



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 07 December 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 Rabbitt
Councillor M Broniecki
Independent Member N Handley
Independent Member A Martin

ACKNOWLEDGEMENT

Ngadlurlu tampinhi, ngadlu Kurna yartangka inparrinhi. Ngadlurlu parnuku tuwila yartangka tampinhi.

*Ngadlurlu Kurna Miyurna yaitya yarta-mathanya Wama Tarntanyaku tampinhi. Parnuku yailtya, parnuku tapa purruna yalarra puru purruna.**

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 traditional custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kurna people today.

*Kurna Translation provided by Kurna Warra Karrpanthi

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 Wednesday, 27 October 2021	
1.4.2 Minutes of the Special Audit Committee Meeting held Wednesday, 10 November 2021	
1.5 DEFERRED / ADJOURNED ITEMS	
Nil	
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3. OTHER BUSINESS

NEXT MEETING

Tuesday 15 February 2022 - 6.30pm
Council Chambers, 181 Unley Road Unley

INFORMATION REPORT

REPORT TITLE:	BUSINESS CONTINUITY PLAN
ITEM NUMBER:	2.1
DATE OF MEETING:	07 DECEMBER 2021
AUTHOR:	ALEX BROWN
JOB TITLE:	MANAGER FINANCE AND PROCUREMENT
ATTACHMENTS:	NIL

1. **EXECUTIVE SUMMARY**

This report provides the Audit Committee with a summary of recent work undertaken by Administration to revise Council's Business Continuity Plan (BCP).

The BCP provides the key information Council Administration requires to ensure the critical functions of Council continue during and following an emergency event.

The existing BCP was developed in 2013 and has been progressively updated in recent years. Although the existing document was relatively detailed, it did not fully capture all the critical functions of Council in a consistent, easy to read single document.

The revision of the BCP was identified as a priority given the potential disruption to services from COVID-19.

The revised BCP has been prepared in collaboration with Managers across Council. Advice was also received from an external contractor with a background in commercial risk management and business continuity.

The revised BCP has been created with a simplified, easy to follow structure with four key components as follows:

- A Guide to the Document and three page Quick Reference Guide;
- An explanation of the structure and responsibilities of the Continuity Management Team (CMT);
- Critical Function Statements for 36 critical functions; and
- An explanation of the Declaration Process and key steps and considerations following the enactment of the BCP.

The BCP was reviewed and endorsed by EMT in November, with an introduction and overview of the plan provided to all Managers and key personnel. Testing of the BCP will occur next year.

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**

The Business Continuity Plan (BCP) provides the key information Council administration requires to ensure the critical functions of Council continue during and following an emergency event.

The existing Business Continuity Plan was developed in 2013 and has been progressively updated in recent years. The last revision was prepared in Autumn 2020 following the spread of COVID-19 into South Australia, but was still under review due to the evolving situation. The most recent iteration of the plan consisted of a master, overarching plan and six sub-plans.

The latest revision of the BCP has been given priority due to the potential disruption to services and business continuity should a significant number of staff be identified as close contacts to a person infected with COVID-19 and be required to quarantine for up to 14 days. More recently, this has become an even greater priority with the announcement that the South Australian borders will be opened on 23 November 2021.

Although the existing Business Continuity Plan was relatively detailed, it did not fully capture all the critical functions of Council in a consistent, easy to read single document.

5. **DISCUSSION**

The revised BCP has been prepared by the Manager of Finance and Principal Risk Management Officer in collaboration with Managers across Council. Advice has been received from an external contractor with a background in commercial risk management and business continuity.

The revised Business Continuity Plan (BCP) has been created with a simplified, easy to follow structure with four key components as follows:

1. A one page **Guide to the Document** and three page **Quick Reference Guide** detailing:
 - What is the Business Continuity Plan?
 - Why do we need it?
 - When is the BCP enacted?
 - Who is responsible for the BCP during an emergency event?
 - How do you use it?
 - What is contained within the BCP?
 - Context of the BCP in the Risk Management Framework

2. An explanation of the **Continuity Management Team (CMT)** including:
 - the structure of the CMT,
 - a list of the members and contact details,
 - and responsibility statements for each member.

3. **Critical Function Statements** by Business Unit for 36 critical functions that have been identified. The statements identify:
 - The function description, owner, and manager,
 - The maximum acceptable outage time of the function,
 - The business impact of an outage,
 - Key resources required to continue to perform the function,
 - Interdependencies on performing the function, considering internal and external and inputs and outputs,
 - Business recovery strategy and timeframes,
 - Key staff with contact details,
 - Other key contracts including suppliers,
 - A communications plan to support recovery, and
 - Links to supporting reference documents

4. An explanation of **the Declaration Process** and key steps and considerations following the enactment of the BCP. This information includes information on processes for:
 - The Notification of a BCP Event,
 - Pre-declaration Assessment and Declaration,
 - Initial CMT Meeting,
 - Business Impact Assessment,
 - Control Centre establishment, and
 - Media Protocols.

The revised BCP also contains definitions and further context regarding the scope and audience of the BCP, and the ongoing management of the plan, including training and communication, validation, testing and annual review of the plan.

In consultation with managers, 36 critical functions were identified before the Critical Function Statements were prepared. While there was some information in the existing document, most Critical Function Statements required additional information beyond what had been captured in the past.

The list of 36 critical functions is provided below, grouped by Business Unit:

- **Community Connections**
 - Aged Care Services (Commonwealth Home Care Packages)
 - Customer Resolution Centre
 - Community Bus Services

- **Development & Regulatory Services**
 - Animal Management Services
 - Parking Enforcement
 - Fire Prevention
 - Food Inspection & Environmental Health
 - Development Assessment

- **Assets & Operations**
 - Building Management (incl. alternate accommodation & leases)
 - Building Maintenance & Cleaning (incl. public conveniences)
 - Emergency Response – Working hours
 - Emergency Response – After Work Hours
 - Operational Support
 - Plant & Equipment (critical maintenance)
 - Waste Collection (kerbside & public bins)
 - Contractor Management
 - Traffic Signal Maintenance & Safety

- **Business Systems & Solutions**
 - Business Systems Advice & Support
 - Records Management (incl. daily mail processing)
 - IT Service Desk
 - Network & Cyber Security

- **Finance & Procurement**
 - Financial and Procurement Advice & Support
 - Banking Systems & Transactional Support
 - Accounts Payable
 - Accounts Receivable (incl. rates)
 - Procurement & Contract Management
 - Risk Management (incl. insurance and Audit Committee)

- **People and Culture**
 - People & Culture Advice (incl. workforce management)
 - Payroll

- WHS Support
- **Office of the CEO**
 - Council Meeting Administration
 - Executive Administration Support
 - Corporate & Civic Governance
 - External Communication (incl. Media)

The BCP was reviewed and endorsed by EMT in November, with an introduction and overview of the plan provided to all Managers and key personnel.

The BCP will be stored in multiple locations, including on the Council’s document management system ECM, the intranet “Aquaria”, the Council’s secure cloud environment, and portable electronic devices. Hard copies will also be provided to members of the Continuity Management Team and Managers.

6. REPORT AUTHORISERS

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

INFORMATION REPORT

REPORT TITLE:	INTERNAL AUDIT REPORT - PETTY CASH
ITEM NUMBER:	2.2
DATE OF MEETING:	07 DECEMBER 2021
AUTHOR:	LIDA CATALDI
JOB TITLE:	PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS:	1. INTERNAL AUDIT REPORT - PETTY CASH 2. RISK MATRIX

1. **EXECUTIVE SUMMARY**

The Internal Audit on Petty Cash forms part of City of Unley's Internal Audit Plan. The objective of this internal audit was to assess:

1. The effectiveness of key procedures and controls relating to the petty cash for employee reimbursements; and
2. How the City of Unley manages key risks associated with these processes.

This audit considered the relevant internal financial controls identified within the Better Practice Model.

