



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 18 August 2020 6.30

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

Chief Executive Officer

MEMBERS

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

ACKNOWLEDGEMENT

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

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

ORDER OF BUSINESS

ITEM	PAGE NO
1. ADMINISTRATIVE MATTERS	
1.1 APOLOGIES	
Nil	
1.2 LEAVE OF ABSENCE	
Nil	
1.3 CONFLICT OF INTEREST	
<i>Members to advise if they have any material, actual or perceived conflict of interest in any Items in this Agenda and a Conflict of Interest Disclosure Form (attached) is to be submitted.</i>	
1.4 MINUTES	
1.4.1 Minutes of the Ordinary Audit Committee Meeting held Tuesday, 12 May 2020	
1.5 DEFERRED / ADJOURNED ITEMS	
Nil	
2. PRESENTATION	
2.1 Centennial Park Cemetary Authority – Budget and Risk Update	
<i>Janet Miller – Chief Executive Officer</i>	
<i>Nadia Andjelkovic – Manager Corporate Services</i>	
3. REPORTS	
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NEXT MEETING

Tuesday 13 October 2020 - 6.30pm

Council Chambers, 181 Unley Road Unley

INFORMATION REPORT

REPORT TITLE:	EXTERNAL AUDIT - AGREED ACTION STATUS REPORT
ITEM NUMBER:	3.1
DATE OF MEETING:	18 AUGUST 2020
AUTHOR:	MICK WETHERALL
JOB TITLE:	ACTING MANAGER FINANCE & PROCUREMENT
ATTACHMENTS:	1. DETAILED AUDIT FINDINGS

1. **EXECUTIVE SUMMARY**

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

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

This report serves to inform the Audit Committee on the progress being made by the administration in implementing the recommendations of the Auditors findings as identified during the 2018-2019 audit. An update report will continue to be presented to the Committee until all recommendations have been implemented.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

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

4. **BACKGROUND**

In accordance with Section 125 of the *Local Government Act 1999*, 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 *Local Government Act 1999* 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 2018-2019 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 November 2019 as part of the Committee's considerations of the 2018-2019 General Purpose Financial Statements. The Committee resolved that the suite of financial statements, auditors reports and certifications be recommended for presentation to the Council for adoption.

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

It was found that the majority of key internal controls reviewed were operating effectively. In all, 100 core controls were reviewed, 78 controls were operating effectively and 23 controls were identified where improvements could be made to further enhance their effectiveness. The less effective controls were risk rated as high, medium or low or could be improved as a matter of achieving best practice.

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

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

5. DISCUSSION

This report has been prepared in order 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 at Attachment 1.

Attachment 1

The schedule provides for each finding:

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

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

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

Business cycles	Findings	Findings		
		WIP	NS	C
Purchasing & Procurement/Contracting	7	2	1	4
Fixed Assets	3	2		1
General Ledger	3			3
Accounts Payable	3	1		2
Rates / Rates Rebates	2			2
Payroll	4			4
Receipting	1			1
Total	23	5	1	17

Legend: WIP – Work in Progress NS – Not Started C – Completed.

As the table illustrates, of the 23 actions identified in the 2019 Audit findings, 17 have been completed and work has commenced on another 5. Council’s auditors have been kept abreast of the status of work undertaken to date.

1. **REPORT AUTHORISERS**

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

Internal and External Audit – Agreed Actions Status Update

1. SUMMARY of AUDIT FINDINGS as at 6 August 2020

Business Cycle	Findings	Status	Risk
Purchase, Procurement and Contracting	2.1.1 Evidence of procurement procedures undertaken were not retained on file for a sample of suppliers	C	H
	2.1.2 Absence of formal contracts and agreements for a sample of suppliers	WIP	H
	2.1.3 Instances where dispensations from procurement policy were not reported to the Audit and Governance Committee	C	M
	2.1.4 No declaration of conflict of interest documentation on file for the procurement of a sample of suppliers	WIP	M
	2.1.5 TechnologyOne electronic contract register is incomplete	C	M
	2.1.6 Incomplete purchase orders not followed up and actioned	C	M
	2.1.7 Instances of invoices paid without purchase orders	NS	M
Fixed Assets	2.2.1 Asset management plans overdue for review	WIP	M
	2.2.2 Instances of assets which were not included in the financial asset register	C	M
	2.2.3 Assets included in TechnologyOne not linked and/or reconciled to the GIS system.	WIP	M
General Ledger	2.3.1 Absence of formal review of IT users' access	C	H
	2.3.2 Absence of formal review of balance sheet reconciliations	C	M
	2.3.3 Amendments to the structure of the General Ledger framework are not formally reviewed and approved	C	BP
Accounts Payable	2.4.1 Improvements are necessary in the process of uploading suppliers EFT files into the online banking system	WIP	M
	2.4.2 The audit trail of changes to the suppliers' master files are not formally reviewed by management.	WIP	M
	2.4.3 Suppliers with invalid or cancelled ABNs registrations included in the creditors' master file	C	L
Rates	2.5.1 A report containing rates adjustments performed during the financial year is not independently reviewed	C	M
	2.5.2 A list of rate rebates and non-rateable properties are not formally reviewed	C	M
Payroll	2.6.1 Absence of evidence that payroll reports are independently reviewed	C	M
	2.6.2 Employee records and information are recorded in a number of different locations	C	L
	2.6.3 Absence of appropriate segregation of duties in the processes of adding new employees to CHRIS	C	M
	2.6.4 Improvement opportunities in the process of reviewing changes to the payroll master file	C	L
Receipting	2.7.1 Absence of approval of reversal of receipts	C	L
Credit Cards	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A	N/A
Banking	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A	N/A
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A	N/A
Control Self-Assessment	2.8.1 Improvements to the internal controls self-assessment process	N/A	N/A

Status Legend: C = Completed, WIP = Work in Progress, NS = Not Started, N/A = Not Applicable

2. DETAILED AUDIT FINDINGS – Status Update

2.1 PURCHASING AND PROCUREMENT

2.1.2 Absence of formal contracts and agreements for a sample of suppliers		High
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.	

Finding	Recommendations	Management Response	Management Update
Audit selected suppliers for review based on cumulative spend. Council could not locate in its records a signed contract for 6 individual suppliers.	Council ensures that there are formal agreements in place with suppliers with significant cumulative spend, and that works are not commenced prior to signing contracts.	The individual supplier circumstances were addressed in the response to the Auditors. Documentation usage and processing systems will be reviewed for a more consistent compliance.	Work in Progress Management is currently assessing the service delivery model and staff resourcing requirements of the Procurement function to address <ul style="list-style-type: none"> • Council’s Procurement Framework, Policy and associated templates to ensure leading practice • Current procurement strategy • Council’s ERP/ECM/CMS systems • Spend and category analysis • Current training materials

2.1.4 No declaration of conflict of interest documentation on file for the procurement of a sample of suppliers		Moderate
Control	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	
Risk	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.	

Finding	Recommendations	Management Response	Management Update
Audit selected a sample of suppliers based on cumulative spend and found that there were no conflict of interest declarations signed by the members of the selection panel for 4 purchasing activities.	Panel members are required to provide conflict of interest declarations when assessing a procurement / tendering process, and records of these declarations are retained.	<p>The individual supplier circumstances were addressed in the response to the Auditors.</p> <p>Documentation usage and processing systems will be reviewed for a more consistent compliance.</p>	<p>Work in Progress</p> <p>As above in 2.1.2</p>

2.1.7 Instances of invoices paid without purchase orders		Moderate
Control	Employees must ensure all purchases are in accordance with Council’s Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies	
Risk	Council does not obtain value for money in its purchasing and procurement / Purchase of goods and services are made from non-preferred suppliers	

Finding	Recommendations	Management Response	Management Update
<p>The Procurement framework provides that purchase orders are required for all purchases over \$2,000, unless the purchase is related to an item described in the list of purchases exempted from purchase order.</p> <p>Audit selected a sample of purchases and noted three 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>Management investigates 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 	<p>The recommendation is noted.</p> <p>Management will investigate the compliance performance under the Procurement Policy and Procedures to determine appropriate actions.</p>	<p>Not Started.</p>

	<p>a purchase order is not required</p> <ul style="list-style-type: none">o updating the list of exemptions for purchase order use detailed within the policy.		
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2.2 FIXED ASSETS

2.2.1 Asset management plans overdue for review

Moderate

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

Risk Fixed Asset maintenance and/or renewals are inadequately planned

Finding	Recommendations	Management Response	Management Update
<p>Audit noted the following asset management plans overdue for review:</p> <ul style="list-style-type: none"> • Bridges – last adopted in 2012 • Footpath – last adopted in 2011 • Open Space – last adopted in 2008 • Drainage – last adopted in 2008 • Kerb & Water – last adopted in 2008 • Roads – last adopted in 2008 <p>At minimum, the Local Government Act 1999 requires that council undertakes a comprehensive review of its asset management plans within 2 years after each general election of the council.</p>	<p>Asset management plans are updated and adopted by Council.</p>	<p>Council has completed a review of the pre-existing Asset Management Plans during 2018/19 FY and have identified gaps in data quality & data integrity within the asset register and GIS system. These identified improvements are currently being addressed in order to improve confidence in the data to inform the asset management plans.</p> <p>We have employed an additional resource (1.0 FTE commenced in Feb 2019 as an Asset Management Officer) to ensure the delivery of the new asset management plans by Nov. 2020 (2 years after election). Our Asset condition data is current and we have purchased 'Assetic' software to undertake predictive modelling of our asset deterioration to assist with the development of the LTFP. These works have commenced.</p>	<p>Work in Progress</p> <p>A consultant has been engaged to assist with the development of the AMP's. Draft AMPs will be presented to Council in August, followed by community engagement in September. The AMPs are scheduled to be presented to Council for adoption in November in-line with the LGA 1999 requirements.</p> <p>Staff have previously undertaken predictive modelling across all asset classes and have produced first cut values to inform the LTFP. These models are being further refined and the financial details will be documented in the AMPs to inform future LTFP.</p> <p>Asset data cleansing and re-segmentation is being progressed for all asset classes. This includes</p>

			verification, updating and sorting asset register classifications and asset categories to improve the accuracy and integrity of data. The AMPs will outline an improvement program for each asset class as a pathway for continuous improvement of council's asset management maturity.
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2.2.3 Assets included in TechnologyOne are not linked and/or reconciled to the GIS system.		Moderate
Control	There is a process in place for the verification of fixed assets which is reconciled to the FAR	
Risk	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.	

Finding	Recommendations	Management Response	Management Update
<p>Assets included in TechnologyOne are not linked and/or reconciled to the GIS system.</p> <p>Councils are highly asset intensive in delivering services to rate payers. Councils' infrastructure assets are widespread and require a strong geographical inventory to manage and monitor effectively.</p> <p>A Geographic Information System (GIS software) is designed to store, retrieve, manage, display and analyse geographic and spatial data, including geographical features and their characteristics.</p> <p>To ensure accuracy and completeness of asset databases, it is important for Councils to perform a reconciliation between GIS systems and the asset register. The reconciliation ensures that all assets, components of assets and modifications to assets captured by the GIS system are reflected in the asset register.</p> <p>The standard TechnologyOne GIS reconciliation functionality can be used to update the physical features of assets in the asset register.</p>	<p>A process is introduced to ensure that all assets included in TechnologyOne are linked and/or reconciled to the GIS system.</p>	<p>As part of our recent review with regard to data management, the discrepancies between GIS and Asset Register data has been identified and currently being addressed.</p> <p>Comprehensive system training was undertaken by staff in October 2019 this includes staff from Finance, Assets and the Depot to ensure that assets are created & disposed of appropriately and all asset attribute data is accurate and maintained.</p> <p>A part of this process is to amend the segmentation of assets and uniquely identify individual assets to enable the ability to manage the assets appropriately.</p> <p>The appointment of a dedicated Asset Management Officer has enabled the ability to ensure that GIS and TechOne data are linked/reconciled.</p>	<p>Work in Progress.</p> <p>Asset data cleansing and re-segmentation is being progressed for all asset classes. This includes verification, updating and sorting asset register classifications and asset categories to improve the accuracy and integrity of data.</p> <p>The asset data is being reconfigured so there is a single point of truth within the asset system (TechnologyOne) enabling the GIS representation of the data to be sourced from the asset system. This will eliminate the need for reconciliation as data will be stored in one location.</p>

2.3 GENERAL LEDGER

2.3.3 Amendments to the structure of the General Ledger framework are not formally reviewed and approved		Better Practice
Control	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel	
Risk	General Ledger does not contain accurate financial information	

Finding	Recommendations	Management Response	Management Update
<p>The process for amending the structure of the general ledger framework such as creating/modifying general ledger accounts, chart of accounts, costs centres, etc can be improved.</p> <p>Currently, there are no formal forms or procedures for requesting changes in the general ledger framework. Usually, changes are initiated via emails sent to the management accountant. It is better practice to implement forms to request changes to the general ledger framework and to ensure that these forms are approved by appropriately authorised personnel.</p>	<p>Change request forms are developed for use by staff when requesting amendments to the general ledger.</p> <p>These forms are approved by appropriately authorised personnel.</p>	<p>The recommendation is noted. An electronic solution to request, authorise and undertake amendments to the general ledger framework will be researched and implemented.</p>	<p>Completed</p> <p>Requests for new or amended ledger accounts, report coding etc continue to be received in a variety of ways.</p> <p>Aggregated audit log reporting has been developed which schedules all Chart and Ledger amendments. (General ledger, Accounts Payable, Projects Ledger).</p> <p>The report is scheduled to run monthly whereby changes are independently reviewed.</p>

