to be confirmed)
Council Chambers, 181 Unley Road Unley

DECISION REPORT

REPORT TITLE:	PROCUREMENT POLICY REVIEW
ITEM NUMBER:	2.1
DATE OF MEETING:	08 DECEMBER 2020
AUTHOR:	ALEX BROWN
JOB TITLE:	MANAGER FINANCE AND PROCUREMENT
ATTACHMENTS:	1. REVISED PROCUREMENT POLICY 2. EXISTING PROCUREMENT POLICY

1. **EXECUTIVE SUMMARY**

The purpose of this report is to present an updated revision of the Procurement Policy for the Audit Committee's consideration and recommendation to Council for endorsement. This updated revision incorporates feedback from Members of the Audit Committee during the Audit Committee Meeting on 3 November 2020.

The previous Policy dates back to 2015, and has now been revised to reflect the latest thinking and legislative changes with respect to procurement in Local Government.

The key amendments have been made in the following respects;

- The minimum procurement requirements, subject to the proposed level of expenditure, as required by the Procurement Framework;
- Further detail from the Procurement Framework regarding:
 - The tender process for purchases over \$100,000;
 - The purpose and requirements for acquisition plans and purchase orders;
 - Circumstances in which dispensation from the Procurement Policy may be sought;
- Social Economic and Environmental Sustainability considerations; amended to reference the South Australian Industry Participation Policy (*Industry Advocate Act 2017*) and to strengthen the promotion of local enterprises and supply chains generally; and
- Prudential Management ; amendment to reference Section 48 of the *Local Government Act 1999* to provide a higher level of probity for the administration of larger projects.

Dispensation from Policy – Financial Delegations ; recommendation to increase delegations for the Chief Executive Officer and General Managers to approve dispensations from operating within the Policy.

2. RECOMMENDATION

That:

1. The report be received.
 2. The Procurement Policy as set out in Attachment 1 to this report (Item 2.2, Audit Committee Meeting, 3/11/2020) be endorsed.
-

3. RELEVANT CORE STRATEGIES/POLICIES

4. Civic Leadership
 - 4.2 Council provides best value services to the community.

4. BACKGROUND

Section 49 of the *Local Government Act 1999* provides that councils must develop and maintain procurement policies, practices and procedures directed towards obtaining value in the expenditure of public money, providing ethical and fair treatment of participants and ensuring probity, accountability and transparency in procurement activities.

The policies are to address the council's position on the following matters;

- The contracting out of services;
- Competitive tendering and the use of other measures to ensure that services are obtained and delivered cost effectively;
- The use of local goods and services; and
- The sale of or disposal of land or other assets.

The City of Unley Procurement Policy communicates to all stakeholders that the Council will undertake its procurement activities in a clear, accountable, consistent and transparent manner.

Policies should be reviewed on a regular basis to ensure that they remain current, reflect any changes to legislative requirements, industry guidelines and recognised best practice.

5. DISCUSSION

After reviewing the existing policy, it is considered that the policy remains relevant but requires minor amendments to:

- Reflect the latest thinking with respect to procurement issues in Local Government and its interaction with other levels of government; and
- Provide further details of minimum procurement requirements and methods required by the Procurement Framework.

A new policy template has been adopted for all Council Policies and the Procurement Policy has been transferred to the new policy template. A copy of the revised Policy is provided as Attachment 1 and the current Policy is provided as Attachment 2.

Attachment 1

Attachment 2

The proposed changes outline procurement requirements and processes required by the Procurement Framework, Social, Economic and Environmental Sustainability, Risk and Prudential Management and financial delegations around policy dispensations. The changes have been highlighted in red.

- Methods of Procurement

The revised Policy now incorporates the minimum procurement requirements, subject to the proposed level of expenditure, as required by the Procurement Framework. These requirements have been summarised in a table and include:

- sourcing methods – direct or competitive,
- the minimum number of written quotes / tender process (where required),
- evaluation methods, and
- requirement to prepare acquisition plans.

The summary of the tender process has been expanded to outline open and select tenders, and the evaluation approach.

Amendments have also been incorporated to:

- outline the purpose and requirements to have acquisition plans;
- outline the purpose and requirements for purchase orders; and
- detail the circumstances in which dispensation from the Procurement Policy may be sought.

- Social, Economic and Environmental Sustainability

This section has been amended to include reference to the South Australian Industry Participation Policy (*Industry Advocate Act, 2017*) (IPP) and to boost the promotion of local enterprises and supply chains generally. The key objective of the Industry Participation Policy is to ensure that capable South Australian small and medium enterprises are afforded full, fair and reasonable opportunity to tender and participate in significant publicly funded or supported projects. When assessing value for money, the broader impact of the contract to the region on a whole of life basis, including the benefits to local industry, should also be considered.

This amendment is in line with Eastern Region Alliance (ERA) decision to set the boundary of the defined region for the application of the IPP as the geographical boundaries of the ERA member Councils. The ERA is defined as the area within the Council areas of Unley, Burnside, Campbelltown, Norwood, Payneham & St Peters, Prospect and Walkerville. (Note: At this stage, it is not clear whether the defined region boundaries for the IPP can be changed as the currently defined area does not contain much industry or input suppliers and may not be particularly effective).

The policy now reflects this outcome without committing to requirements for a defined region from which to add weight, such as suppliers or the use of resources from within the ERA Council's boundaries. The ERA also supports the SA Industry Participation Policy but have yet to define terms of its commitment.

- Risk Management

The amendments relate to enhancement of wording to reflect the importance of identifying, measuring and managing risk.

- Prudential Management

This paragraph has been included to reinforce the obligations under Section 48 of the *Local Government Act 1999* in providing a higher level of probity for the administration of larger projects.

- Dispensation from Policy – Financial Delegation

It is recommended that the amount that a General Manager can approve for a dispensation from the Procurement Policy be increased from \$100,000 to \$250,000, in line with their other financial delegation limits for purchasing and signing of contracts. It is recommended that the Chief Executive Officer's delegation also change accordingly, from approving amounts over \$100,000 to approval of amounts over \$250,000.

- Definitions

The definition of 'Strategic Alliance' has been included for additional clarity.

6. **ANALYSIS OF OPTIONS**

Option 1 –

1. The Report be received.
2. The Procurement Policy as set out in Attachment 1 to this report (Item 2.1, Audit Committee Meeting, 8/12/2020) be endorsed,

The current Policy requires revision to align with best practice and to consider the intentions of the South Australian Industry Participation Policy and the *Industry Advocate Act 2017* and practices. The revised policy proposed as Attachment 1 incorporates the necessary updates and is recommended for endorsement.

Option 2 –

1. The Report be received.
2. Subject to the amendments set out below, the Procurement Policy as set out in Attachment 1 to this report (Item 2.1, Audit Committee Meeting, 8/12/2020) be adopted:
 - *Amendments to be detailed by the Audit Committee*

The Committee may wish to request amendments to the Policy and include these in the recommendation to Council for endorsement. Should this be the case, the amendments can be articulated as part of the resolution. This Option provides the relevant wording to enable the Committee to articulate any changes required to the policy, and to recommend these be incorporated by Council at the time it adopts the revised Procurement Policy.

Option 3 –

1. The Report be received.
2. The Procurement Policy as set out in Attachment 1 to this report (Item 2.1, Audit Committee Meeting, 8/12/2020) be further amended and returned to the Audit Committee for review, prior to presentation to Council for endorsement.

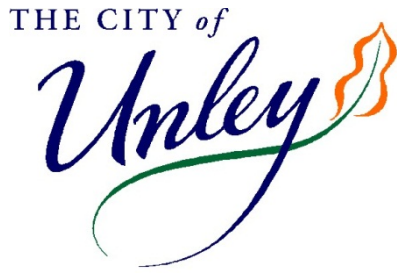
The Committee may consider that further work is required to the document prior to being referred to Council for endorsement. This Option requests further development of the documents and that they be returned to the Audit Committee for recommendation to Council.

7. **RECOMMENDED OPTION**

Option 1 is the recommended option.

8. **REPORT AUTHORISERS**

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement



PROCUREMENT

Policy Type:	Council Policy
Responsible Department:	Business Support & Improvement
Responsible Officer:	General Manager Business Support & Improvement
Related Policies and Procedures	Code of Conduct, Employees Prudential Management Policy Disposal of Surplus Non-Community Land Risk Management Policy Purchase Card Policy Motor Vehicle Policy Employees & Volunteers Procurement Framework
Date Adopted:	28 May 2012 (C420/12)
Last Council Review:	28 September 2015 (C257/15)
Next Review Date:	
ECM Doc Set ID:	1309552

1. POLICY STATEMENT

This Policy has been developed pursuant to the requirements of Section 49 of the *Local Government Act 1999*, for the acquiring of goods and services. It provides clear direction to Council's administration for procurement within the City of Unley to ensure consistency and control over procurement activities and to encourage best practice.

A Procurement Framework is maintained to support the application of this policy.

2. COMMUNITY PLAN OBJECTIVES

- 3.1 Unley is recognised as an easy place to do business.
- 4.1 We have strong leadership and Governance.
- 4.3 Our business systems are effective and transparent

3. POLICY OBJECTIVES

This policy has been developed to provide clear accountability, consistency and transparency to all procurement activities of Council and to ensure delivery of the following key objectives:

- providing for equitable and ethical behaviour in all procurement activities and fair treatment of suppliers and third parties
- obtaining value for money through tendering and negotiating practices
- ensuring probity, accountability, transparency and, where appropriate, reporting
- effective management of the end to end procurement lifecycle
- identification and management of risks, and
- ensuring that purchasing transactions are conducted within delegated authority.

4. PRINCIPLES

The following key principles underpin all procurement activities at the City of Unley:

4.1 Open and Effective Competition

Procurement should, as far as is reasonably possible, be transparent and result in fair and effective competition in the provision of goods and services. Council will encourage healthy competition in the markets from which it purchases.

4.2 Value for Money

Council seeks to achieve value for money. The concept of best value is not restricted to price alone. The best value assessment will include consideration of one or more of the following criteria together with other relevant factors pertaining to the individual procurement activity:

- contribution to the advancement of the Council's strategic priorities
- ensuring that the goods and/or service(s) meet the needs of the community through fitness for purpose, quality, services and support
- whole-of-life costs, including costs of acquiring, using, maintaining and disposal
- internal administration costs
- technical compliance issues
- risk exposure, and
- the value of any associated environmental, social and economic benefits.

4.3 Ethical Behaviour and Fair Dealing

Council values the highest ethical and professional standards in its business dealings. Council will aim to achieve integrity in its procurement activities

through transparent processes. Council employees involved in purchasing are to behave with impartiality, fairness, independence, openness, integrity and professionalism in their discussions and negotiations with suppliers and their representatives at all stages of the procurement process.

Council officers will observe the Code of Conduct for Employees at all times during the conduct of procurement activities and comply with all legal and common law obligations, including requirements of the *Independent Commissioner Against Corruption Act 2012*.

4.4 Social, Economic and Environmental Sustainability

Council procurement plays an important role in the economic development of South Australia. Promotion of employment, capital investment and support of supply chains in our immediate region and the broader state should be actively favoured when procurement decisions are made by Council.

Council acknowledges the South Australian Industry Participation Policy (IPP) and the *Industry Advocate Act 2017* and practices, as implemented by the State Government of South Australia.

Council recognises the geographical boundaries of the member Councils of the Eastern Regional Alliance (ERA) as its immediate region for the application of the IPP.

To the extent permitted by law, when all other considerations are equal, Council will favour the engagement of local suppliers and the use of South Australian made goods and suppliers whose activities contribute to the economic development of the region and/or provide local employment opportunities.

Council may also give preference to local contractors and suppliers by:

- actively promoting opportunities to supply to the Council to local businesses
- structuring the purchasing processes to be accessible to all businesses
- ensuring, where possible, that specifications and purchasing descriptions are not structured so as to potentially exclude local suppliers and contractors.

Consideration may also be given, where practicable in the procurement process, to investigate the inclusion of not-for-profit organisations (social enterprises) that benefit the community (including the disadvantaged).

In addition, in order to minimise Council's impact on its environment, Council will undertake best endeavours to adopt purchasing practices which conserve natural resources in a way that achieves value for money on a whole of life basis by generating benefits for the organisation and the community.

4.5 Risk Management

Council will ensure that appropriate risk management practices are in place for procurement activities including risk identification, assessment, and mitigation

and will adopt sound risk management principles in its procurement activities consistent with the Risk Management Policy and Framework.

Procurement risk assessments will influence the approach to market, with higher risk acquisitions requiring more formal procurement planning methodologies and higher levels of management oversight.

Council will only engage suppliers who are able to maintain a level of Work Health and Safety acceptable to the City of Unley. As a minimum, this will be in compliance with the *Work Health and Safety Act 2012*, all associated regulations and all requirements relating to contractors in the Council's relevant Work Health and Safety policies, and as specified in terms and conditions of contractual arrangements.

5. PROCUREMENT

5.1 Methods of Procurement

The Procurement Framework outlines detailed information in relation to methods of procurement. The procurement decision matrix (within the Procurement Framework) outlines different transaction methods that can be applied.

To meet the requirements in relation to open and fair processes, the Council will select an approach to market method best suited to the procurement activities.

The determination of the method of procurement will be typically documented by the preparation of an Acquisition Plan, detailing the most appropriate method for the purchase and the delegated officers involved at each level of the approval process.