The City of Unley utilises petty cash to reimburse employees for work related expenditure up to \$50. Petty Cash is available at seven locations across the City of Unley. The total amount of petty cash floats across these locations is \$2,100.

The total value of petty cash floats reimbursed across the organisation in 2019-20 was \$4358.15 of which 87% related to the petty cash float at the Civic Centre. In 2020-21, \$1,970.75 was reimbursed in petty cash floats, of which 77% related to the Civic Centre float. The average amount of petty cash per reimbursement across the five sampled locations is \$21.90.

The audit identified five risk findings and two observations. Three of the risk findings were rated medium risk, while the remaining two were deemed low risk.

The findings were reported to the Team Leader Financial Accounting who, in consultation with the Manager Finance and Procurement, provided the management agreed actions.

A full copy of the Internal Audit – Petty Cash report is provided as Attachment 1.

2. RECOMMENDATION

That:

1. The report be received.
 2. The recommended actions and timeframes contained in the Internal Audit Report be noted.
-

3. RELEVANT CORE STRATEGIES/POLICIES

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

4. BACKGROUND

The objective of this internal audit was to assess:

3. The effectiveness of key procedures and controls relating to the petty cash for employee reimbursements; and
4. How the City of Unley manages key risks associated with these processes.

This audit considered the relevant internal financial controls identified within the Better Practice Model.

The specific scope of this internal audit included assessing:

- Effectiveness and efficiency of the employee expense reimbursement process including compliance with established policies and procedures;
- Controls surrounding completeness of records relating to petty cash received and reimbursed to staff;
- Assurance of employee expense documentation / files are properly maintained and retained;
- Confirming that employee reimbursements are accurately submitted, approved and reimbursed in line with relevant policy and procedures; and
- Identification of improvement opportunities where possible.

The internal audit focussed on petty cash at the following sampled locations:

- Civic Centre
- Unley Depot
- Unley Community Centre
- Unley Swimming Centre

- Friends of the Museum.

5. **DISCUSSION**

The Petty Cash internal audit reported three medium risk and two low risk findings, along with two observations

A summary of the findings is shown here:

		Extreme	High	Medium	Low	Observation
Risk Findings						
1	The Petty Cash Procedure has not been fully complied with			■		
2	Insufficient security measures for the access and storage of petty cash			■		
3	Staff responsible for Petty Cash not fully aware of obligations			■		
4	The Petty Cash Procedure has not been subject to a regular review process.				■	
5	No formalised requirement for the regularity of conducting spot counts				■	
Observations						
1	Petty Cash utilised as a cash float					■
2	Limited utilisation of Petty Cash at some sites.					■

Key recommendations can be summarised as follows:

- The Petty Cash Procedure be reviewed and updated to align with the Better Practice Model – Internal Financial Controls;
- The Petty Cash Voucher and other forms to be updated to align with the new Petty Cash Procedure;
- Training be provided on the revised Petty Cash Procedure to ensure authorised officers understand the procedures and their responsibilities;
- The authorised officers at each location sign an acknowledgement that they have read and understood the existing procedure, and revised procedure when completed, and confirm they understand their responsibilities;

- The Petty Cash Procedure be circulated to all staff and placed on the City of Unley intranet “Aquaria” to increase awareness of the procedure;
- Review staff who have access to Petty Cash and limit access to staff who are identified as authorised officers for petty cash;
- Conduct petty cash float reconciliations on a weekly basis for the Civic Centre and fortnightly basis for other sites;
- A review be undertaken of the requirements for cash float so they are maintained separately to petty cash; and
- Investigate the ongoing requirements for petty cash, in consultation with petty cash custodians at each site, to determine the business need for petty cash at each location.

The findings were reported to the Team Leader Financial Accounting who in consultation with the Manager Finance and Procurement, provided the management agreed actions as documented.

A full copy of the Internal Audit – Petty Cash report is provided as Attachment 1.

Attachment 1

The City of Unley’s Risk Matrix is provided as Attachment 2.

Attachment 2

The Management agreed actions from internal audit will be monitored and an update will be reported to the Audit Committee at least twice a year.

6. REPORT AUTHORISERS

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

City of Unley

Internal Audit Report

Petty Cash

November 2021

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Executive Summary

The City of Unley utilises petty cash to reimburse employees for work related expenditure up to \$50. Petty Cash is available at seven locations across the City of Unley. The total amount of the petty cash float across these locations is \$2,100.

The total value of petty cash floats reimbursed across the organisation in 2019-20 was \$4358.15 of which 87% related to the petty cash float at the Civic Centre. In 2020-21, \$1,970.75 was reimbursed in petty cash floats, of which 77% related to the Civic Centre float.

The average amount of petty cash per reimbursement across the sample locations is \$21.90.

The objective of this internal audit was to assess:

1. The effectiveness of key procedures and controls relating to petty cash for employee reimbursements; and
2. How the City of Unley manages key risks associated with these processes.

This audit considered the relevant internal financial controls identified within the Better Practice Model.

The audit has five risk findings and two observations. Three of the risk findings were rated medium risk, while the remaining two were deemed low risk.

Summary of Findings

		Extreme	High	Medium	Low	Observation
Risk Findings						
1	The Petty Cash Procedure has not been fully complied with			■		
2	Insufficient security measures for the access and storage of petty cash			■		
3	Staff responsible for Petty Cash not fully aware of obligations			■		
4	The Petty Cash Procedure has not been subject to a regular review process.				■	
5	No formalised requirement for the regularity of conducting spot counts				■	
Observations						
1	Petty Cash utilised as a cash float					■
2	Limited utilisation of Petty Cash at some sites.					■

Background

The City of Unley employees have access to have work related purchases reimbursed via petty cash or accounts payable process. Petty Cash is available at seven locations across the City of Unley:

- Unley Civic Centre – Front Counter \$600
- Unley Swimming Centre \$200
- Clarence Park Community Centre \$200
- Fullarton Park Community Centre \$200
- Unley Community Centre \$500
- Depot (King William Road) \$300
- Friends of the Museum \$100

Employee reimbursement that is greater than the petty cash amount is reimbursed via Accounts Payable in Finance.

Objectives and Scope

The objective of this internal audit was to assess:

1. the effectiveness of key procedures and controls relating to petty cash for employee reimbursements; and
2. How the City of Unley manages key risks associated with these processes.

This audit considered the relevant internal financial controls identified within the Better Practice Model.

The specific scope of this internal audit included assessing:

- Effectiveness and efficiency of the employee expense reimbursement process including compliance with established policies and procedures
- Controls surrounding completeness of records relating petty cash received and reimbursed to staff
- Assurance of employee expense reimbursement documentation / files are properly maintained and retained
- Confirming that employee reimbursements are accurately submitted, approved and reimbursed in line with relevant policy and procedures;
- Identification of improvement opportunities where possible.

The internal audit focussed on the Accounts Payable process for employee reimbursements and the following locations relating to petty cash reimbursements:

- Civic Centre
- Unley Depot
- Unley Community Centre
- Unley Swimming Centre
- Friends of the Museum

Approach

Approach of this internal audit included:

- Desktop review of policies, procedures and other relevant documentation to identify current requirements and key controls relating to cash handling
- Understanding training provided to relevant staff, including volunteers who are required to handle cash as part of their roles and responsibilities

- Interviews with relevant managers and staff to understand current operational practices in relation to staff reimbursements and any challenges that may have impacted their processes.
- Online Survey was used to survey the five petty cash custodians for the locations mentioned above.
- Consideration of physical security arrangements at the locations mentioned above.
- Identifying control gaps and control design improvement opportunities in relation to employee reimbursements;
- Ascertained the usability of Petty Cash at each location (as identified by Finance's Petty Cash register)

Medium Risk Findings

Finding 1: The Petty Cash Procedure has not been fully complied with.