2.4 ACCOUNTS PAYABLE

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

Finding	Recommendations	Management Response	Management Update
<p>Audit reviewed the process of processing the accounts payable batch of payments and noted the following:</p> <p>Council's financial system generates an EFT file which is stored on council's internal drive prior to being manually uploaded into the online banking system. The EFT file can be opened as TXT (text format) file and potentially be manually manipulated prior to being uploaded. Currently, staff members from the finance department and system administrators have access to the folders where the EFT file is stored.</p>	<p>Council to investigate whether it is possible to implement a way to enable a direct interface between the finance system and the online banking system.</p> <p>Alternatively, Council can investigate ways to ensure that the file is generated as "read-only".</p> <p>If the direct interface cannot be implemented, Management should consider comparing the bank account details provided by the online banking system to a register of supplier's bank accounts provided by the finance system (supplier master file) before authorising each payment batch. This matching does not need to be a manual process as it can be automated, for example using an Excel spreadsheet.</p>	<p>The EFT file is exported to a secure location within the TechnologyOne application folder structure. This is not a published share and is only made accessible to Finance staff.</p> <p>Council audits file shares and logs all file access and changes.</p> <p>Within the next 30 days the folder will be changed to "read-only" to prevent modifications to the file and a review of access permissions undertaken.</p> <p>Discussions are underway with our banking provider to implement a Direct Link module with our banking provider. Implementation timeframes is within the next 3 months.</p>	<p>Work in Progress</p> <p>Council IT team have installed the bank provider "DirectLink" software onto local Finance staff PC's. Following a delay due to COVID-19 set up has recommenced.</p> <p>Business process realignment across 4 system platforms has been completed and system testing is currently being performed. Full implementation is scheduled by end of August 2020.</p>

	<p>In addition, it is recommended that Finance Management review the appropriateness of the users with access to the folder where the EFT file is stored.</p>		
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<p>2.4.2 The audit trail of changes to the suppliers' master files are not formally reviewed by management.</p>		<p>Moderate</p>
<p>Control</p>	<p>Requested changes or additions to supplier master file are verified independently of source documentation.</p>	
<p>Risk</p>	<p>Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.</p>	

<p>Finding</p>	<p>Recommendations</p>	<p>Management Response</p>	<p>Management Update</p>
<p>There is no process in place to ensure a formal review of an audit trail of changes to the suppliers' master file.</p>	<p>Ensure that a review of the audit trail of changes to the suppliers' master file is independently reviewed on a regular basis.</p>	<p>A process of review is in place to review changes to the master files however improvements will be implemented to formalise the process.</p>	<p>Completed Aggregated audit log reporting has been developed which schedules all file amendments. The report is scheduled to run monthly whereby changes are independently reviewed.</p>

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

Finding	Recommendations	Management Response	Management Update
<p>There is no process to ensure the supplier master file is periodically reviewed for ongoing pertinence.</p> <p>Audit performed a review of the Council's creditors master file and noted the following:</p> <ul style="list-style-type: none"> • there were 205 suppliers with cancelled ABN registrations; and • there were 69 suppliers with invalid ABN registrations. 	<p>Finance Management performs a regular (e.g. on an annual basis) review of the supplier master file to ensure that only current and valid suppliers are active in the system.</p>	<p>The recommendation is noted. A process will be implemented to ensure the supplier master files are reviewed periodically for ongoing pertinence.</p>	<p>Completed. Suppliers no longer in use have been identified and deactivated. ABN's across the chart have been checked for validity.</p>

2.5 RATES

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

Finding	Recommendations	Management Response	Management Update
TechnologyOne does not generate an audit trail of changes to the property master file. Consequently, any audit trail report containing all changes in the property master file is not formally reviewed by an officer independent from the rates function.	<p>Audit acknowledges the system limitation. An alternative solution is to review the rates debtors controls general ledger transaction listing. This report provides all the adjustment in rates performed during the financial year.</p> <p>The debtors control general ledger transaction listing does not need to include all transactions resulting from the normal daily operations (e.g. receipting, fines, etc). Once the report is generated, it can be filtered by Management to only show adjustments in rates.</p>	<p>The recommendation is noted.</p> <p>A process will be developed to ensure that adjustments to rates are reviewed by an officer independent from the rates function.</p>	<p>Completed.</p> <p>The Debtors Control Account and selected Natural Accounts are independently reviewed each month.</p>

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

Finding	Recommendations	Management Response	Management Update
A list of rate rebates and non rateable properties were not formally reviewed by Finance Management for the 2018/19 financial year.	A list of rate rebates and non rateable properties is formally independently reviewed prior to rates generation occurring.	The recommendation is noted. Rate rebates and non rateable properties will be reviewed at least annually by Finance Management in the future.	Completed. Non ratable properties and those attracting rate rebates were reviewed by the Finance Manager in the first week of June prior to raising of the 2020-21 rates.

2.7 RECEIPTING

2.7.1 Absence of approval of reversal of receipts

Low

Control There is a review process for the authorisation of the reversal of transactions.

Risk Receipts are either inaccurately recorded or not recorded at all.

Finding	Recommendations	Management Response	Management Update
There is no process for the authorisation of the reversal of receipts.	<p>Establish mechanisms to ensure that reversal of receipts are independently approved.</p> <p>Ensure that a daily list of receipt reversals is independently approved. This can be achieved by reviewing the "Bank Deposit Receipt Dissection Report" which contains a list of reversals.</p>	The recommendation is noted. A review of the daily process to independently approve reversals will be conducted.	Completed. Receipt reversals are processed by Customer Services Co-ordinator or - Senior Co-Ordinator Rates.



INFORMATION REPORT

REPORT TITLE:	INTERNAL FINANCIAL CONTROLS - SELF ASSESSMENT - 2019/2020
ITEM NUMBER:	3.2
DATE OF MEETING:	18 AUGUST 2020
AUTHOR:	LIDA CATALDI
JOB TITLE:	PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS:	1. INTERNAL FINANCIAL CONTROLS - SELF ASSESSMENT REPORT - 2019/2020

1. EXECUTIVE SUMMARY

This report presents the findings of the 2019/2020 Internal Financial Controls self-assessment.

102 Internal Financial Controls were selected to form the 2019/2020 financial year's self-assessment process. The 102 controls selected cover the following categories:

- Strategic Financial Planning
 - General Ledger
 - Statutory Reporting
- Revenue
 - Grants
 - Investment/Interest Income
 - Rates/Rate Rebates
 - User pay income – fee for service
- Liabilities
 - Borrowings
 - Taxation
- Expenses
 - Elected Member Expenses
- Assets
 - Debtors
 - Investments
 - Project Costing

This self-assessment identified five controls that required treatment plans to further enhance the control effectiveness. The Treatment plans have

been developed and will be monitored with progress reporting to be included in future agreed actions reports to the Audit Committee.

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

The BPM comprises of 7 risk categories with a total of 260 individual controls across the following risk categories and business processes:

Risk Category	Business Process
Strategic Financial Planning	<ul style="list-style-type: none"> · Budgets · General Ledger · Statutory Reporting · Management Reporting
Assets	<ul style="list-style-type: none"> · Cash Floats and Petty Cash · Banking · Investments · Debtors · Inventory · Prepayments · Fixed Assets · Project Costing · Loans/Grants to Clubs/Community Groups
Liabilities	<ul style="list-style-type: none"> · Accounts Payable · Accrued Expenses · Borrowings · Employee Provisions · Taxation
Revenue	<ul style="list-style-type: none"> · Rates/Rate Rebates · Grants · User Pay Income – Fee for Services · Investment/Interest Income · Receipting · Other Revenue
Expenses	<ul style="list-style-type: none"> · Purchasing & Procurement · Payroll · Elected Members’ Expenses

	<ul style="list-style-type: none"> · Credit Cards · Employee Reimbursements · Other Expenses
External Services	<ul style="list-style-type: none"> · Contracting
Financial Governance	<ul style="list-style-type: none"> · Governance

External Audit will provide an audit opinion on the effectiveness of the internal financial controls. This External Audit report is still in its interim phase and will be presented to the Audit Committee once finalised.

In March 2020 an inherent risk assessment was conducted of all 92 risks as identified within the Internal Financial Controls Framework via ControlTrack. The Inherent risk was assessed by the relevant 'risk owner'.

The Inherent risk assessment was previously conducted in October 2018 and due to staffing changes relating to the identified risk owners, an inherent risk assessment was conducted to allow for continuity of the self-assessment process.

There were a number of factors that needed to be considered when determining which controls would form part of the self-assessment process for 2019/2020, including:

- Staffing changes within the Finance team
- Process improvement programs and agreed actions resulting from the external audit report from the previous year
- Current risk and control environment within Finance

For the 2019/2020 financial year, a total of 102 controls were selected for the self-assessment process – this selection was conducted in conjunction with the Acting Manager Finance and Procurement. These controls covered areas relating to expenses, revenue, assets, liabilities and strategic financial planning.

The internal financial controls self-assessment process concluded in June 2020. Each control was assessed by the relevant officer and reviewed by their next level supervisor, team leader or manager.

The summary graph below shows an overall agreement of the control effectiveness between the assessor and the reviewer. The control effectiveness rating scale is:

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

The average assessor's effectiveness rating of the controls is 4.25 and this is in line with the reviewer's average rating of 4.25.

A copy of the Internal Financial Controls self-assessment for the 102 controls is provided in Attachment 1.

Attachment 1

Summary Report – Internal Financial Controls – Self Assessment – 2019/2020



5. **DISCUSSION**

Out of the 102 internal financial controls selected as part of 2019/2020 financial year's self-assessment process, five controls required a treatment plan to be implemented as they received a control effectiveness rating below 'partially effective' by the reviewer.

The treatment plans are:

Description	Task Description	Priority	Due Date	Improvement Owner
ASS-DEB-0003				
Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.	Implement a final write off process by the Finance Manager	Low	31/08/2020	Rates Support Officer
ASS-DEB-0014				
There is a process in place to ensure changes to the debtor's master file are compared to source documents to ensure they are inputted accurately	Investigate with Infor (Pathway System) to produce a Debtors Master File Changes to be checked	Low	31/12/2020	Senior Rates Coordinator
REV-RAT-0009				
Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Further work is required to provide evidence for some rate adjustment transactions as identified in the 2019 Interim Audit. This was identified in the Interim Audit 2019.	Low	30/09/2020	Senior Rates Coordinator
STR-GEN-0009				
General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	A review of the General Ledger schedule of policies is required to determine scope, accuracy and currency of all policies.	Low	29/01/2021	Acting Manager Finance
STR-STA-0004				
Financial policies and procedures, and related guidance are reviewed and updated as required.	Implement a Project to review the suite of Financial Policies, Procedures and other guidance documents.	Low	29/01/2021	Acting Manager Finance

Treatment plans will be monitored as part of the agreed actions status update and will be provided to the Audit Committee.

The City of Unley has completed the residual risk assessment of the risks associated with the self-assessment controls in August 2020.

6. REPORT AUTHORISERS

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

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<ul style="list-style-type: none"> ▾ Strategic Financial Planning <ul style="list-style-type: none"> General Ledger 							
STR-GEN-0012	There is a process in place to review actual vs budget and significant variances investigated. Strategic Financial Planning - General Ledger	Roohana Webber	5	Reports are run throughout the month to check the actual vs budget and significant variances followed up. Budget holders will also communicate any errors which are rectified immediately and explain any large variances as part of the strategic process.	Mick Wetherell	4	I agree with the assessment
STR-GEN-0011	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure. Strategic Financial Planning - General Ledger	Eddie Peters	5	Finance have implemented an XLOne reconciliation template which is updated on a monthly basis and completed by all Finance team members. All Balance Sheets balances are substantiated within this XLOne reconciliation template. A procedure on how this process works is in a separate Tab within this template and highlights who within the Finance team is responsible for each Balance Sheet Natural Account reconciliation.	Mick Wetherell	4	I agree with the assessment.
STR-GEN-0010	Journal entry access is restricted to appropriately authorised personnel.	Morgan Kris	4	Access is restricted to appropriately authorised personnel via the TechOne settings	Mick Wetherell	4	I agree with the assessment. A review of the access is due however.
STR-GEN-0009	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Morgan Kris	2	The General Ledger policies will have to be updated.	Mick Wetherell	2	I agree with the assessment.
STR-GEN-0008	Formal disaster recovery plan is in place and communicated to relevant staff.	James Roberts	4	Currently reviewing Disaster Recovery Plan in-line with new infrastructure and recovery point objectives. Procedures are in place and are valid for current recovery processes.	Mick Wetherell	4	I agree with the assessment.
STR-GEN-0007	Financial data is backed up and stored offsite.	James Roberts	5	Financial ledger data is backed up to an offsite location on an hourly basis. Long term backups are retained permanently.	Mick Wetherell	5	I agree with the assessment.
STR-GEN-0006	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Eddie Peters	4	Tech1 does not allow journals that are out of balance to be processed. If there is a journal posting via an integration process with an incorrect or unrecognised account code, Tech1 will place it in a suspense account. This suspense account is reviewed for balances periodically & accordingly corrected.	Mick Wetherell	4	I agree with the assessment.
STR-GEN-0005	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Eddie Peters	4	General Ledger framework amendments are limited to the senior members of the Finance team with consultation with the Finance & Procurement Manager. To improve on this process, we are currently working on a formalised documentation template for requests to change / amend General Ledger, Cost Centre, etc with the appropriate authorisations.	Mick Wetherell	4	I agree with the assessment.