The strategy and planning for the procurement process must be commensurate with the estimated monetary value and the level of risk to Council arising from the engagement. Strategic sourcing of goods and services requires planning using a systematic and fact orientated approach to optimize Council's supply base and to improve overall value.

The following table outlines the minimum procurement requirements which includes:

- Written quote(s) for purchases over \$2,000;
- An Acquisition Plan and competitive sourcing involving three written quotes and for purchases over \$10,000;
- A formal evaluation process for purchases over \$50,000; and
- A formal tender process for purchases where the estimated gross value of expenditure over the life of the contract exceeds \$100,000.

Direct sourcing (i.e. a quote from a single supplier) may be used for purchases up to \$10,000.

Value of Purchase (excluding GST)	Sourcing Method	Minimum Written Quotes	Evaluation Method	Acquisition Plan
Less than \$50	Direct	Nil	1 officer	Short Form when a contract is required
\$50 to \$2,000	Direct	Nil	1 officer	
\$2,000 to \$10,000	Direct	1	1 officer	
\$10,000 to \$50,000	Competitive	3	2 officer evaluation	Short Form
\$50,000 to \$100,000	Competitive	3	3 officer (minimum) evaluation panel	Medium Form
Greater than \$100,000	Competitive tender	3 submissions		Long Form

Council reserves the right to undertake public or select tenders and requests for expressions of interest whenever considered appropriate.

For the purpose of this policy, the value of any purchase will be calculated as follows:

- single one-off purchase – the total amount, or estimated amount of the purchase (excluding GST)
- multiple purchases – the gross value of, or the estimated gross value of, all items to be purchased (excluding GST), or
- ongoing purchases over a period of time – the annual gross value of the purchases, or the estimated annual gross value (excluding GST).

Splitting the amounts to bring expenditure within lower limits is not permitted.

Persons with financial delegated authority to procure will be responsible for ensuring appropriate practices and procedures for risk and opportunity management are observed.

Council may, at its absolute discretion, by resolution, having regard to the Procurement Principles and any other factors considered, utilise a different method of procurement.

5.2 Tender Process

In circumstances that Council is required or elects to undertake a tender, an open or select tender process may be undertaken.

An Open Tender must be advertised publicly through the use of the State Government's contracts and tenders web site.

A Select Tender process may be used where there are a limited number of competitors with the required knowledge in the market place. The reason for undertaking a Select Tender is required to be detailed in the Acquisition Plan.

Tenders will be evaluated in a systematic manner against clearly predetermined evaluation criteria, with the process documented in a recommendation report.

Successful and unsuccessful respondents will be advised of the outcome of the evaluation process, and offered a debriefing provided upon request.

5.3 Acquisition Plan

An Acquisition Plan is required for all purchases over \$10,000 (ex GST) and for the extension of contracts and where a contract is required to be executed even if the procurement is under \$10,000 (ex GST).

The Acquisition Plan will:

- detail the estimated value and the planned approach for the procurement activity;
- identify the approval process required for each stage of the procurements; and
- consider risk factors involved in the procurement.

5.4 Purchase Orders

Purchase orders provide a record of the intention to expend funds, evidence of the process of approval, separation of duties and commitment of funds. A Purchase Order establishes Council's terms and conditions with the supplier.

Purchase orders are required for purchases over \$2,000 unless an exemption applies within the Procurement Framework. The initiating officer and the approving officer must be different Council officers, and a purchase order is not official until it is approved.

5.5 Strategic Purchasing Cooperatives

Purchases may be made through strategic alliances and common use arrangements that are established and administered by organisations listed within the Procurement Framework with the aim of:

- reducing direct and indirect purchasing costs, and/or
- providing value for money through joint purchasing, and/or
- improving delivery and/or quality of outcomes to residents, and/or
- attracting more competition or a more suitable field of providers to respond to the tender call.

Where the Council accesses contracts established through a strategic alliance, it is deemed that these contracts meet the requirements of a tender process and, therefore, do not require a further tender process and are not required to be recorded in the Register for Dispensation from Procurement Policy.

5.6 Dispensation from Procurement Policy

In circumstances where the Council enters into purchasing contracts, other than those resulting from a competitive process, the Council will record the reasons for entering into those contracts.

There may be rare situations, such as emergencies or occasions where Council's procurement processes will not necessarily deliver the best outcome for Council, in which case other market approaches may be more appropriate. In these circumstances, the reason/s for not undertaking a competitive quotation or tender must be identified and recorded in the Acquisition Plan.

Dispensation may be sought for the following situations:

- An emergency threatening life and/or property;
- The supply market is limited (due to lack of 3 suitable suppliers);
- Timing constraints - urgent purchase (not to be used for poor planning);
- Compatibility with existing equipment or involves repairs and maintenance of existing equipment from original supplier;
- The exact same product or service (with the same specification) was chosen through a competitive procurement process within the last 6 months; or
- Where funding arrangements or grants specify other requirements.

Approval for exemptions is required by the:

- relevant General Manager on the recommendation of the initiating officer if the value of the purchase is under \$250,000, or
- CEO if the value is over \$250,000.

All such purchases, whether approved by a General Manager or the CEO, must be recorded in a register (Register for Dispensation from Procurement Policy) and reported to the Executive Management Team on a quarterly basis.

5.7 Negotiations

When requests for quotations, tenders or proposals have been invited for a contract for the carrying out of work or the supply of goods or services, then Council may negotiate with one or more respondents.

Probity requirements must apply in respect to any negotiation undertaken.

The Council may close down a tender (shut down) if tender submissions received do not meet the requirements or no tender submissions are received and proceed to negotiate with any one or more of the tenderers or any other person.

5.8 Contracting Out of Services

The Council may explore contracting out opportunities in lieu of direct service provision if better value for money can be achieved to gain the most efficient

and effective service delivery possible (subject to any restrictions or requirements contained within any enterprise based bargaining agreement). This includes the consideration of shared services opportunities with other Councils.

5.9 Confidentiality

Subject to the requirements of the *Freedom of Information Act 1991* and the *Local Government Act 1999* Council will maintain confidentiality in regard to contractual arrangements with suppliers.

5.10 Sale and Disposal of Assets

For the sale and disposal of land and other assets, the following principles will apply:

- consistency with and relevance to Council's Corporate and Strategic Plans
- transparency and accountability in sale and disposal procedures and practices to ensure that the Council obtains the best price in the circumstances and that potential purchasers are given equal opportunity to purchase the land or assets
- compliance with statutory and other obligations (e.g. Council Policy for Disposal of Surplus Non-Community Land)
- commercial confidentiality within legislative constraints, and
- other relevant factors deemed appropriate by Council.

Consideration must also be given to the Prudential Management Policy (Policy reference S0001), where relevant.

Council may utilise one or more of the following methods to sell or dispose of land and other assets:

- trade in
- public auction
- select tender
- open tender
- by agency agreement, or
- a direct approach to potential purchasers (for example, adjoining landholders).

Motor vehicle disposal is addressed in Council's Motor Vehicle Policy.

5.11 Prudential Management

An active risk management approach will be adopted when undertaking significant projects that have a high initial or long-term impact on Council's budgets. A Prudential Report will be prepared for major projects that exceed the threshold for minimum prudential risk management, as defined within Section 48 of the *Local Government Act 1999*. Before Council commences a prudential

project, the services of a suitably qualified staff member or independent person will be engaged to prepare a prudential report that includes all relevant issues listed in section 48(2) of the *Local Government Act 1999*. Refer Council's Prudential Management Policy.

6. DEFINITIONS

<i>'Acquisition Plan'</i>	is a document that outlines the procurement methodology and strategy to be undertaken in procuring the required goods or services. This plan also details the approval delegation before the procurement strategy is commenced.
<i>'Direct sourcing'</i>	is the purchase of goods and/or services from a single source.
<i>'Dispensation from Procurement Policy';</i>	the deviation from policy to pursue a method of procurement that will provide the best outcome for the Council.
<i>'Probity'</i>	means uprightness, honesty, proper and ethical conduct and propriety in Council dealings.
<i>'Procurement'</i>	is the complete action or process of acquiring or obtaining goods, services or property from outside Council at the operational level. For example, purchasing, contracting, and negotiating directly with the source of the supply through to acceptance and payment.
<i>'Strategic sourcing'</i>	is a process that continuously improves and re-evaluates purchasing activities to gain value.
<i>'Strategic Alliance'</i>	procurement activities through contract arrangements already in established and administered by other organisations such as, Local Government Association Procurement, Procurement Australia etc.
<i>'Tender'</i>	a proposal, bid or offer that is submitted in response to a Request for Tender.

7. LEGISLATION/REFERENCES

This is a mandatory policy as required under the *Local Government Act 1999* (Section 49).

The following is a list of various Acts and Regulations that apply to Council's diverse range of procurement activities. This policy is intended to supplement these instruments. Any inconsistency that may arise between this policy and a relevant Act or Regulation shall be resolved in favour of the act or regulations:

- Local Government Act 1999
- Competition and Consumer Act 2010 (Commonwealth)
- National Competition Policy
- Freedom of Information Act 1991
- Work Health and Safety Act 2012 (SA)
- Work Health and Safety Regulations 2012 (SA)
- Independent Commissioner Against Corruption Act 2012
- Environmental Protection Act 1993
- Security of Payment Act 2009
- Industry Advocate Act 2017
- Related Council Policies and Procedures
- Caretaker Policy
- Code of Conduct for Employees & Volunteers
- Disposal of Surplus Non-Community Land Policy
- Fraud and Corruption Prevention Policy
- Gifts and Benefits Procedure
- Motor Vehicle Policy
- Work, Health and Safety Contractor Management Policy

8. ROLES/RESPONSIBILITIES

- Manager Finance and Procurement
- Co-ordinator – Procurement and Contracts.

9. AVAILABILITY

The policy is available for public inspection during normal office hours from:

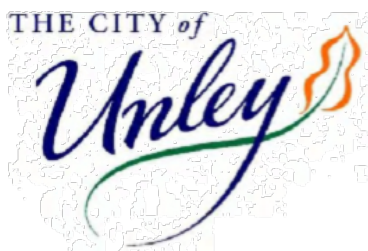
Civic Centre
181 Unley Road
Unley SA 5061

A copy may be purchased for a fee as determined annually by Council.

It is also available for viewing, download and printing free of charge from the Council's website, www.unley.sa.gov.au

DOCUMENT HISTORY

Date:	Council/Committee/Internal	Comment:
20 Sept 2010	CSP 360/10	
27 Sept 2010	Council; C739/10	Was policy no. COU 22
14 May 2012	CSP 108/12	
28 May 2012	Council; C420/12	
1 Sept 2015	Audit & Governance; A&G18/15	
28 Sept 2015	Council; C257/15	Was policy no. COU14
8 December 2020	Audit Committee	



PROCUREMENT

Policy Type:	Council Policy
Responsible Department:	Corporate Services
Responsible Officer:	General Manager Corporate Services
Related Policies and Procedures	Code of Conduct for Council Employees Community Engagement and Public Consultation Policy Disposal of Surplus Non-Community Land Policy Fraud and Corruption Prevention Policy Gifts and Benefits Procedure Motor Vehicle Policy Projects Prudential Management Policy Purchase Card Policy Risk and Opportunity Management Policy Work, Health and Safety Contractor Management Policy
Date Adopted:	28 May 2012 (C420/12)
Last Council Review:	28 September 2015 (C257/15)
Next Review Date:	September 2018
ECM Doc Set ID:	1309552

1. POLICY STATEMENT

This Policy has been developed, pursuant to the requirements of Section 49 of the *Local Government Act 1999*, for the acquiring of goods and services. It provides clear direction for procurement within the City of Unley to ensure consistency and control over procurement activities and to encourage best practice.

Non-procurement expenditure, such as sponsorship, grants, funding arrangements, donations, leases, licenses and employment contracts are not covered by this Policy.

A Procurement Framework is maintained to support this policy.

2. COMMUNITY PLAN OBJECTIVES

- 5.3 Good Governance and Legislative Framework
- 5.5 A Financially Sustainable Approach to Business and Planning Activity.

3. POLICY OBJECTIVES

This policy has been developed to provide clear accountability, consistency and transparency to all procurement activities of Council and ensure deliver of the following key objectives:

- providing for equitable and ethical behaviour in all procurement activities and fair treatment of suppliers and third parties
- obtaining value for money through tendering and negotiating practices
- ensuring probity, accountability, transparency and, where appropriate, reporting
- effective management of the end to end procurement lifecycle
- identification and management of risks, and
- ensuring that purchasing transactions are within delegated signing authority.

4. PRINCIPLES

The following key principles underpin all procurement activities at the City of Unley:

4.1 Open and Effective Competition

Procurement should, as far as is reasonably possible, be transparent and result in fair and effective competition in the provision of goods and services. Council will encourage healthy competition in the markets from which it purchases.

4.2 Value for Money

Council seeks to achieve value for money. The concept of best value is not restricted to price alone. The best value assessment will include a consideration of one or more of the following criteria together with other relevant factors pertaining to the individual procurement activity:

- contribution to the advancement of the Council's strategic priorities
- ensuring that the goods and/or service(s) meet the needs of the community through fitness for purpose, quality, services and support
- whole-of-life costs, including costs of acquiring, using, maintaining and disposal
- internal administration costs
- technical compliance issues
- risk exposure, and
- the value of any associated environmental, social and economic benefits.