Risk	Internal Controls
106: Cash Floats and Petty Cash are either invalid, inaccurately recorded or not recorded at all	<ul style="list-style-type: none"> ASS-PET-0010: Petty Cash to be approved in line with policy or procedure having regard to amounts, substantiation criteria and authorisation
105: Cash Floats and Petty Cash are inadequately safeguarded	<ul style="list-style-type: none"> ASS-PET-0009: Petty Cash amounts paid out should be under a predetermined amount and payments cannot be split over more than one voucher to come under the predetermined amount.
Observation	<p>Procedure outlines that petty cash reimbursement should be authorised by the employee's immediate reporting supervisor.</p> <p>Petty Cash Procedure is available via ECM – Council's records management system, but not on Council's intranet "Aquaria".</p> <p>A sample of 93 petty cash vouchers were reviewed. All but one (92 vouchers) were signed, however the following deficiencies were identified:</p> <ul style="list-style-type: none"> Only 48 out of the 93 petty cash vouchers sampled contained the supervisor's signature; The owner of the authorising signature on 29 vouchers could not be identified; and <p>One sampled transaction was over the predetermined petty cash amount of \$50.00 (amount reimbursed was \$77.30).</p>
Risk Implications	<p>Petty Cash may not be authorised in line with procedure.</p> <p>Fraud risk</p>
Recommendation	Management Agreed Action
1.	<p>The Petty Cash Procedure be circulated to all staff and placed on Council's intranet "Aquaria" to increase awareness of the procedure.</p>
2.	<p>Training provided to staff who issue petty cash to ensure they understand their responsibilities (ie. Understand that they can reject a petty cash voucher if it is not completed as required)</p>
	<p>Agreed.</p> <p>Procedure will be uploaded on "Aquaria" November 2021. Updated Procedure to be added prior to training. March 2022.</p> <p>Agreed.</p> <p><u>Stage one:</u></p> <p>The authorised officers at each location sign an acknowledgement that they have read and understood the current procedure and their responsibilities. November 2021</p> <p><u>Stage two:</u></p> <p>Authorised officers sign an acknowledgement that they have read and understood the revised procedures once finalised. March 2022</p> <p>The finance team will provide a refresher training on the compliance requirements. March 2022</p>

Recommendation	Management Agreed Action
3. The Petty Cash Voucher template be revised to include the authoriser's name and position title.	Agreed. The template has been updated, will be distributed with a link to its location Aquaria. November 2021

• **Medium Risk Findings continued**

Finding 2: Insufficient security measures for the access and storage of petty cash	
Risk	Internal Controls
105: Cash Floats and Petty Cash are inadequately safeguarded	<ul style="list-style-type: none"> • ASS-PET-0005: Cash floats and petty cash are stored in secured facilities (e.g. safes, registers) when not in use. • ASS-PET-0002: Access to the cash floats and petty cash is limited to authorised personnel.
Observation	Petty Cash floats are usually stored in a locked tin or cupboard/drawer, however multiple staff have access to the key.
Risk Implications	Fraud Risk
Recommendation	
1.	<p>A review be conducted to identify relevant staff at each location who should have access to the Petty Cash.</p> <p>If a key is required, it should not be kept in a common location where it can be accessed by multiple staff. It is recommended that a key is issued to each staff who requires access and a register of who they key has been issued to be maintained and updated and reviewed regularly. Only authorised staff should have access to the petty cash float.</p>
Management Agreed Action	
	<p>Agreed.</p> <p>The authorised officer at each location will declare the names of staff who require access to the petty cash, and their names maintained on a register. December 2021</p> <p>New cash storage containers will be issued with key assigned only to authorised officers. The existing containers will be redeployed in due course for other purposes. March 2022</p>

• **Medium Risk Findings continued**

Finding 3: Staff responsible for Petty Cash not fully aware of obligations		
Risk	Internal Controls	
105 Cash Floats and Petty Cash are inadequately safeguarded	<ul style="list-style-type: none"> ASS-PET-0001: A register for cash floats and petty cash and custodians is maintained by authorised personnel to record all movements. 	
106 Cash Floats and Petty Cash are either invalid, inaccurately recorded or not recorded at all		
Observation	<p>Finance maintains a register of all petty cash locations their custodians and amounts. Each Financial year finance requests the custodians to sign and confirm petty cash float at each location</p> <p>During this audit it was identified that the petty cash custodian signed the confirmation without checking to ensure the amount was accurate.</p>	
Risk Implications	<p>Unaware of their responsibilities</p> <p>Fraud Risk</p>	
Recommendation		Management Agreed Action
1.	The form to confirm petty cash floats be updated to improve the clarity of what is requested.	<p>Agreed.</p> <p>The forms will be updated for the declaration required at the end of the 2021-22 financial year. June 2022</p>

Low Risk Findings

Finding 4: The Petty Cash Procedure has not been subject a regular review process.

Risk	Internal Controls
106: Cash Floats and Petty Cash are either invalid, inaccurately recorded or not recorded at all	<ul style="list-style-type: none"> ASS-PET-0010: Petty Cash to be approved in line with policy or procedure having regard to amounts, substantiation criteria and authorisation
105: Cash Floats and Petty Cash are inadequately safeguarded	<ul style="list-style-type: none"> ASS-PET-0009: Petty Cash amounts paid out should be under a predetermined amount and payments cannot be split over more than one voucher to come under the predetermined amount.
Observation	Petty Cash Procedure was last reviewed in 2008 and is not aligned to the Better Practice Model for Internal Financial Controls.
Risk Implications	Policies and procedures do not reflect current operational environment. Policies and procedures do not align to Council expectations.
Recommendation	Management Agreed Action
4.1	The Petty Cash Procedure be reviewed and updated to align with the Better Practice Model – Internal Financial Controls.
	Agreed. The Procedure will be reviewed and distributed with the revised training. March 2022
4.2	The Petty Cash Voucher template be revised to align with the revised procedure.
	Agreed. The template has been updated, and will be distributed with a link to its location Aquaria. (as per action for Finding 1, Recommendation 3. November 2021

• **Low Risk Findings continued**

Finding 5: No formalised requirement for the regularity of conducting spot counts		
Risk	Internal Controls	
105: Cash Floats and Petty Cash are inadequately safeguarded	<ul style="list-style-type: none"> ASS-PET-0011: Spot cash float and petty cash counts conducted periodically by independent personnel ASS-PET-0003: Cash floats and petty cash are reconciled and reviewed by a person other than the person responsible for the petty cash 	
106: Cash Floats and Petty Cash are either invalid, inaccurately recorded or not recorded at all	<ul style="list-style-type: none"> ASS-PET-0007: Custodians of cash floats are informed of and undertake their responsibilities and obligations including reconciliations and accountability for cash movements. 	
Observation	<p>Petty Cash floats are only reconciled when reimbursement of the petty cash float is required.</p> <p>The Petty Cash reimbursement payment request is supported by itemised petty cash transactions and the payment request is authorised by the Team Leader or Manager.</p> <p>No evidence of discrepancies were identified. However, from the sample locations identified for this audit more than half of the locations only required a petty cash float reimbursement on an annual basis.</p>	
Risk Implications	<p>Discrepancies in the petty cash float are not identified in a timely manner</p> <p>Fraud risk</p>	
Recommendation		Management Agreed Action
1.	<p>Petty Cash float reconciliations are conducted at least <i>weekly</i> at the Civic Centre and <i>fortnightly</i> at other Petty Cash locations whether Petty Cash has been utilised or not. This should be conducted by the Petty Cash Custodian at each relevant location and be predetermined as part of the rostering system and documented.</p>	<p>Agreed.</p> <p>The Petty Cash custodian/authorised officer at each location will provide a spot count sign-off documentation detailing the dates to the Finance Team at the end of the financial year. Education to be provided as part of the revised Procedure. March 2022.</p>

Observations

Observation 1: Petty Cash utilised as a cash float

During the audit there were two locations where petty cash float was also used as a cash float - change, refunds etc were issued from the petty cash float to customer and a receipt from the centre's receipt book was issued as evidence. This is outside of the current Petty Cash Procedure and it is not intended use of Petty Cash Float.