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
STR-GEN-0004	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Morgan Kris	4	All major updates to Technology One are authorised, tested and documented by the IT department.	Mick Wetherell	4	I agree with the assessment. To clarify, the testing of individual finance applications is performed by the Finance Team members. The Finance Manager advises the IT Manager of the testing outcomes prior to implementation of the changes into the Production environment.
STR-GEN-0003	All journals, including manual entries, identify date posted, narration, author, journal and posting reference.	Eddie Peters	4	In Tech1 all manually created entries such as Journals have the identification information within the system informations "Transaction Listing" & "Transaction Details". Finance team members are also required to upload materials such as workings, emails & document copies for reference should it be required.	Mick Wetherell	4	I agree with the assessment. In addition, system generated Audit Logs are created for such transactions for review.
STR-GEN-0002	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. Strategic Financial Planning - General Ledger	Eddie Peters	4	General Ledger Balance Sheet reconciliations are prepared monthly by the Finance team and at this stage reviewed annually by the Finance & Procurement Manager. Currently we are working toward quarterly review by the Finance & Procurement Manager (the revised procedure will commence for the March 2020 quarter).	Mick Wetherell	4	I agree with the assessment.
STR-GEN-0001	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Eddie Peters	4	General Ledger maintenance is restricted to the members of the Finance team. The majority of the transactions are derived from integrated systems such as Accounts Payable and Accounts Receivable. Transactions are regularly reviewed by the Division / Cost Centre Managers & members of the Finance team. If transactions require adjustment, the Finance team member making the adjusting journal requires a second Finance team member to check and authorise the journal. Regular Balance Sheet general ledger reconciliations are undertaken by the Finance team members which may result in maintenance.	Mick Wetherell	4	I agree with the assessment.
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Statutory Reporting</div>							
STR-STA-0010	There is a process to ensure that appropriate personnel responsible for preparing statutory reports are aware of changes to reporting requirements.	Morgan Kris	4	The LG model financial statement highlights any changes that is required to be met for reporting requirements in any particular year. Accountants in the Finance team are professional members of Accounting bodies and LGA : updates and changes to reporting requirements are received via emails.	Mick Wetherell	4	I agree with the assessment.
STR-STA-0009	There is a process in place to review actual vs budget and significant variances investigated. Strategic Financial Planning - Statutory Reporting	Roohana Webber	5	Statutory Reporting the actual vs budget and variances are checked to the GL. Large differences are investigated in the GL and Projects ledger and agreed with the budget holders as to the viability of the variance.	Mick Wetherell	4	I agree with the Assessment - also refer to STR-GEN-0012

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
STR-STA-0008	Statutory financial reports prepared by appropriate personnel are reviewed by senior management and/or Audit Committee.	Mick Wetherell	4	The following statutory reporting is reviewed as follows: Annual Financial Statements - Executive & Audit Committee Long Term Financial Plan - Executive & Audit Committee Annual Business Plan & Budget - Executive & Audit Committee Quarterly Budget Reviews - Executive & Audit Committee	Nicola Tinning	5	
STR-STA-0007	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure. Strategic Financial Planning - Statutory Reporting	Eddie Peters	5	Finance have implemented an XOne reconciliation template which is updated on a monthly basis and completed by all Finance team members. All Balance Sheets balances are substantiated within this XOne reconciliation template. A procedure on how this process works is in a Tab within the template and highlights who within the Finance team is responsible for each Balance Sheet Natural Account reconciliation.	Mick Wetherell	4	I agree with the assessment
STR-STA-0006	Liaison with legal and tax advisors as required to assist in timely completion and lodgement of statutory documents.	Morgan Kris	4	Yes. External advice is being sought for additional technical expertise. 1) Kevin Smyth, Australian Tax College, FBT-related queries 2) Pat McCarthy, Genesis Accounting Pty Ltd, for GST-related queries 3) Galpins with regards to Financial and Statutory reporting requirements	Mick Wetherell	4	I Agree with the assessment. In addition, Council engages with Norman Waterhouse, Kelly Jones and Wallmans Lawyers for legal advice depending on the matter.
STR-STA-0005	Liaison with external auditors to ensure completion and lodgement of statutory documents.	Morgan Kris	4	Submission of Model Financial Statements are conducted in consultation and liaison with external auditors.	Mick Wetherell	4	I agree with the assessment.
STR-STA-0004	Financial policies and procedures, and related guidance are reviewed and updated as required.	Morgan Kris	2	Financial policies may need to be created for relevant business processes	Mick Wetherell	2	I agree with the assessment. Council's statutory policies (with the exception of the Procurement Policy) appear to be up to date. The undertaking of review of Council's administrative financial policies is inconsistent and further work is required.
STR-STA-0003	Council has complied with all of its financial reporting requirements as per the Local Government Act 1999 and relevant regulations	Morgan Kris	4	The Auditors review the financial reports to ensure compliance to Local Government Act 1999 and relevant regulations	Mick Wetherell	4	I agree with the assessment. The reporting involves Annual Financial Statements, Annual Report, Annual Business Plan and Budget, Long Term Financial Plans, Taxation Returns, Grants Commission Returns, Budget Reviews, Self Assessment of Controls !!!
STR-STA-0002	Council has a process in place to ensure statutory reporting deadlines are met.	Morgan Kris	4	The council has a compliance calendar in place to ensure that statutory reporting deadlines are met	Mick Wetherell	4	I agree with the assessment
STR-STA-0001	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. Strategic Financial Planning - Statutory Reporting	Eddie Peters	4	General Ledger Balance Sheet reconciliations are prepared monthly by the Finance team and at this stage reviewed annually by the Finance & Procurement Manager. Currently we are working toward quarterly review by the Finance & Procurement Manager (the revised procedure will commence for the March 2020 quarter).	Mick Wetherell	4	I agree with the assessment
<ul style="list-style-type: none"> ▲ Revenue ▲ Grants 							

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
REV-GRA-0005	There is a process in place to ensure that grant funding received is reconciled to the budget and the funding agreement.	Rooxana Webber	5	There is a grant funding report which is updated each month and reconciled to the budget and the funding agreement. This is followed up with the budget holders if monies have not been received or there is a discrepancy.	Mick Wetherell	5	I agree with the assessment.
REV-GRA-0004	There is a process in place for the regular review of all grant income to monitor compliance with the terms of the grant.	Rooxana Webber	5	Ongoing process reviewing all grant income which is then sent as a report to the budget holders for review.	Mick Wetherell	4	I agree with the assessment.
REV-GRA-0003	Management and/or Council to approve all tied grants (prior to funds being received by Council) to ensure that Council will be able to meet the terms and obligations of the grant.	Aaron Wood	5	All grant applications are either formally approved by Council and/or signed off by the Chief Executive Officer or Delegate prior to lodgement	Claude Malak	5	
REV-GRA-0002	Grant funding is identified as part of the budget process and/or subsequent budget reviews.	Rooxana Webber	5	The grants are reviewed at each Budget Review and as part of the budget process. Budget holders as the responsible owners will check the final numbers are correct.	Mick Wetherell	4	I agree with the assessment.
REV-GRA-0001	Council reviews services where grant funding has ceased to ensure it understands the financial impact on its sustainability.	Rooxana Webber	5	Council reviews the grant funding services on a regular basis and understands the financial impact.	Mick Wetherell	4	I agree with the assessment.
<div style="border: 1px solid black; padding: 2px;"> Investment/Interest Income </div>							
REV-INV-0003	There is a process in place to ensure that interest attributable to a specific project is correctly recorded in line with the conditions of the agreement or relevant legislation.	Stephanie Yao	5	Unley Goodwood oval and general fund investment accounts (LGFA)are reviewed on monthly basis and JNL is done once a month to capture/record transactions.	Morgan Kris	5	The reconciliation process will identify any reconciling items for follow up action.
REV-INV-0002	Investment balances and the interest earned are reconciled on a regular basis to third party statements and are accounted for in the relevant period.	Stephanie Yao	5	NAB investment account and LGFA accounts are reviewed on weekly basis and JNL is being done on weekly basis to capture transactions	Morgan Kris	5	The reconciliations capture any reconciling item and corrective action required via jnls.
REV-INV-0001	Actual investment income compared to budget on a regular basis; variances are investigated. Revenue - Investment/Interest Income	Mick Wetherell	5	Investment revenue is compared to budget at each budget review - quarterly activity	Nicola Tinning	5	
<div style="border: 1px solid black; padding: 2px;"> Rates/Rate Rebates </div>							
REV-RAT-0010	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Kym Caulfield	4	Policy is currently under review and will be compared to the Annual Business plan and completed by end Sept 2020	Mick Wetherell	4	I agree with the assessment.

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
REV-RAT-0009	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Kym Caufield	4	Valuation, land use objection and rate adjustments are recorded and checked, a spreadsheet of all changes is balanced against the Ledger.	Mick Wetherell	3	I agree with the assessment, however further work is required to evidence some rate adjustment transactions. This was identified in the Interim Audit 2019.
REV-RAT-0008	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.	Kym Caufield	5	Rate Modelling is conducted to calculate the next year rate target and generation tested before rate notice run. Written Procedures are available	Eddie Peters	5	Reviewed the process with Kym. The Rates Modelling (excel spreadsheet) and Generation Testing (Pathway system) are checking and confirming calculation methodology results.
REV-RAT-0007	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Kym Caufield	5	Pathway Rate module generates the rates and rebates. This process is fully tested and manual calculations are used to check the system calculations. Written Procedures are available	Mick Wetherell	5	I agree with the assessment
REV-RAT-0006	ensure that rates are collected in a timely manner and overdue rates are followed up.	Kym Caufield	5	quarterly rate notices are posted in accordance with the Local Government Act and quarterly reminder notices are sent after the quarterly fines are added for payment. Outstanding rates are forwarded to the collection agency once the rates are 2 quarters in arrears.	Mick Wetherell	5	I agree with the assessment - evidenced by 98.5% recovery rate as at 30 June 2019
REV-RAT-0005	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Kym Caufield	5	Rate Department do not own property in the area	Mick Wetherell	5	I agree with the assessment
REV-RAT-0004	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Kym Caufield	5	Valuations are balance and error rectified before the rate generation. All processes are tested for error before the live generation is run. Written Procedures are available	Mick Wetherell	5	I agree with the assessment. The Finance Manager receives weekly reconciled updates following provision of the VG files.
REV-RAT-0003	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Kym Caufield	5	Any changes are fully tested in a training environment to ensure there are no issues with the process. Written Procedures are available	Mick Wetherell	5	I agree with the assessment.
REV-RAT-0002	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Kym Caufield	5	Applications are received by the applicant with supporting documentation and reviewed via the Local Government Act eligibility criteria and applied by sub delegation from the CEO to the Senior Rate Coordinator. Discretionary Rate Rebate are approved by the Elected Council and applied by the Senior Rate Coordinator.	Mick Wetherell	4	I agree with the assessors conclusion.
REV-RAT-0001	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Kym Caufield	4	The Audit process could be slightly improved. Currently the double check is a weekly process by comparison of the Land Services listing. An internal procedure will be created and implemented.	Mick Wetherell	4	Permissions are regularly (annually) reviewed by IT Dept. Last review conducted in August 2019.

🔍 User Pay Income - Fee for Service

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
REV-USE-0008	There is a process in place to manage and reconcile bonds and deposits.	Morgan Kris	4	The bonds and deposits flow are received via the 'Pathway' system and reconciled in the GL. The reconciling items will be identified in this manner.	Mick Wetherell	4	I agree with the assessment
REV-USE-0007	There is a process in place to establish fees and charges (including GST treatment) which are reviewed annually and adopted by Council.	Morgan Kris	4	Yes, there is a process to establish fees and charges (including GST) treatment and adopted by Council. The 'Fees and Charges' software package offered by LG solutions, incorporates a GST review by an independent GST specialist (Genesis Accounting).	Mick Wetherell	5	I agree with the assessment.
REV-USE-0006	There is a process in place to ensure the fees and charges are applied in accordance with those adopted in the fees and charges register.	Eddie Peters	5	Once all Fees and Charges have been adopted by Council they are updated in the Pathway system. All adopted Fees & Charges are applied starting from the 1st Jul for that particular year.	Mick Wetherell	4	I agree with the assessment.
REV-USE-0005	There is a process in place to ensure that fee for service income is accounted for.	Eddie Peters	5	Once all Fee For Service charges have been adopted by Council they are updated in the Pathway system. All adopted Fee For Service revenues are mapped via the Pathway system to the appropriate Tech1 revenue accounts.	Mick Wetherell	4	I agree with the assessment
REV-USE-0004	There is a process in place to ensure that amounts charged are in accordance with the Council's Fees and Charges register.	Eddie Peters	5	Once all Fees and Charges have been adopted by Council they are updated in the Pathway system. All adopted Fees & Charges are applied starting from the 1st Jul for that particular year.	Mick Wetherell	4	I agree with the assessment.
REV-USE-0003	Regular reviews are conducted to ensure formal lease agreements and other Council facilities contracts are being met and payments are made on time.	Alana Faber	5	Lease amounts are determined in accordance with the Property Management Policy and finance department are notified each year when increases are to occur for each tenant. If an issue occurs where tenants are not paying their rental the finance department correspond with me and I follow it up with the tenant. If further action such as debt collection is required finance department will be responsible to undertake this process. Noting I have never had a tenant in the 6 years I have been here had a debt collection process undertaken.	Alan Johns	5	
REV-USE-0002	Fees and Charges register is maintained and made available to the public.	Morgan Kris	4	The 'Fees and Charges' schedule is maintained and made available to public at the front counter.	Mick Wetherell	5	I agree with the assessment. The register is updated annually as a part of determining the Annual Budget.
REV-USE-0001	Delegations are in place for adjusting or waiving fees for service charges adopted in the fees and charges register.	Mick Wetherell	5	Council Delegations and Sub-Delegations are in place - example - Instrument of Sub-Delegation by the CEO to Manager Finance dated 1 December 2019.	Nicola Tinning	5	
<p>▲ Liabilities</p> <p>▲ Borrowings</p>							
LIA-BOR-0010	There is a process in place to ensure that loan repayments are made in accordance with the loan schedule.	Morgan Kris	4	Yes, there is a standing order agreement with LG Financial Solutions and the Bank to ensure repayments keep up with loan repayments.	Mick Wetherell	4	I agree with the assessment.
LIA-BOR-0009	The loan register and loan approvals are subject to management and/or internal audit review.	Morgan Kris	4	The loan register is captured in our reconciliations to monitor repayment schedule. Supporting documentation/decision papers are captured as well.	Mick Wetherell	4	I agree with the assessment.