4.3 Ethical Behaviour and Fair Dealing

Council values the highest ethical and professional standards in its business dealings. Council will aim to achieve integrity in its procurement activities through transparent processes. Council employees involved in purchasing are to behave with impartiality, fairness, independence, openness, integrity and

professionalism in their discussions and negotiations with suppliers and their representatives at all stages of the procurement process.

Council officers will observe the mandatory Code of Conduct at all times during the conduct of procurement activities and comply with all legal and common law obligations, including requirements of the Independent Commissioner Against Corruption Act 2012.

4.4 Social, Economic and Environmental Sustainability

Council is committed to maximising the positive impact of its activities to benefit the local community, its economy, and the environment.

The Council will endeavour to, at its discretion and to the full extent permitted by law, support local businesses. Where all other considerations are equal, Council may give preference to local contractors and suppliers by:

- actively promoting to local businesses opportunities to supply to the Council
- structuring the purchasing processes to be accessible to all businesses
- giving preference to local business when all other commercial considerations are equal
- ensuring, where possible, that specifications and purchasing descriptions are not structured so as to potentially exclude local suppliers and contractors.

Consideration may also be given, where practicable in the procurement process, to investigate the inclusion of not-for-profit organisations (social enterprises) that benefit the community (including the disadvantaged).

In addition, in order to minimise Council's impact on its environment, Council will, where all other factors are equal, adopt purchasing practices which conserve natural resources in a way that achieves value for money on a whole life basis by generating benefits for the organisation and the community.

4.5 Risk Management

Council will ensure that appropriate risk management practices are in place for procurement activities including risk identification, assessment, and mitigation.

Procurement risk assessments will influence the approach to market, with higher risk acquisitions requiring more formal procurement planning methodologies and higher levels of management oversight.

Probity Auditors will be used where it is considered appropriate when undertaking high risk, high value or complex contracts.

In respect to Work, Health and Safety (WHS), the Council will ensure that all contractors working for Council are committed to WHS management principles and obligations. Council will select, induct and monitor contractors and maintain WHS records relating to the work undertaken.

5. PROCUREMENT

5.1 Methods of Procurement

To meet the requirements in relation to open and fair processes, the Council will select an approach to market method best suited to the procurement activities.

The determination of the method of procurement will be typically documented by the preparation of an Acquisition Plan, detailing the most appropriate method for the purchase and the delegated officers involved at each level of the approval process.

The strategy and planning for the procurement process must be commensurate with the estimated monetary value and the level of risk to Council arising from the engagement. Strategic sourcing of goods and services requires planning using a systematic and fact orientated approach to optimize Council's supply base and to improve value overall.

For purchases where the estimated gross value of expenditure over the life of the contract exceeds \$100,000, the Council's usual practice will be to call for tenders.

Council reserves the right to undertake public or selected tenders and requests for expressions of interest whenever considered appropriate.

For the purpose of this policy, the value of any purchase will be calculated as follows:

- single one-off purchase – the total amount, or estimated amount of the purchase (excluding GST)
- multiple purchases – the gross value of, or the estimated gross value of, all items to be purchased (excluding GST), or
- ongoing purchases over a period of time – the annual gross value of the purchases, or the estimated annual gross value (excluding GST).

Splitting the amounts to bring expenditure within lower limits is not permitted.

Persons with financial delegated authority to procure will be responsible for ensuring appropriate practices and procedures for risk and opportunity management are observed.

Council may, in its absolute discretion, by resolution, having regard to the Procurement Principles and any other factors considered, utilise a different method of procurement.

5.2 Strategic Purchasing Cooperatives

Purchases may be made through strategic alliances and common use arrangements that are established and administered by other organisations with the aim of:

- reducing direct and indirect purchasing costs, and/or
- providing value for money through joint purchasing, and/or
- improving delivery and/or quality of outcomes to residents, and/or

- attracting more competition or a more suitable field of providers to respond to the tender call.

Where the Council accesses a contract from an approved provider, established in accordance with transparent competitive tendering processes, it is deemed that these are contracts resulting from a tender process. Such contracts do not require a further tender process and are not required to be recorded in the Register for Dispensation from Procurement Policy.

5.3 Dispensation from Policy

In circumstances where the Council enters into purchasing contracts, other than those resulting from a competitive process, the Council will record the reasons for entering into those contracts. These reasons must be identified in an Acquisition Plan and approval is required by the:

- relevant General Manager on the recommendation of the initiating officer if the value of the purchase is under \$100,000, or
- CEO if the value is over \$100,000.

Where the amount is over \$100,000 the purchase must be reported to the next available meeting of the Council's Audit and Governance Committee.

All such purchases, whether approved by a General Manager or the CEO, must be recorded in a register (Register for Dispensation from Procurement Policy) and reported to the Executive Management Team on a quarterly basis.

5.4 Negotiations

When requests for quotations, tenders or proposals have been invited for a contract for the carrying out of work or the supply of goods or services then Council may negotiate with one or more respondents.

Probity requirements must apply in respect to any negotiation undertaken.

The Council may close down a tender (shut down) if there are no suitable tender submissions received and proceed to negotiate with any one or more of the tenderers or any other person.

5.5 Contracting Out of Services

The Council may explore contracting out opportunities in lieu of internal service provision if greater value for money can be achieved to gain the most efficient and effective service delivery possible, subject to any restrictions or requirements contained within any enterprise based bargaining agreement. This includes the consideration of shared services opportunities with other Councils.

Any proposal to outsource any service or function currently performed predominantly 'in house' by Council staff is subject to delegation.

5.6. Confidentiality

Council will maintain confidentiality in regard to financial contractual arrangements with suppliers, subject to statutory obligations requiring certain tender and contract information to be made publicly available.

5.7 Sale and Disposal of Assets

For the sale and disposal of land and other assets, the following principles will apply:

- consistency with and relevance to Council's Corporate and Strategic Plans
- transparency and accountability in sale and disposal procedures and practices to ensure that the Council obtains the best price in the circumstances and that potential purchasers are given equal opportunity to purchase the land or assets
- compliance with statutory and other obligations (eg; Council policy Disposal of Surplus Non-Community Land)
- commercial confidentiality within legislative constraints, and
- other relevant factors deemed appropriate by Council.

Consideration must also be given to the Project Prudential Management Policy where relevant.

Council may utilise one or more of the following methods to sell or dispose of land and other assets:

- trade in
- public auction
- select tender
- open tender
- by agency agreement, or
- a direct approach to potential purchasers (for example, adjoining landholders).

Motor vehicle disposal is addressed in Council's Motor Vehicle Policy.

6. DEFINITIONS

'Acquisition Plan'

is a document that outlines the procurement methodology and strategy to be undertaken in procuring the required goods or services. This plan also details the approval delegation before the procurement strategy is commenced.

'Direct sourcing'

is the purchase of goods and/or services from a single source.

'Dispensation from Procurement Policy'; the deviation from policy to pursue a method of procurement that will provide the best outcome for the Council.

'Procurement' is the complete action or process of acquiring or obtaining goods, services or property from outside Council at the operational level. For example, purchasing, contracting, and negotiating directly with the source of the supply through to acceptance and payment.

'Strategic sourcing' is a process that continuously improves and re-evaluates purchasing activities to gain value.

'Tender' a proposal, bid or offer that is submitted in response to a Request for Tender.

7. LEGISLATION/REFERENCES

This is a mandatory policy as required under the Local Government Act 1999 (Section 49).

The following is a list of various Acts and Regulations that apply to Council's diverse range of procurement activities. This policy is intended to supplement these instruments. Any inconsistency that may arise between this policy and a relevant Act or Regulation shall be resolved in favour of the act or regulations:

- Local Government Act 1999
- Competition and Consumer Act 2010 (Commonwealth)
- National Competition Policy
- Freedom of Information Act 1991
- Work Health and Safety Act 2012 (SA)
- Work Health and Safety Regulations 2012 (SA)
- Independent Commissioner Against Corruption Act 2012
- Environmental Protection Act 1993.

8. POLICY DELEGATIONS

Council makes delegations to the Chief Executive Officer under the *Local Government Act 1999*, including the power to expend Council's approved budgeted funds. This power is sub-delegated by the Chief Executive Officer to other Council employees.

Delegated officers will be required to sign off the procurement process in an Acquisition Plan and at various stages throughout the purchasing process.

9. ROLES/RESPONSIBILITIES

- Manager Finance and ICT
- Co-ordinator – Procurement and Contracts.

10. AVAILABILITY

The policy is available for public inspection during normal office hours from:

Civic Centre
181 Unley Road
Unley SA 5061

A copy may be purchased for a fee as determined annually by Council.

It is also available for viewing, download and printing free of charge from the Council's website, www.unley.sa.gov.au

11. DOCUMENT HISTORY

Date:	Council/Committee/Internal	Comment:
20 Sept 2010	CSP 360/10	
27 Sept 2010	Council; C739/10	Was policy no. COU 22
14 May 2012	CSP 108/12	
28 May 2012	Council; C420/12	
1 Sept 2015	Audit & Governance; A&G18/15	
28 Sept 2015	Council; C257/15	Was policy no. COU14

INFORMATION REPORT

REPORT TITLE: STRATEGIC RISK REGISTER
ITEM NUMBER: 2.2
DATE OF MEETING: 08 DECEMBER 2020
AUTHOR: LIDA CATALDI
JOB TITLE: PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS: 1. STRATEGIC RISK REGISTER

1. **EXECUTIVE SUMMARY**

The Executive Management Team (EMT) reviews the Strategic Risk Register on a quarterly basis, which includes the monitoring of the progress of treatment plans implemented to mitigate each risk. The most recent review was conducted on 5 November 2020 and the revised document is now provided to the Audit Committee for information.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership
 - 4.1 We have strong leadership and governance.
 - 4.3 Our business systems are effective and transparent

4. **BACKGROUND**

The Executive Management Team (EMT) reviewed the Strategic Risk Register on 5 November 2020. During this review, EMT updated the status of the treatment plans and revised timeframes where necessary.

5. **DISCUSSION**

The review undertaken by the EMT for each Strategic Risk includes:

- Review of the negative contributory factors and risks
- Review of the target completion dates for EMT Focus Areas and CEO KPIs listed under Treatment Plans

- Relevant completed treatment plans were moved to the 'Existing Controls' section
- New CEO KPIs and EMT Focus Areas for FY20/21 were added to the 'Treatment Plans' where necessary
- A review of the previously identified 'Emerging Risks' was conducted and incorporated into the existing Strategic Risk areas or completed if no longer required

The review process identified that the existing identified strategic risks remain relevant and actions intended to further mitigate risks are progressing.

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

Attachment 1

6. REPORT AUTHORISERS

Name	Title
Tami Norman	Executive Manager, Office of the CEO

STRATEGIC RISK REGISTER

This Review – 5 November 2020 by:

- Megan Berghuis - General Manager City Services
- Tami Norman – Acting Chief Executive Officer
- Nicola Tinning - General Manager Business Support and Improvement
- Claude Malak - GM City Development

GUEST - Alex Brown – Manager Finance & Procurement

Last Reviewed: 4 August 2020 by:

Peter Tsokas
Megan Berghuis
Tami Norman
Nicola Tinning
Claude Malak

Strategic Risk Register

1		Event Description: Failure to maintain financial sustainability	
Responsible Managers: CEO, EMT, CFO		Community Plan Theme: CIVIC LEADERSHIP & ECONOMIC PROSPERITY	
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 Inadequate project management practices Impact of pandemic on local economy and Council's operating results over time Changes to market in cemetery operations (CPCA) 		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 insufficient project funding Failure to deliver on plans and strategies Limitations to service delivery options Service level reduction Centennial Park Subsidiary becoming unviable Decision Making not aligned to Strategic Management Plans 	
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 cost estimates & 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 Owners Executive has been established and Board representation for Centennial Park Quarterly Reporting from subsidiaries to owner Councils Infrastructure & Asset Management Policy & Plans are linked to the long-term financial plan 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 Continued corporate performance reporting on external grants to Council (CEO KPI) 			
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Rare	Consequence: Major	Residual Risk Rating:	MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:
EMT Focus Area: Project Planning and Management – principles of project planning and management are used to effectively manage resources, risk and delivery		
1 Revised project management framework	• GMCD	• Jun-2020 Dec 2020
2 Provide training on revised project management framework to relevant staff	• GMCD/GMBSI	• Aug-2020 Mar 2021
3 Implement Project Management Framework	• GMCD	• Sept-2020 Mar 2021
4 EMT quarterly review progress of approved projects (at various levels across the organisation) – at least	• EMT	• Jun-2020 Dec 2020
EMT Focus Area: Corporate Performance Reporting – promote council transparency, accountability and performance against service levels:		
1 Develop appropriate measures to report on corporate performance quarterly;	• EMT	• Jun 2021
2 Ensure quality and accuracy of data for corporate reporting purposes	• GMBSI/EMT	• Jun 2021
CEO KPI – Non-Rate Based Funding – Increasing the sourcing of non-rate based revenue		
• The review of Council Services to identify savings include the identification of additional income generation opportunities.	• GMBSI/CEO	• Jun 2020 - COMPLETED
• Report to Council identifying non rate based revenue streams that could be introduced.	• GMBSI/CEO	• Jun 2020 - COMPLETED
CEO KPI – Financial – Ensure the sustainability of the organisation through sound financial management principles and on-going reviews of its operations to realise efficiency gains		
• Draft Annual Business Plan for Elected Member review.	• GMBSI/CEO	• Apr 2020 - COMPLETED
• 2021/22 Annual Operating Plan include clear levels of service for each service area.	• GMBSI/CEO	• Jun-2020 Jun 2021
Review of Long-Term Financial Plan	• GMBSI	• Jun 2020 - COMPLETED
Review of Infrastructure & Asset Management Plans	• GMCD	• Nov 2020 - COMPLETED
Centennial Park Charter Review	• CEO	• COMPLETED