The two locations where this occurred at were:

- Museum
- Fullarton Community Centre

Reasoning given by staff at these centres concluded that there was no facility to cater for transactions of this nature hence the Petty Cash Float was utilised to satisfy the business requirement at the time.

Risk Implications	Fraud Risk as petty cash is not utilised in line with procedure or intended use. Potential for fraudulent receipts to be issued from the centre's receipt book as evidence of the cash refund transaction – as there is no secondary check or independent verification that occurs.	
Recommendation	Management Agreed Action	
1.	The Finance Team work with the Petty Cash custodians at these locations to establish a solution for the business needs in relation to cash handling requirements.	Agreed. A review will be undertaken as part of the review of the Procedure. March 2022

Observation 2: Limited utilisation of Petty Cash at some sites.

During the audit it was identified that there were several locations that utilised petty cash less than five transactions a year.

Locations identified are:

- Swim Centre – (not used at all)
- Museum
- Unley Community Centre
- Fullarton Park Community Centre

Risk Implications	Fraud Risk as petty cash float is not regularly reconciled	
Recommendation	Management Agreed Action	
1.	The Finance Team for these areas investigate with each of the Petty Cash custodians at these centres and determine the business need for petty cash at each location.	Agreed. A review will be undertaken as part of the review of the Procedure. March 2022

Key stakeholders

Name	Title
Mandy Smith	Manager Community Connections
Rebecca Cox	Manager Community and Cultural Centres
Aaron Wood	Manager Assets and Operations
Alex Brown	Manager Finance and Procurement
Nathan Byles	Manager Swim Centre
Kim Thomson	Team Leader Customer Experience
Alaina Brodyk	Customer Resolution Centre Coordinator
Karin Paris	Museum Curator
Di Williams	Creditors Officer
Morgan Kris	Team Leader Financial Accounting

Timing

Planning	Quarter 1 2020-21 FY
Commence Field Work	2020-21 FY
Draft Report to Management	12 November 2021
Issue Final Report	18 November 2021

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
							May occur in exceptional circumstances	Could occur at some time: greater than annually	Annually: Likely to occur at least once a year	-Bi-Annually: Likely to occur twice a year	Frequently: Likely to occur most weeks
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 <p><i>To note: \$4m is a threshold in prudential management relating to procurement</i></p>	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 <p><i>To note: \$2m is approx. 5% of rate revenue</i></p>	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 <p><i>To note: \$47k is financial materiality threshold for 2019/2020</i></p>	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

INFORMATION REPORT

REPORT TITLE:	STRATEGIC RISK REGISTER
ITEM NUMBER:	2.3
DATE OF MEETING:	07 DECEMBER 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, this includes the monitoring of the progress of treatment plans implemented to manage each risk. The most recent review was conducted on Tuesday 16 November 2021, and the revised document is now provided to the Audit Committee for information.

2. **RECOMMENDATION**

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

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

4. **BACKGROUND**

The Executive Management Team (EMT) reviewed the Strategic Risk Register on Tuesday 16 November 2021. During this review, EMT updated the status of the treatment plans and revised timeframes where required. 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;

- Comments on the progress of treatment plans provided were updated;
- The identified 'Emerging Risk' from the July 2021 review has been added as an EMT Action under Strategic Risk 2 – *Inability to meet the needs and expectations of the community*;
- An 'Emerging Risk' was identified that relates to the: *Impending opening of borders on 23 November*. EMT discussed and added the risk to the Operational Risk Register. EMT continues to monitor and consider the operational risks associated with SA Health's Covid-19 TTIQ plan and advice for businesses.

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

STRATEGIC RISK REGISTER

This Review – 16 November 2021 by:

- Peter Tsokas - Chief Executive Officer
- Megan Berghuis - General Manager City Services
- Nicola Tinning - General Manager Business Support and Improvement
- Claude Malak - GM City Development
- Kathryn Goldy - Acting Executive Manager Office of the CEO

Last Reviewed: 27 July 2021 by:

Peter Tsokas
Megan Berghuis
Nicola Tinning
Claude Malak
Kathryn Goldy (Acting Exec Manager OCEO)

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 Development of an Annual Operating Plan which specifies core activities, service levels, and measures 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:	Comment
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	• Sept 2021 – March 2022	This has progressed. The framework has been reviewed by CD and is being finalised for EMT to review
2 Provide training on revised project management framework to relevant staff	• GMCD/GMBSI	• Dec 2021 - March 2022	
3 Implement Project Management Framework	• GMCD	• Dec 2021 - March 2022	
4 EMT quarterly review progress of approved projects (at various levels across the organisation) – at least	• EMT	• Dec 2021 - COMPLETED	Budget Review 1 included a review of the progress of projects

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 significantly 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 (external and internal) Community Engagement Framework and Policy Service Reviews Communication Channels Business Continuity Plan & Emergency Management Plan Regular Elected Member briefings, workshops and training Economic Development Strategy Customer Service Charter Principles (Achieve Together Project) 			
Control Effectiveness:	Majority Effective	Risk Tolerance up to: MEDIUM	
Likelihood: Rare	Consequence: Major	Residual Risk Rating: MEDIUM	

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
EMT Focus Area: Customer First Culture – The organisation has a consistent customer first approach in the delivery of service:			
1 Design and implement training across the organisation to reinforce customer service focus and core competencies. (19/20, noting potential implementation over two years)	• GMBSI	• Jun 2020 (design) - COMPLETED • Jun-2021 – Sept 2022	The training program will be considered as part of the Corporate Training Program.
EMT Focus Area: Understanding our Purpose – Our people understand their role in 4-year Delivery Plan			
1 Develop a corporate reporting framework with measures to monitor progress	• EMT	• Sep 2021 - COMPLETED	
EMT Action			
1. Use current quarterly reporting to keep Council informed if the organisation is compromised in its ability to deliver Council's strategic objectives due to additional unplanned decisions of Council.	• EMT	• Nov 2022	To be implemented for the second quarter reporting to Council.

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 Elected Members development program implemented to enhance role clarity Reinforce processes and education for Elected Member requests with 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:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Unlikely	Consequence: Catastrophic	Residual Risk Rating:	MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1 Delegation review and training (understanding roles, responsibilities, and delegation of authority)	<ul style="list-style-type: none"> EMOCEO 	<ul style="list-style-type: none"> Dec 2022 	<p>We are mindful of the anticipated changes associated with the LG Reforms implementation, as such a detailed review at this time has not been undertaken.</p> <p>Significant work has been completed to ensure delegations for the Planning and Development Act (PDI) under Instruments A, B, C and D, have been prepared and issued. Whilst structured training has not been delivered, advice and guidance has been provided to staff, most notably in relation to PDI Act Delegations.</p> <p>Implementation of the LG Reforms will be a staggered approach through until mid-2022. Substantial changes to any delegations in response to reforms will be actioned as required with a full delegations review and training to be completed by the end of 2022.</p>

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 • 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:
1 Preparation for LG Reform		• EMT	• Ongoing
2 Investigate development and implementation of Legislative Compliance register		• EMOCEO	• Dec-2021 – Dec-2022
			The Local Research and Development Fund has granted funding to the LGA for a project to develop a legislative compliance register. This work is progressing and Unley will wait for a centrally developed register given the complexity associated with this project.

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 Digital Workplace through the Internet Calendar with key corporate processes and deadlines Continuous Improvement – training and suite of tools (learn on the job) 		<ul style="list-style-type: none"> Documented job descriptions documented and reviewed Corporate Values Development planning process (PDR) Review of PDR process Relevant resources and tools Digital Strategy and BS&S Capability Align the labour budget to reflect the priority areas determined by Council Recognition Guidelines Organisational structure reviewed On-line climate survey tool to provide regular interim measure between OCI surveys 		
Control Effectiveness:		Majority Effective	Risk Tolerance up to: MEDIUM	
Likelihood: Unlikely		Consequence: Major	Residual Risk Rating: MEDIUM	
Treatment Plan:		Responsibility:	Target Completion Date:	Comment
EMT Focus Area – Employee Engagement – Our people collaborate for success and are valued, engaged and recognised for their achievement				
1	Establish and implement an internal 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"> Dec-2021 – June 2022 	Development of a framework has commenced. A key outcome of the framework, the Digital Workplace has been implemented.

