

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 09 February 2021 6:30pm

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

Chief Executive Officer

MEMBERS

Presiding Member D Powell (Presiding Member)
Councillor M Rabbit
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 Kurna people and that we respect their spiritual relationship with their country.

We also acknowledge the Kurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kurna 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, 8 December 2020	
1.5 DEFERRED / ADJOURNED ITEMS	
Nil	
2. REPORTS	
2.1 Development of the draft 2021-2031 Long Term Financial Plan	7
2.2 External Audit - Agreed Action Status Report	20
2.3 Strategic Risk Register	41
2.4 Operational Risk Register Update - High and Extreme Risks	51
2.5 Internal Audit Plan Status Update	55
2.6 Audit Committee Workplan - Update	59

3. OTHER BUSINESS

NEXT MEETING

Tuesday 11 May 2021 - 6:30pm

Council Chambers, 181 Unley Road Unley

DECISION REPORT

REPORT TITLE:	DEVELOPMENT OF THE DRAFT 2021-2031 LONG TERM FINANCIAL PLAN
ITEM NUMBER:	2.1
DATE OF MEETING:	09 FEBRUARY 2021
AUTHOR:	ALEX BROWN
JOB TITLE:	MANAGER FINANCE AND PROCUREMENT
ATTACHMENTS:	1. DRAFT 2021-2031 LONG TERM FINANCIAL PLAN

1. **EXECUTIVE SUMMARY**

Council is required to develop and adopt a Long-Term Financial Plan (LTFP) as a part of its suite of Strategic Management Plans in order to ensure its long-term financial sustainability. The LTFP provides the financial parameters to aid the compilation of Council's Draft Annual Business Plan and Budget.

The Administration have updated the LTFP with the 2019-20 financial year results and reviewed the forward forecast in preparation of the 2021-22 Draft Annual Business Plan and Budget. Administration is seeking the Audit Committee's views on the suitability of key assumptions and support of the financial targets for use in reviewing the LTFP.

2. **RECOMMENDATION**

That:

1. The report be received.
2. The Long-Term Financial Plan key financial targets as set out below, be adopted.

Indicator	Key Financial Target
Operating Surplus Ratio (excluding equity accounted businesses)	> 5.0%
Net Financial Liabilities Ratio	< 80%
Asset Sustainability Ratio	= > 100%

3. RELEVANT CORE STRATEGIES/POLICIES

4. Civic Leadership

4.1 We have strong leadership and governance.

3.1 Section 122(1a)(a) of the *Local Government Act (1999)* requires Council to develop and adopt a long term financial plan for a period of at least 10 years.

4. BACKGROUND

The Long-Term Financial Plan (LTFP) forms part of Council Strategic Management Plans and must be consistent with Council's other strategic management plans, particularly the Infrastructure and Asset Management Plans.

In accordance with the *Local Government (Financial Management) Regulations 2011*, the LTFP must address the following items:

- A Summary of proposed operating and capital investment activities;
- Estimates and target ranges for each year with respect to the operating ratio, net financial liabilities ratio and an asset renewal funding ratio; and
- A Statement setting out the purpose of the LTFP, the basis upon which it has been prepared and the key conclusions which may be drawn from the estimates and proposals contained within the document.

The City of Unley's draft LTFP will be prepared based upon information available from a range of sources including:

- Community Plan 2023
- 4 Year Delivery Plan
- The Asset Management Plans
- Current and future levels of service
- Projected rating strategies
- Available indices such as CPI, LGPI etc
- CEO KPI's

5. DISCUSSION

The Administration have commenced work on the revision of the Long-Term Financial Plan to ensure long term financial sustainability and to provide the financial parameters for the drafting of Council's 2021-22 Annual Business Plan and Budget.

The Audit Committee has a responsibility to review and make recommendations to the Council regarding the assumptions, financial indicators and targets in the LTFP, including financial sustainability of the Council and any risks in relation to the adoption of the LTFP and Annual Budget.

It is deemed appropriate to engage with the Committee at this early stage of preparation, particularly with respect to the establishment of key planning assumptions, targets and ratios.

A preliminary overview of the draft LTFP was presented to the Executive in December and has been updated to reflect the most current information. The overview, amongst other things, presented information around current economic indicators, LTFP assumptions, new capital projects and proposed parameters for the development of the 2021-22 Budget. The document has been provided to promote discussion around these matters to enable further development of the LTFP.

The following key financial targets are proposed for the 2021-2031 Long Term Financial Plan, noting that the CEO KPI for the 2021-22 Budget is an Operating Surplus Ratio of 4% due to the financial implications of COVID-19. The Long Term Financial Plan targets remained unchanged from the previous review in 2020:

Indicator	Draft 2021-2031 LTFP Key Financial Target
Operating Surplus Ratio (excluding equity accounted businesses)	> 5.0%
Net Financial Liabilities Ratio	< 80%
Asset Sustainability Ratio	= > 100%

The proposed key assumptions are scheduled below:

Item		Assumption
Rates	Increase	CPI +1% (target proposed by Council)
	Growth	0.5% with further analysis being undertaken
Fees and charges		CPI on average, noting some fees & charges may be held due to: <ul style="list-style-type: none"> • prior year(s) step increase above CPI • economic conditions
Grants, subsidies & other income		CPI for recurrent funding/income (unless advised otherwise)
Employee Costs		CPI noting enterprise bargaining negotiations presently underway
Contractors, materials & other expenditure		CPI
Depreciation		Presently under review - Held at 2021-22 Forecast
Variable interest rate	2021-22	2%
	2022-23	2.25%
	2023-24 & beyond	2.5% then climbing at 0.5% per annum until it reaches 4% and holds
Operating Surplus Ratio CEO Target	2021-22	4%
	2022-23 onwards	5%
Operating Projects	2021-22	\$1.427m (\$1m base plus 1% rates) indexed by CPI
New Assets		Existing LTFP Assumption (subject to review during 2021-22 Budget process)
Asset Renewals		Presently in line with the Asset Management Plans (ie. Asset Sustainability Ratio at 100%)

In addition, the Council's LTFP is affected by several other external and internal factors for which assumptions will require further consideration, these include:

External Influences

- Local Government Price Index
- The Landscape Levy (previously the Natural Resources Management Levy)
- Waste disposal costs
- Utility Costs
- Increased compliance costs through new/amending legislation
- State and Federal Government Policy
- Broader economic environment

Internal Influences

- Enterprise Bargaining Agreements (the next 3 year agreements are presently being negotiated)
- Treasury Management Policy and borrowing decisions
- Service and Process Improvement Review projects
- Risk Management
- Asset Sustainability & service levels
- The CEO KPI's

6. **ANALYSIS OF OPTIONS**

Option 1 – The Long-Term Financial Plan key financial targets as set out below, be adopted.

Indicator	Key Financial Target
Operating Surplus Ratio (excluding equity accounted businesses)	> 5.0%
Net Financial Liabilities Ratio	< 80%
Asset Sustainability Ratio	= > 100%

The proposed key financial targets are those that were adopted in 2020, and Administration upon review of the impact of the results from the 2019-20 financial year see no reason to recommend a change.

Option 2 – Recommends the following financial targets for the draft 2021-2031 Long Term Financial Plan.

- Operating Surplus Ratio (excluding equity accounted businesses) x%
- Net Financial Liabilities Ratio x%
- Asset Sustainability Ratio x%

The Audit Committee based its review of the assumptions recommends alternative key financial targets to what is proposed.

7. RECOMMENDED OPTION

Option 1 is the recommended option.