Strategic Risk Register

2	Event Description: Inability to meet the needs and expectations of the community	
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 Infrastructure & Asset Management Plans are inadequate Legislative movement of responsibilities Disengaged Elected Members Expectations of Elected Members lack of alignment with the Council role Four-year election cycles 		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 & Asset Management Plans Corporate Performance Report CEO KPIs Role Clarity Framework for service delivery 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 Regular Elected Member briefings, workshops and training 		
Control Effectiveness:	Majority Effective	Risk Tolerance up to: MEDIUM
Likelihood: Rare	Consequence: Major	Residual Risk Rating: MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:
EMT Focus Area: Workforce Planning – we have the required number of people to deliver Council's 4-year Delivery Plan:		
1 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	• EMT	• Jun 2021
EMT Focus Area: Customer First Culture – The organisation has a consistent customer first approach in the delivery of service:		
1 Develop and implement external Customer Service Standard	• GMCS	• Jun 2020 - COMPLETED
2 Develop and implement internal Customer Service Charter Principals (Achieve Together Project)	• EMT	• Jun 2021
3 Include a Customer First KPI within the PDR process for all staff	• GMCS/GMBSI	• Jun 2020 - COMPLETED
4 Continue to undertake a program of customer surveys and feedback using a diverse range of methodologies	• GMCS	• Jun 2020 - COMPLETED
5 Design and implement training across the organisation to reinforce service culture and core competencies. (19/20, noting potential implementation over two years)	• GMCS/GMBSI	• Jun 2020 - COMPLETED (design) • Jun 2021 (implement)
6 Improve the collation of complete customer service data, including services not currently reported	GMCS	Jun 2020 - COMPLETED
EMT Focus Area: Maximised Self-Help Options – Self-help options are made available to customers to improve their experience.		
1 Apply people centred design principles and new technologies to inform online improvements:	• GMBSI	• Jun 2020 - COMPLETED
2 Redesign Council's website to increase customer self-help options:	• GMBSI/EMOCEO	• Jun 2020 – COMPLETED
3 Develop and report on targets for online usage and satisfaction:	• GMBSI/EMOCEO	• Dec 2020
EMT Focus Area: Understanding our Purpose – Our people understand their role in 4-year Delivery Plan		
1 Assist Council to review the 4-year Delivery Plan and develop a corporate reporting framework to monitor progress:	• CEO	• Sept 2020 Nov 2020
NEW - Development of the Economic Development Strategy	• GMCD	• Jun 2021
CEO KPI – Digital Strategy – The City of Unley's Digital Strategy provides a practical framework to guide the Council's provision of digital services and use of digital and Smart City technologies, supporting Unley's 4-year Delivery Plan and Community Plan		
• Website 'go-live' (full)	• GMBSI	• May 2020 - COMPLETED
• Smart data platform implemented	• CEO/EMT	• Dec 2019 - COMPLETED
• Implementation of smart technology in Heywood Park	• GMCD	• Dec 2019 - COMPLETED
• Implementation of smart technology on King William Road	• GMCD	• Dec 2019 - COMPLETED
Review of Elected Member training plan	• EMOCEO	• Jun 2020 - COMPLETED
Review of Asset Management Plans	• GMCD	• Nov 2020 - COMPLETED

Strategic Risk Register

3	Event Description: Ineffective decision making that lacks transparency		
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 role clarity and decision making (elected members) Deficient policies and procedures Noncompliance with legislative obligations/requirements Internal control failures Inappropriate delegations Lack of governance framework Lack of plans to respond to events that impact service delivery (from Risk 6) 		Risks: <ul style="list-style-type: none"> Reputational damage /risk (from risk 6 – to be deleted) Scrutiny by regulatory bodies (ICAC/Ombudsman) Financial impact/cost Loss of confidence in council Staff attraction and retention 	
Likelihood: Likely	Consequence: Catastrophic (Reputation)	Inherent Risk Rating:	HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Legislative obligations (eg. Code of Conduct, Policies etc) External regulatory framework in place Policies and Procedures Delegation of Authority (Legislative and Financial) Elected Members briefings and workshops Expert advice provided by skilled staff <ul style="list-style-type: none"> Elected Members training programs Independent Members selection and training processes in place Agreed and Endorsed Meeting procedures Risk Management Framework Internal Controls Framework Reporting Quality Control Quality and experienced governance human resources 			
Control Effectiveness:	<i>Majority Effective</i>	Risk Tolerance up to:	MEDIUM
Likelihood: Unlikely	Consequence: Catastrophic	Residual Risk Rating:	MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:
- Elected Members development program implemented to enhance role clarity	EMOCEO	• Mar-2021 Jun 2021
- Delegation review and training (understanding roles, responsibilities and delegation of authority)	EMOCEO	• Dec-2020 Mar 2021
- Risk Management awareness training	EMOCEO	• Jul 2020 COMPLETED <i>(Risk Management Policy endorsed 24/02/2020 - CO189/20)</i>
EMT Focus Area – Understanding our Purpose – Our people understand their role in the 4-year Delivery Plan		
4 Confirm an accountability matrix that articulates decision making at each level of the organisation:	• GMBSI/EMOCEO	• Jun 2021

Strategic Risk Register

4	Event Description: Inability to manage 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 and reporting obligations • Changing legislative obligations • Local Government Reform agenda • Not monitoring external environment and trends • Reallocation of responsibilities via legislative changes • Four Year election cycles 		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 • Negative impact on organisational culture
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> • Strategic Planning framework and documents (e.g. Community Plan, Annual Plan etc) • Long Term Financial Plan/Annual Business Plan & Budget • Policies and Procedures • Internal Controls • Risk management framework • Delegations • External liaison and relationship management 		<ul style="list-style-type: none"> • Audit Committee • External/Internal Audit • Appropriately trained and experienced staff • Access to suitably qualified service providers for support (e.g. legal advice) • Access to LGA resources & opportunity to influence outcomes • Collaboration between Councils • ERA
Control Effectiveness:	<i>Majority Effective</i>	Risk Tolerance up to: MEDIUM
Likelihood: Possible	Consequence: Major	Residual Risk Rating: HIGH

Treatment Plan:	Responsibility:	Target Completion Date:
Preparation for LG Reform	• EMT	• Ongoing
Investigate development and implementation of Legislative Compliance register	• EMOCEO	• Dec 2021

Strategic Risk Register

5	Event Description	Workforce not appropriately skilled or engaged		
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: CIVIC LEADERSHIP		
Negative Contributory Factors: <ul style="list-style-type: none"> inability 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 Poor recruitment practices Ineffective knowledge management Lack of appropriate staff turnover Out-dated systems and processes Pandemic related disruption and distraction 		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 / Loss of corporate knowledge 		
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 Continuous Improvement Working From Home Framework 		<ul style="list-style-type: none"> Documented job descriptions documented and reviewed Corporate Values Development planning process (PDR) Relevant resources and tools Digital Strategy and BS&S Capability 		
Control Effectiveness:		Majority Effective		Risk Tolerance up to: MEDIUM
Likelihood: Unlikely		Consequence: Major		Residual Risk Rating: MEDIUM
Treatment Plan:				
Responsibility:				
Target Completion Date:				
EMT Focus Area – Workforce Planning – we have the required number of people to deliver Council's 4-year Delivery Plan				
1	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"> EMT 	<ul style="list-style-type: none"> Jun 2021 	
2	Align the labour budget to reflect the priority areas determined by Council	<ul style="list-style-type: none"> EMT + GMBSI 	<ul style="list-style-type: none"> Jun 2020 - COMPLETED 	
3	Review and update organisation structure and succession plan	<ul style="list-style-type: none"> EMT 	<ul style="list-style-type: none"> Jun 2021 	
EMT Focus Area – Employee Engagement – Our people collaborate for success and are valued, engaged and recognised for their achievement				
1	Establish and implement a communication framework and plan that conveys what will be communicated, to who, when and how	<ul style="list-style-type: none"> GMBSI/EMOCEO 	<ul style="list-style-type: none"> Jun 2021 	
2	Implement an on-line climate survey tool to provide a regular interim measure between OCI surveys	<ul style="list-style-type: none"> GMBSI 	<ul style="list-style-type: none"> Jun 2021 	
3	Develop a Reward & Recognition policy to provide a framework for recognition in the organisation	<ul style="list-style-type: none"> GMBSI 	<ul style="list-style-type: none"> Aug 2020 COMPLETED 	
4	Develop a calendar of key corporate processes and deadlines	<ul style="list-style-type: none"> EMT 	<ul style="list-style-type: none"> Dec 2020 	
EMT Focus Areas – Understanding our Purpose – Our people understand their role in the 4-year Delivery Plan				
1	Develop purpose statements for work areas that are aligned to organisation's purpose (incorporate within Operating Plan – service description, service level, service purpose)	<ul style="list-style-type: none"> EMT 	<ul style="list-style-type: none"> Dec 2020 Jun 2021 	
2	include clear purpose statements for all position descriptions (incorporated above)	<ul style="list-style-type: none"> GMBSI 	<ul style="list-style-type: none"> Dec 2020 	
3	Review the PDR process to ensure it is meaningful for our people	<ul style="list-style-type: none"> GMBSI 	<ul style="list-style-type: none"> Jun 2021 	
EMT Focus Area – Digital Workplace – Enhance our performance through the introduction and integration of digital technologies				
1	Deliver the "Digital Workplace" (intranet) via a cross functional team	<ul style="list-style-type: none"> GMBSI/EMT 	<ul style="list-style-type: none"> Sept 2020 Dec 2020 	
2	Populate the Digital Workplace with appropriate content	<ul style="list-style-type: none"> EMT 	<ul style="list-style-type: none"> Jun 2021 	
3	Provide a training program to enable delivery of Digital Workplace	<ul style="list-style-type: none"> GMBSI 	<ul style="list-style-type: none"> Dec 2020 	
EMT Focus Area – Continuous Improvement and Innovation – Support our people to innovate and continuously improve				
1	Establish an 'innovation and red tape reduction register' to capture and implement ideas for productivity improvement	<ul style="list-style-type: none"> GMBSI 	<ul style="list-style-type: none"> Sept 2020 Dec 2020 	
2	Provide a training program on the application of continuous improvement tools	<ul style="list-style-type: none"> GMBSI 	<ul style="list-style-type: none"> Mar 2021 	
3	Integrate continuous improvement as a "business as usual activity" within each service area	<ul style="list-style-type: none"> EMT 	<ul style="list-style-type: none"> Mar 2021 	

Strategic Risk Register

6	Event Description: Inability to respond 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"> Extreme weather events Increased urban infill State Government Planning Reforms Lack of recyclables market Increased waste production by the community 		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 Unley does not become a desirable place to live
Likelihood: Almost Certain	Consequence: Major	Inherent Risk Rating: EXTREME
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Canopy Action Plan Tree Strategy Budget allocation for 19/20 to target canopy cover has been established Brown Hill Keswick Creek subsidiary & delivery of Stormwater Management Plan Strategic Plan and objects Re-use water (dam and aquifer) Long Term Financial Plan <ul style="list-style-type: none"> Water Sensitive Urban Design Waste management plan Public Health Plan Asset Management Plans Alternative Energy initiatives Cycling and walking network 		
Control Effectiveness:	<i>Majority Effective</i>	Risk Tolerance up to: MEDIUM
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating: MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:
Develop new 4-year delivery plan	• EMT	• Nov 2020
Review long term financial plan	• GMBSI	• Jun 2020 - COMPLETED
Review Infrastructure & Asset Management Plans	• GMCD	• Nov 2020 COMPLETED
CEO KPI 2019/2020 – Environment - Continue to implement policies, strategies and projects to drive improved environmental sustainability across the City The Council has established a number of policies and strategies to maintain and enhance our urban environment and strengthen the City’s resilience to climate change. The ongoing implementation of strategy through a diverse range of key projects will demonstrate the Council’s leadership to our community:		
-New waste management plan endorsed by Council	• GMCD	• Nov-2020 Mar 2021
-New waste management contract	• GMCD	• Sep 2021
Climate & Energy Plan	• GMCD	• Mar 2021
Financial incentives for Canopy on private land	• EMT	• Jun 2021
-Update and expand Tree Strategy – endorsed by Council for community consultation	• GMCD	• Feb 2020 - COMPLETED
-Implementation of year one – Canopy Action Plan	• GMCD	• Jun 2020 - COMPLETED

Strategic Risk Register

Emerging Risks: *What keeps you awake at night??*

April 2020

1. Business Viability City Wide (post Covid-19) – *note the sustained economic downturn and impact for businesses, also note that from a Council perspective we have not experienced significant requests from businesses for assistance, nor have we seen widespread closure of businesses within the city. Council will continue to provide ongoing services that support businesses to operate effectively in an uncertain environment.*
2. Workforce and service delivery issues (post Covid-19) – *no longer relevant*



August 2020

1. Implications from Council’s investigations of financial incentives to improve tree canopy – *can be removed – work has progressed on this topic and uncertainty related to financial and resourcing implications have been somewhat clarified – now being managed and monitored as part of further investigation of this issue - business as usual.*

Appendix

Definitions of Control Effectiveness Ratings	
1. Ineffective	During the period, the control has not been implemented as described. Urgent management action is required to implement the described control processes.
2. Requires significant improvement	During the period, the control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation. Significant management action required to implement processes to improve the effectiveness of the control.
3. Partially effective	During the period, the control has been implemented as described, but with some deficiencies in the consistency and/or effectiveness in which it has been applied.
4. Majority effective	During the period, the control has been implemented as described and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.