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<p>▾ Liabilities</p> <p>▾ Borrowings</p>							
LIA-BOR-0008	Loan repayments made via automated direct debit, where applicable, are approved appropriately and monitored for on-going relevance.	Morgan Kris	4	There is a standing order in place for Principal & Interest repayment of loans (Deb 93)	Mick Wetherell	4	I agree with the assessment. In addition, an assessment of Council's cash holdings is undertaken regularly by the Team Leader Financial Accounting to determine the appropriateness of paying down CAD until the funds are again required to fund day to day business activities.
LIA-BOR-0007	Debt repayments are transacted and recorded in the correct accounting period, and are reconciled to ensure they are matched to the loan schedule where applicable.	Morgan Kris	4	Debt repayments are captured under a "Standing Order" with the bank and are automatically transacted in the right period and reconciled accordingly	Mick Wetherell	4	I agree with the assessment.
LIA-BOR-0006	Cashflow forecasts are considered to ensure sufficient working capital is available	Morgan Kris	4	Quarterly Budget review and LTFF projections provide opportunities to monitor and assess sufficient working capital.	Mick Wetherell	4	I agree with the assessment.
LIA-BOR-0005	All new loan repayment schedules and conditions are checked prior to accepting each loan.	Morgan Kris	4	Yes, the Finance Manager or officers with the appropriate delegation authority will review such documentation prior acceptance.	Mick Wetherell	4	I agree with the recommendation.
LIA-BOR-0004	All loans are in accordance with treasury management policy(ies) which outline appropriate approval mechanisms and authority required.	Morgan Kris	4	There is a Treasury management policy in place. CAD and Debenture borrowings have been exercised in accordance with the approval mechanisms.	Mick Wetherell	4	I agree with the assessment.
LIA-BOR-0003	All additions, deletions, and other changes to the loan register and loan repayment data are undertaken by relevant staff, and are compared to the loan agreement to ensure that they were input accurately. Identified errors are corrected.	Morgan Kris	4	Only authorized personnel have access to the LG Financial Solutions website. Any amendments and transactions are captured. The loan repayments are a "Standing Order" type with the bank. Any errors would be reconciled to the monthly loan and bank statement.	Mick Wetherell	4	I agree with the assessment. The reference to LG Financial Solutions should read LGFA, being the Local Government Finance Authority.
LIA-BOR-0002	A review is undertaken to identify unrecorded loan liabilities at key reporting dates.	Morgan Kris	4	A reconciliation review provides the opportunity to identify the CAD and debenture financial liabilities. The movements are reconciled to the LGFA statements at regular reviews.	Mick Wetherell	4	I agree with the assessment.
LIA-BOR-0001	A loan register is maintained including reference to Council resolution approving the loan and schedule of the loan liability and loan repayments from the lender. This also includes details of any Cash Advanced Debentures.	Morgan Kris	4	CAD and Debentures arrangements are captured and detailed within the LG Financial Solutions Website. An Audit statement can be obtained from the portal. Further, a reconciliation worksheet is maintained to ensure the schedule is monitored and maintained.	Mick Wetherell	4	I agree with the assessment, however the lending institution should read the LGFA, being the Local Government Finance Authority. The Council resolution to borrow is not available in the LGFA Website but is recorded in Council's Electronic Records Management System.
<p>▾ Taxation</p>							
LIA-TAX-0005	There is a process in place to ensure that all taxation returns are lodged within statutory timeframes.	Morgan Kris	4	Council has a process in place to ensure statutory reporting deadlines are met.	Mick Wetherell	4	I agree with the assessment

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
LIA-TAX-0004	There is a process in place to ensure relevant staff responsible for preparation of taxation returns, are up to date and comply with relevant legislative requirements.	Morgan Kris	4	Authorized user have access to AUSKeys and relevant changes to legislation are highlighted via the ATO portal. The AUSkey access is fixed to a specific computer's IP address with an secondary security authenticator app.	Mick Wetherell	4	I agree with the assessment. In addition, Council has a corporate membership with the Australian Tax College through which staff have access to training opportunities and a Question and Answer facility for matters of taxation. The accounting team are also members of the SA Local Government Financial Management Group who offer training opportunities through conferences/seminars and peer support. Individual team members are members of the CPA who also highlight taxation issues, changes and advice.
LIA-TAX-0003	Relevant staff periodically review a selection of transactions to ensure appropriate tax treatment.	Morgan Kris	4	There are internal control mechanisms in place such as TPAR, GST, FBT and Payroll STP to ensure transactions are periodically reviewed for appropriate tax treatment.	Mick Wetherell	4	I agree with the assessment.
LIA-TAX-0002	External advice is sought where staff requires additional technical expertise.	Morgan Kris	4	Yes. External advice is being sought for additional technical expertise. 1) Kevin Smyth, Australian Tax College, FBT-related queries 2) Pat McCarthy, Genesis Accounting Pty Ltd, for GST-related queries 3) Galpins with regards to Financial reporting requirements	Mick Wetherell	4	I agree with the assessment. In addition LG Solutions supply financial modelling and reporting software, the SA Local Government Financial Management Group and the LGA supply periphery advice as as required.
LIA-TAX-0001	All lodgement statements and returns are reviewed and approved by relevant staff prior to lodgement.	Stephanie Yao	5	BAS is prepared from my end, report and investigate any variance then send to Morgan to review before the lodgement.	Morgan Kris	5	There is another officer to review and approve the reconciliation prior to lodgement
<p>Expenses</p> <p>Elected Members Expenses</p>							
EXP-ELE-0006	Where use of public assets or services by Elected members is identified debtors invoice is raised for reimbursement	Kathryn Goldy	5	At this stage, to my knowledge, there isn't a relevant case for this here at Unley - but if there was, we would issue an invoice and recover the personal use component. All members are aware they are not supposed to use council provided assets for personal purposes.	Tami Norman	5	Not currently any ongoing circumstances where this is required. However, processes are in place to ensure recovery of costs if circumstances change, and Elected Members are aware of their obligations in relation to personal use of council provided assets.
EXP-ELE-0005	Register of Allowances and Benefits maintained by designated person and is made publicly available. The Register is reviewed to ensure accuracy.	Kathryn Goldy	3	The Allowances and Benefits Register is currently undergoing a review to ensure that all relevant expenses and reimbursements have been recorded for the 2019/20 period. This is close to being able to be publicly available on the website. Steps will be put in place to ensure that the register is maintained to ensure accuracy in the future. The current rating is at the current point of time and will very shortly be a higher rating	Tami Norman	4	Significant effort has been applied to reviewing and improving the Allowances and Benefits register to ensure it captures and reflects the required information. This work is now largely complete, with publication of information to the website the last stage to be finalised. The process has been documented and is now clearly understood, including roles of other parts of the organisation in providing detail relevant to the Register. Record keeping processes have also been reviewed and actioned to ensure proper documentation of information relevant to the Register.

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
EXP-ELE-0004	Elected Members must complete and sign an expense reimbursement form when claiming Council related expenditure in line with the policy (including providing valid substantiation) and is authorised by a relevant officer. The signing of the form confirms that the Elected Members have excluded all items of a personal nature.	Kathryn Goldy	5	The Principal Governance Officer ensures that the expenses which are being claimed are in accordance with the relevant Policy. Together with the form has been signed. If the forms has not been signed it will be returned back to the EM for their signature prior to a payment being made for expense reimbursement. The reimbursement is also checked to ensure that the correct GST is being recorded for AP purposes. The Policy is S0006: ELECTED MEMBER ALLOWANCES AND BENEFITS, ECM number is 2192641. Relevant Expenses are recorded on the Allowances and Benefits Register	Tami Norman	5	This process is working effectively.
EXP-ELE-0003	Elected Members must complete and sign an expense reimbursement form when claiming Council related expenditure in line with the Policy (including providing valid substantiation) and are authorised by relevant staff.	Kathryn Goldy	5	EM's are aware that they need to complete a reimbursement expense form and provide copies of receipts, which could be for childcare or phone receipts. Before payment is made the Principal Governance Officer checks the relevant form which has been provided and makes sure the correct receipts are supplied and that the form has been signed by the relevant EM before payment will be authorised by the Executive Manager.	Tami Norman	5	This process is working effectively, with appropriate forms and documentation in place to ensure reimbursement of expenses is accurate.
EXP-ELE-0002	All Elected Members allowances are in accordance with the remuneration tribunal and are paid in a timely manner.	Kathryn Goldy	5	Elected Members are paid in a timely manner. An example of the practice is to generate the payments advices in April for payments to be made to EM's. Those payments received will be in advance for the period of May to July (01/05/20 to 31/07/20)	Tami Norman	5	This process is working effectively, with timelines documented and processes in place to initiate payment.
EXP-ELE-0001	A policy clearly outlines what Elected Members can claim for council related expenses and is clearly communicated and adherence monitored.	Kathryn Goldy	4	A policy called S0006: ELECTED MEMBER ALLOWANCES AND BENEFITS is current and is next due for review in November 2022. ECM document number is 2192641. This policy is available on our website. Any expenses that is sought to be reimbursed is actioned through a form which is required to be completed by EM's and it is reviewed by Principal Governance Officer or Exec Manager prior to being passed to Accounts Payable for payment. The Allowances and Benefits Register is maintained in accordance with requirements.	Tami Norman	5	This process is working very effectively, with clear documentation and record keeping associated.
<ul style="list-style-type: none"> Assets Debtors 							
ASS-DEB-0015	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Chris Arthur	4	Attachment A shows the current Bad Debt Delegation	Kym Caufield	4	Agree to Chris' comments
ASS-DEB-0014	There is a process in place to ensure changes to the debtors master file are compared to source documents to ensure they are inputted accurately	Chris Arthur	2	There is no actual process in place, Any change to a master file is checked by the person doing the data entry to ensure accuracy.	Kym Caufield	3	On entry of the data the changes are checked against the documentation received.

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
ASS-DEB-0013	The organisation maintains a Debt Collection Policy and/or procedure.	Chris Arthur	4	Attachment B shows the current procedure for outstanding debt collection.	Kym Caufield	4	As Chris Attached
ASS-DEB-0012	Statements are provided regularly to debtors.	Chris Arthur	3	Statements are produced and sent each month.	Kym Caufield	4	Statements are sent on a monthly basis - Debtor Invoice have a 30 day for payment term.
ASS-DEB-0011	Relevant staff reviews sundry debtors ageing profile on a regular basis and investigates any outstanding items, and considers provision for doubtful debts at year end.	Chris Arthur	4	The Finance Manager reviews the 30, 60, 90 days outstanding balances report. Plus i send reminder letters regularly to outstanding debtors.	Kym Caufield	4	Aged Balance reports are run monthly and debts investigate and followed up for payment. A list of doubtful debts will be produced for the Finance Manager consideration before the 30th June
ASS-DEB-0010	Relevant staff reviews debtors ageing profile on a regular basis and investigates any outstanding items, and considers provisions for doubtful debts.	Chris Arthur	4	The Finance Manager reviews the 30, 60, 90 days outstanding balances report. Plus i send reminder letters regularly to outstanding debtors.	Kym Caufield	4	Monthly Outstanding Balance Reports and Aged Balance report are processed for debt investigation. Statements are sent on a monthly basis and reminder letters are sent to those debtors that are more than 30 days in arrears for payment.
ASS-DEB-0009	Records of bad debt write-offs should be maintained.	Chris Arthur	4	Hard copy records are kept for any Credit note processed.	Kym Caufield	4	A hard copy of the authorised credit notes is filed in hard copy
ASS-DEB-0008	Invoice and credit note input data is balanced; out-of-balance batches are corrected promptly.	Chris Arthur	5	Invoice and Credit note batches are balanced before processing to ensure correct amount processed.	Kym Caufield	4	Agree Invoice batches and credit notes are balance to request before updating the batch.
ASS-DEB-0007	Debtors system provides audit trail to record changes made to master file.	Chris Arthur	1	There is no report that can be produced that shows what has been changed on any master file at the moment. But I.T. Department may be able to write a script to do this. I have never asked them to produce one.	Kym Caufield	4	The audit trail for the Debtor Master file changes can be access via the NAR Record which is the central name database for all modules
ASS-DEB-0006	Debtors and revenue are compared to budget regularly and investigates significant variances.	Chris Arthur	4	Finance Manager reviews the outstanding balances on a monthly basis.	Kym Caufield	4	Outstanding and Aged debt report are to be provided to the Finance Manager to review on a monthly basis
ASS-DEB-0005	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.	Morgan Kris	4	Reconciliation is performed regularly and reviewed by an appropriate person, with consideration of segregation of duties.	Mick Wetherell	4	I agree with the assessment
ASS-DEB-0004	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by an appropriate person.	Morgan Kris	4	Reconciliation is performed regularly and reviewed by an appropriate person	Mick Wetherell	4	I agree with the assessment
ASS-DEB-0003	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.	Chris Arthur	4	Any bad debt right off is authorised by the relevant Team Leader or Manager by filling in and signing the Credit Note request form.	Kym Caufield	3	Bad debts right off credit notes requests are approved by the manager or team leader of the department initiating the debt. Implement a final write off by the Finance Manager