8. REPORT AUTHORISERS

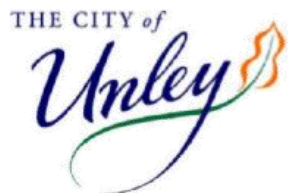
Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

City of Unley

**Draft 2021-2031
Long Term Financial Plan**

Consideration of assumptions and targets

Audit Committee 9 February 2021



INTRODUCTION

The purpose of this presentation is to provide an overview of the draft 2021-2031 Long Term Financial Plan which will inform the key financial parameters for the 2021-22 Business Plan and Budget.

Discussion Points

Review and provide feedback on the key assumptions and targets in the draft LTFP within the context of the current economic environment

Introduction

Economic Indicators

Key Assumptions

LTFP Summary

Financial Indicators

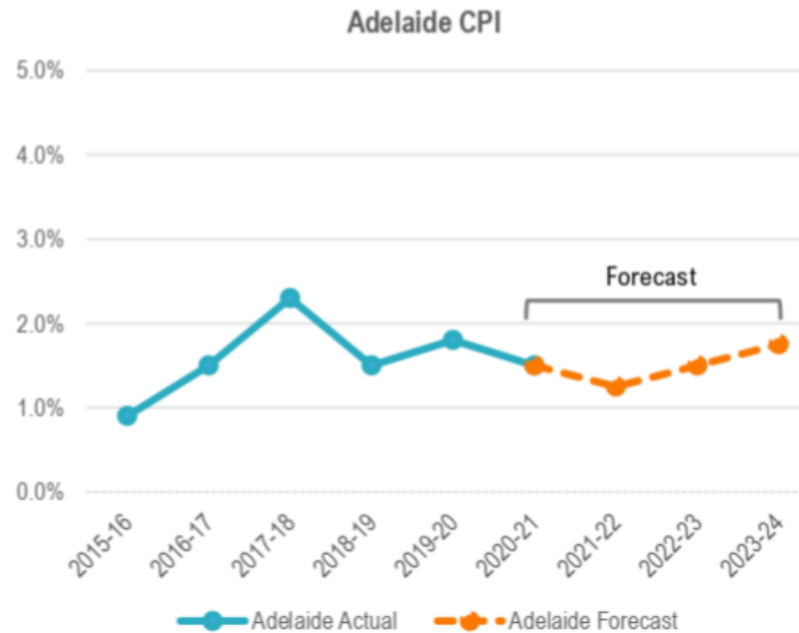
Next Steps

ECONOMIC INDICATORS

Key considerations:

- CPI to remain low (below 2%)**
 RBA forecast is inline with Adelaide CPI. Adelaide CPI was 1% for the year to 31 December 2020. The Local Government Price Index has been similar to Adelaide CPI in the last 5 years.
- Interest rates to remain low**
 The RBA Board is not expecting the to increase the cash rate for at least 3 years until CPI is sustained between 2-3%.
- Wage Growth to remain weak**
 The RBA is anticipating wage growth to remain under 2% until the end of 2022, and potentially longer.

SA Treasury Indicators (SA Govt 2020-21 Budget)	2020-21	2021-22	2022-23	2023-24
Adelaide CPI	1.5%	1.25%	1.5%	1.75%
Gross State Product	(0.75%)	4.25%	3%	3%
Employment	0%	2%	1.5%	1.5%



Introduction

Economic Indicators

Key Assumptions

LTFP Summary

Financial Indicators

Next Steps

KEY ASSUMPTIONS

Item		Assumption
Rates	Increase	CPI +1% (target proposed by Council)
	Growth	0.5% with further analysis being undertaken
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[Key Assumptions](#)
[LTFP Summary](#)
[Financial Indicators](#)
[Next Steps](#)

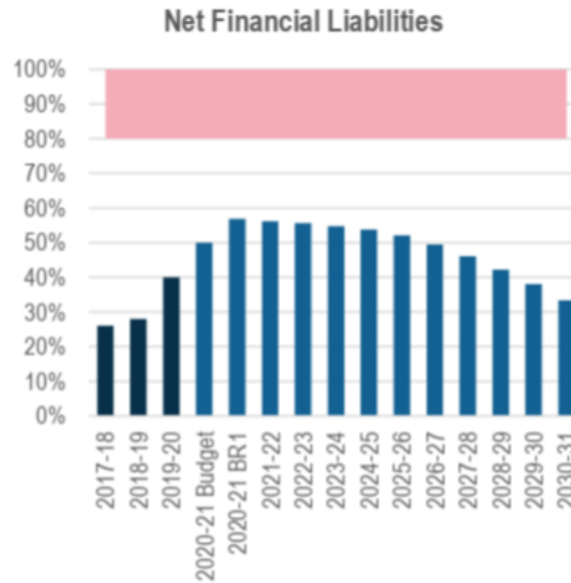
LTFP SUMMARY

\$'000	2020-21 Base Year	2021-22 Year 1	2022-23 Year 2	2023-24 Year 3	2024-25 Year 4	2025-26 Year 5	2026-27 Year 6	2027-28 Year 7	2028-29 Year 8	2029-30 Year 9	2029-31 Year 10
CPI Forecast		1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%
Rates Increase based on CPI		1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%
Increase/(reduction) to CPI		1.00%	-	-	-	-	-	-	-	-	-
Rates Growth		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Increase in Rates Revenue		2.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.00%	3.00%	3.00%	3.00%
Income											
General Rates Income	42,248	43,911	44,789	45,797	46,942	48,233	49,680	51,170	52,706	54,287	55,915
All Other Income	7,329	7,321	7,410	7,533	7,676	7,840	8,027	8,218	8,414	8,615	8,820
Total Income	49,577	51,232	52,200	53,330	54,618	56,073	57,707	59,388	61,119	62,901	64,736
Expenditure											
Employee Costs	18,545	18,777	19,058	19,392	19,780	20,225	20,730	21,248	21,780	22,324	22,882
Materials, Contracts & Other Expenses	18,987	19,224	19,513	19,854	20,251	20,707	21,225	21,755	22,299	22,857	23,428
Depreciation, Amortisation & Impairment	9,500	9,714	9,714	9,714	9,714	9,714	9,714	9,714	9,714	9,714	9,714
Finance Costs	504	364	384	397	444	482	488	403	300	183	47
Operating Projects	868	1,427	1,449	1,474	1,504	1,537	1,576	1,615	1,656	1,697	1,739
Total Expenditure	48,404	49,506	50,117	50,831	51,692	52,664	53,733	54,736	55,748	56,775	57,811
Operating Surplus/(Deficit)	1,173	1,727	2,082	2,499	2,926	3,409	3,974	4,653	5,372	6,127	6,925
Principal Repayment of loans	246	256	266	277	288	-	-	-	-	-	-
Cash surplus/(deficiency) after principal repayments	928	1,471	1,816	2,223	2,638	3,409	3,974	4,653	5,372	6,127	6,925
Capital Replacement less income to be received	7,809	8,697	8,616	8,814	9,076	9,554	9,574	9,742	10,025	10,495	10,757
Capital New less funding to be received	5,839	2,928	3,025	3,065	3,249	3,133	3,191	3,162	3,177	3,169	3,242
(Shortfall) / Improvement in cash position	(3,220)	(440)	(111)	57	27	436	923	1,462	1,884	2,176	2,640
Fixed Term Borrowings	1,086	831	565	288	-	-	-	-	-	-	-
Cash Advance Debenture (CAD Borrowings)	16,617	17,312	17,689	17,909	18,170	17,734	16,811	15,350	13,466	11,290	8,650
Total Borrowings	17,703	18,143	18,254	18,196	18,170	17,734	16,811	15,350	13,466	11,290	8,650
Operating Surplus Ratio (Target 5% excl. 2021-22 where 4%)	2.4%	3.4%	4.0%	4.7%	5.4%	6.1%	6.9%	7.8%	8.8%	9.7%	10.7%
Net Financial Liabilities Ratio (Target <80%)	57%	56%	56%	55%	54%	52%	49%	46%	42%	38%	33%
Asset Renewal Funding (Target 100% average over 10 Yrs)	112%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

FINANCIAL INDICATORS



This ratio is a measure of the ability to cover operational costs and have revenues available for capital funding, repayment of debt or consider the provision of new services.