INFORMATION REPORT

REPORT TITLE:	OPERATIONAL RISK REGISTER
ITEM NUMBER:	2.3
DATE OF MEETING:	08 DECEMBER 2020
AUTHOR:	LIDA CATALDI
JOB TITLE:	PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS:	1. OPERATIONAL RISK REGISTER 2. RISK MATRIX

1. **EXECUTIVE SUMMARY**

The operational risk register was reviewed in consultation with each of the Managers across the 10 business units between October and November 2020. The business units include:

- Assets & Operations
- Business Systems and Solutions
- City Design
- Community and Cultural Centres
- Swim Centre
- Community Connections
- Development and Regulatory Services
- Finance and Procurement
- Office of the Chief Executive Officer and,
- People and Culture.

The purpose of the operational risk register is to identify, manage and continually monitor risks that may impede the day to day operations of each business unit.

A review of the previously identified 51 risks was conducted including control effectiveness and any progress associated with treatment plans.

Two new risks were identified for Finance and Procurement and Business Systems and Solutions bringing the total number of operational risks to 53.

2. RECOMMENDATION

That:

1. The report be received.
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3. RELEVANT CORE STRATEGIES/POLICIES

4. Civic Leadership

4.1 We have strong leadership and governance

4.3 Our business systems are effective and transparent.

4. BACKGROUND

The City of Unley's Risk Management Policy and Framework provides for the systematic management of risks in a consistent manner across the organisation.

The operational risk register (ORR) provides a framework for identification, assessment and management of risks for each business unit. The ORR was reviewed between October and November 2020.

The process for the review of the ORR involved individual meetings between each Business Unit Manager and the Principal Risk Management Officer. During the review, Managers were asked to assess if the risk identification and description was still current, the continuing control effectiveness and any progress updates relating to the treatment plans within the register. Any completed treatment plans were updated in the 'existing controls' column.

The Managers were also asked if there were any new and emerging risks that should be included within the operational risk register and two new risks were identified:

- BS7S #7: Working from home arrangements leading to potential increased exposure to cyber attacks;
- F&P #6: Pandemic (COVID-19) leading to impact on revenue streams.

The reviewed ORR for all business areas is provided as Attachment 1.

Attachment 1

A summary of the residual risk and their placement on the risk matrix is provided below:

		Residual Risk Summary				
		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood	Almost Certain	0	0	0	0	0
	Likely	0	0	2	0	0
	Possible	0	1	2	0	1
	Unlikely	0	6	8	3	2
	Rare	0	3	13	7	7

Total Residual Risk	Extreme	0
	High	3
	Moderate	29
	Low	21

The Risk Matrix that was used to assess the operational risks has been attached for reference in Attachment 2.

Attachment 2

5. **DISCUSSION**

Out of the 53 risks that were identified, three received a residual risk of 'high'. These include the two newly identified risks from this review and one existing:

*Risk ID - A&O #6 – Assets & Operations
Ability to manage and deliver on resident expectations of service provision.*

Four new treatment plans were identified and one completed treatment plan has now been moved into the 'existing controls' column.

Seven newly identified 'existing controls' have been added to the reviewed operational risk register.

The operational risk review will be conducted on a quarterly basis.

The full operational risk register will be presented to the Audit Committee on an annual basis.

Operational risks with a residual risk of high or extreme will be presented to the Audit Committee at each meeting to provide ongoing oversight of those risks.

6. REPORT AUTHORISERS

Name	Title
Tami Norman	Executive Manager, Office of the CEO

OPERATIONAL RISK REGISTER: MASTER													NOVEMBER 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing the risk?)	RESIDUAL RISK			Accept Y or N	Further strategies/ treatments for consideration or ongoing	REVISED		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
A&O #1	Health, Safety & Welfare	Low staff turnover has resulted in ageing workforce	Maintaining a skilled workforce; Loss of key staff; Increased WHS Risk due to manual labour relating to ageing workforce; Fit for role requirements - tasks require modification to adapt to ageing workforce; Service level provided to community may be compromised	Manager Assets and Operations	Moderate	Likely	High	Tasks modified to adapt to ageing workforce Other works outsourced where possible Ongoing training and development; Performance management; Working with WHS to develop educational tools to encourage health and wellbeing (ie. Stretching videos)	4. Majority effective	Moderate	Possible	Medium	Yes	Investigate into possibilities of improving the staff health and wellbeing to enable ongoing performance of duties as required	Moderate	Possible	Medium
A&O #2	Business Performance & Service Delivery	Ability to respond in a timely manner to external influences, impacts and unplanned events	Climate change; Unexpected changes in service requirements; Legislative and regulatory requirements; State Government needs or interventions; Development of State Government partnerships and key stakeholder partnerships; Emergency situations and business continuity	Manager Assets and Operations	Minor	Likely	Medium	External factors considered during planning Adaptation Plan developed Resilience Plan developed Business Continuity Plan developed Regular consultation processes with State and Federal governments Some incident management plans in place Local Government Functional Support group	4. Majority effective	Minor	Unlikely	Low	Yes				#N/A
A&O #3	Business Performance & Service Delivery	Level of responsiveness to internal stakeholder requirements and expectations	Political nature of the environment; Responding to changes in Council direction / decision making; Adhering to agreed 'State' strategies; Inconsistent messaging across the organisation; Different sections have different priorities - stops us responding;	Manager Assets and Operations	Minor	Likely	Medium	Promoting a single point of capture and contact Adopting a relationship management approach Provision of accurate and timely information Focus on building credibility & trust Formal sign-off on agreed service levels within our Asset Management Plans	4. Majority effective	Minor	Possible	Medium	Yes				#N/A

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A&O #4	Financial	Adequacy of financial resources to deliver required services	Budget funding and allocations; Value for money not pursued or realised; Ongoing pressure on financial sustainability; Funding received not used for intended purpose	Manager Assets and Operations	Minor	Almost Certain	High	Formal process to align services to budgets Long Term Financial Plan in place with adopted financial targets and reviewed annually Strategic Asset Management Plan adopted and linked to Long Term Financial Plan Regular reporting on financial performance Annual and quarterly budget review process Service level reviews - mapping level of service delivered vs cost to deliver service	4. Majority effective	Minor	Rare	Low	Yes				#N/A
A&O #5	Infrastructure	Effective asset management planning	Capital and operating to support service delivery;	Manager Assets and Operations	Minor	Likely	Medium	Skilled and qualified resources Current Asset Management Plans Strategic Asset Management Plan adopted and linked to Long Term Financial Plan Policies and procedures Standard operating procedures and work instructions Long Term Financial Plan in place with adopted financial targets and reviewed annually External reviews by regulators Communication of processes to the Audit Committee and Council	4. Majority effective	Minor	Rare	Low	Yes				#N/A
A&O #6	Infrastructure	Ability to manage and deliver on resident expectations of service provision	Residents expectations and alignment to council standards; Timeliness of service provision; Quality and scope of works; Freedom of Information requests; Business objectives and planning do not achieve organisational objectives / strategies; Not having an agreed set of standards (measurement for service delivery) that Council sign off on and adhere too - Council to take ownership of, not administration; Having insufficient budget to meet expectations	Manager Assets and Operations	Moderate	Almost Certain	High	Community plan linked to annual business plan and budget plan Council Code of Conduct - includes confidentiality and conflict of interest provisions Service standards documented in AMPs 'Offerings' defined in Customer Service Charter Customer complaints policy and process in place Training (consistency of messaging to set community expectations in line with agreed services we provide) Community consultation processes	4. Majority effective	Moderate	Likely	High	Yes				#N/A

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CC#1	Business Performance & Service Delivery	Effective IT Systems (Telephone, Skype, My Aged Care (centralised database),	Loss of IT systems will lead to inability to deliver services as required Loss of databases - client details Inability to provide services as tied with grant conditions My Aged Care portal (SMS) not internally supported	Manager Community Connections	Minor	Likely	Medium	Telephone/Skype - maintained by IT, and back service available - can divert to out hours service My Aged Care portal (SMS) Support from Unley's BS&S team and external service provider; Back up hard copy client information; external contractors liaise with their clients directly and have client information within their databases; Staff have capacity to work from alternate location; Staff trained as super users to troubleshoot issues. IT provide technical support	5. Effective	Minor	Unlikely	Low	Yes				#N/A
CC#2	Business Performance & Service Delivery	Management of Volunteers workforce	Services reliant on Volunteers are: - Community Transport Service - Community Bus - JP (these will cease to be provided)	Manager Community Connections	Major	Likely	High	Volunteer Coordinator responsible for recruitment, reward and recognition programs, monitoring and overseeing effectiveness of support provided to volunteer (270 Volunteers) Documented Policies and Procedures, Alternative ways short term solutions in place for transport	5. Effective	Major	Unlikely	Medium	Yes				#N/A
CC#3	Reputation	Grant Funding	appx 50% of budget is allocated from grant funding. If funding ceased then the services relating will also cease to be provided.	Manager Community Connections	Moderate	Likely	High	Staff with expertise in writing grant application and meeting funding body's requirements Staff contracts aligned to grant funding to minimise financial risk to Council Clear communication to ensure community understand services provided are funded by the Commonwealth	5. Effective	Moderate	Unlikely	Medium	Yes				#N/A
CC#4	Business Performance & Service Delivery	Staff Resources	FTE required to delivery services provided to the community. If staff resources not available potentially services/projects will cease Qualifications/expertise required to meet aged care standards which are audited against	Manager Community Connections	Minor	Possible	Medium	Contract terms to ensure minimal turnover of staff Employee conditions provided at the City of Unley Recruitment process to ensure skill match to role Provide training and support Staff Recognition Trained Temp staff available Trained contractors available	5. Effective	Minor	Rare	Low	Yes				#N/A

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CC#5	Reputation	Complaints management	Dissatisfied customers could lead to reputational damage Inability to meet KPI within business plan for customer satisfaction rating	Manager Community Connections	Moderate	Almost Certain	High	KPI in business plan identified for customer satisfaction rating Complaints handling framework CX staff have training on complaint handling' External Customer Standards Section 270 requirements Internal Consultation process Pathway Complaints Management System	5. Effective	Moderate	Rare	Low	Yes				#N/A
P&C#1	Business Performance & Service Delivery	Managing employee and industrial relations across the organisation	Breaching industrial instruments; Unfair dismissal claims; Employee dissatisfaction arising from termination; Conflict management; Enterprise Bargaining Agreement negotiations	Manager People and Culture	Moderate	Almost Certain	High	Maintain good relationship with employees and unions Specialist skills, capability of P&C staff Focus on organisation culture Partner with business areas Ensuring all consultative mechanisms eg. Workplace Consultative Committees are utilised fully	5. Effective	Moderate	Rare	Low	Yes				#N/A
P&C#2	Health, Safety & Welfare	Supporting staff, volunteer and contractor health, safety and wellbeing across the organisation	High turnover within WH&S team impacting knowledge management and project delivery Staff not being adequately skilled to meet role requirements may impact on ability of team to fulfil obligations under relevant legislation; Under reporting of incidents; Contractor WHS	Manager People and Culture	Moderate	Almost Certain	High	Maintain good relationship with LGWCS, employees and unions Specialist skills, capability of P&C staff Established Strategic and Operational Committees Documented policies, procedures, Safe Work Method Statements (SWMSS) Job Safety Analyses (JSAs) performed Incident reporting processes in place Training Needs Analyses (TNAs) completed Partner with business areas Ongoing reporting Regular independent audits completed	5. Effective	Moderate	Rare	Low	Yes	Development of Safety strategy focussing on Safety Culture; Review and development of contract management system; Review and development of WHS operational Risk register.	Moderate	Rare	Low

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P&C#3	Business Performance & Service Delivery	Having the required number of people with the right skillset to deliver Council's 4 year plan	High turnover within P&C team impacting knowledge management and project delivery Staff not being adequately skilled to meet role requirements may create delivery gaps and/or increased consulting costs. Quality staff not being retained Recruitment processes not delivering adequate quality candidates	Manager People and Culture	Moderate	Almost Certain	High	Recruitment processes Learning and Development plans Performance appraisal processes Attractive Enterprise Agreements Good brand and reputation Robust probation process Robust disciplinary and performance improvement processes Employee feedback mechanisms (eg. culture survey)	4. Majority effective	Moderate	Unlikely	Medium	Yes				#N/A
P&C#4	Business Performance & Service Delivery	Payroll function operating effectively	Single source of knowledge of payroll officer insufficient access to technical support either inhouse or payroll software provider Breach of legislative requirements employment/financial GL structure not in alignment with payroll cost allocation payroll costs not reconciled to GL	Manager People and Culture	Moderate	Almost Certain	High	Training of P&C staff as back up support Building capability within IT Team Knowledge and capacity of the P&C members to ensure compliance Payroll environment hosted by software provide	4. Majority effective	Moderate	Rare	Low	Yes	Move payroll software to hosted environment - COMPLETED	Moderate	Rare	Low
OCEO#1	Business Performance & Service Delivery	Unable to achieve GS21 certification	Inability to achieve GS21 certification Obligation to retain and manage paper based records Inaccurate subjects and classifications within ECM Long-term retention of records that should've been disposed of. Council documents not correctly recorded within ECM Access to information not managed appropriately	Executive Manager OCEO Team Leader Information Management	Moderate	Likely	High	Records Management Policy and Procedures Specific resource allocation to map GS20 to GS40 within ECM Engagement with customers regarding subject index structure and use of ECM Skilled and knowledgeable staff Effective relation with State Records Understanding of legislative obligations within Records Team	3. Partially effective	Moderate	Unlikely	Medium	Yes	Further tasks - more education across business continue with allocated resource for clearing historical records develop destruction policy update records management policy	Moderate	Unlikely	Medium