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
ASS-DEB-0002	All invoices raised and credit notes applied have an audit trail.	Chris Arthur	4	Documentation signed by the appropriate Team Leader or Manager of that particular area is requested prior to processing any Credit Note. All Invoice requests are authorised by the Team Leader or Manager.	Kym Caufield	4	Documentation submitted requesting a Invoice or Credit are authorised by the appropriate team leader or staff member with delegation. Documentation is registered to ECM. Batch Reports are produced for every batch created, identifying the user, the transaction type and date of transaction can be used as an Auditing tool. Each debtor has a history of the transaction document created which identifies the use who produce the document, date and description.
ASS-DEB-0001	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence.	Chris Arthur	4	Only 2 staff members have access to make changes to the Debtors Master file.	Kym Caufield	4	Senior Rate Coordinator and the Rate Officer are the only staff member with access to alter the Debtor Masterfile
Investments							
ASS-INS-0012	There is a process in place to monitor cash and anticipated future cash flows. Surplus funds invested in accordance with Council policy.	Morgan Kris	4	The Long Term Financial Plan (LTFP) projection and Budget Reviews provide consistent opportunities to monitor and assess anticipated cash flows.	Mick Wetherell	4	I agree with the assessment. Under arrangement with the Council's bank, funds greater than \$50,000 in Council's general bank account are "swept" to investment. Council's general account is reconciled daily and the balance noted. On a regular basis, usually coinciding with AP payments (generally weekly) the cash balances of accounts are reviewed in order to assess available balance of funds. Budget Reviews, Annual Budgets and Long Tem Financial Plans help determine longer term cash needs.
ASS-INS-0011	There is a process in place to ensure compliance with Conflict of Interests and Code of Conduct.	Mick Wetherell	4	Whist no pro forma documentation is in place, discussions with Financial Accountant reflects that knowledge of the conflict of interest and Code of Conduct provisions satisfy me that compliance will be met. Decisions to invest with current financial bodies have been made through a tender process (NAB) and as an accepted support for the statutory formed LGFA body by the Council direct and have not involved existing finance staff members.	Nicola Tinning	4	
ASS-INS-0010	Staff involved in the investment decision making process understands their obligations under the Investment Policy.	Mick Wetherell	5	Finance staff involved are aware of Council's Treasury Management Policy and its requirements.	Nicola Tinning	5	
ASS-INS-0009	Records of investments are kept detailing amounts and maturity dates.	Morgan Kris	4	The records/ reports are available from Local Government Financial Authority (South Australia) - Financial Services website. It is a one-stop website which details the transactions.	Mick Wetherell	4	Full transactional history, current balances, rates, and maturity dtaes are available on line
ASS-INS-0008	Journals are processed regularly for all investments and a reconciliation process is in place to verify accuracy of transactions.	Stephanie Yao	5	NAB investment account and LGFA accounts are reviewed on weekly basis and JNL is being done on weekly basis to capture transactions	Morgan Kris	5	
ASS-INS-0007	Delegations are in place for approving and making investment decisions.	Mick Wetherell	5	Council delegations are in place - refer Instrument of Sub Delegation by the Chief Executive Officer dated 1 December 2019. (Document Set 4828691)	Nicola Tinning	5	

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
ASS-INS-0006	Council reviews investment performance at least annually in accordance with relevant legislation.	Mick Wetherell	2	Unable to locate recent reporting	Nicola Tinning	4	The performance is reviewed quarterly with the budget review cycle. It has only been this past financial year was that the annual performance was not signed off. However, Council does undertake a 4th quarter review to provide Council a preliminary end of year result.
ASS-INS-0005	Council has a clear and comprehensive investment policy to assist when making any decisions to invest funds.	Mick Wetherell	5	Council has adopted a Treasury Management Policy, last reviewed August 2019 which provides for investment decisions. Next review is scheduled for August 2022.	Nicola Tinning	5	
ASS-INS-0004	Conflicts of interest are to be disclosed as part of investment decision process.	Mick Wetherell	5	Council's investments are placed in line with Council's Treasury Management Policy i.e. deposits with LGFA, bank interest bearing deposits, bank bills and bank certificates of deposit. Funds have been lodged with NAB (current bankers) and LGFA consistently for the reporting period and no conflicts have needed to be declared.	Nicola Tinning	5	
ASS-INS-0003	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff. Assets - Investments	Morgan Kris	4	Only staff with the appropriate authority can facilitate the required transfers.	Mick Wetherell	5	I agree with the assessment
ASS-INS-0002	All investments are to be held in the name of the Council or associated entities in accordance with the source of funds.	Morgan Kris	4	UCC's CAD and Debentures are captured in its name. (Reference : the Local Government Financial Services website)	Mick Wetherell	4	I agree with the assessment.
ASS-INS-0001	Actual investment income compared to budget on a regular basis; variances are investigated. Assets - Investments	Mick Wetherell	5	Investment income is reviewed by the Finance Manager as a component of each budget review - quarterly activity	Nicola Tinning	5	
Project Costing							
ASS-PRO-0006	Where there is a separate system to manage projects, relevant financial information is reconciled to the general ledger.	Rooxana Webber	5	The project ledger is reconciled to the GL effectively throughout the month e.g. anytime journals are processed. Month End the projects are finalised to the GL and any discrepancies are amended immediately. The reports are sent to managers whose responsibility it is to check that all projects have been accounted for correctly.	Mick Wetherell	4	I agree with the assessment.
ASS-PRO-0005	There is an on-going review of current projects having regard to project scope and delivery within budget and with variations communicated and endorsed within relevant Delegations of Authority.	Rooxana Webber	5	Month End there is particular focus on projects and variations, this is communicated to relevant parties through meetings and emails for updates and explanations. Budget review changes are communicated through emails and any variations to projects are filed.	Mick Wetherell	4	I agree with the assessment.
ASS-PRO-0004	The project costing methodology is reviewed to ensure appropriate costs are recorded.	Aaron Wood	4	All costings/invoices are recorded against pre-defined project budget lines to ensure all costs for a given project are recorded against that project.	Rooxana Webber	5	
ASS-PRO-0003	Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.	Aaron Wood	4	All project scope changes and cost variations are assessed and approved by the Manager/General Manager in line with delegation authority.	Rooxana Webber	5	Any budget requests for changing the project scope are approved by Finance after they have been approved by the Manager.

Internal Financial Controls Self Assessment 2019/2020

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<ul style="list-style-type: none"> Assets Project Costing 							
ASS-PRO-0002	Exception report generated detailing all variances for project costs over a fixed threshold (i.e. percentage or dollar amount). Exception report reviewed by appropriate staff and all significant variances are investigated.	Aaron Wood	4	All variations to original project estimates are approved by either the Manager/General Manager in line with delegation authority limits.	Rooxana Webber	4	Project Summary reports sent monthly to each Division to follow through and investigate the variances and input comments. There is room for improvement for relevant staff to investigate and review in a prompt manner.
ASS-PRO-0001	Actual project costs are regularly compared to budgets; significant variances are investigated by appropriate staff.	Aaron Wood	4	All large scale project tenders, contractor engagements and purchases are approved by the appropriate budget officer/manager. Budgets are reviewed monthly with progress reports of each project updated in a capital & operating project spreadsheet.	Rooxana Webber	4	All project costs are compared to budgets by the Finance Business Partner. there is Tech One training required for some individual staff to better understand their projects financially.

INFORMATION REPORT

REPORT TITLE: STRATEGIC RISK REGISTER
ITEM NUMBER: 3.3
DATE OF MEETING: 18 AUGUST 2020
AUTHOR: LIDA CATALDI
JOB TITLE: PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS: 1. STRATEGIC RISK REGISTER - AUGUST 2020

1. **EXECUTIVE SUMMARY**

The Executive Management Team (EMT) reviews the Strategic Risk Register on a quarterly basis, which includes the monitoring of the progress of treatment plans implemented to mitigate each risk. The most recent review was conducted on 4 August 2020 and the revised document is now provided to the Audit Committee for information.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

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

4. **BACKGROUND**

The Executive Management Team (EMT) reviewed the Strategic Risk Register on 4 August 2020. During this review, EMT updated the status of the treatments plans and revised timeframes where necessary.

5. **DISCUSSION**

The review undertaken by the Executive Management Team for each Strategic Risk include:

- Review of the negative contributory factors and risks

- Review of target completion dates for EMT focus and CEO KPIs under Treatment Plans
- Consideration relating to the long term impacts as a result of COVID-19 on Council operations
- Identification of one emerging risk relating to the implications from Council's investigations of financial incentives to improve tree canopy

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

Attachment 1

6. REPORT AUTHORISERS

Name	Title
Tami Norman	Executive Manager, Office of the CEO

STRATEGIC RISK REGISTER

This Review – 4 August 2020 by:

- Peter Tsokas – Chief Executive Officer
- Megan Berghuis - General Manager City Services
- Tami Norman - Executive Manager – Office of the CEO
- Nicola Tinning - General Manager Business Support and Improvement
- Claude Malak - *GM City Development*)

Last Reviewed: 30 April 2020 by:

Peter Tsokas
Megan Berghuis
Tami Norman
Nicola Tinning
Claude Malak

Strategic Risk Register

1 Event Description: Failure to maintain financial sustainability			
Responsible Managers: CEO, EMT, CFO		Community Plan Theme: CIVIC LEADERSHIP & ECONOMIC PROSPERITY	
Negative Contributory Factors: <ul style="list-style-type: none"> Forecasting tools are not relevant or out of date Long Term Financial Plan is not maintained or not appropriate for business needs Financial resources to deliver required services are inadequate Financial capacity to meet service delivery demands Financial resources are not managed in line with treasury management policy Debt levels and debt management strategies are not in line adopted targets or are not sustainable Inadequate project management practices Impact of pandemic on local economy and Council's operating results over time Changes to market in cemetery operations (CPCA) 		Risks: <ul style="list-style-type: none"> Financial Maladministration & Corruption Inability to delivery community expectations into the future Financial sustainability is compromised Reputational Damage Legislative Compliance (Financial) are not met Inter-generational equity is not achieved Insufficient project funding Failure to deliver on plans and strategies Limitations to service delivery options Service level reduction Centennial Park Subsidiary becoming unviable 	
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 		<ul style="list-style-type: none"> Infrastructure & Asset Management Policy & Plans are linked to the long-term financial plan Quarterly budget review process Regular Financial reporting and budget monitoring Qualified and experience finance human resources Oversight from the Audit Committee External Audit Defined and agreed levels of service Continued corporate performance reporting on external grants to Council (CEO KPI) 	
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Rare	Consequence: Major	Residual Risk Rating:	MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:
EMT Focus Area: Project Planning and Management – principles of project planning and management are used to effectively manage resources, risk and delivery		
1 Revised project management framework	• GMCD	• Jun-2020 – Dec 2020
2 Provide training on revised project management framework to relevant staff	• GMCD/GMBSI	• Aug-2020 – Mar 2021
3 Implement Project Management Framework	• GMCD	• Sept-2020 – Mar 2021
4 EMT quarterly review progress of approved projects (at various levels across the organisation) – at least	• EMT	• Jun-2020 – Sept 2020
EMT Focus Area: Corporate Performance Reporting – promote council transparency, accountability and performance against service levels:		
1 Develop appropriate measures to report on corporate performance quarterly:	• EMT	• Jun 2021
2 Ensure quality and accuracy of data for corporate reporting purposes	• GMBSI/EMT	• Jun 2021
CEO KPI – Non-Rate Based Funding – Increasing the sourcing of non -rate based revenue		
• The review of Council Services to identify savings include the identification of additional income generation opportunities.	• GMBSI/CEO	• Jun 2020 - COMPLETED
• Report to Council identifying non rate based revenue streams that could be introduced.	• GMBSI/CEO	• Jun 2020 - COMPLETED
CEO KPI – Financial – Ensure the sustainability of the organisation through sound financial management principles and on-going reviews of its operations to realise efficiency gains		
• Draft Annual Business Plan for Elected Member review.	• GMBSI/CEO	• Apr 2020 - COMPLETED
• 2020/21 Annual Operating Plan include clear levels of service for each service area.	• GMBSI/CEO	• Jun-2020 - Sept 2020
Review of Long-Term Financial Plan	• GMBSI	• Jun 2020 - COMPLETED
Review of Infrastructure & Asset Management Plans	• GMCD	• Nov 2020
Centennial Park Charter Review	• CEO	• COMPLETED