This ratio is a measure of the significance of the net amount owed by Council at the end of a financial year compared with income for the year.

An increase in this ratio indicates that Council requires more of its operating income to fund its financial obligations. A drop in this ratio indicates that Council's capacity to meet its financial obligations from operating income is strengthening.



This ratio represents the level of capital expenditure on the renewal of assets relative to the level of such expenditure identified as warranted in a council's infrastructure and asset management plan.

NEXT STEPS

Key Dates for the LTFP and 2021-22 Business Plan and Budget

Audit Committee considers Long Term Financial Plan (LTFP)	Tuesday 9 February
Council Workshops on Business Plan and Budget:	
• Workshop 1 – LTFP and Funding Priorities	Monday 15 March
• Workshop 2 – Full Budget and Rates	Monday 29 March
• Reserve Workshop	Monday 12 April
Council considers draft BP&B for Public Consultation	Tuesday 27 April
Public Consultation	Friday 30 April – Friday 21 May
Audit Committee consulted on the draft BP&B & updated LTFP	Tuesday 11 May
Council Workshop to consider feedback and balance the budget	Monday 31 May
Council considers BP&B for Adoption and Declares Rates	Monday 28 June



- Introduction
- Economic Indicators
- Key Assumptions
- LTFP Summary
- Financial Indicators
- Next Steps**

INFORMATION REPORT

REPORT TITLE:	EXTERNAL AUDIT - AGREED ACTION STATUS REPORT
ITEM NUMBER:	2.2
DATE OF MEETING:	09 FEBRUARY 2021
AUTHOR:	ALEX BROWN
JOB TITLE:	MANAGER FINANCE AND PROCUREMENT
ATTACHMENTS:	1. EXTERNAL AUDIT AGREED ACTIONS STATUS UPDATE

1. **EXECUTIVE SUMMARY**

Council must ensure that appropriate policies, practices and procedures of internal control are maintained in order to assist the Council to carry out its activities in an effective and efficient manner.

The internal controls are subject to an annual audit and any opportunities for improvement are brought to the attention of Council, the Audit Committee and management through the auditors Audit Completion Report. The Audit report identifies any internal control deficiencies, or findings, and offers recommendations for improvement.

This report serves to inform the Audit Committee on Administration's progress in implementing the recommendations of the Auditors findings as identified during the 2019-2020 audit. An update report will continue to be presented to the Committee until all recommendations have been implemented.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

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

4. **BACKGROUND**

In accordance with Section 125 of the *Local Government Act 1999* (the Act), Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard assets and to secure the accuracy and reliability of council records.

The Audit Committee has a responsibility under the Act and its Terms of Reference to review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.

As a part of Council's 2019-2020 audit, the external auditors, Galpins, undertook an assessment of 100 internal financial controls and provided its findings in its Management Letter. This advice was presented to the Audit Committee at its meeting held on 3 November 2020 as part of the Committee's considerations of the 2019-2020 General Purpose Financial Statements. The Committee resolved that the suite of financial statements, auditors reports and certifications be recommended for presentation to the Council for adoption.

Galpins reported that overall the Council demonstrated a high level of compliance with the internal control framework consistent with the principles within the Better Practice Model.

It was found that the majority of key internal controls reviewed were operating effectively. In all, 100 core controls were reviewed, 83 controls were operating effectively and 17 controls were identified where improvements could be made to further enhance their effectiveness. The less effective controls were risk rated as high, medium or low or could be improved as a matter of achieving best practice.

A summary of the results of the review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively		2020 Findings			
		2020	2019	H	M	L	BP
Purchasing & Procurement/Contracting	10	6	3	-	3	1	-
Fixed Assets	16	14	13	-	2	-	-
General Ledger	11	9	9	-	2	-	-
Accounts Payable	13	10	10	-	2	1	-
Rates / Rates Rebates	10	8	8	-	2	-	-
Payroll	19	16	15	-	3	-	-
Receipting	5	4	4	-	-	1	-
Credit Cards	5	5	5	-	-	-	-
Banking	5	5	5	-	-	-	-
Debtors	6	6	6	-	-	-	-
Total	100	83	78	-	14	3	-

5. **DISCUSSION**

This report has been prepared to keep the Audit Committee informed of progress with the recommended control improvements. A schedule of detailed audit findings classified by the Business Cycle can be found in Attachment 1.

Attachment 1

The schedule provides for each finding:

- the business cycle risk;
- the associated control for the risk;
- the audit finding;
- the audit recommendation;
- management's response to the finding, and
- management's update on progress to improve the control.

Work has progressed with initial focus on the high and moderate risk findings, and around improvements for procurement and payroll.

A summary of progress to date is provided in the table below:

Business cycles	Findings	2020 Findings		
		Not Started	Work in Progress	Completed
Purchasing & Procurement/Contracting	4	-	1	3
Fixed Assets	2	-	1	1
General Ledger	2	-	1	1
Accounts Payable	3	-	1	2
Rates / Rates Rebates	2	-	-	2
Payroll	3	-	-	1
Receipting	1	-	-	1
Total	17	0	4	13

As the table illustrates, of the 17 actions identified in the 2020 Audit findings, 13 have been completed and work has commenced on the remaining 4. Council's auditors will be updated on the status of the actions as part of their Interim Audit at the beginning of March 2021.

6. **REPORT AUTHORISERS**

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

1.5. Summary of findings

Business Cycle	Findings	Status	Risk
Purchase, Procurement and Contracting	2.1.1 Evidence of procurement procedures undertaken were not retained on file for a sample of suppliers	Completed	M
	2.1.2 TechnologyOne electronic contract register is incomplete	Completed	M
	2.1.3 Instance of a payment without a purchase order / purchase orders issued after the date of the invoices	In progress	M
	2.1.4 The Procurement Policy is overdue for review	Completed	L
Fixed Assets	2.2.1 Asset management plans due for review	Completed	M
	2.2.2 Assets included in TechnologyOne not linked and/or reconciled to the GIS system	In progress	M
General Ledger	2.3.1 Finance modules in TechOne with potentially excessive number of user IDs allocated to them	In progress	M
	2.3.2 Absence of formal review of balance sheet reconciliations	Completed	M
Accounts Payable	2.4.1 Improvements are necessary in the process of uploading suppliers EFT files into the online banking system	Completed	M
	2.4.2 The audit trail of changes to the suppliers' master files are not formally reviewed by management	In progress	M
	2.4.3 Suppliers with invalid or cancelled ABNs registrations included in the creditors' master file	Completed	L
Rates	2.5.1 A report containing rates adjustments performed during the financial year is not independently reviewed	Completed	M
	2.5.2 A list of rate rebates and non-rateable properties are not formally reviewed	Completed	M
Payroll	2.6.1 Absence of evidence that payroll reports are independently reviewed	Completed	M
Receipting	2.7.1 Absence of approval of reversal of receipts	Completed	L
Credit Cards	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A	N/A
Banking	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A	N/A
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A	N/A

1. DETAILED AUDIT FINDINGS

1.1 PURCHASING AND PROCUREMENT

2.1.1 Evidence of procurement procedures undertaken were not retained on file for a sample of suppliers		Moderate
Control	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework.	
Risk	Council does not obtain value for money in its purchasing and procurement.	