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OCEO#2	Reputation	Loss of confidence in Councils capabilities and reputation by community, government or Minister	Inappropriate or inadequate decision making frameworks Appropriate management of relationships - CEO, Elected Members and external parties Inappropriate management of information received Managing responsiveness and timeliness of communication Appropriate use of resources	Executive Manager OCEO Principal Governance Officer Principal Risk Management Officer	Moderate	Likely	High	Governance and Risk Management Frameworks in place Policies and Procedures Regular updates between CEO and Mayor Regular communication process with the Elected Members across the organisation Skilled and qualified staff Clear communication channels within the organisation	4. Majority effective	Moderate	Unlikely	Medium	Yes				#N/A
OCEO#3	Financial	Council not adequately insured	Insurance renewal incomplete Asset data insufficient / not current (missing critical assets on insurance listing) Exposure to financial loss due to under insurance Breach in legislation	Executive Manager OCEO Principal Risk Management Officer	Catastrophic	Likely	High	Annual insurance returns Annual assessment and review of asset and infrastructure 5 yearly valuation of Assets Relationship management with LGA services, regular meetings and exchange of information LGA system access to monitor claim status and performance Policies and Procedures in place Dedicated resource to manage insurance requirements	4. Majority effective	Catastrophic	Unlikely	Medium	Yes	Partnering with Asset Officer to investigate possibility of improving integration of asset and insurance data	Catastrophic	Unlikely	Medium
OCEO#4	Business Performance & Service Delivery	Failure to comply with organisational and legislative requirements	Unreasonable expectations from customers Incorrect or inadequate information or advice provided Lack of clarity regarding decision making Decisions made outside of delegated authority Failure to apply policies and procedures Failure of the Governance and Risk Management Frameworks Access to information Lack of trust in Governance and Risk functions	Executive Manager OCEO EA to CEO	Major	Almost Certain	Extreme	Policies and Procedures Governance and Risk Management Frameworks Skilled and knowledgeable staff Roles clearly defined Good understanding of the services provided Access to legal resources Currency of knowledge maintained through participation in sector wide forums Audit Committee Delegations registers monitored and maintained	4. Majority effective	Major	Unlikely	Medium	Yes				#N/A

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OCEO#5	Reputation	Inadequate or inaccurate communication with the community	Inadequate information provision to community not responding in a timely manner Incorrect or inaccurate information provided Information not accessible by community Negative coverage in media	Executive Manager OCEO Media and Communications Officer Digital Communications Officer	Major	Almost Certain	Extreme	Regular updates to website and social media pages Unley Life Media Release and other formal communication Community Engagement process including YourSay Qualified/Skilled staff Access to external support (eg. PR firms) Policies and Procedures in place Content Management & Review of website content Monitoring and management of social media platforms	4. Majority effective	Major	Unlikely	Medium	Yes	Communication Strategy - (CEO KPI - June 2021)	Major	Unlikely	Medium
BS&S #1	Business Performance & Service Delivery	Efficient and effective management of disruption to service availability through the provision of reliable IT systems	Large scale business interruption System Loss Availability of systems Failure of hardware or software that impacts on service delivery Access to banking facilities Reliance on third party providers	Manager Business Systems and Solutions	Catastrophic	Almost Certain	Extreme	Infrastructure redundancy Change control processes - ensure Changes are appropriate to needs Monitoring - auditing Physical security good asset lifecycle management Environmental controls (physical) Disaster Recovery Regular back up of data	4. Majority effective	Catastrophic	Rare	Medium	Yes				#N/A
BS&S #2	Business Performance & Service Delivery	Cyber Security / Threats / Attacks / Malicious behaviour	Large scale business interruption Loss of Data Loss of private and personal information Financial Implications	Manager Business Systems and Solutions	Catastrophic	Almost Certain	Extreme	Firewalls Education and Training End point security ASD Essential Eight Access Controls Auditing (audit trail) Back up of data Disaster Recovery Insurance - Cyber	4. Majority effective	Catastrophic	Unlikely	Medium	Yes				#N/A

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BS&S #3	Business Performance & Service Delivery	Human error	Large scale business interruption Loss of Data Loss of private and personal information Financial Implications	Manager Business Systems and Solutions	Catastrophic	Likely	High	Segregation of duties Change control processes Access controls specific to role requirements Permissions elevations Auditing (audit trails - systems and service desk) Staff training Regular back up of data Authorisation / checks	4. Majority effective	Catastrophic	Rare	Medium	Yes				#N/A
BS&S #4	Business Performance & Service Delivery	Staff Performance - competency of skills and knowledge relating to the role	Instability to support and maintain environment	Manager Business Systems and Solutions	Moderate	Likely	High	Qualified staff for role Maintain learning and development support Internal knowledge sharing and documentation within the team Allow exposure to new systems and technology through on the job Attendance - conferences, webinars	4. Majority effective	Moderate	Rare	Low	Yes				#N/A
BS&S #5	Financial	Dishonesty Theft, criminal acts, fraudulent activity	Loss of Data Loss of private and personal information Financial Implications	Manager Business Systems and Solutions	Major	Likely	High	Code Conduct ICAC Awareness Training (Online for all staff) Security requirements centralised Password store Auditing (audit trails) Profiles set to position requirements Network monitoring and protection - firewalls (external threats) Education and Training relating Cyber security for staff End user security - limit access regarding to roles segregation of systems	4. Majority effective	Major	Rare	Medium	Yes				#N/A

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					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
BS&S #6	Reputation	Disclosure/Loss of confidential information	Loss of Data Loss of private and personal information Financial Implications Reputational loss	Manager Business Systems and Solutions	Major	Likely	High	Code Conduct ICAC Awareness Training (Online for all staff) Security requirements centralised Password store Auditing (audit trails) Profiles set to position requirements Network monitoring and protection - firewalls (external threats) Education and Training relating Cyber security for staff End user security - limit access regarding to roles segregation of systems Data Loss prevention - email monitoring of sensitive data	4. Majority effective	Major	Rare	Medium	Yes				#N/A
BS&S #7	Business Performance & Service Delivery	Working from home arrangements leading to potential increased exposure to cyber attacks - See BS&S#2	Loss of Data Loss of private and personal information Financial Implications Reputational loss	Manager Business Systems and Solutions	Catastrophic	Almost Certain	Extreme	Enabled MFA New VPN Solution Prefer corporate devices to be used for WFH arrangements Mobile MDM solution Implement OneDrive & Teams to store corporate data Education on Email Phishing & Cyber threats Firewall upgrade Reviewed remote access procedures Restricted overseas access	3. Partially effective	Catastrophic	Possible	High	Yes	Investigate alternative anti-virus software to allow greater access to control potential threats (within 12-24mths) Review Computer Strategy -to enable improved suitability with mobility devices (within 12-24mths)			
CD#1	Business Performance & Service Delivery	Succession planning / back up of roles within team	Inability to delivery objectives set Loss of Corporate knowledge	Manager City Design	Moderate	Likely	High	Document information relating to decision making / tasks / project management (ECM & Pathway customer requests) Shared awareness of who is doing what - collaborative team - buddy system where appropriate within team weekly 1:1 with manager fortnightly team meetings Access to temporary staff as back up resource Recruitment process fit for role	4. Majority effective	Moderate	Unlikely	Medium	Yes				#N/A

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					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
CD#2	Business Performance & Service Delivery	Project Management Risks are appropriately identified & documented	Challenge to ensuring delivery of service Outcomes may be compromised Financial implications Inherited projects does not contain details to enable delivery within original set budget requirements	Manager City Design	Minor	Likely	Medium	Project planning & design ensures sufficient detail to enable delivery within budget & time expectations Staging of works over financial years Collaboration within interdependent areas Improved communication with stakeholders Staff have sufficient qualifications and/or experience	4. Majority effective	Minor	Unlikely	Low	Yes	Project Management Framework	Minor	Unlikely	Low
CD#3	Business Performance & Service Delivery	Clarity of end-to-end business processes and key interdependencies across the organisation - setting expectations	Delivery package of works that may not be implemented due to insufficient resources within the organisation	Manager City Design	Minor	Likely	Medium	Project planning & design ensures sufficient detail to enable delivery within budget & time expectations Staging of works over financial years Collaboration within interdependent areas Improved communication with stakeholders Staff have sufficient qualifications and/or experience	4. Majority effective	Minor	Unlikely	Low	Yes	Project Management Framework	Minor	Unlikely	Low
CD#4	Business Performance & Service Delivery	Level of responsiveness to internal stakeholder requirements and expectations	Political nature of the environment; Responding to changes in Council direction / decision making; Coordinating with internal strategies, plans and policies within other departments; Inconsistent messaging or priorities across the organisation;	Manager City Design	Minor	Likely	Medium	Planning, Design and Delivery of projects linked to strategic directions Collaboration within interdependent areas Improved communication with stakeholders Staff have sufficient qualifications and/or experience	4. Majority effective	Minor	Unlikely	Low	Yes				#N/A

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CD#5	Business Performance & Service Delivery	Ability to respond in a timely manner to external influences, impacts and unplanned events	Unexpected changes in service requirements; Legislative and regulatory requirements; State Government needs or interventions; Development of State Government partnerships and key stakeholder partnerships;	Manager City Design	Minor	Likely	Medium	Promoting a single point of capture and contact within each discipline of City Design Information sharing across City Design regarding external influences Adopting a relationship management approach Provision of accurate and timely information (two way) Focus on building credibility & trust	5. Effective	Minor	Unlikely	Low	Yes				#N/A
C&CC#1	Business Performance & Service Delivery	Forced closure of facilities (resulting from external cause - such as state emergency declarations)	Inability to delivery services to community Community dissatisfaction Staffing implications (possible industrial relations issues) Budget impact and implications Social isolation community risks Continuity of service Wellbeing of Staff and Community	Manager Community and Cultural Centres	Catastrophic	Likely	High	BCP EMT - emergency response group Enterprise Bargaining Agreements Voice at the table	3. Partially effective	Catastrophic	Rare	Medium	Yes				#N/A
C&CC#2	Business Performance & Service Delivery	Change in strategic direction from Council resulting in cessation of programs / services or facilities	Service provision may be comprised Wellbeing of staff and community Budget implications Community dissatisfaction Confusion of services available Reputational risk Social isolation community risks	Manager Community and Cultural Centres	Major	Likely	High	4-year delivery plan Community Plan Council meeting schedule Annual Budget and Business Planning process Community consultation and engagement plan Legislative requirements to consult Satisfaction surveys relating to services and visitation	5. Effective	Major	Rare	Medium	Yes				#N/A
C&CC#3	Business Performance & Service Delivery	Asset Damage - environmental cause such as flooding/fire etc	Inability or displacement to service delivery Wellbeing of staff and community Personal injury to staff and/or community Financial implication Content damage/loss	Manager Community and Cultural Centres	Major	Likely	High	Building and Contents Insurance Building evacuation procedures Site inspections Building maintenance Smoke alarms	5. Effective	Major	Rare	Medium	Yes				#N/A

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C&CC#4	Health, Safety & Welfare	Remote and Isolated worker	Health and Safety of staff	Manager Community and Cultural Centres	Major	Likely	High	Remote and isolated worker procedure Secure building (doors locked) Duress button SafeT Card Staff are in contact with Team Leader or Manager for entering and exiting the building as a check point Telephones First aid kits	5. Effective	Major	Rare	Medium	Yes				#N/A
C&CC#5	Health, Safety & Welfare	Child Safe & Vulnerable People Environment for Users	Safe Environment for Children and vulnerable people	Manager Community and Cultural Centres	Major	Likely	High	Policy - Safe Environment for Children and Vulnerable People Appropriate clearances in positions dealing with vulnerable people directly (relying on a third party system) Safe Environment clause within hire agreement External facilitators are required to have clearances relating to child safety and vulnerable people. Processes in place to ensure children/young people are covered under a duty of care Community Centre programs identify whether program is run by Council or External Hirer	5. Effective	Major	Rare	Medium	Yes				#N/A