EMT reviewed – 4 August 2020

Strategic Risk Register

2		Event Description: Inability to meet the needs and expectations of the community	
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: COMMUNITY LIVING & CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> Community Plan is out of date or not relevant Annual Business Plan and Budget process is not aligned with Community Plan and 4 Year Delivery Plan Resourcing is not aligned to 4 Year Delivery Plan Long Term Financial Plan is inadequate Conduct is inconsistent with Code of Conduct/ Values Systems and processes don't appropriately capture information regarding community needs Infrastructure & Asset Management Plans are inadequate Legislative movement of responsibilities Disengaged Elected Members Expectations of Elected Members lack of alignment with the Council role Four-year election cycles 		Risks: <ul style="list-style-type: none"> Dissatisfied community (public outrage) Reputational damage (negative media) Instability of staff (people leaving a negative environment) Organisational culture is negatively affected Negative perception of performance of the Council (Elected Body) 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating:	HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Community Plan 2033 Annual Business Plan and Budget 4-year Delivery Plan Annual Operating Plan Long Term Financial Plan Strategies, Policies and Procedures Infrastructure & Asset Management Plans Corporate Performance Report CEO KPIs Role Clarity Framework for service delivery 		<ul style="list-style-type: none"> Organisational culture and values Role clarity and Position Descriptions aligned to service delivery Consultation processes (YourSay, website, social media) Customer Experience Framework Customer satisfaction surveys Community Engagement Framework and Policy Service Reviews Communication Channels Business Continuity Plan & Emergency Management Plan Regular Elected Member briefings, workshops and training 	
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Rare	Consequence: Major	Residual Risk Rating:	MEDIUM
Treatment Plan:		Responsibility:	Target Completion Date:
EMT Focus Area: Workforce Planning – we have the required number of people to deliver Council's 4-year Delivery Plan:			
1	Establish and implement the appropriate ratio of permanent vs contract roles and identify the workforce development strategies required to achieve the next 4-year Delivery Plan	• EMT	• Jun 2021
EMT Focus Area: Customer First Culture – The organisation has a consistent customer first approach in the delivery of service:			
1	Develop and implement external Customer Service Standard	• GMCS	• Jun 2020 - COMPLETED
2	Develop and implement internal Customer Service Standard	• EMT	• Jun 2021
3	Include a Customer First KPI within the PDR process for all staff	• GMCS/GMBSI	• Jun 2020 - COMPLETED
4	Continue to undertake a program of customer surveys and feedback using a diverse range of methodologies	• GMCS	• Jun 2020 - COMPLETED
5	Design and implement training across the organisation to reinforce service culture and core competencies. (19/20, noting potential implementation over two years)	• GMCS/GMBSI	• Jun 2020 - COMPLETED (design) • Jun 2021 (implement)
6	Improve the collation of complete customer service data, including services not currently reported	GMCS	Jun 2020 - COMPLETED
EMT Focus Area: Maximised Self-Help Options – Self-help options are made available to customers to improve their experience.			
1	Apply people centred design principles and new technologies to inform online improvements:	• GMBSI	• Jun 2020 - COMPLETED
2	Redesign Council's website to increase customer self-help options:	• GMBSI/EMOCEO	• Jun 2020 – COMPLETED
3	Develop and report on targets for online usage and satisfaction:	• GMBSI/EMOCEO	• Dec 2020
EMT Focus Area: Understanding our Purpose – Our people understand their role in 4-year Delivery Plan			
5	Assist Council to review the 4-year Delivery Plan and develop a corporate reporting framework to monitor progress:	• CEO	• Sep 2020
CEO KPI – Strategic Planning			
<i>Undertake a number of Strategic Planning initiatives that will assist Council achieve the goals of the Community Plan</i>		• CEO/EMT	• Jun 2020
CEO KPI – Digital Strategy – The City of Unley's Digital Strategy provides a practical framework to guide the Council's provision of digital services and use of digital and Smart City technologies, supporting Unley's 4-year Delivery Plan and Community Plan			
<ul style="list-style-type: none"> Website 'go-live' (full) Smart data platform implemented Implementation of smart technology in Heywood Park Implementation of smart technology on King William Road 		<ul style="list-style-type: none"> GMBSI CEO/EMT GMCD GMCD 	<ul style="list-style-type: none"> • May 2020 - COMPLETED • Dec 2019 - COMPLETED • Dec 2019 - COMPLETED • Dec 2019 - COMPLETED
Review of Elected Member training plan		• EMOCEO	• Jun 2020 - COMPLETED
Review of Asset Management Plans		• GMCD	• Nov 2020

EMT reviewed – 4 August 2020

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

EMT reviewed – 4 August 2020

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:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Possible	Consequence: Major	Residual Risk Rating:	HIGH
Treatment Plan:		Responsibility:	Target Completion Date:
Preparation for LG Reform		<ul style="list-style-type: none"> EMT 	<ul style="list-style-type: none"> Ongoing
Investigate development and implementation of Legislative Compliance register		<ul style="list-style-type: none"> EMOCEO 	<ul style="list-style-type: none"> Dec 2021

EMT reviewed – 4 August 2020

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 • Covid-19 related disruption and distraction 		Risks: <ul style="list-style-type: none"> • Unnecessary high staff turnover • Failure to deliver plans and strategies • Community expectations not met • Reputational damage • Inability to retain the right staff Loss of corporate knowledge	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating:	HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> • Recruitment strategies and practices • Well established brand • Active management and development of organisational culture (OCI) • Appropriate employment conditions • Continuous Improvement • Working From Home Framework 		<ul style="list-style-type: none"> • Documented job descriptions documented and reviewed • Corporate Values • Development planning process (PDR) • Relevant resources and tools • Digital Strategy and BS&S Capability 	
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating:	MEDIUM
Treatment Plan:		Responsibility:	Target Completion Date:
EMT Focus Area – Workforce Planning – we have the required number of people to deliver Council's 4-year Delivery Plan			
1	Establish and implement the appropriate ratio of permanent vs contract roles and identify the workforce development strategies required to achieve the next 4-year Delivery Plan	• EMT	• Jun 2021
2	Align the labour budget to reflect the priority areas determined by Council	• EMT + GMBSI	• Jun 2020 - COMPLETED
3	Review and update organisation structure and succession plan	• EMT	• Jun 2021
EMT Focus Area – Employee Engagement – Our people collaborate for success and are valued, engaged and recognised for their achievement			
1	Establish and implement a communication framework and plan that conveys what will be communicated, to who, when and how	• GMBSI/EMOCEO	• Jun 2021
2	Implement an on-line climate survey tool to provide a regular interim measure between OCI surveys	• GMBSI	• Jun 2021
3	Develop a Reward & Recognition policy to provide a framework for recognition in the organisation	• GMBSI	• Jun-2020 - Aug 2020
4	Develop a calendar of key corporate processes and deadlines	• EMT	• Dec 2020
EMT Focus Areas – Understanding our Purpose – Our people understand their role in the 4-year Delivery Plan			
1	Develop purpose statements for work areas that are aligned to organisation's purpose	• EMT	• Dec 2020
2	Include clear purpose statements for all position descriptions	• GMBSI	• Dec 2020
3	Review the PDR process to ensure it is meaningful for our people	• GMBIS	• Jun 2021
EMT Focus Area – Digital Workplace – Enhance our performance through the introduction and integration of digital technologies			
1	Deliver the "Digital Workplace" (intranet) via a cross functional team	• GMBSI/EMT	• Sept 2020
2	Populate the Digital Workplace with appropriate content	• EMT	• Jun 2021
3	Provide a training program to enable delivery of Digital Workplace	• GMBSI	• Dec 2020
EMT Focus Area – Continuous Improvement and Innovation – Support our people to innovate and continuously improve			
1	Establish an 'innovation and red tape reduction register' to capture and implement ideas for productivity improvement	• GMBSI	• Sept 2020
2	Provide a training program on the application of continuous improvement tools	• GMBSI	• Jun-2020 - Mar 2021
3	Integrate continuous improvement as a 'business as usual activity' within each service area	• EMT	• Dec-2020 - Mar 2021

EMT reviewed – 4 August 2020

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 • China-Sword – lack of recyclables market • Increased waste production by the community 		Risks: <ul style="list-style-type: none"> • Canopy reduced – (out of Council’s control) • Reputational impact – as community has strong ‘green’ focus • Heat-Island effect • Public Health implications and risks • Reduction in quality of life now and future • Increased costs • Impacts to rate-payers • Impact to local flora and fauna • Loss of enviable amenities • Unley does not become a desirable place to live 	
Likelihood: Almost Certain	Consequence: Major	Inherent Risk Rating:	EXTREME
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> • Tree Canopy Action Plan • Budget allocation for 19/20 to target canopy cover has been established • Brown Hill Keswick Creek subsidiary & delivery of Stormwater Management Plan • Strategic Plan and objects • Re-use water (dam and aquifer) • Water Sensitive Urban Design • Waste management plan • Public Health Plan • Alternative Energy initiatives • Cycling and walking network 			
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating:	MEDIUM

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

EMT reviewed – 4 August 2020

Strategic Risk Register

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

June 2019

1. Business viability on King William Road
2. Economic Activity within the City

November 2019

1. Sustainable economic activity

April 2020

1. Business Viability City Wide (*post Covid-19*)
2. Workforce and service delivery issues (*post Covid-19*)

August 2020

1. Implications from Council's investigations of financial incentives to improve tree canopy



Appendix

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

INFORMATION REPORT

REPORT TITLE:	OPERATIONAL RISK REGISTER
ITEM NUMBER:	3.4
DATE OF MEETING:	18 AUGUST 2020
AUTHOR:	LIDA CATALDI
JOB TITLE:	PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS:	1. OPERATIONAL RISK REGISTER 2. RISK MATRIX

1. **EXECUTIVE SUMMARY**

This report presents the established operational risk register.

The operational risk register was created in consultation with each of the Managers across the 10 business units. The business units include:

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

A total of 51 operational risks have been identified and a complete risk assessment of these risks was undertaken between May to July 2020.

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**

Following a recommendation from the Audit Committee, Council endorsed the Risk Management Policy at its February 2020 meeting (C0189/20).

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

The process for the creation of the operational risk register involved individual meetings between each of the Managers and the Principal Risk Management Officer. The operational risk register from 2017 was used as a reference during the meeting and each Manager was asked to identify the top 5 risks that might affect the achievement of each area's objectives.

A complete risk analysis was completed during the meeting with the identification of relevant controls, their effectiveness, whether the residual risk level was tolerable and if further treatments were necessary.

The operational risk register for all business areas is provided as Attachment 1.

Attachment 1

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

		Residual Risk Summary				
		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood	Almost Certain	0	0	0	0	0
	Likely	0	0	1	0	0
	Possible	0	1	2	0	0
	Unlikely	0	6	8	3	2
	Rare	0	3	12	7	6

Total Residual Risk	Extreme	0
	High	1
	Moderate	29
	Low	21

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

Attachment 2

5. DISCUSSION

Out of the 51 risks that were identified. One received a residual risk of 'high':

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

The Manager Assets and Operations acknowledged that even though a 'high' residual risk was outside of Council's risk appetite, it was a level of risk that is tolerable as further treatments may not reduce the likelihood of the risk occurring.

A total of nine (9) risks received treatment plans. The treatment plans reflect current projects or process improvements that have already been identified but not implemented.

An extract of the treatment plans are shown below.

Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	Residual Risk	Further strategies/treatments for consideration or ongoing
A&O #1	Health, Safety & Welfare	Low staff turnover has resulted in ageing workforce	Maintaining a skilled workforce; Loss of key staff; Increased WHS Risk due to manual labour relating to ageing workforce; Fit for role requirements - tasks require modification to adapt to ageing workforce; Service level provided to community may be compromised	Manager Assets and Operations	Medium	Investigate into possibilities of improving the staff health and wellbeing to enable ongoing performance of duties as required
P&C#2	Health, Safety & Welfare	Supporting staff, volunteer and contractor health, safety and wellbeing across the organisation	High turnover within WH&S team impacting knowledge management and project delivery Staff not being adequately skilled to meet role requirements may impact on ability of team to fulfil obligations under relevant legislation; Under reporting of incidents; Contractor WHS	Manager People and Culture	Low	Development of Safety strategy focussing on Safety Culture; Review and development of contract management system; Review and development of WHS operational Risk register.
P&C#4	Business Performance & Service Delivery	Payroll function operating effectively	Single source of knowledge of payroll officer Insufficient access to technical support either inhouse or payroll software provider Breach of legislative requirements employment/financial GL structure not in alignment with payroll cost allocation Payroll costs not reconciled to GL	Manager People and Culture	Low	Move payroll software to hosted environment

Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	Residual Risk	Further strategies/treatments for consideration or ongoing
OCEO# 1	Business Performance & Service Delivery	Unable to achieve GS21 certification	Inability to achieve GS21 certification Obligation to retain and manage paper based records Inaccurate subjects and classifications within ECM Long-term retention of records that should've been disposed of. Council documents not correctly recorded within ECM Access to information not managed appropriately	Executive Manager OCEO Team Leader Information Management	Medium	Further tasks - more education across business continue with allocated resource for clearing historical records develop destruction policy update records management policy
OCEO# 3	Financial	Council not adequately insured	Insurance renewal incomplete Asset data insufficient / not current (missing critical assets on insurance listing) Exposure to financial loss due to under insurance Breach in legislation	Executive Manager OCEO Principal Risk Management Officer	Medium	Partnering with Asset Officer to investigate possibility of improving integration of asset and insurance data
OCEO# 5	Reputation	Inadequate or inaccurate communication with the community	Inadequate information provision to community not responding in a timely manner Incorrect or inaccurate information provided Information not accessible by community Negative coverage in media	Executive Manager OCEO Media and Communications Officer Digital Communications Officer	Medium	Communication Strategy - (CEO KPI - June 2021)

Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	Residual Risk	Further strategies/treatments for consideration or ongoing
CD#2	Business Performance & Service Delivery	Project Management Risks are appropriately identified & documented	Challenge to ensuring delivery of service Outcomes may be compromised Financial implications Inherited projects does not contain details to enable delivery within original set budget requirements	Manager City Design	Low	Project Management Framework
CD#3	Business Performance & Service Delivery	Clarity of end-to-end business processes and key interdependencies across the organisation - setting expectations	Delivery package of works that may not be implemented due to insufficient resources within the organisation	Manager City Design	Low	Project Management Framework
SC#1	Health, Safety & Welfare	Safe Handling of chemicals / hazardous substances	Unsafe management of chemicals and/or hazardous substances	Manager Swim Centre Operations Manager	Medium	Chemical Register and SOP - are maintained.