Finding	Recommendations	Management Response	Management Update															
<p>The Procurement Framework requires a tender process and a formal evaluation for purchases greater than \$100,000.</p> <p>Evidence of the procurement procedures undertaken was not retained on file for the suppliers listed below:</p> <table border="1"> <thead> <tr> <th>Supplier</th> <th>Cumulative spend in 19/20</th> <th>Evaluation forms*</th> <th>Conflict of interest declaration</th> <th>Dispensation Approval</th> </tr> </thead> <tbody> <tr> <td>Agonis Group Pty Ltd</td> <td>\$243,494.90</td> <td>no</td> <td>no</td> <td>no</td> </tr> <tr> <td>IComm Australia Pty Ltd</td> <td>\$121,695.75</td> <td>no</td> <td>yes</td> <td>n/a</td> </tr> </tbody> </table> <p>* Evaluation forms detailing criteria and reason for selecting the suppliers listed above.</p>	Supplier	Cumulative spend in 19/20	Evaluation forms*	Conflict of interest declaration	Dispensation Approval	Agonis Group Pty Ltd	\$243,494.90	no	no	no	IComm Australia Pty Ltd	\$121,695.75	no	yes	n/a	<p>All documents evidencing procurement procedures undertaken (e.g. request for tender, tender responses and evaluation forms detailing the decision made) are retained on file.</p>	<p>Noted. Agonis Group: This was a select tender process with 3 responses being received, evaluated and a contract issued. The procurement was undertaken as a matter of urgency with direct input from the GM concerned. Signed copies of the Acquisition Plan and the Evaluation Recommendation Report could not be located as they were either not provided to Procurement or were mislaid or misfiled. Copies of interview notes have since been found and are available, if required.</p>	<p>Completed</p> <p>A Procurement Tracker spreadsheet has been created to track all procurement processes to ensure each stage of the a procurement is undertaken and documented accordingly.</p>
Supplier	Cumulative spend in 19/20	Evaluation forms*	Conflict of interest declaration	Dispensation Approval														
Agonis Group Pty Ltd	\$243,494.90	no	no	no														
IComm Australia Pty Ltd	\$121,695.75	no	yes	n/a														

2.1.2 TechnologyOne electronic contract register is incomplete		Moderate
Control	Council maintains a current contract register.	
Risk	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.	

Finding	Recommendations	Management Response	Management Update
<p>Historically, Council has maintained a manual spreadsheet containing information regarding contracts in place between Council and its suppliers. During the 2018/19 financial year, Council made a decision to replace this spreadsheet with an electronic contract register in TechnologyOne.</p> <p>We compared the electronic contract register to the list of suppliers we selected for our procurement tests and noted that the following suppliers were not included in the register:</p> <ul style="list-style-type: none"> • Agnois Group – in 2019/20 the total cumulative spend was \$243,495 • Sempac* – In 2019/20 the total cumulative spend was \$121,656 <p>* Council could not locate in its records a signed contract for this supplier.</p>	<p>Audit supports the use of electronic contract registers and recommends that Council continues to update the register to ensure that all current contracts are recorded.</p>	<p>Noted. Training and processes are presently being put in place to prevent this happening in the future.</p>	<p>Completed</p> <p>An electronic contract register in Technology One (Council's finance system) has been brought up to date and will be maintained accordingly.</p>

2.1.3 Instance of a payment without a purchase order / Purchase orders issued after the date of the invoices		Moderate
Control	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	
Risk	Council does not obtain value for money in its purchasing and procurement / Purchase of goods and services are made from non-preferred suppliers.	

Finding	Recommendations	Management Response	Management Update
<p>The Procurement framework provides that purchase orders are required for all purchases over \$2,000, unless the purchase is related to an item described in the list of purchases exempted from a purchase order.</p> <p>Council does not currently have review mechanisms in place to identify non-compliance with purchase order requirements, such as review of exception reports.</p> <p>Audit selected a sample of 21 purchases and noted one purchase that did not have a related purchase order or contract, and that did not fall into the list of purchases exempted from having a purchase order. Audit also noted two instances of purchase orders issued after the date of the invoice.</p>	<p>Management monitors non-compliance with purchase order usage. This could include reviewing system reports detailing purchase order usage (e.g. "AP Invoices Entered Without Purchase Orders"), analysing the nature of non-compliances and speaking to any repeat offenders to understand the reasons for non-compliance.</p> <p>Depending on the outcome of this review, Council may determine that:</p> <ul style="list-style-type: none"> • additional education and training in the Policy is warranted to improve compliance; and/or • there is an opportunity to amend the policy on purchase order use to better reflect the desired use of purchase orders. This could, for example, include: <ul style="list-style-type: none"> ○ reviewing the low-value item threshold, below which a purchase order is not required ○ updating the list of exemptions for purchase order use detailed within the policy. 	<p>Noted. The importance of reporting, analysing and monitoring of expenditure is recognised. Reports identifying invoices entered without purchase orders has been developed and is currently being interrogated to understand the non-compliance issues.</p>	<p>In Progress</p> <p>The review of a monthly review of the report identifying invoices entered without purchase orders has been incorporated into the End of Month process from January 2021. Further training will be provided in instances of non-compliance.</p> <p>The Procurement Policy adopted by Council in December 2020 provided greater clarification on the requirements for purchase orders. The Procurement Framework was also revised in December to provide greater clarity.</p> <p>Revised Procurement pages for the Intranet are presently being prepared to support education of there requirements, and will be followed by revision training in across the organisation by June 2020.</p>

2.1.4 The Procurement Policy is overdue for review		Low
Control	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflict of interest.	
Risk	Council does not obtain value for money in its purchasing and procurement.	

Finding	Recommendations	Management Response	Management Update
The Procurement Policy document was adopted on 28 May 2012. The policy has been due for review since September 2018.	The Procurement Policy is reviewed and updated to reflect current and desired practice.	Noted. The Procurement Policy will be completed and presented to the Audit Committee on 3 November 2020.	Completed A revised Procurement Policy was adopted by Council 14 December 2020.

1.2 FIXED ASSETS

2.2.1 Asset management plans overdue for review

Moderate

Control

Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.

Risk

Fixed Asset maintenance and/or renewals are inadequately planned.

Finding	Recommendations	Management Response	
<p>The following asset management plans are due for review:</p> <ul style="list-style-type: none"> Bridges – last adopted in 2012 Footpath – last adopted in 2011 Open Space – last adopted in 2008 Drainage – last adopted in 2008 Kerb & Water – last adopted in 2008 Roads – last adopted in 2008 <p>At minimum, the Local Government Act 1999 requires that council undertakes a comprehensive review of its asset management plans within 2 years after each general election of the council i.e. by October 2020.</p> <p>Audit acknowledges that Council is in process of drafting new asset management plans for Drainage, Transport, Open Space and Recreation and footpaths.</p>	<p>Management aims for asset management plans to be prepared and adopted by Council by October 2020.</p>	<p>Work in Progress</p> <p>A consultant has been engaged to assist with the development of the AMP's (Transport, Stormwater, Open Space, Buildings). Draft AMPs will be presented to the Audit Committee at its October 2020 meeting prior to seeking Council's authority to engage with the public on the Plans. Staff have previously undertaken predictive modelling across all asset classes and have produced first cut values to inform the draft LTFP. These models are being further refined and the financial details will be documented in the AMPs to inform future LTFP. Asset data cleansing and re-segmentation is being progressed for all asset classes. This includes verification, updating and sorting asset register classifications and asset categories to improve the accuracy and integrity of data. The AMPs will outline an improvement program for each asset class as a pathway for continuous improvement of council's asset management maturity.</p>	<p>Completed</p> <p>Council endorsed Asset Management Plans for all Infrastructure (Transport, Stormwater, Open Space, Buildings) on 14 December 2020.</p>

2.2.2 Assets included in TechnologyOne are not linked and/or reconciled to the GIS system.		Moderate
Control	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	
Risk	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.	