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					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
SC#1	Health, Safety & Welfare	Safe Handling of chemicals / hazardous substances	Unsafe management of chemicals and/or hazardous substances	Manager Swim Centre Operations Manager	Catastrophic	Likely	High	SOP Chemical Handling Competent Staff Training for all staff for safe handling of chemicals Existing Technology - monitoring systems (Automatic Control Systems on top of manual testing - legislative requirement regarding regularity of testing of pool water) Regular monitoring, maintenance and replacement of equipment Appropriately trained staff specific to the role - manage of chemicals Appropriately trained first aid responders and equipment available Regular Independent Audits Hazard assessments	5. Effective	Catastrophic	Rare	Medium	Yes	Chemical Register and SOP - are maintained.	Catastrophic	Rare	Medium
SC#2	Health, Safety & Welfare	Body of Water	Quality of Water Drowning	Manager Swim Centre Operations Manager	Catastrophic	Likely	High	Fenced Pool Qualified Lifeguards on site during operations appropriate signage (Public and Compliance) Staffing ratios are fit for purpose (clientele and staff ratio requirements - as per Royal Life Saving Society Australia RLSSA) Booking forms for user groups - conditions of use and requirements for group to have their own PL Insurance	5. Effective	Catastrophic	Rare	Medium	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													NOVEMBER 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness <i>(are the controls effective at managing the risk?)</i>	RESIDUAL RISK			Accept Y or N	Further strategies/ treatments for consideration or ongoing	REVISED		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
SC#3	Health, Safety & Welfare	Plant and Equipment	Plant and Equipment not utilised as recommended which leads to injury and/or chemical hazard within the water	Manager Swim Centre Operations Manager	Major	Almost Certain	Extreme	Risk Assessments completed SOP /Training in relation to plant and equipment Equipment well maintained and replaced as required Appropriately trained staff specific to the role - maintain and utilise equipment Appropriately trained first aid responders and equipment available Appropriate signage Regular Independent Audits	5. Effective	Major	Rare	Medium	Yes				#N/A
SC#4	Health, Safety & Welfare	Child Safe & Vulnerable People Environment for Users	Safe Environment for Children and vulnerable people	Manager Swim Centre Operations Manager	Moderate	Likely	High	Policy - Safe Environment for Children and Vulnerable People Terms of Entry to facilities outlines requirements on customers Appropriate clearances in positions dealing with vulnerable people directly Bookings - acknowledge requirements (e.g. separation of public and school groups) Bookings - any people bringing in vulnerable people - must state if appropriate clearances are in place Appropriate supervisions are in place to ensure children's safety at the centre (watch around water policy)	5. Effective	Moderate	Rare	Low	Yes				#N/A
SC#5	Reputation	Incidents procedures and processes not adequate (incidents not followed up or inappropriate responses)	perceived pool is unsafe, or unsatisfactory customer service standard - which may lead to a drop in customer visitation Perceived community value of the services provided (negative)	Manager Swim Centre	Moderate	Almost Certain	High	Skytrust is utilised for reporting and incident management Team/ Organisation Values Regular in-house training - Qualified and competent staff Team building, Team Culture Customer compliments and complaints management Ongoing customer feedback mechanisms - via social, website scheduled service reviews - internal and external	5. Effective	Moderate	Rare	Low	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													NOVEMBER 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing the risk?)	RESIDUAL RISK			Accept Y or N	Further strategies/ treatments for consideration or ongoing	REVISED		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
SC#6	Reputation	Out of Council's control Health and Safety elements	Potential injury or death that is unexpected and therefore out of Council's Control (<i>ratio 1 in 100,000 visitations this will occur</i>) Customers may have underlying health conditions which may be exacerbated via use of facilities	Manager Swim Centre	Moderate	Likely	High	First Aid officers within operating timelines Regular and Appropriately trained staff Frist Aid equipment on site and staff trained to utilise appropriately Qualified lifeguards are trained to risk assess patrons when entering the facilities Health Forms for patrons to complete (over 55 age - also all patrons participating in swim school activities) Signage regarding underling health condition to advise staff GSPO (Guidelines for Safe Pool Operations)	5. Effective	Moderate	Rare	Low	Yes				#N/A
F&P#1	Business Performance & Service Delivery	Unqualified & inexperience staff	Wouldn't be able to prepare accurate financial reports which contain accurate and reliable information to base decision making on. LTFP, Budget, Monthly financial reports, BAS (tax) FBT unable to comply with any statutory reporting Management decisions based on financial reports - therefore reports need to be accurate and reliable	Acting Manager Finance & Procurement	Moderate	Almost Certain	High	Sufficient qualifications & experience of staff to appropriately delivery role requirements (competent staff) Appropriate recruitment process (reference checking, appropriate probation requirements) Maintaining membership requirements (CPA) Ongoing training requirements & conferences to upkeep of PDE. Reasonable retention strategies - employer of choice Membership with SALGFMG	4. Majority effective	Moderate	Unlikely	Medium	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													NOVEMBER 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing the risk?)	RESIDUAL RISK			Accept Y or N	Further strategies/ treatments for consideration or ongoing	REVISED		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
F&P#2	Financial	Financial Systems & Technology that are not fit for purpose	Accounting Data not reliable for decision making Unable to comply with statutory reporting obligations Able to make wrong financial decisions Inability to levy and recover Rates	Acting Manager Finance & Procurement	Moderate	Almost Certain	High	Finance System reliable and well maintained. Systematic scope prior to selection of Finance system to ensure fit for purpose Proper tender process when procuring Finance System Testing of system prior to commitment with contract Finance System has ability to intergrade into other programs Firewalls to prevent cyber attacks Support available with system provider (technology one)	5. Effective	Moderate	Rare	Low	Yes				#N/A
F&P#3	Financial	ineffective internal financial controls relating to integrity of data	inaccurate data within financial system which leads to inappropriate decision making Human error Fraudulent activity Budgetary implications across all business units	Acting Manager Finance & Procurement	Moderate	Almost Certain	High	Better Practice Model - Internal Financial Controls Internal Audit External Audit Segregation of duties Independent review Audit Committee	5. Effective	Moderate	Rare	Low	Yes				#N/A
F&P#4	Financial	Fraud	Fraudulent activity leads to financial loss	Acting Manager Finance & Procurement	Moderate	Possible	Medium	Better Practice Model - Internal Financial Controls Internal Audit External Audit Segregation of duties Independent review Audit Committee ICAC Code of Conduct Employee clearances Reference Checks	5. Effective	Moderate	Rare	Low	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													NOVEMBER 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing the risk?)	RESIDUAL RISK			Accept Y or N	Further strategies/ treatments for consideration or ongoing	REVISED		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
F&P#5	Reputation	Corrupt Procurement practices	Fraudulent and/or Corrupt activity relating to procurement practices which leads to: Financial Loss Inefficient Processes Products not fit for purpose Costs money Value for money	Manager Finance & Procurement	Moderate	Likely	High	Fraud and Corruption Prevention Policy Better Practice Internal Financial Controls ICAC Procurement Policy & Framework External Audit Financial Delegations Code of Conduct Conflict Interest Declarations Employee clearances & checks Transparent decision making	5. Effective	Moderate	Unlikely	Medium	Yes			#N/A	
F&P#6	Business Performance & Service Delivery	Pandemic (Covid-19) - leading to impact on revenue streams	Increase in aged debtors Potential property valuation fluctuations	Manager Finance & Procurement	Moderate	Almost Certain	High	Ability to borrow (LGFA) LTFP Policies relating to how to treat aged debtors Close management and monitoring of Council's financial position Quarterly budget reviews	5. Effective	Moderate	Likely	High	Yes				
DR#1	Health, Safety & Welfare	Lack of SOP for external sites for all staff who visit offsite locations to conduct inspections	WHS of staff who inspect and patrol offsite locations (public and private realm - locations where Council have no control) Building Sites, Kitchens, Private residences, public realm Knowing staff location, when they are due back and controls - if something occurs to communicate they are safe	Manager Development and Regulatory	Catastrophic	Almost Certain	Extreme	SWP isolated work (reflects duress) Known Risks - 2 officers attend Training and Induction (limited) Procedures (basic) Experience staff who understand what is required	2. Requires significant improvement	Catastrophic	Rare	Medium	Yes	Establishing SOP for staff in relation to offsite duties Training and Induction plans specific the role *Reviewed existing SOPs but no gap analysis has been conducted *Implemented general guidelines to encourage communication for remote workers *Envisage more stringent review with WHS to establish remote worker protocols in 2021			#N/A
DR#2	Financial	Statutory frameworks - relates legal challenges	Make decisions and then defending decision which exposes to legal challenge (hence financial consequence)	Manager Development and Regulatory	Moderate	Likely	High	Trained experience staff qualified decision makers delegations Legal Support - advice Governance Frameworks Legislation (relevant to each area)	4. Majority effective	Moderate	Unlikely	Medium	Yes	Review of Delegations Training and Induction specific to role Reviewing past legal outcomes to improve processes/decision making *ongoing*			#N/A

OPERATIONAL RISK REGISTER: MASTER													NOVEMBER 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing the risk?)	RESIDUAL RISK			Accept Y or N	Further strategies/ treatments for consideration or ongoing	REVISED		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
DR#3	Business Performance & Service Delivery	Covid-19 (Pandemic)	<u>Business Continuity</u> - Public Health - Impact to staffing and resourcing levels - Additional support for areas of need (EHO Team) - Significant budget impact	Manager Development and Regulatory	Moderate	Almost Certain	High	BCP	3. Partially effective	Moderate	Rare	Low	Yes	BCP and Critical function plans currently under review.			#N/A
DR#4	Reputation	Responding to Legislative Changes - PID Act	Legislative Changes (PID Act) implications to business continuity	Manager Development and Regulatory	Moderate	Almost Certain	High	Trained experience staff existing systems and processes Legislative frameworks Governance Framework Legal Advice	3. Partially effective	Moderate	Possible	Medium	Yes	Business Plan & Operational review for business readiness			#N/A

RISK MATRIX

Note: - This guide illustrates the range of potential consequences and likelihood that may be associated with risk categories
 - Judgement is required to assess the consequences and likelihood of a risk event after effective risk mitigation action

STEP 1							STEP 2				
Risk Categories and Examples of Potential Impacts							Likelihood Ratings and Risk Levels				
Consequence Ratings	Health, Safety & Welfare (Community, Councillors, Staff or Contractors)	Business Performance & Service Delivery (Business & HR Operations, ICT, Procurement & Contract Management)	Reputation (Political and Legislation & Policy Compliance)	Infrastructure (Council Assets and Facility Management)	Environment	Financial	Rare <5% probability	Unlikely 5% - 30% probability	Possible 31% - 70% probability	Likely 71% - 90% probability	Almost Certain 91% - 100% probability
Catastrophic (Worst case scenarios)	<ul style="list-style-type: none"> Major injury, disablement or fatality Long term effect on morale and business performance Widespread industrial action Section of the community or workforce harmed Long term impact on morale or business 	<ul style="list-style-type: none"> Major interruption to delivery of all or most services for more than 14 days. Full BCP action required. 	<ul style="list-style-type: none"> Council Members conduct – Severe Breach of Code of Conduct Huge effect on public image Community outrage by groups; pages established on social media and high instance of posts on Council's social media pages Organised community campaigning involving multi-day / sustained negative media attention (months) Irreconcilable community loss of confidence in Council's intentions and capabilities Significant prosecution and fines, major litigation involving class action, major noncompliance with legislation / regulation Critical internal policy failure 	<ul style="list-style-type: none"> Loss of significant or critical infrastructure / assets are destroyed Significant or critical infrastructure assets are unusable for months Major impact on business operations 	<ul style="list-style-type: none"> Permanent damage, destruction of sites or artefacts of cultural heritage significance Irrecoverable environmental damage threatening survival of flora or fauna; death of animals; widespread introduction of weeds; soil erosion "Serious" as defined under the SA Environment Act 1993 Section 5 (3)(b) 	<ul style="list-style-type: none"> Significant adverse impact on the budget – financial loss / exposure >\$4m or 10% of rate revenue Impact on multiple financial years <i>To note: \$4m is a threshold in prudential management relating to procurement</i> 	Medium	Medium	High	High	Extreme
Major	<ul style="list-style-type: none"> Serious long term injury requiring hospitalisation / rehabilitation Temporary disablement Industrial action over many months, significant management intervention required Increased overall workforce absenteeism Significant impact on morale or business 	<ul style="list-style-type: none"> Major interruption to service delivery, Customer impact > 7 days. Component of BCP action may be needed. 	<ul style="list-style-type: none"> Council Members conduct – Major Breach of Code of Conduct Long term effect on public image Considerable and prolonged impact and dissatisfaction publicly expressed Regional or state wide negative media attention (weeks) Major breach of legislation / regulation, major litigation, noncompliance with legislation / regulation Major internal policy failure 	<ul style="list-style-type: none"> Loss of non-critical infrastructure / assets are destroyed or significantly damaged Significant or critical assets are unusable for weeks Major impact on business operations 	<ul style="list-style-type: none"> Death of individual animals, large scale injury, loss of key species and widespread habitat destruction Extensive serious injuries "Material" as defined under the SA Environment Act 1993 Section 5 (3)(a) Damage to flora and fauna requires significant period of recovery 	<ul style="list-style-type: none"> Major financial loss / exposure – impact: between \$1m and \$4m or 5% of rate revenue Impact goes into next financial year and possibly beyond <i>To note: \$2m is approx. 5% of rate revenue</i> 	Medium	Medium	High	High	Extreme
Moderate	<ul style="list-style-type: none"> Injuries requiring medical attention / hospitalisation Short term disablement Threats of industrial action, any impact can be absorbed short term Increased business area workforce absenteeism Short term effect on morale and business 	<ul style="list-style-type: none"> Moderate interruption to service delivery, Customer impact up to 48 hrs. Partial BCP action may be needed 	<ul style="list-style-type: none"> Sectional community impacts and concerns publicly expressed (days) Negative media attention and public interest (days) Loss of confidence by the community in Council processes / staff / councillors Moderate breach of legislation / regulation, major litigation, noncompliance with legislation / regulation Moderate internal policy failure 	<ul style="list-style-type: none"> A range of assets, including some significant assets, are unusable for weeks Moderate impact on business operations 	<ul style="list-style-type: none"> Severe temporary damage over limited area requiring extensive remediation Medical treatment required "Potential" as defined under the SA Environment Act 1993 Section 5 (2) Impact on flora or fauna is recoverable over 6 to 12 month period and pollution requires physical removal 	<ul style="list-style-type: none"> High financial loss / exposure – impact: between \$100k and \$1m or 2.5% of rate revenue May impact beyond current financial year 	Low	Medium	Medium	High	High
Minor	<ul style="list-style-type: none"> Injuries requiring first aid treatment (lost time up to 2 days) Urgent dialogue with industrial group required, impact can be absorbed through normal activity Increased team workforce absenteeism Negligible short term impact on morale or business 	<ul style="list-style-type: none"> Minor interruption to a service with minimal impact to customers/business 	<ul style="list-style-type: none"> Local level of community impacts and concern Some local media or political attention Occasional once off negative media attention Complex legal issues need addressing, noncompliance and breaches Minor internal policy failure 	<ul style="list-style-type: none"> A number of assets are unusable but can be replaced within acceptable timeframes Minimal disruption to business operations 	<ul style="list-style-type: none"> Temporary damage affecting local area First aid required "Nuisance" as defined under the SA Environment Act 1993 Section 5 (1) Some minor adverse effects on few species / ecosystem can be contained and reversed in the short term 	<ul style="list-style-type: none"> Medium financial loss / exposure – impact between \$10k and \$100k Minor variation to budget for current financial year <i>To note: \$47k is financial materiality threshold for 2019/2020</i> 	Low	Low	Medium	Medium	High
Insignificant	<ul style="list-style-type: none"> Incident with or without minor injury; first aid only Dialogue with industrial group may be required, negligible impact No impact on morale or business 	<ul style="list-style-type: none"> Insignificant interruption to a service – no impact to customers/business 	<ul style="list-style-type: none"> Isolated local community or resident's issue based concerns Minimal local complaints or negative commentary on Council's website (less than 3 people) No media or political attention Legal issues managed by routine procedures, minor noncompliance and breaches Minor encroachment on internal policy 	<ul style="list-style-type: none"> Assets receive minimal damage or are only temporarily unavailable No real disruption to business operations 	<ul style="list-style-type: none"> Minor temporary damage that normal practice can rectify No injuries Can be reversed immediately "Nuisance" as defined under the SA Environment Act 1993 Section 5 (1) 	<ul style="list-style-type: none"> Negligible financial loss – impact <\$10k No impact on current financial year 	Low	Low	Low	Medium	Medium