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 • Loss of productivity of operations due to extreme weather events 	
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 objectives • Re-use water (dam and aquifer) • Long Term Financial Plan • Financial incentives for Canopy on private land • Water Sensitive Urban Design • Waste management plan • Public Health Plan • Asset Management Plans • Alternative Energy initiatives • Cycling and walking network • Climate & Energy Plan for Council Operations 			
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating:	MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
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:			
2 New Waste Management Contract	• GMCD	• Dec 2021 – April 2021 (not postponed – Dec 2021 was entered in error)	Confidential briefing with Council in December 2021
5 Heatwave Action Plan	• EMT	• Jun 2021 – recommendations received • Sept 2021 – Dec 2021 implementation plan	Council received the recommendations in June. These recommendations have been consulted with internal stakeholders and is currently reviewed by Manager Finance and Procurement prior to presentation of an implementation plan to EMT.

Strategic Risk Register

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

November 2021

- Impending opening of borders on 23 November, EMT are considering the operational risks relating to SA Health Covid-19 TTIQ plan and advice for businesses.



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:	07 DECEMBER 2021
AUTHOR:	LIDA CATALDI
JOB TITLE:	PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS:	1. OPERATIONAL RISK REGISTER - HIGH & EXTREME

1. **EXECUTIVE SUMMARY**

This report provides an update on the operational risks with a residual risk of high or extreme.

At the time of the last Audit Committee Meeting on 10 August 2021, three risks were assessed as having a residual rating of high. There were no risks with a residual risk rating of extreme.

A detailed annual review of the Operational Risk Register (OPR) was undertaken during October and November, and is currently awaiting feedback from the Executive Management Team (EMT). Once endorsed by EMT, it will be presented at the first Audit Committee Meeting in 2022.

During the recent review, three new global risks associated with COVID-19 were identified following the release of the the SA Health Roadmap for COVID-19, and opening of South Australian borders. The EMT are the risk owners and two of these risks were identified to have a high residual risk, with the third to have a medium risk.

One of the new global risks replaced an existing risk related to the impact of COVID-19 on Council owned facilities. The remaining two existing risks, both deemed high, remain unchanged.

Attachment 1

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership

4.1 We have strong leadership and governance.

4. **BACKGROUND**

The full Operational Risk Register (ORR) was last presented at the December 2020 Audit Committee meeting.

A detailed annual review of the Operational Risk Register was undertaken during October and November, and is currently awaiting feedback from the Executive Management Team, once finalised it will be presented at the March Audit Committee Meeting in 2022.

5. **DISCUSSION**

Three new operational risks that were identified following the release of SA Health's COVID-19 Roadmap and the Test, Trace, Isolate and Quarantine (TTIQ) Plan. These three risks are identified as *global* operational risks, noting two were deemed to have a high residual risk and a third to have a medium residual risk:

Risk #	Risk Rating	Description
Global Risk 1	High	Widespread infection of COVID-19 within the City of Unley workplace
Global Risk 2*	Medium	Closure of Council facilities following identification as an exposure site by SA Health
Global Risk 3	High	Significant absenteeism arising from COVID-19.

*Global Risk 2 has replaced C&CC #1 – Community & Cultural Centres: Forced closure of facilities (resulting from external cause – such as state emergency declarations relating to COVID-19. The risk rating has been rated as medium risk as the likely duration of the closure has significantly reduced following the announcement of SA Health's COVID-19 Roadmap.

There are two other risks identified to have a high residual risk, these are:

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

The recent review of the Operational Risk Register also provided an update to the treatment plans for risks as follows:

- BS&S#7 related to cyber security concerns arising from remote working now includes:
 - Implementing a revised cybersecurity plan/strategy

The detailed annual review of the Operational Risk Register was undertaken during October and November, and is currently awaiting feedback from the Executive Management Team, once finalised it will be presented at the first Audit Committee Meeting in 2022.

6. **REPORT AUTHORISERS**

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

GLOBAL #1	In response to SA Health's COVID Ready Plan - Borders opening from 23 November 2021 Risk of widespread infection of COVID-19 within the City of Unley workplace.		
Risk Issues Identified	Risk of widespread infection of COVID-19 within the City of Unley workplace, increasing the possibility of Elected Members, employees, contractors and volunteers of experiencing severe and potentially life threatening symptoms.		
Risk Category	Health, Safety & Welfare		
Risk Owner	Executive Management Team		
Inherent Risk	Consequence	Likelihood	Risk Rating
	Major	Possible	High
Existing Controls	<ul style="list-style-type: none"> • State Direction / Legislation relating to COVID-19 • COVID-19 Safe Plans in place for public venues and events • Check-in QR Codes for public venues • Booking System for patrons - controls and monitors capacity of centre and tracks attendance • Provide COVID-19 Checklist for Group Bookings (under 200 people) • Covid Safe Plans for groups greater than 200 • COVID-19 Marshalls for public venues • Increased routine cleaning • Staff Measures in place - (infection training, COVID-19 Leave, Face Masks, vaccinations strongly encouraged) • Hygiene stations • Physical barriers • Increased signage 		
Controls Effectiveness	3. Partially effective		
Residual Risk	Consequence	Likelihood	Risk Rating
	Major	Possible	High
Acceptable	Yes		
Further strategies/ treatments for consideration or ongoing	Vaccination Policy (Draft out for consultation)		
Revised Residual Risk	Consequence	Likelihood	Risk Rating
	Major	Possible	High

GLOBAL #3	In response to SA Health's COVID Ready Plan - Borders opening from 23 November 2021 Risk of significant absenteeism arising from COVID-19		
Risk Issues Identified	Council's capacity to perform key tasks and critical functions is significant limited by widespread absenteeism, or significant absenteeism in a particular Business Unit		
Risk Category	Business Performance & Service Delivery		
Risk Owner	Executive Management Team		
Inherent Risk	Consequence	Likelihood	Risk Rating
	Major	Possible	High
Existing Controls	<ul style="list-style-type: none"> • COVID 19 controls in plan as Global #1 • Staggered working from home arrangements for teams to minimise exposure two whole team at once • Contractual resourcing available • Prioritise critical functions and work • Business Continuity Plan for critical functions 		
Controls Effectiveness	3. Partially effective		
Residual Risk	Consequence	Likelihood	Risk Rating
	Major	Possible	High
Acceptable	Yes		
Further strategies/ treatments for consideration or ongoing	Vaccination Policy (Draft out for consultation)		
Revised Residual Risk	Consequence	Likelihood	Risk Rating
	Major	Possible	High

BS&S #7	Working from home arrangements leading to potential increased exposure to cyber attacks - See BS&S#2		
Risk Issues Identified	Loss of Data Loss of private and personal information Financial Implications Reputational loss		
Risk Category	Business Performance & Service Delivery		
Risk Owner	Manager Business Systems and Solutions		
Inherent Risk	Consequence	Likelihood	Risk Rating
	Catastrophic	Almost Certain	Extreme
Existing Controls	<ul style="list-style-type: none"> • 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 • Updated AV on remote site computers. • Implemented further email security measures (Disabling IMAP remote connections) 		
Controls Effectiveness	3. Partially effective		
Residual Risk	Consequence	Likelihood	Risk Rating
	Catastrophic	Possible	High
Acceptable	Yes		
Further strategies/ treatments for consideration or ongoing	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) Implementing a revised cybersecurity plan/strategy		
Revised Residual Risk	Consequence	Likelihood	Risk Rating
	Catastrophic	Possible	High