Finding	Recommendations	Management Response	Management Update
<p>Assets included in TechnologyOne are not linked and/or reconciled to the GIS system.</p> <p>Councils are highly asset intensive in delivering services to rate payers. Councils' infrastructure assets are widespread and require a strong geographical inventory to manage and monitor effectively.</p> <p>A Geographic Information System (GIS software) is designed to store, retrieve, manage, display and analyse geographic and spatial data, including geographical features and their characteristics.</p> <p>To ensure accuracy and completeness of asset databases, it is important for Councils to perform a reconciliation between GIS systems and the asset register. The reconciliation ensures that all assets, components of assets and modifications to assets captured by the GIS system are reflected in the asset register.</p> <p>The standard TechnologyOne GIS reconciliation functionality can be used to update the physical features of assets in the asset register.</p>	<p>A process is introduced to ensure that all assets included in TechnologyOne are linked and/or reconciled to the GIS system.</p>	<p>Work in Progress</p> <p>Asset data cleansing and re-segmentation is being progressed for all asset classes. This includes verification, updating and sorting asset register classifications and asset categories to improve the accuracy and integrity of data.</p> <p>The asset data is being reconfigured so there is a single point of truth within the asset system (TechnologyOne) enabling the GIS representation of the data to be sourced from the asset system. This will eliminate the need for reconciliation as data will be stored in one location.</p>	<p>In Progress</p> <p>Council endorsed the Asset Management Plans in December 2020.</p> <p>The Asset Management Plans define the asset classification and hierarchy, and outline improvement programs to achieve completeness and confidence in the Technology One asset register and link the register with GIS.</p> <p>Reconciliation is scheduled to occur in line with the asset valuation schedule. All asset classes will be reconciled over four years by 2024.</p> <p>This financial year (2020/21) Council is reviewing, undertaking condition assessments and valuation for the Recycled Water, Drainage and Bridge asset categories.</p>

1.3 GENERAL LEDGER

2.3.1 Finance modules in TechOne with potentially excessive number of user IDs allocated to them		Moderate
Control	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	
Risk	General Ledger does not contain accurate financial information / Data contained within the General Ledger is permanently lost.	

Finding	Recommendations	Management Response	Management Update
<p>In our 2018/19 interim management we noted that there were no current mechanisms to ensure a complete lists of users with access to finance functions are formally reviewed on a regular basis.</p> <p>During the 2019/20 Council reviewed a spreadsheet detailing IDs linked to a profile name. The spreadsheet also provides information on the access (roles) that each profile name should have.</p> <p>The report contains generic descriptions of the roles allocated to each user ID and profile name (e.g. GL officer, AP officer, Asset Officer – Financial, System Administrators, etc).</p> <p>We performed a review of the users allocated to the roles that appear to be related to the business cycles we selected for our review and noted the following roles with potentially excessive number of user IDs allocated to them:</p> <ul style="list-style-type: none"> • 7 user IDs have access to the role AP Officer (role name: VS.APOFFICER); • 11 user IDs have access to the role Asset 	<p>Finance Management to review the IT access rights listing to identify roles related to Council's business cycles (e.g. banking, debtors, receipting, general ledger, rates, accounts payable, fixed assets) that may contain excessive number of user IDs allocated to them.</p>	<p>Noted. Finance Management will review the IT access rights to ensure staff have appropriate access for business needs whilst maintaining internal controls.</p>	<p>In Progress</p> <p>Finance Management has undertaken further analysis and consultation with Tech1 to understand the scope of resolution/work required. The solution entails undertaking an extensive review across current User IDs, Profiles, Roles, Security Category and Delegation Authority level module set-up.</p> <p>A review of User IDs and User Profiles is presently underway and will be completed by June 2021. New user profiles will be established where required.</p> <p>Once this work is completed, we will undertake a risk based analysis to assess and prioritise the development of policies and procedures going forward.</p>

<p>Officer Financial (role names: \$F1.ASSFINOFFICER and VS.ASSFINOFFICER);</p> <ul style="list-style-type: none"> • 13 user IDs have access to the role GL Officer (role name: VS.GLOFFICER); and • 4 user IDs have access to the System Administrator role (role name: \$F1.SYSADMINALL). <p>Audit acknowledges that Management may consider some of the above observations regarding access rights to be appropriate. The purpose of listing them here is to recommend that Management reviews and formally considers the access rights described above when next performing a formal review of a complete list of IT users' access rights.</p>			
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2.3.2 Absence of formal review of balance sheet reconciliations		Moderate
Control	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	
Risk	General Ledger does not contain accurate financial information.	

Finding	Recommendations	Management Response	Management Update
<p>The finance department has begun adopting a paperless approach to record keeping since December 2018. The balance sheet reconciliations are electronically filed in the network. Since this paperless approach was introduced, no evidence of review of these files is maintained.</p> <p>During our 2019/20 interim audit, Finance Management advised that the March reconciliation had been reviewed by the Finance Manager, but Council is currently working on an electronic approval process.</p>	<p>Audit encourages Council to continue with its paperless approach.</p> <p>Provide evidence of the electronic review of reconciliations. Examples of this evidence could be password protected electronic signatures or an email from the reviewer advising that the reconciliations were reviewed.</p>	<p>Completed.</p> <p>All Balance Sheet reconciliations have been independently reviewed by the Finance Manager and a signed copy evidencing same has been filed for future reference.</p>	<p>Completed</p> <p>The monthly review of the balance sheet reconciliations was introduced in 2020, and formalised in January 2021.</p>

1.4 ACCOUNTS PAYABLE

2.4.1 Improvements are necessary in the process of uploading suppliers EFT files into the online banking system		Moderate
Control	Payments (Cheques and EFTs) are endorsed by authorised officers separate to the preparer who ensure that they are paid to the specified payee.	
Risk	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.	

Finding	Recommendations	Management Response	Management Update
<p>Audit reviewed the process of processing the accounts payable batch of payments and noted the following:</p> <p>Council’s financial system generates an EFT file which is stored on council’s internal drive prior to being manually uploaded into the online banking system. The EFT file can be opened as TXT (text format) file and potentially be manually manipulated prior to being uploaded. Currently, staff members from the finance department and system administrators have access to the folders where the EFT file is stored.</p> <p>Audit acknowledges that Council IT team has installed the bank provider “Direct Link” software onto local Finance staff PCs and has been liaising with the bank to set up the encryption channels.</p>	<p>Council continues to investigate whether it is possible to implement a way to enable a direct interface between the finance system and the online banking system. Alternatively, Council can investigate ways to ensure that the file is generated as “read-only”.</p> <p>If the direct interface cannot be implemented, another way to reduce risk is to compare (and evidence via screenshots) the date and time the TXT file was ‘Created’ versus ‘Modified’ (in the file properties) before authorising the online payment:</p> <p>Created: Monday, 27 April 2020, 9:57:04 AM Modified: Monday, 27 April 2020, 9:57:56 AM Accessed: Today, 27 April 2020, 44 minutes ago</p> <p>‘Created’ and ‘Modified’ times should be identical.</p> <p>In addition, it is recommended that the appropriateness of users with access to the folder where the EFT file is stored is reviewed.</p>	<p>Work in progress.</p> <p>Council has installed the bank provided “Direct Link” software onto local Finance Staff PC’s. Testing was performed during the week ending 10 September 2020 which identified issues to be resolved.</p> <p>“Penny Testing” in the Production System commenced 30 September 2020 with full implementation thereafter.</p>	<p>Completed</p> <p>NAB’s Direct Link system was implemented in November 2020. The system is now an ‘End-to-End’ process with no access to the generated EFT file.</p>

2.4.2 The audit trail of changes to the suppliers' master files is not formally reviewed by management.		Moderate
Control	Requested changes or additions to supplier master file are verified independently of source documentation.	
Risk	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.	