STEP 3 RISK LEVEL CONTEXT AND MITIGATION ACTION REQUIRED

Residual Risk Level	Managing Risk – Priority Rating
EXTREME	<ul style="list-style-type: none"> • Add risk to Council’s Risk Register • Undertake detailed research and management planning • Escalate the risk issue immediately to relevant General Manager and CEO • Implement stringent new controls in a detailed risk treatment plan in order to make risk tolerable • Closely monitor the control effectiveness at the work area level on an ongoing basis • Report the risk information to the Audit Committee
HIGH	<ul style="list-style-type: none"> • Add risk to Council’s Risk Register • Raise the risk issue with the relevant General Manager • Escalate the risk issue for Management’s attention or action • Closely monitor the control effectiveness at the work area level on an ongoing basis • Validate existing controls with appropriate evidence • Inform the Executive Management Team of the risk information at an appropriate time • Report the risk information to the Audit Committee
MEDIUM	<ul style="list-style-type: none"> • Add risk to Council’s Risk Register • May be tolerated • Manage the risk within the business function by the position responsible for process • Existing controls must be effective and if required additional mitigation action is to be effectively implemented
LOW	<ul style="list-style-type: none"> • Add risk to Council’s Risk Register • May be tolerated • Undertake localised risk management & actions (if required), consequences are dealt with by routine operations • Maintain regime of continuous improvement

DECISION REPORT

REPORT TITLE:	2021 AUDIT COMMITTEE MEETING SCHEDULE
ITEM NUMBER:	2.4
DATE OF MEETING:	08 DECEMBER 2020
AUTHOR:	LIDA CATALDI
JOB TITLE:	PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS:	NIL

1. **EXECUTIVE SUMMARY**

The Audit Committee is established pursuant to Sections 41 and 126 of the *Local Government Act 1999*.

The Audit Committee's Terms of Reference require that the Committee meet at least four times per year at appropriate times in the financial reporting cycle. The practice at the City of Unley in 2020 was to schedule five meetings for the year, with one meeting focussed on the review of the financial statements.

This report provides the proposed meeting dates for the 2021 calendar year for consideration of the Committee and recommendation to Council for endorsement.

2. **RECOMMENDATION**

That:

1. The report be received.
2. During 2021 the Audit Committee of the City of Unley will meet at 181 Unley Road Unley at 6.30pm on the dates set out below:
 - Tuesday 9 February 2021
 - Tuesday 11 May 2021
 - Tuesday 10 August 2021
 - Tuesday 26 October 2021 (Financial Statements Only)
 - Tuesday 7 December 2021

3. The Chief Executive Officer be authorised, after consulting with the Presiding member of the Committee, to:
 - 3.1 Reschedule the date and/or time of an Audit Committee meeting; or
 - 3.2 Cancel an Audit Committee meeting, if it is clear that there is no business to transact for that designated meeting.
-

3. RELEVANT CORE STRATEGIES/POLICIES

4. Civic Leadership

4.1 We have strong leadership and governance

4.3 Our business systems are effective and transparent.

4. DISCUSSION

The Audit Committee's terms of reference state that the Committee is required to meet at least four times a year at appropriate times in the financial reporting cycle, and when the Committee may otherwise deem necessary. The practice at the City of Unley in 2020 was to schedule five meetings for the year, with one meeting focussed on the review of the financial statements.

Consultation of the proposed meeting dates has been undertaken with relevant staff to ensure they align appropriately with the financial reporting cycle requirements. In addition, the schedule of other meetings of Council and Committees has been considered to seek to minimise any conflict with other meetings.

The following meeting scheduled has been prepared, taking into account the information referred to above:

- Tuesday 9 February 2021
- Tuesday 11 May 2021
- Tuesday 10 August 2021
- Tuesday 26 October 2021 (Financial Statements Only)
- Tuesday 7 December 2021

5. ANALYSIS OF OPTIONS

Option 1

1. The report be received.
2. During 2021 the Audit Committee of the City of Unley will meet at 181 Unley Road Unley at 6.30pm on the dates set out below:
 - Tuesday 9 February 2021
 - Tuesday 11 May 2021
 - Tuesday 10 August 2021
 - Tuesday 26 October 2021 (Financial Statements Only)
 - Tuesday 7 December 2021
3. The Chief Executive Officer be authorised, after consulting with the Presiding Member of the Committee, to:
 - 3.1. Reschedule the date and/or time of an Audit Committee meeting; or
 - 3.2. Cancel and Audit Committee meeting, if it is clear that there is no business to transact for that designated meeting.

This option provides for the confirmation of the schedule of meetings for the Audit Committee for 2021. The proposed schedule has taken into consideration financial reporting timeframes and currently scheduled Council/Committee meetings.

Option 2

1. The report be received.
2. During 2021 the Audit Committee of the City of Unley will meet at 181 Unley Road Unley at 6.30pm on the dates set out below:
 - [insert alternative dates]
3. The Chief Executive Officer be authorised, after consulting with the Presiding Member of the Committee, to:
 - 3.1. Reschedule the date and/or time of an Audit Committee meeting; or
 - 3.2. Cancel an Audit Committee meeting, if it is clear that there is no business to transact for that designated meeting.

This option provides for a change to any of the proposed Audit Committee meeting dates for 2021. It may be appropriate if members of the Committee identify an issue with a proposed meeting date.

Option 3

1. The report be received.
2. The Audit Committee of the City of Unley will meet at 181 Unley Road Unley at 6.30pm on 9 February 2021.
3. Taking into account any existing Council and Committee meetings scheduled for 2021, a revised Audit Committee Meeting Schedule for a minimum of four meetings be prepared and presented to the 9 February 2021 meeting for consideration.

In the event that the Committee wishes to make wholesale changes to the proposed meeting schedule, this option provides for to the confirmation of the 9 February 2021 meeting date and requests a completely revised meeting schedule be submitted to that meeting. This approach would allow for consideration of other Council/Committee meetings prior to determining the Audit Committee meeting schedule, to avoid any scheduling conflict.

6. RECOMMENDED OPTION

Option 1 is the recommended option.

7. POLICY IMPLICATIONS

7.1 Legislative/Risk Management

- 7.1.1 Notice of meetings of the Committee will be given in accordance with sections 87 and 88 of the *Local Government Act 1999*.
- 7.1.2 The agenda and reports for all meetings of the Committee must be delivered to members of the Committee at least 3 clear days before the meeting.

8. REPORT CONSULTATION

The proposed meeting dates have been consulted with relevant staff to ensure they fit within the financial reporting cycle requirements.

9. REPORT AUTHORISERS

Name	Title
Tami Norman	Executive Manager, Office of the CEO

DECISION REPORT

REPORT TITLE: AUDIT COMMITTEE WORKPLAN 2021
ITEM NUMBER: 2.5
DATE OF MEETING: 08 DECEMBER 2020
AUTHOR: LIDA CATALDI
JOB TITLE: PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS: 1. AUDIT COMMITTEE WORK PLAN - 2021

1. **EXECUTIVE SUMMARY**

This report provides the Audit Committee with a draft Workplan for the 2021 calendar year.

2. **RECOMMENDATION**

That:

1. The report be received.
2. The Audit Committee Workplan as set out in Attachment 1 to this report (Item 2.5, Audit Committee Meeting, 08/12/2020) be adopted

3. **RELEVANT CORE STRATEGIES/POLICIES**

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

4. **BACKGROUND**

The Audit Committee's function is to monitor the risk management and internal control environment of Council operations. The Audit Committee also has the responsibility to oversee Council's internal and statutory audit responsibilities and functions as set out under section 126 of the *Local Government Act 1999*.

The Audit Committee's Workplan has been developed to set out activities for the 2021 calendar year. It will be monitored and updated at each meeting, to ensure the Committee delivers its role as set out in the Audit Committee Terms of Reference.

5. **DISCUSSION**

Under the Committee's terms of reference, the Audit Committee has an important independent role in assisting the Council in monitoring the following areas:

- Financial Reporting and Sustainability
- Risk Management and Internal Controls
- Internal Audit and Compliance
- External Audit
- Governance

The proposed workplan has been developed to include activities across these areas, with activities timed to align with the financial reporting framework and the planned meetings of the Committee. This document will assist with the preparation of the annual report of the Presiding Member of the Audit Committee to Council.

A copy of the proposed workplan is provided as Attachment 1 to this Report.

Attachment 1

Feedback from the Committee on the proposed workplan is sought.

6. **ANALYSIS OF OPTIONS**

Option 1 –

1. The Report be received.
2. The Audit Committee Workplan as set out in Attachment 1 to this report (Item 2.5, Audit Committee, 08/12/2020) be adopted.

The proposed Audit Committee workplan has been developed to assist the Audit Committee fulfil its responsibilities as outlined within the terms of reference for the Committee.

Option 2 –

1. The Report be received.

2. Subject to the amendments set out below, the Audit Committee Workplan as set out in Attachment 1 to this report (Item 2.5, Audit Committee, 08/12/2020) be adopted.

2.1 Insert amendments required

Option 3 –

1. The Report be received.
2. The Audit Committee Workplan as set out in Attachment 1 to this report (Item 2.5, Audit Committee, 08/12/2020) be further amended and returned to the Audit Committee for review.

The Committee may consider that further work is required to the Workplan. This Option requests further development of the documents and that they be returned to the Audit Committee at the next meeting.

7. **RECOMMENDED OPTION**

Option 1 is the recommended option.

















8. **REPORT CONSULTATION**










Audit Committee Workplan has been developed in consultation with relevant staff.

9. **REPORT AUTHORISERS**

Name	Title
Tami Norman	Executive Manager, Office of the CEO

Audit Committee Workplan 2021

	9 February 2021	11 May 2021	10 August 2021	26 October 2021	7 December 2021
Financial					
Long Term Financial Plan (<i>consultation</i>)					
2021-22 Annual Business Plan and Budget (<i>consultation</i>)					
Agreed Actions Status Update					
Brown Hill Keswick Creeks (<i>presentation</i>)					
Centennial Park Cemetery Authority (<i>presentation</i>)					
External Audit					
External Audit – Interim Report					
General Purpose Financial Statements FY20/21					
Internal Audit					
Internal Audit Plan 2021					
Internal Financial Controls – Self Assessment Report FY20/21					
Risk Management					
Strategic Risk Register					

Operational Risk Register <i>(Full Register)</i>					
Operational Risk Register <i>(High & Extreme Residual Risk)</i>					
Audit Committee Workplan					
<i>Presiding Member of the Audit Committee's Report is scheduled to be presented to Council at the 22 March 2020 meeting</i>					
<i>Distribution of the following will occur once the reports have been presented to Council:</i>					
<ul style="list-style-type: none"> · Quarterly Budget Review · Quarterly Performance Review 					
Any Completed Internal Audits will be added to the Agenda where necessary					