C&CC#1	Replaced by Global Risk #2 Forced closure of facilities (resulting from external cause - such as state emergency declarations)		
Risk Issues Identified	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		
Risk Category	Business Performance & Service Delivery		
Risk Owner	Manager Community and Cultural Centres		
Inherent Risk	Consequence	Likelihood	Risk Rating
	Catastrophic	Likely	High
Existing Controls	<ul style="list-style-type: none"> • BCP • EMT - emergency response group • Enterprise Bargaining Agreements • Voice at the table 		
Controls Effectiveness	3. Partially effective		
Residual Risk	Consequence	Likelihood	Risk Rating
	Catastrophic	Possible	High
Acceptable	Yes		
Further strategies/ treatments for consideration or ongoing			
Revised Residual Risk	Consequence	Likelihood	Risk Rating

F&P#6	Pandemic (COVID-19) - leading to impact on revenue streams		
Risk Issues Identified	Increase in aged debtors Potential property valuation fluctuations Reduced income from the Swimming Centre, venue hire and outdoor dining permits due to restrictions		
Risk Category	Business Performance & Service Delivery		
Risk Owner	Manager Finance & Procurement		
Inherent Risk	Consequence	Likelihood	Risk Rating
	Moderate	Almost Certain	High
Existing Controls	<ul style="list-style-type: none"> • 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 		
Controls Effectiveness	5. Effective		
Residual Risk	Consequence	Likelihood	Risk Rating
	Moderate	Likely	High
Acceptable	Yes		
Further strategies/ treatments for consideration or ongoing			
Revised Residual Risk	Consequence	Likelihood	Risk Rating

INFORMATION REPORT

REPORT TITLE:	EXTERNAL AUDIT AGREED ACTIONS STATUS UPDATE
ITEM NUMBER:	2.5
DATE OF MEETING:	07 DECEMBER 2021
AUTHOR:	MORGAN KRIS
JOB TITLE:	TEAM LEADER - FINANCIAL ACCOUNTING
ATTACHMENTS:	1. ATTACHMENT 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.

The Council's External Auditors Galpins conducted an Interim Audit from 1-3 March 2021, as part of the 2020-21 External Audit, which included a review of 100 internal financial controls.

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. Of the 100 internal controls reviewed, 8 internal controls were identified as requiring improvement of which 7 of these were deemed to be of medium risk, and 1 rated as a low risk.

This report serves to inform the Audit Committee on Administration's progress in implementing the recommendations of the Auditors findings as identified during the 2020-21 Interim Audit. An update report will continue to be presented to the Committee until all recommendations have been implemented.

Since the Interim Audit, Administration have completed the agreed management actions for 5 internal control findings (4 medium risk and 1 low risk), while actions are underway on the remaining 3 internal control findings (all medium risk).

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 2020-21 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 11 May 2021.

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, 92 controls were operating effectively and 8 controls were identified where improvements could be made to further enhance their effectiveness. The less effective controls have been risk rated and assessed as medium or low risk.

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

Business cycles	Controls Reviewed	Operating Effectively			2021 Findings			
		2021	2020	2019	H	M	L	BP
Purchasing & Procurement/Contracting	10	8	6	3	-	2	-	-
Fixed Assets	16	15	14	13	-	1	-	-
General Ledger	11	9	9	9	-	2	-	-
Accounts Payable	13	12	10	10	-	1	-	-
Credit Cards	5	3	5	5	-	1	1	-
Rates / Rates Rebates	10	10	8	8	-	-	-	-
Payroll	19	19	16	15	-	-	-	-
Receipting	5	5	4	4	-	-	-	-
Banking	5	5	5	5	-	-	-	-
Debtors	6	6	6	6	-	-	-	-
Total	100	92	83	78	-	7	1	-

The report to the Audit Committee on 10 August 2021 advised that the agreed management actions of 4 internal control findings (3 medium and 1 low risk) had been completed, while progress was underway on management actions for the remaining 4 internal control findings (4 medium risk).

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.

Following the Audit Committee meeting on 10th August 2021, additional work has been undertaken and a summary of progress to date is provided in the following table:

Business cycles	Findings	2021 Findings		
		Not Started	Work in Progress	Completed
Purchasing & Procurement/Contracting	2	-	1	1
Fixed Assets	1	-	1	-
General Ledger	2	-	1	1
Accounts Payable	1	-	-	1
Credit Cards	2	-	-	2
Total	8	0	3	5

In summary the management actions for 5 internal control findings have now been completed (4 medium and 1 low risk), with actions continuing on the remaining 3 findings.

Completed:

Finding 2.4.1 Actions involving the audit trail of changes to the supplier master files not formally reviewed by management is now complete.

Ongoing:

Finding 2.1.2 Actions to address instances of payment without a purchase order, and purchase orders issued after the date of the invoice, are ongoing and involve continuing education and monitoring across the organisation following the training provided in June 2021.

Finding 2.2.1 The matching of assets in the Asset Management System to the GIS System will be ongoing until the asset revaluations are completed over the next 4 years.

In Progress:

Finding 2.3.1 The templates for the various stages of establishing a system administration structure is now complete. The following describes the effort (in progress) over the past 11 months:

- Conducting a review of the present (as is) system administration process mapping across various parameters e.g., User IDs, Profiles, Roles and Security categories;
- Undertaking consultation with Technology One on industry best practices (to be);
- Undertaking scoping to build a system administration structure to incorporate future Technology One

capabilities such as procure to payment processes and credit card arrangements.

- Establishing a desired state for system administration structure;
- Testing of system scenarios and desired process mapping; and
- Collaborative efforts between Finance and teams supporting Technology One to conduct system administration integrity checks.

The testing of the new system administration structure is planned between November 2021 and January 2022. Investigation and a risk-based assessment of supporting the ongoing maintenance of the system administration will be undertaken separately.

The Council's auditors will be updated on the status of the actions, before the interim audit expected in March 2022

6. REPORT AUTHORISERS

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

Summary of findings

Business Cycle	Findings	Status	Risk
Purchase, Procurement and Contracting	2.1.1 Significant variance between estimate (used for procurement decision) vs actual spend	Completed	M
	2.1.2 Instances of payments without a purchase order / purchase orders issued after the date of the invoices	On going	M
Fixed Assets	2.2.1 Assets included in Technology One are not linked and/or reconciled to the GIS system	On going	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 The audit trail of changes to the suppliers' master files are not formally reviewed by management	Completed	M
Credit Cards	2.5.1 CEO's credit card statements and transactions are not reviewed by Council or the audit committee	Completed	L
	2.5.2 Credit card holders are not required to sign a declaration confirming compliance with Council policy and procedures	Completed	M
Rates	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act		N/A
Payroll	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act		N/A
Receipting	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act		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
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act		N/A

2. DETAILED AUDIT FINDINGS

2.1 PURCHASING AND PROCUREMENT

2.1.1 Significant variance between estimate (used for procurement decision) vs actual spend		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
<p>Audit noted a control weakness resulting from the use of estimates to determine required procurement methods.</p> <p>For the procurement of architectural services, council decided to obtain three quotations (rather than adopt a tender process) on the basis that Council estimated the total service value to be \$100,000.</p> <p>The Procurement Framework provides that purchases over \$100,000 should follow a tender process. All 3 quotes received were materially above the \$100,000 estimate, with the lowest quote being \$160,150 and the actual total cumulative spend for the successful supplier during the 2020/21 financial year being \$178,920.73 at interim audit time.</p>	<p>Council strengthens the procurement framework to address instances where quotes from suppliers are significantly higher than the estimated value used to make procurement decisions. For example, if the value of all quotes received is in a higher procurement bracket (meaning the recommended procurement method has changed), a decision should be documented and approved as to whether a change in market approach is required, and if not, why not.</p>	<p>A review of project development and budget estimation is to be undertaken to improve budget estimation to support the selection of the appropriate procurement sourcing method.</p> <p>The Acquisition Plan Templates will be amended to include a requirement for the relevant General Manager and Manager Finance & Procurement to review and approve the procurement process undertaken where the recommended quote exceeds the upper threshold of the procurement sourcing method is exceeded by 15%.</p> <p>The review will establish</p> <ul style="list-style-type: none"> • the appropriateness of proceeding with the existing procurement sourcing method, and • assess if any action is required to address risks in proceeding with the existing approach. <p>COMPLETED</p>