Finding	Recommendations	Management Response	Management Update
<p>There is no process in place to ensure a formal review of an audit trail report of changes to the suppliers' master file.</p> <p>Audit acknowledges that an aggregated audit log report has been developed which schedules all file amendments, however a process to formalise the approval of this report is still to be implemented.</p>	<p>Ensure that a review of the audit trail report of changes to the suppliers' master file is formally independently reviewed on a regular basis.</p>	<p>Noted – Work in Progress.</p> <p>Stage 1: We have developed the aggregated audit log report (completed).</p> <p>Stage 2: We will implement a formal review & approval process via ECM on a quarterly basis by FY 20/21.</p>	<p>In Progress.</p> <p>Stage 1: Completed</p> <p>Stage 2: A process to run the Audit log report and sampling will be documented by FY20/21. This will aid the sample test/review every quarter.</p>

2.4.3 Suppliers with invalid or cancelled ABNs registrations included in the creditors' master file		Low
Control	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	
Risk	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.	

Finding	Recommendations	Management Response	
<p>During the 2018/19 audit performed a review of the Council's creditors master file and noted the following:</p> <ul style="list-style-type: none"> • there were 205 suppliers with cancelled ABN registrations; and • there were 69 suppliers with invalid ABN registrations. <p>Audit performed a follow up on this finding and noted that suppliers no longer in use have been identified and deactivated and the ABN numbers included in the master file are currently being reviewed.</p>	<p>Finance Management performs a regular (e.g. on an annual basis) review of the supplier master file to ensure that only current and valid suppliers are active in the system.</p>	<p>Completed.</p> <p>Suppliers no longer in use have been identified and deactivated.</p> <p>ABN's across the chart have been checked for validity.</p>	<p>Completed.</p> <p>A quarterly review of the Creditors master file has been implemented from January 2021.</p>

1.5 RATES

2.5.1 A report containing rates adjustments performed during the financial year is not independently reviewed		Moderate
Control	Recorded changes to property master file data and any rate adjustments are compared to authorised source document to ensure the they were input accurately. An audit trail is maintained for all changes.	
Risk	The property master file data does not remain pertinent.	

Finding	Recommendations	Management Response	Management Update
<p>TechnologyOne does not generate an audit trail of changes to the property master file. Consequently, and audit trail report containing all changes in the property master file is not formally reviewed by an officer independent from the rates function.</p> <p>Finance Management advised that a process will be developed to ensure that adjustments to rates are reviewed by an officer independent from the rates function, but this process had not started at the time of our interim audit.</p>	<p>Audit acknowledges the system limitation. An alternative solution is to review the rates debtors control general ledger transaction listing. This report provides all the adjustments in rates performed during the financial year.</p> <p>The debtors control general ledger transaction listing does not need to include all transactions resulting from normal daily operations (e.g. receipting, fines, etc). Once the report is generated, it can be filtered by Management to only show adjustments in rates.</p>	<p>Completed.</p> <p>A spreadsheet is maintained to record when a valuation changes and rate amendment is made and Balanced to the ledger.</p> <p>The Rates Control General Ledger transactions relating to rates amendments are now reviewed on a monthly basis by an independent officer.</p>	<p>Completed</p> <p>The Valuation Adjustment spreadsheet is being reviewed on a monthly basis by the Manager Finance and Procurement. It is also being reconciled to a Rate Amendment Audit Report from pathway. Will add this report to the EOM Valuation Adjustment report.</p>

2.5.2 A list of rate rebates and non rateable properties are not formally reviewed		Moderate
Control	All rate rebates and adjustments including write offs are appropriately authorised with reference to Delegation of Authority and source documents.	
Risk	Rates and rebates are either inaccurately recorded or not recorded at all.	

Finding	Recommendations	Management Response	Management Update
<p>A list of rate rebates and non rateable properties were not formally reviewed by Finance Management for the 2018/19 or 2019/20 financial years.</p> <p>Finance Management advised that rate rebates and non rateable properties will be reviewed at least annually by Finance Management in the future. This is currently scheduled to be implemented in May 2020 prior to 2020/21 rates generation.</p>	<p>A list of rate rebates and non rateable properties is formally independently reviewed prior to rates generation occurring.</p>	<p>Completed.</p> <p>The schedule of Rate Rebates and Schedule of Non rateable properties were reviewed on the 2nd and 5th June 2020 respectively.</p>	<p>Completed</p> <p>The Rate Rebate Schedule and Schedule of Non rateable properties will be reviewed on an annual basis in June prior to rates generation.</p>

1.6 PAYROLL

2.6.1 Absence of evidence that payroll reports are independently reviewed		Moderate
Control	Managers periodically review listings of current employees and variances are investigated.	
Control	There is a process to ensure an independent review of proposed payroll payments by authorized staff.	
Control	Payroll system generates audit reports detailing all payroll change and there is a process in place to ensure all changes are reviewed and verified against source documents.	
Risk	Payments made to employees are inaccurate or fraudulent.	
Risk	Employees termination payments are not in accordance with statutory and enterprise agreements.	
Risk	Payroll disbursements are made to incorrect or fictitious employees.	

Finding	Recommendations	Management Response	Management Update
<p>As part of the payroll process, a number of reports are generated from CHRIS. Some of the reports are reviewed by the payroll officer and then a second review is performed by human resource staff. There is a lack of evidence that Management has reviewed payroll reports as part of the pay process each fortnight prior to authorisation of payment.</p> <p>During our review of payroll in 2018/19 we noted that the payroll officer was including comments on PDF copies of CHRIS payroll reports (particularly the</p>	<p>Managerial review of payroll reports is performed and evidenced as part of the payroll process.</p> <p>Audit recommends the following reports be reviewed by Management prior to authorisation of payroll batch payment:</p> <ul style="list-style-type: none"> • PLD – Review reasonableness of rates and hours at employee level • PRD – Agree total net pay to the NAB EFT Payment Report Variance Report (VAA Report) – review the reasonableness of material variances in pay 	<p>Completed.</p> <p>We have had a change in process and reporting is generated and stored as PDF in each payroll, hardcopy reports are checked and sign off is stored in the hard copy batch for each pay. Hard copy reports are retained for 7 years.</p> <p>PLD PRD and VAA are generated by payroll and checked by second person – usually people and culture</p> <p>NAB EFT payment report is checked against payment summary, confirmation of checking to that indicated on report and saved with pay documentation.</p>	<p>Completed</p> <p>Actions completed as per response.</p> <p>Due to change of process, the checklist of signed reports is not considered as a required control.</p>

<p>PLD reports) to evidence their review of the report. None of the sampled PDF payroll reports during our interim 2019/20 audit had been marked in any way to evidence that they had been reviewed. Our understanding is that any hard copy reports reviewed are destroyed by the payroll officer approximately 3 weeks after a payrun and only PDF copies are maintained on file, however these reports show no evidence of review by the payroll officer, HR or Management.</p>	<ul style="list-style-type: none"> • Payrun Audit Report – Check for accuracy of Masterfile changes • NAB EFT Payment Report – Agree to PRD report and authorisation of payment (note: this report is currently being reviewed and signed off) • Overtime report – review of reasonableness of overtime claimed (currently being supplied to depot, but no evidence of review) <p>As part of a paperless philosophy, these reports are being saved electronically and not printed. There are a number of options for evidencing review in a digital environment, including:</p> <ul style="list-style-type: none"> • Use of a secure digital signature on the individual reports (not simply an image of a signature) • Use of a check list detailing the reviewed reports, with either an electronic signature or email confirmation of review (with a copy of the email filed with the reports and stored in Council’s records management system). • Alternatively, a copy of the checklist could be physically printed and filed with the printed NAB EFT reports. 		
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1.7 RECEIPTING

2.7.1 Absence of approval of reversal of receipts		Low
Control	There is a review process for the authorisation of the reversal of transactions.	
Risk	Receipts are either inaccurately recorded or not recorded at all.	