The operational risk register including the identified controls and treatment plans will be reviewed and updated on a quarterly basis and will be provided to the Audit Committee at each meeting.

Once the review of the operational risk register has been established within the business, it is envisaged that the high and extreme residual risks within the operational risk register will be presented to the Audit Committee each meeting with the full operational risk register presented on an annual basis.

6. DISCUSSION

Name	Title
Tami Norman	Executive Manager, Office of the CEO

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
A&O #1	Health, Safety & Welfare	Low staff turnover has resulted in ageing workforce	Maintaining a skilled workforce; Loss of key staff; Increased WHS Risk due to manual labour relating to ageing workforce; Fit for role requirements - tasks require modification to adapt to ageing workforce; Service level provided to community may be compromised	Manager Assets and Operations	Moderate	Likely	High	<ul style="list-style-type: none"> • Tasks modified to adapt to ageing workforce • Other works outsourced where possible • Ongoing training and development; • Performance management; 	4. Majority effective	Moderate	Possible	Medium	Yes	Investigate into possibilities of improving the staff health and wellbeing to enable ongoing performance of duties as required	Moderate	Possible	Medium
A&O #2	Business Performance & Service Delivery	Ability to respond in a timely manner to external influences, impacts and unplanned events	Climate change; Unexpected changes in service requirements; Legislative and regulatory requirements; State Government needs or interventions; Development of State Government partnerships and key stakeholder partnerships; Emergency situations and business continuity	Manager Assets and Operations	Minor	Likely	Medium	<ul style="list-style-type: none"> •External factors considered during planning •Adaptation Plan developed •Resilience Plan developed •Business Continuity Plan developed •Regular consultation processes with State and Federal governments •Some incident management plans in place 	4. Majority effective	Minor	Unlikely	Low	Yes				#N/A
A&O #3	Business Performance & Service Delivery	Level of responsiveness to internal stakeholder requirements and expectations	Political nature of the environment; Responding to changes in Council direction / decision making; Adhering to agreed 'State' strategies; Inconsistent messaging across the organisation; Different sections have different priorities - stops us responding;	Manager Assets and Operations	Minor	Likely	Medium	<ul style="list-style-type: none"> •Promoting a single point of capture and contact •Adopting a relationship management approach •Provision of accurate and timely information •Focus on building credibility & trust •Formal sign-off on agreed service levels within our Asset Management Plans 	4. Majority effective	Minor	Possible	Medium	Yes				#N/A
A&O #4	Financial	Adequacy of financial resources to deliver required services	Budget funding and allocations; Value for money not pursued or realised; Ongoing pressure on financial sustainability; Funding received not used for intended purpose	Manager Assets and Operations	Minor	Almost Certain	High	<ul style="list-style-type: none"> •Formal process to align services to budgets •Long Term Financial Plan in place with adopted financial targets and reviewed annually •Strategic Asset Management Plan adopted and linked to Long Term Financial Plan •Regular reporting on financial performance •Annual and quarterly budget review process 	4. Majority effective	Minor	Rare	Low	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
A&O #5	Infrastructure	Effective asset management planning	Capital and operating to support service delivery;	Manager Assets and Operations	Minor	Likely	Medium	<ul style="list-style-type: none"> *Skilled and qualified resources *Current Asset Management Plans *Strategic Asset Management Plan adopted and linked to Long Term Financial Plan *Policies and procedures *Standard operating procedures and work instructions *Long Term Financial Plan in place with adopted financial targets and reviewed annually *External reviews by regulators *Communication of processes to the Audit Committee and Council 	4. Majority effective	Minor	Rare	Low	Yes				#N/A
A&O #6	Infrastructure	Ability to manage and deliver on resident expectations of service provision	Residents expectations and alignment to council standards; Timeliness of service provision; Quality and scope of works; Freedom of Information requests; Business objectives and planning do not achieve organisational objectives / strategies; Not having an agreed set of standards (measurement for service delivery) that Council sign off on and adhere too - Council to take ownership of, not administration; Having insufficient budget to meet expectations	Manager Assets and Operations	Moderate	Almost Certain	High	<ul style="list-style-type: none"> *Community plan linked to annual business plan and budget plan *Council Code of Conduct - includes confidentiality and conflict of interest provisions *Service standards documented in AMPs *Offerings' defined in Customer Service Charter *Customer complaints policy and process in place *Training (consistency of messaging to set community expectations in line with agreed services we provide) *Community consultation processes 	4. Majority effective	Moderate	Likely	High	Yes				#N/A

Item 3.4 - Attachment 1 - Operational Risk Register

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
CC#1	Business Performance & Service Delivery	Effective IT Systems (Telephone, Skype, My Aged Care (centralised database),	Loss of IT systems will lead to inability to deliver services as required Loss of databases - client details Inability to provide services as tied with grant conditions My Aged Care portal (SMS) not internally supported	Manager Community Connections	Minor	Likely	Medium	<ul style="list-style-type: none"> • Telephone/Skype - maintained by IT, and back service available - can divert to out hours service • My Aged Care portal (SMS) Support from Unley's BS&S team and external service provider; • Back up hard copy client information; external contractors liaise with their clients directly and have client information within their databases; • Staff have capacity to work from alternate location; • Staff trained as super users to troubleshoot issues. • IT provide technical support 	5. Effective	Minor	Unlikely	Low	Yes				#N/A
CC#2	Business Performance & Service Delivery	Management of Volunteers workforce	Services reliant on Volunteers are: - Community Transport Service - Community Bus - JP (these will cease to be provided)	Manager Community Connections	Major	Likely	High	<ul style="list-style-type: none"> • Volunteer Coordinator responsible for recruitment, reward and recognition programs, monitoring and overseeing effectiveness of support provided to volunteer (270 Volunteers) • Documented Policies and Procedures. • Alternative ways short term solutions in place for transport 	5. Effective	Major	Unlikely	Medium	Yes				#N/A
CC#3	Reputation	Grant Funding	appx 50% of budget is allocated from grant funding. If funding ceased then the services relating will also cease to be provided.	Manager Community Connections	Moderate	Likely	High	<ul style="list-style-type: none"> • Staff with expertise in writing grant application and meeting funding body's requirements • Staff contracts aligned to grant funding to minimise financial risk to Council • Clear communication to ensure community understand services provided are funded by the Commonwealth 	5. Effective	Moderate	Unlikely	Medium	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
CC#4	Business Performance & Service Delivery	Staff Resources	FTE required to delivery services provided to the community. If staff resources not available potentially services/projects will cease Qualifications/expertise required to meet aged care standards which are audited against	Manager Community Connections	Minor	Possible	Medium	Contract terms to ensure minimal turnover of staff Employee conditions provided at the City of Unley Recruitment process to ensure skill match to role Provide training and support Staff Recognition Trained Temp staff available Trained contractors available	5. Effective	Minor	Rare	Low	Yes				#N/A
CC#5	Reputation	Complaints management	Dissatisfied customers could lead to reputational damage Inability to meet KPI within business plan for customer satisfaction rating	Manager Community Connections	Moderate	Almost Certain	High	KPI in business plan identified for customer satisfaction rating Complaints handling framework CX staff have training on complaint handling External Customer Standards Section 270 requirements Internal Consultation process Pathway Complaints Management System	5. Effective	Moderate	Rare	Low	Yes				#N/A
P&C# 1	Business Performance & Service Delivery	Managing employee and industrial relations across the organisation	Breaching industrial instruments; Unfair dismissal claims; Employee dissatisfaction arising from termination; Conflict management; Enterprise Bargaining Agreement negotiations	Manager People and Culture	Moderate	Almost Certain	High	*Maintain good relationship with employees and unions *Specialist skills, capability of P&C staff *Focus on organisation culture *Partner with business areas *Ensuring all consultative mechanisms eg. Workplace Consultative Committees are utilised fully	5. Effective	Moderate	Rare	Low	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
P&C# 2	Health, Safety & Welfare	Supporting staff, volunteer and contractor health, safety and wellbeing across the organisation	High turnover within WH&S team impacting knowledge management and project delivery Staff not being adequately skilled to meet role requirements may impact on ability of team to fulfil obligations under relevant legislation; Under reporting of incidents; Contractor WHS	Manager People and Culture	Moderate	Almost Certain	High	<ul style="list-style-type: none"> Maintain good relationship with LGWCS, employees and unions Specialist skills, capability of P&C staff Established Strategic and Operational Committees Documented policies, procedures, Safe Work Method Statements (SWMSs) Job Safety Analyses (JSAs) performed Incident reporting processes in place Training Needs Analyses (TNAs) completed Partner with business areas Ongoing reporting Regular independent audits completed 	5. Effective	Moderate	Rare	Low	Yes	Development of Safety strategy focussing on Safety Culture; Review and development of contract management system; Review and development of WHS operational Risk register.	Moderate	Rare	Low
P&C# 3	Business Performance & Service Delivery	Having the required number of people with the right skillset to deliver Council's 4 year plan	High turnover within P&C team impacting knowledge management and project delivery Staff not being adequately skilled to meet role requirements may create delivery gaps and/or increased consulting costs. Quality staff not being retained Recruitment processes not delivering adequate quality candidates	Manager People and Culture	Moderate	Almost Certain	High	<ul style="list-style-type: none"> Recruitment processes Learning and Development plans Performance appraisal processes Attractive Enterprise Agreements Good brand and reputation Robust probation process Robust disciplinary and performance improvement processes Employee feedback mechanisms (eg. culture survey) 	4. Majority effective	Moderate	Unlikely	Medium	Yes				#N/A
P&C# 4	Business Performance & Service Delivery	Payroll function operating effectively	<ul style="list-style-type: none"> Single source of knowledge of payroll officer Insufficient access to technical support either inhouse or payroll software provider Breach of legislative requirements employment/financial GL structure not in alignment with payroll cost allocation payroll costs not reconciled to GL 	Manager People and Culture	Moderate	Almost Certain	High	<ul style="list-style-type: none"> Training of P&C staff as back up support Building capability within IT Team Knowledge and capacity of the P&C members to ensure compliance 	4. Majority effective	Moderate	Rare	Low	Yes	Move payroll software to hosted environment	Moderate	Rare	Low

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
OCEO #1	Business Performance & Service Delivery	Unable to achieve GS21 certification	Inability to achieve GS21 certification Obligation to retain and manage paper based records Inaccurate subjects and classifications within ECM Long-term retention of records that should've been disposed of. Council documents not correctly recorded within ECM Access to information not managed appropriately	Executive Manager OCEO Team Leader Information Management	Moderate	Likely	High	Records Management Policy and Procedures Specific resource allocation to map GS20 to GS40 within ECM Engagement with customers regarding subject index structure and use of ECM Skilled and knowledgeable staff Effective relation with State Records Understanding of legislative obligations within Records Team	3. Partially effective	Moderate	Unlikely	Medium	Yes	Further tasks - more education across business continue with allocated resource for clearing historical records develop destruction policy update records management policy	Moderate	Unlikely	Medium
OCEO #2	Reputation	Loss of confidence in Councils capabilities and reputation by community, government or Minister	Inappropriate or inadequate decision making frameworks Appropriate management of relationships - CEO, Elected Members and external parties Inappropriate management of information received Managing responsiveness and timeliness of communication Appropriate use of resources	Executive Manager OCEO Principal Governance Officer Principal Risk Management Officer	Moderate	Likely	High	<ul style="list-style-type: none"> Governance and Risk Management Frameworks in place Policies and Procedures Regular updates between CEO and Mayor Regular communication process with the Elected Members across the organisation Skilled and qualified staff Clear communication channels within the organisation 	4. Majority effective	Moderate	Unlikely	Medium	Yes				#N/A
OCEO #3	Financial	Council not adequately insured	Insurance renewal incomplete Asset data insufficient / not current (missing critical assets on insurance listing) Exposure to financial loss due to under insurance Breach in legislation	Executive Manager OCEO Principal Risk Management Officer	Catastrophic	Likely	High	<ul style="list-style-type: none"> Annual insurance returns Annual assessment and review of asset and infrastructure 5 yearly valuation of Assets Relationship management with LGA services, regular meetings and exchange of information LGA system access to monitor claim status and performance Policies and Procedures in place Dedicated resource to manage insurance requirements 	4. Majority effective	Catastrophic	Unlikely	Medium	Yes	Partnering with Asset Officer to investigate possibility of improving integration of asset and insurance data	Catastrophic	Unlikely	Medium