2.1.2 Instances 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
<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>Audit selected a sample of 15 purchases and noted two purchases 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.</p> <p>Audit notes that Council has developed a report called 'AP Invoices Entered without PO' aimed at identifying and following up purchases with no purchase order. This report is not formally reviewed on a regular basis.</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>An education program on the requirement and reasons for the utilisation of purchase orders is underway, along with refresher training on raising and issuing purchase orders.</p> <p>A system of review has been implemented whereby invoices entered without purchase orders will be examined. Those found not be complying will be requested to provide reasons for their non-compliance and be offered further education.</p> <p>Reviews will initially be undertaken monthly. Once a high degree of confidence in the level of compliance is achieved, the frequency of the reviews will be reduced to quarterly.</p> <p>Management Update</p> <p>Half day procurement refresher training, delivered by LGA Procurement, has been completed by approximately 80% of budget holders and employees involved in procurement, with one final session to be held.</p> <p>The Finance and Procurement Team are continuing to work with Business Units to address specific issues within each Team.</p>

2.2 FIXED ASSETS

2.2.1 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
<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>Council is undertaking a review of its asset data in line with the valuation cycle, which will result in all assets reconciled and mapped over four years. This financial year Council is reviewing bridges, stormwater and recycled water assets.</p> <p>Council have engaged contractors to undertake and external audit of Council's bridge, stormwater and recycled water assets. The audit will reconcile the current data in the technology one database including spatial locations. With this updated data Council will be able to link the latest spatial data with the GIS system. The 2020/21 review will be complete 30 June 2021.</p> <p>Management Update</p> <p>The alignment of the Asset Management System with the GIS is ongoing through the 4-5 year revaluation cycle.</p> <p>The revaluation of bridges and stormwater asset classes for the 2020-21 is presently being finalised.</p>

2.3 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
<p>In our 2018/19 interim management we noted that there were no current mechanisms to ensure a complete list 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>A follow up of this finding during the 2020/21 financial year revealed that Management is currently performing an extensive review of the users' access rights. This review includes reviewing current active users and setting up standard access rights based on the position of the employees.</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"> • 9 user IDs have access to the role AP Officer (role name: VS.APOFFICER); • 19 user IDs have access to the role Asset Officer Financial (role names: \$F1.ASSFINOFFICER and VS.ASSFINOFFICER); • 17 user IDs have access to the role GL Officer (role name: 	<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 have an excessive number of user IDs allocated to them.</p>	<p>Noted. Work in progress.</p> <p>The review of User IDs and User Profiles has identified the need to revise the role 'profiles' and the mapping of 'UserID to Profiles. This work has commenced, but requires a number of stages and will be scheduled around end of financial year priorities. Schedule completion date is Quarter 2 2021-22.</p> <p>Once this work is completed, we will undertake a risk based analysis to assess and prioritise the further refinements to system administration and development of policies and procedures going forward.</p> <p>Management Update</p> <p>A review has been undertaken with Technology1 consultants to re-align User ID and profiles in line with Unley's organisation chart. The expected full implementation and timeline is captured below.</p> <p>Stage 1 – User ID (eg. Joe Bloggs) and Profile (eg Project Manager) alignment to organisation chart (Sep 21).</p> <p>Stage 2 – System roles (system modules – eg. budgeting module) to Profile alignment (eg Project</p>

<p>VS.GLOFFICER); and</p> <ul style="list-style-type: none"> • 9 user IDs have access to the System Administrator role (role name: \$F1.SYSADMINALL). • 5 user IDs have access to the Capital Works Manager role (role name: VS.CAPITAL.WORKS.MAN) <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>		<p>Manager) and delegation level (Dec 21).</p> <p>Stage 3 – Security category and access to Budget programs (Feb 22).</p> <p>Progress Note: The Templates for Stage 1, 2 and 3 have been established. Testing within the Test environment is planned between Nov 21 – Jan 21.</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
<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>Audit acknowledges that Council is currently implementing a process whereby the Finance Manager will be electronically approving all balance sheet reconciliations uploaded into ECM (Council's record management system).</p>	<p>Audit encourages Council to continue with its paperless approach.</p> <p>Proceed with implementing the current plan to implement a control where the Finance Manager electronically approves all balance sheet reconciliations uploaded into ECM.</p>	<p>A business workflow process in ECM has been implemented to document the review and record notes (if applicable) once the monthly review by the Finance Manager is completed.</p> <p>COMPLETED</p>

2.4 ACCOUNTS PAYABLE

2.4.1 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 unauthorized changes are made to the supplier master file.	

Finding	Recommendations	Management Response
<p>The audit trail report of changes to the suppliers' master file is not being formally reviewed by Finance Management.</p> <p>Audit notes that Council is currently implementing a process where Finance Management will be performing an electronic review of the audit trail of changes to the suppliers' master file uploaded into ECM (Council's record management system).</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>We have developed the aggregated audit log report (completed).</p> <p>A quarterly review of the log will be implemented with an ECM business workflow to document the review and record notes (if applicable). To be implemented by Quarter 1 2021-22.</p> <p style="color: #0070C0; font-weight: bold;">COMPLETED</p>

2.5 CREDIT CARDS

2.5.1 CEO's credit card statements and transactions are not reviewed by Council or the audit committee		Low
Control	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	
Risk	Credit cards are used for purchases of a personal nature.	

Finding	Recommendations	Management Response
<p>Audit selected a sample of credit card statements and credit card transactions.</p> <p>We noted that the CEO's credit card statements and transactions were approved by the general manager (i.e. a Council officer that reports to the CEO).</p> <p>Recent credit card audits performed by the South Australian Auditor-General's Department (Examination of Credit Card Use and Management for a number of councils in SA – March 2020) indicated that better practice is to send the CEO's and Mayor's credit card transactions to the audit committee for review to ensure the expenditure is reasonable and for business purposes.</p> <p>The Victorian Auditor-General Office (Fraud and Corruption Control in Local Government audit – June 2019) consider better practice to refer the CEO credit card full transaction history to the audit committee or Council.</p> <p>The Western Australian Auditor General's Report (Controls Over Corporate Credit Cards – May 2018) consider better practice to report CEO's credit card transactions to Council on a regular basis.</p>	<p>Council ensures that the CEO's credit card transactions are reviewed by an appropriate authority.</p> <p>Better practice provided by credit card audits performed by Auditor-General's departments across Australia recommend that this process can be improved by reporting the CEO's credit card transactions to Council or to the audit committee.</p>	<p>The advice is noted, however we do not believe that value of the credit card spend warrants the administration of a separate report through to Council or Audit Committee, noting that alternate methods of procurement with significantly greater expenditure are not presented to either Audit Committee or Council.</p> <p>To alleviate concerns that pressure could be placed on an officer reporting to the CEO to approve credit card expenditure, it is proposed that two senior officers review and approve the credit card expenditure in the future.</p> <p>Should Audit Committee have an alternate view, Management will consider this matter further.</p> <p>COMPLETED Audit Committee on 11 May endorsed the recommended approach above, and advised concerns arising from a review of credit card transactions pertaining to the CEO to be reported to the Chair of the Audit Committee as soon as practical.</p>

2.5.2 Credit card holders are not required to sign a declaration confirming compliance with Council policy and procedures		Moderate
Control	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	
Risk	Credit cards are used for purchases of a personal nature	