Finding	Recommendations	Management Response	Management Update
<p>There is no process for the authorisation of the reversal of receipts.</p> <p>This is a repeated finding from the 2018/19 audit. A follow up of this finding identified that a review of the daily process to independently approve reversals is planned to be conducted, but it had not yet started at the date of our interim audit.</p>	<p>Establish mechanisms to ensure that reversals of receipts are independently approved.</p> <p>Ensure that a daily list of receipt reversals is independently approved. This can be achieved by reviewing the "Bank Deposit Receipt Dissection Report" which contains a list of reversals.</p>	<p>Completed.</p> <p>The Team Leader -Customer Services authorises same day reversals of receipts and initials the report accordingly.</p>	<p>Completed.</p> <p>Process implemented as previously advised.</p>

INFORMATION REPORT

REPORT TITLE: STRATEGIC RISK REGISTER
ITEM NUMBER: 2.3
DATE OF MEETING: 09 FEBRUARY 2021
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 manage each risk. The most recent review was conducted on 21 January 2021, and the revised document is now provided to the Audit Committee for information.

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 Executive Management Team (EMT) reviewed the Strategic Risk Register on 21 January 2021. During this review, EMT updated the status of the treatment plans and revised timeframes where necessary. The completed treatment plans were entered into the 'existing controls' section where appropriate.

5. DISCUSSION

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

- 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; and
- Discussion relating to any new 'Emerging Risks' was undertaken and EMT agreed that since the November 2020 review there were no new Emerging Risks that needed to be noted.

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

A number of actions have revised target completion dates, this is due to the impact of the COVID19 pandemic in 2020.

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

Attachment 1

6. REPORT AUTHORISERS

Name	Title
Alex Brown	Manager Finance and Procurement
Nicola Tinning	General Manager, Business Support & Improvement

STRATEGIC RISK REGISTER

This Review – 21 January 2021 by:

- Peter Tsokas – Chief Executive Officer
- Megan Berghuis - General Manager City Services
- Tami Norman – Executive Manager Office of the CEO
- James Roberts – Acting General Manager Business Support and Improvement
- Claude Malak - GM City Development

Last Reviewed: 5 November 2020 by:

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) Ambitious expectations of Council deliverables 		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) Centennial Park Charter 			
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	• Dec-2020 Jun 2021
2 Provide training on revised project management framework to relevant staff	• GMCD/GMBSI	• Mar-2020 Sept 2021
3 Implement Project Management Framework	• GMCD	• Mar-2020 Sept 2021
4 EMT quarterly review progress of approved projects (at various levels across the organisation) – at least	• EMT	• Dec-2020 Dec 2021
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 – Financial – Ensure the sustainability of the organisation through sound financial management principles and on-going reviews of its operations to realise efficiency gains		
• 2021/22 Annual Operating Plan include clear levels of service for each service area.	• GMBSI/CEO	• Jun 2021

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 Customer Service Standards 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:		
2 Develop and implement internal Customer Service Charter Principles (Achieve Together Project)	• EMT	• Jun 2021
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)
EMT Focus Area: Maximised Self-Help Options – Self-help options are made available to customers to improve their experience.		
3 Develop and report on targets for online usage and satisfaction:	• GMBSI/EMOCEO	• Dec 2020 - COMPLETED
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	• CEO	• Nov 2020 – COMPLETED
2 Develop a corporate reporting framework with measures to monitor progress	•	• Sep 2021
Development of the Economic Development Strategy	• GMCD	• Jun 2021

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	• Mar-2020 Jun 2021
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 • Purpose statements for work areas that are aligned to organisation's purpose 		<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 • Align the labour budget to reflect the priority areas determined by Council • Recognition Guidelines 	
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 (also refer Strategic Risk 2)	• EMT	• Jun 2021
3	Review and update organisation structure and succession plan	• EMT	• 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	• GMBSI/EMOCEO	• Jun 2021
2	Implement an on-line climate survey tool to provide a regular interim measure between OCI surveys	• GMBSI	• Jun 2021
4	Develop a calendar of key corporate processes and deadlines	• EMT	• Dec-2020 Jun 2021
EMT Focus Areas – Understanding our Purpose – Our people understand their role in the 4-year Delivery Plan			
3	Review the PDR process to ensure it is meaningful for our people	• GMBSI	• 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	• GMBSI/EMT	• Dec-2020-Jun 2021
2	Populate the Digital Workplace with appropriate content	• EMT	• Jun 2021
3	Provide a training program to enable delivery of Digital Workplace	• GMBSI	• Dec-2020-Jun 2021
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	• GMBSI	• Dec-2020-Jun 2021
2	Provide a training program on the application of continuous improvement tools	• GMBSI	• Mar-2021 Sep 2021
3	Integrate continuous improvement as a 'business as usual activity' within each service area	• EMT	• Mar-2021 Sep 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:	Majority Effective	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 COMPLETED
CEO KPI 2019/2020 – Environment - <i>Continue to implement policies, strategies and projects to drive improved environmental sustainability across the City</i> 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	• Mar-2020 May 2021
-New waste management contract	• GMCD	• Sep 2021
Climate & Energy Plan	• GMCD	• Mar-2021 May 2021
Financial incentives for Canopy on private land	• EMT	• Jun 2021

Strategic Risk Register

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

January 2021 - NA



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 UPDATE - HIGH AND EXTREME RISKS
ITEM NUMBER:	2.4
DATE OF MEETING:	09 FEBRUARY 2021
AUTHOR:	LIDA CATALDI
JOB TITLE:	PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS:	1. OPERATIONAL RISK REGISTER UPDATE - HIGH AND EXTREME RISKS

1. **EXECUTIVE SUMMARY**

This report provides an update on the operational risks with a residual risk of high or extreme. There are currently three operational risks with a residual risk of high and zero with a residual risk of extreme.

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 full Operational Risk Register (ORR) was last presented at the December 2020 Audit Committee meeting. It was agreed at that meeting any operational risks with a residual risk of high or extreme will be presented to the Audit Committee to provide ongoing oversight of these risks.

There were three operational risks with a residual risk rating of high. These were:

- Assets & Operations (A&O #6) – Ability to manage and deliver on resident expectations of service provision;

- Business Systems & Solutions (BS&S #7) – Working from home arrangements leading to potential increased exposure to cyber-attacks; and
- Finance & Procurement (F&P #6) – Pandemic (Covid-19) – leading to impact on revenue streams.

A desktop review was conducted by the risk owners and they were required to review the existing controls, status of any treatment plans and the residual risk rating.

The reviewed ORR for high and extreme residual risks is provided as Attachment 1.