Finding	Recommendations	Management Response
<p>Audit noted that credit card holders are not required to sign a declaration confirming compliance with Council policy and procedures prior to the credit card being released.</p> <p>Requiring credit card holders to sign an agreement and acknowledgement form that details their key responsibilities as card holders confirms their knowledge of, and commitment to compliance with, Council policy and procedures. Some examples of key topics to be included in the agreement and acknowledgement form include the following conditions:</p> <ul style="list-style-type: none"> - commitment to ensure that credit cards are maintained in a secure manner; - credit cards to not be used for private purposes; - credit cards not to be shared with other staff; - use of credit card shall not be tied to any type of reward system; - transactions must be accompanied by appropriate receipts and tax invoices; - use of credit cards must be in accordance with Council's policy and procedures; - lost or stolen credit cards shall be reported immediately; - consequences for failure to comply with the requirements listed above. 	<p>Credit card holders are required to sign an agreement and acknowledgement form detailing their key responsibilities as card holders and confirming knowledge of, and commitment to compliance with, Council's credit card policy.</p>	<p>Completed - The declaration form has been circulated and signed to all credit cardholders.</p> <p>COMPLETED</p>

INFORMATION REPORT

REPORT TITLE: AUDIT COMMITTEE WORKPLAN - UPDATE
ITEM NUMBER: 2.6
DATE OF MEETING: 07 DECEMBER 2021
AUTHOR: LIDA CATALDI
JOB TITLE: PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS: 1. AUDIT COMMITTEE WORK PLAN

1. **EXECUTIVE SUMMARY**

This report provides Audit Committee with an update on the status 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 for the 2021 calendar year was adopted by the Audit Committee at the Audit Committee Meeting on 8 December 2020. 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 majority of the Audit Committee Workplan is complete.

During the year it was deemed necessary to review the Business Continuity Plan (BCP) due to the COVID 19 pandemic. A review of the BCP was not in the endorsed plan. The review has been a significant amount of work involving almost all areas of the organisation. The BCP, as outlined in an information report within this meeting's agenda, has resulted in the delay on reporting of the following items on the Audit Committee Workplan:

- **Internal Financial Controls - Self Assessment Report**

128 of 141 identified controls had been assessed (first level) at the writing of this report, with the review process currently underway. It should be noted that significant proportion of these controls are assessed as part of the external audit. This item is 70% complete.

- **Operational Risk Register (Full Register)**

The Operational Risk Register has been reviewed in consultation with Managers and relevant Team Leaders. EMT has completed a review and provided feedback which is currently being finalised. A Report on the high and extreme risks has been included in the Agenda for this meeting. This item is 95% complete.

- **Internal Audit Report – Cash Handling**

This internal audit report has been prepared. The relevant managers and team leaders are presently finalising the management responses. The proposed management actions arising from the report have been impacted by recent news from the Council's transactional banking provider, the NAB, that the bank is introducing:

- A minimum value limit on cash deposits of \$500; and
- Utilisation of online deposit slips.

As a consequence, Council is presently investigating opportunities to minimise cash payment at some sites, and consolidate the cash depositing process. This item is 90% complete.

The Internal Financial Controls – Self Assessment Report, Operational Risk Register (Full Register) and Internal Audit Report - Cash Handling will be provided to the Audit Committee at its March meeting in 2022.

Centennial Park Cemetery Authority (Council's jointly owned subsidiary with City of Mitcham) was due to present in this meeting. However, their presentation has been deferred to the next meeting to align with their presentation of their Long Term Financial Plan and Asset Management Plan to Audit Committee. These plans will be considered by Council for

endorsement in the March Council meeting following the Audit Committee meeting.











The reviewed Audit Committee Workplan is provided as Attachment 1.















Attachment 1

The proposed Work Plan for the 2022 calendar year will be presented at the March Audit Committee Meeting in 2022.

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	27 October 2021	10 November 2021	7 December 2021
Financial						
Long Term Financial Plan (consultation)						
2021-22 Annual Business Plan and Budget (consultation)						
External Audit - Agreed Actions Status Update						
Brown Hill Keswick Creek (presentation)						
Centennial Park Cemetery Authority (confidential presentation)						<i>Postponed – first meeting in 2022</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						<i>Postponed – first meeting in 2022</i>
Internal Audit – Petty Cash						
Internal Audit – Cash Handling						<i>Postponed – first meeting in 2022</i>

	9 February 2021	11 May 2021	10 August 2021	27 October 2021	10 November 2021	7 December 2021
Risk Management						
Strategic Risk Register						
Operational Risk Register (Full Register)						<i>Postponed – first meeting in 2022</i>
Operational Risk Register (High & Extreme Residual Risk)						
Audit Committee Workplan						
Summary of the revised Business Continuity Plan						
Additional Reports						
Unsolicited Proposal Policy						
Waste Collection & Processing Tender (Confidential Prudential & Probity Report)						
Waste Collection & Processing Tender (Confidential Probity Report)						
The Presiding Member of the Audit Committee’s Report was presented to Council at the 22 March 2021 meeting.						
Distribution of the following will occur once the reports have been presented to Council:						
<ul style="list-style-type: none"> · Quarterly Budget Review · Quarterly Financial Performance Review 						
Any Completed Internal Audits will be added to the Agenda where necessary						

DECISION REPORT

REPORT TITLE:	AUDIT COMMITTEE MEETING SCHEDULE - 2022
ITEM NUMBER:	2.7
DATE OF MEETING:	07 DECEMBER 2021
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.

This report provides the proposed meeting dates for the 2022 calendar year for consideration of the Committee and recommendation to Council for endorsement.

2. **RECOMMENDATION**

That:

1. The report be received.
2. Endorse the City of Unley Audit Committee meeting schedule for the 2022 calendar year, with meetings to be held at 181 Unley Road Unley commencing at 6:30pm on the dates set out below:
 - Tuesday 15 February 2022 (Centennial Park Cemetery Authority Long Term Financial Plan and Asset Management Plans)
 - Tuesday 15 March 2022
 - Tuesday 17 May 2022
 - Tuesday 16 August 2022
 - Tuesday 18 October 2022
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;
- 3.2. Convening the meeting electronically due to the implications of COVID-19; or
- 3.3. 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

4.3 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.

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 also been considered to minimise any conflict with other meetings.

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

- Tuesday 15 February 2022 for Centennial Park Cemetery Authority Long Term Financial Plan and Asset Management Plans
- Tuesday 15 March 2022
- Tuesday 17 May 2022
- Tuesday 16 August 2022
- Tuesday 18 October 2022

5. ANALYSIS OF OPTIONS

Option 1

1. The report be received.
2. Endorse the City of Unley Audit Committee meeting schedule for the 2022 calendar year, with meetings to be held at 181 Unley Road Unley commencing at 6:30pm on the dates set out below:

- Tuesday 15 February 2022 (Centennial Park Cemetery Authority Long Term Financial Plan and Asset Management Plans)
 - Tuesday 15 March 2022
 - Tuesday 17 May 2022
 - Tuesday 16 August 2022
 - Tuesday 18 October 2022
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 2022. 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 2022 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;
- 3.2. Convening the meeting electronically due to the implications of COVID-19; or
- 3.3. 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 2022. 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 March 2022.
3. Taking into account any existing Council and Committee meetings scheduled for 2022, a revised Audit Committee Meeting Schedule for a minimum of four meetings be prepared and presented to the 9 March 2022 meeting for consideration.

In the event that the Committee wishes to significantly revise the proposed meeting schedule, this option provides for to the confirmation of the 9 March 2022 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. **POLICY IMPLICATIONS**

6.1 **Financial/Budget**

Nil

6.2 **Legislative/Risk Management**

- Notice of meetings of the Committee will be given in accordance with sections 87 and 88 of the *Local Government Act 1999*.
- 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.

6.3 **Staffing/Work Plans**

- The proposed meeting schedule has been spaced to optimise work due to be completed between Audit Committee Meetings, and align with workplans for the preparation of the 2022-23 Annual Business Plan and Budget, and 2021-22 General Purpose Financial Statements.

6.4 **Climate/Environmental Impact**

Nil

6.5 **Social/Economic**

Nil

6.6 **Stakeholder Engagement**

Nil

7. REPORT CONSULTATION

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

8. REPORT AUTHORISERS

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