Attachment 1

5. **DISCUSSION**

As a result of the desktop review the three operational risks' residual risk rating remain unchanged at high.

A&O #6 – included the following to their existing controls:

- Asset Management Plans have been completed and endorsed by Council. The AMP's also underwent community consultation and were updated reflecting any significant comments made.

Also included the following under treatments:

- AMP's are due for updating in 4 years. Leading up to that time, further community consultation and surveys will be undertaken with regard to service levels, enabling service levels to be aligned with community expectation.

BS&S #7 – included the following to their existing controls:

- Implemented a comprehensive set of email security measures;
- Applied latest security patches to mobile computing devices; and
- Implemented new security monitoring and proactive threat response procedures.

F&P #6 – Pandemic (Covid-19) – included the following to their existing controls:

- Aged debtors being monitored on a monthly basis.

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

6. **REPORT AUTHORISERS**

Name	Title
Alex Brown	Manager Finance and Procurement
Nicola Tinning	General Manager, Business Support & Improvement

OPERATIONAL RISK REGISTER: HIGH & EXTREME														January 2021			
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 #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 Asset Management Plans have been completed and endorsed by Council. The AMP's also underwent community consultation and were updated reflecting any significant comments made.	4. Majority effective	Moderate	Likely	High	No	AMP's are due for updating in 4 years, leading up to that time further community consultation and surveys will be undertaken with regard to service levels. Enabling service levels to be aligned with community expectation.			#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 Implemented a comprehensive set of email security measures Applied latest security patches to mobile computing devices Implemented new security monitoring and proactive threat response procedures	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)			#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 Aged debtors being monitored on a monthly basis	5. Effective	Moderate	Likely	High	Yes				#N/A

INFORMATION REPORT

REPORT TITLE: INTERNAL AUDIT PLAN STATUS UPDATE
ITEM NUMBER: 2.5
DATE OF MEETING: 09 FEBRUARY 2021
AUTHOR: LIDA CATALDI
JOB TITLE: PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS: 1. INTERNAL AUDIT PLAN STATUS UPDATE

1. **EXECUTIVE SUMMARY**

This report provides the Audit Committee with an update on the Internal Audit Plan and any changes to the plan's timeline.

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 Internal Audit Plan was presented to the Audit Committee at its 11 February 2020.

The current Internal Audit Plan included the following projects:

- Cash Handling
- Staff Reimbursement / Petty Cash
- Credit Cards
- Infringement & Expiation review

5. **DISCUSSION**

The Internal Audit Program of work has been delayed due to the events of 2020 where staff were working from home as a result of Covid-19.

The following provides a status update on each Internal Audit project:

- The Cash Handling Audit commenced in March 2020 as scheduled. Fieldwork and sample testing mostly completed – this was paused due Covid-19 closures of the sampled locations. This audit will recommence in February/March 2021. The draft findings report will be circulated to Management in April 2021. We envisage, the finalised report will be presented at the 11 May 2021 Audit Committee Meeting.
- The Staff Reimbursement / Petty Cash Audit is nearing completion with the draft report currently being reviewed by management. This report is envisaged to be presented to the Audit Committee in 11 May 2021.
- The Credit Cards review has been deferred, and will commence in May 2021 as a result of the change in timing of the above two projects.
- The Infringement & Expiation Review has been deferred until September 2021. A business process review was undertaken, and process improvements have been implemented. Therefore, this project has been delayed allowing for sufficient time to embed the process before an audit will be conducted.

The current internal audit plan status update is provided as Attachment 1.

Attachment 1

An Internal Audit Plan for 2021 will be developed in consultation with the Executive Management Team and other relevant staff and be presented to the Audit Committee at the 11 May 2021 meeting.

6. **REPORT AUTHORISERS**

Name	Title
Alex Brown	Manager Finance and Procurement
Nicola Tinning	General Manager, Business Support & Improvement

CITY OF UNLEY

INTERNAL AUDIT PLAN – 2020/2021

Recommended Internal Audit Projects for 2020/2021

Internal Audit Status Update	Category	Linkage to Strategic Risk	Teams	Status update
<p>Cash Handling To assess the management of cash handling processes across a sample of venues are aligned with relevant policies and procedures including applicable Internal Financial Controls. The scope will also include the review of security controls, banking processes and extend to the bank reconciliation process.</p>	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> • Customer Experience • Libraries • Community Centres • Swim Centre 	<p>Fieldwork & Sample testing mostly completed – was halted due to Covid-19 closures. Will recommence in Feb/Mar 2021. Draft findings report will be circulated to Management in April 2021 Finalised report will be presented at the 11 May 2021 Audit Committee Meeting</p>
<p>Staff Reimbursements/Petty Cash To assess the management of staff reimbursement including petty cash are aligned with relevant policies and procedures including applicable Internal Financial Controls</p>	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> • Finance • All staff 	<p>Draft Report has been circulated to Management for feedback. Final report will be presented at the 11 May 2021 Audit Committee Meeting</p>

January 2021

CITY OF UNLEY

INTERNAL AUDIT PLAN – 2020/2021

Internal Audit Projects 2021	Category	Linkage to Strategic Risk	Teams	Proposed Commencement Dates	Estimated Timing
Credit Card To assess the credit card usage for FY19/20 is aligned with relevant policies and procedures – including applicable Internal Financial Controls.	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> Finance Credit Card Holders 	May 2021	3 - 4 weeks
Infringement & Expiations review To assess the adequacy of the system, and procedures in place for the management of infringements & Expiations issued and waived.	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> Regulatory Services 	September 2021	4 - 6 weeks

Strategic Risks	Residual Risk Rating
1. Failure to maintain financial sustainability	MEDIUM
2. Inability to meet the needs and expectations of the community	MEDIUM
3. Ineffective decision making that lacks transparency	MEDIUM
4. Inability to manage legislative and regulatory compliance obligations	HIGH
5. Workforce not appropriately skilled or engaged	MEDIUM
6. Inability to respond to climate change	MEDIUM

January 2021

INFORMATION REPORT

REPORT TITLE: AUDIT COMMITTEE WORKPLAN - UPDATE
ITEM NUMBER: 2.6
DATE OF MEETING: 09 FEBRUARY 2021
AUTHOR: LIDA CATALDI
JOB TITLE: PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS: 1. AUDIT COMMITTE WORKPLAN

1. **EXECUTIVE SUMMARY**

This report provides an update on the status and progression of the endorsed Workplan for the 2021 calendar year.

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 Audit committee Workplan was adopted at the 8 December 2020 Audit Committee meeting. The Audit Committee Workplan is monitored and updated as required, to ensure the Committee delivers its role as set out in the Audit Committee Terms of Reference.

5. **DISCUSSION**

The Audit Committee Workplan has the following amendments for the 9 February 2021 meeting:














- Inclusion of the Internal Audit Plan Status Update
- Deferring the Internal Audit Plan 2021 to the Audit Committee Meeting scheduled for 11 May 2021. This will allow sufficient time for consultation to occur with the Executive Management Team following the annual self-assessment of internal financial controls in February and March.














The reviewed Audit Committee Workplan is provided as Attachment 1.

Attachment 1

6. **REPORT AUTHORISERS**

Name	Title
Alex Brown	Manager Finance and Procurement
Nicola Tinning	General Manager, Business Support & Improvement

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 Creek <i>(presentation)</i>					
Centennial Park Cemetery Authority <i>(confidential 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 (Full Register)					
Operational Risk Register (High & Extreme Residual Risk)					
Audit Committee Workplan					
Presiding Member of the Audit Committee's Report is scheduled to be presented to Council at the 22 March 2020 meeting					
<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					