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
OCEO #4	Business Performance & Service Delivery	Failure to comply with organisational and legislative requirements	Unreasonable expectations from customers Incorrect or inadequate information or advice provided Lack of clarity regarding decision making Decisions made outside of delegated authority Failure to apply policies and procedures Failure of the Governance and Risk Management Frameworks Access to information Lack of trust in Governance and Risk functions	Executive Manager OCEO EA to CEO	Major	Almost Certain	Extreme	Policies and Procedures Governance and Risk Management Frameworks Skilled and knowledgeable staff Roles clearly defined Good understanding of the services provided Access to legal resources Currency of knowledge maintained through participation in sector wide forums Audit Committee Delegations registers monitored and maintained	4. Majority effective	Major	Unlikely	Medium	Yes				#N/A
OCEO #5	Reputation	Inadequate or inaccurate communication with the community	Inadequate information provision to community not responding in a timely manner Incorrect or inaccurate information provided Information not accessible by community Negative coverage in media	Executive Manager OCEO Media and Communications Officer Digital Communications Officer	Major	Almost Certain	Extreme	Regular updates to website and social media pages Unley Life Media Release and other formal communication Community Engagement process including YourSay Qualified/Skilled staff Access to external support (eg. PR firms) Policies and Procedures in place Content Management & Review of website content Monitoring and management of social media platforms	4. Majority effective	Major	Unlikely	Medium	Yes	Communication Strategy - (CEO KPI - June 2021)	Major	Unlikely	Medium
BS&S #1	Business Performance & Service Delivery	Efficient and effective management of disruption to service availability through the provision of reliable IT systems	Large scale business interruption System Loss Availability of systems Failure of hardware or software that impacts on service delivery Access to banking facilities Reliance on third party providers	Manager Business Systems and Solutions	Catastrophic	Almost Certain	Extreme	Infrastructure redundancy Change control processes - ensure Changes are appropriate to needs Monitoring - auditing Physical security good asset lifecycle management Environmental controls (physical) Disaster Recovery Regular back up of data	4. Majority effective	Catastrophic	Rare	Medium	Yes				#N/A
BS&S #2	Business Performance & Service Delivery	Cyber Security / Threats / Attacks / Malicious behaviour	Large scale business interruption Loss of Data Loss of private and personal information Financial Implications	Manager Business Systems and Solutions	Catastrophic	Almost Certain	Extreme	Firewalls Education and Training End point security ASD Essential Eight Access Controls Auditing (audit trail) Back up of data Disaster Recovery Insurance - Cyber	4. Majority effective	Catastrophic	Unlikely	Medium	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
BS&S #3	Business Performance & Service Delivery	Human error	Large scale business interruption Loss of Data Loss of private and personal information Financial Implications	Manager Business Systems and Solutions	Catastrophic	Likely	High	Segregation of duties Change control processes Access controls specific to role requirements Permissions elevations Auditing (audit trails - systems and service desk) Staff training Regular back up of data Authorisation / checks	4. Majority effective	Catastrophic	Rare	Medium	Yes				#N/A
BS&S #4	Business Performance & Service Delivery	Staff Performance - competency of skills and knowledge relating to the role	Instability to support and maintain environment	Manager Business Systems and Solutions	Moderate	Likely	High	Qualified staff for role Maintain learning and development support Internal knowledge sharing and documentation within the team Allow exposure to new systems and technology through on the job Attendance - conferences, webinars	4. Majority effective	Moderate	Rare	Low	Yes				#N/A
BS&S #5	Financial	Dishonesty Theft, criminal acts, fraudulent activity	Loss of Data Loss of private and personal information Financial Implications	Manager Business Systems and Solutions	Major	Likely	High	Code Conduct ICAC Awareness Training (Online for all staff) Security requirements centralised Password store Auditing (audit trails) Profiles set to position requirements Network monitoring and protection - firewalls (external threats) Education and Training relating Cyber security for staff End user security - limit access regarding to roles segregation of systems	4. Majority effective	Major	Rare	Medium	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
BS&S #6	Reputation	Disclosure/Loss of confidential information	Loss of Data Loss of private and personal information Financial Implications Reputational loss	Manager Business Systems and Solutions	Major	Likely	High	Code Conduct ICAC Awareness Training (Online for all staff) Security requirements centralised Password store Auditing (audit trails) Profiles set to position requirements Network monitoring and protection - firewalls (external threats) Education and Training relating Cyber security for staff End user security - limit access regarding to roles segregation of systems Data Loss prevention - email monitoring of sensitive data	4. Majority effective	Major	Rare	Medium	Yes				#N/A
CD#1	Business Performance & Service Delivery	Succession planning / back up of roles within team	Inability to delivery objectives set Loss of Corporate knowledge	Manager City Design	Moderate	Likely	High	Document information relating to decision making / tasks / project management (ECM & Pathway customer requests) Shared awareness of who is doing what - collaborative team - buddy system where appropriate within team weekly 1:1 with manager fortnightly team meetings Access to temporary staff as back up resource Recruitment process fit for role	4. Majority effective	Moderate	Unlikely	Medium	Yes				#N/A
CD#2	Business Performance & Service Delivery	Project Management Risks are appropriately identified & documented	Challenge to ensuring delivery of service Outcomes may be compromised Financial implications Inherited projects does not contain details to enable delivery within original set budget requirements	Manager City Design	Minor	Likely	Medium	Project planning & design ensures sufficient detail to enable delivery within budget & time expectations Staging of works over financial years Collaboration within interdependent areas Improved communication with stakeholders Staff have sufficient qualifications and/or experience	4. Majority effective	Minor	Unlikely	Low	Yes	Project Management Framework	Minor	Unlikely	Low

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
CD#3	Business Performance & Service Delivery	Clarity of end-to-end business processes and key interdependencies across the organisation - setting expectations	Delivery package of works that may not be implemented due to insufficient resources within the organisation	Manager City Design	Minor	Likely	Medium	Project planning & design ensures sufficient detail to enable delivery within budget & time expectations Staging of works over financial years Collaboration within interdependent areas Improved communication with stakeholders Staff have sufficient qualifications and/or experience	4. Majority effective	Minor	Unlikely	Low	Yes	Project Management Framework	Minor	Unlikely	Low
CD#4	Business Performance & Service Delivery	Level of responsiveness to internal stakeholder requirements and expectations	Political nature of the environment; Responding to changes in Council direction / decision making; Coordinating with internal strategies, plans and policies within other departments; Inconsistent messaging or prioritises across the organisation;	Manager City Design	Minor	Likely	Medium	Planning, Design and Delivery of projects linked to strategic directions Collaboration within interdependent areas Improved communication with stakeholders Staff have sufficient qualifications and/or experience	4. Majority effective	Minor	Unlikely	Low	Yes				#N/A
CD#5	Business Performance & Service Delivery	Ability to respond in a timely manner to external influences, impacts and unplanned events	Unexpected changes in service requirements; Legislative and regulatory requirements; State Government needs or interventions; Development of State Government partnerships and key stakeholder partnerships;	Manager City Design	Minor	Likely	Medium	*Promoting a single point of capture and contact within each discipline of City Design Information sharing across City Design regarding external influences *Adopting a relationship management approach *Provision of accurate and timely information (two way) *Focus on building credibility & trust	5. Effective	Minor	Unlikely	Low	Yes				#N/A
C&CC #1	Business Performance & Service Delivery	Forced closure of facilities (resulting from external cause - such as state emergency declarations)	Inability to delivery services to community Community dissatisfaction Staffing implications (possible industrial relations issues) Budget impact and implications Social isolation community risks Continuity of service Wellbeing of Staff and Community	Manager Community and Cultural Centres	Catastrophic	Likely	High	BCP EMT - emergency response group Enterprise Bargaining Agreements Voice at the table	3. Partially effective	Catastrophic	Rare	Medium	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
C&CC #2	Business Performance & Service Delivery	Change in strategic direction from Council resulting in cessation of programs / services or facilities	Service provision may be comprised Wellbeing of staff and community Budget implications Community dissatisfaction Confusion of services available Reputational risk Social isolation community risks	Manager Community and Cultural Centres	Major	Likely	High	4-year delivery plan Community Plan Council meeting schedule Annual Budget and Business Planning process Community consultation and engagement plan Legislative requirements to consult Satisfaction surveys relating to services and visitation	5. Effective	Major	Rare	Medium	Yes				#N/A
C&CC #3	Business Performance & Service Delivery	Asset Damage - environmental cause such as flooding/fire etc	Inability or displacement to service delivery Wellbeing of staff and community Personal injury to staff and/or community Financial implication Content damage/loss	Manager Community and Cultural Centres	Major	Likely	High	Building and Contents Insurance Building evacuation procedures Site inspections Building maintenance Smoke alarms	5. Effective	Major	Rare	Medium	Yes				#N/A
C&CC #4	Health, Safety & Welfare	Remote and Isolated worker	Health and Safety of staff	Manager Community and Cultural Centres	Major	Likely	High	Remote and isolated worker procedure Secure building (doors locked) Duress button SafeT Card Staff are in contact with Team Leader or Manager for entering and exiting the building as a check point Telephones First aid kits	5. Effective	Major	Rare	Medium	Yes				#N/A

Item 3.4 - Attachment 1 - Operational Risk Register

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
C&CC #5	Health, Safety & Welfare	Child Safe & Vulnerable People Environment for Users	Safe Environment for Children and vulnerable people	Manager Community and Cultural Centres	Major	Likely	High	<ul style="list-style-type: none"> *Policy - Safe Environment for Children and Vulnerable People *Appropriate clearances in positions dealing with vulnerable people directly (relying on a third party system) *Safe Environment clause within hire agreement *External facilitators are required to have clearances relating to child safety and vulnerable people. *Processes in place to ensure children/young people are covered under a duty of care *Community Centre programs identify whether program is run by Council or External Hirer 	5. Effective	Major	Rare	Medium	Yes				#N/A
SC#1	Health, Safety & Welfare	Safe Handling of chemicals / hazardous substances	Unsafe management of chemicals and/or hazardous substances	Manager Swim Centre Operations Manager	Catastrophic	Likely	High	<ul style="list-style-type: none"> *SOP Chemical Handling *Competent Staff *Training for all staff for safe handling of chemicals *Existing Technology - monitoring systems (Automatic Control Systems on top of manual testing - legislative requirement regarding regularity of testing of pool water) *Regular monitoring, maintenance and replacement of equipment *Appropriately trained staff specific to the role - manage of chemicals *Appropriately trained first aid responders and equipment available *Regular Independent Audits *Hazard assessments 	5. Effective	Catastrophic	Rare	Medium	Yes	Chemical Register and SOP - are maintained.	Catastrophic	Rare	Medium
SC#2	Health, Safety & Welfare	Body of Water	Quality of Water Drowning	Manager Swim Centre Operations Manager	Catastrophic	Likely	High	<ul style="list-style-type: none"> *Fenced Pool *Qualified Lifeguards on site during operations appropriate signage (Public and Compliance) *Staffing ratios are fit for purpose (clientele and staff ratio requirements - as per Royal Life Saving Society Australia RLSSA) *Booking forms for user groups - conditions of use and requirements for group to have their own PL Insurance 	5. Effective	Catastrophic	Rare	Medium	Yes				#N/A

Item 3.4 - Attachment 1 - Operational Risk Register

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
SC#3	Health, Safety & Welfare	Plant and Equipment	Plant and Equipment not utilised as recommended which leads to injury and/or chemical hazard within the water	Manager Swim Centre Operations Manager	Major	Almost Certain	Extreme	<ul style="list-style-type: none"> *Risk Assessments completed *SOP /Training in relation to plant and equipment *Equipment well maintained and replaced as required *Appropriately trained staff specific to the role - maintain and utilise equipment *Appropriately trained first aid responders and equipment available *Appropriate signage *Regular Independent Audits 	5. Effective	Major	Rare	Medium	Yes				#N/A
SC#4	Health, Safety & Welfare	Child Safe & Vulnerable People Environment for Users	Safe Environment for Children and vulnerable people	Manager Swim Centre Operations Manager	Moderate	Likely	High	<ul style="list-style-type: none"> *Policy - Safe Environment for Children and Vulnerable People *Terms of Entry to facilities outlines requirements on customers *Appropriate clearances in positions dealing with vulnerable people directly *Bookings - acknowledge requirements (e.g. separation of public and school groups) *Bookings - any people bringing in vulnerable people - must state if appropriate clearances are in place 	5. Effective	Moderate	Rare	Low	Yes				#N/A
SC#5	Reputation	Incidents procedures and processes not adequate (incidents not followed up or inappropriate responses)	perceived pool is unsafe, or unsatisfactory customer service standard - which may lead to a drop in customer visitation Perceived community value of the services provided (negative)	Manager Swim Centre	Moderate	Almost Certain	High	<ul style="list-style-type: none"> *Team/ Organisation Values *Regular in-house training - *Qualified and competent staff *Team building, Team Culture *Customer compliments and complaints management *Ongoing customer feedback mechanisms - via social, website scheduled service reviews - internal and external 	5. Effective	Moderate	Rare	Low	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
SC#6	Reputation	Out of Council's control Health and Safety elements	Potential injury or death that is unexpected and therefore out of Council's Control (ratio 1 in 100,000 visitations this will occur) Customers may have underlying health conditions which may be exacerbated via use of facilities	Manager Swim Centre	Moderate	Likely	High	<ul style="list-style-type: none"> *First Aid officers within operating timelines *Regular and Appropriately trained staff *First Aid equipment on site and staff trained to utilise appropriately *Qualified lifeguards are trained to risk assess patrons when entering the facilities *Health Forms for patrons to complete (over 55 age - also all patrons participating in swim school activities) *Signage regarding underlying health condition to advise staff *GSPO (Guidelines for Safe Pool Operations) 	5. Effective	Moderate	Rare	Low	Yes				#N/A
F&P#1	Business Performance & Service Delivery	Unqualified & inexperience staff	Wouldn't be able to prepare accurate financial reports which contain accurate and reliable information to base decision making on. LTFP, Budget, Monthly financial reports, BAS (tax) FBT unable to comply with any statutory reporting Management decisions based on financial reports - therefore reports need to be accurate and reliable	Acting Manager Finance & Procurement	Moderate	Almost Certain	High	<ul style="list-style-type: none"> *Sufficient qualifications & experience of staff to appropriately delivery role requirements (competent staff) *Appropriate recruitment process (reference checking, appropriate probation requirements) *Maintaining membership requirements (CPA) *Ongoing training requirements & conferences to upkeep of PDE. *Reasonable retention strategies - employer of choice 	4. Majority effective	Moderate	Unlikely	Medium	Yes				#N/A
F&P#2	Financial	Financial Systems & Technology that are not fit for purpose	Accounting Data not reliable for decision making Unable to comply with statutory reporting obligations Able to make wrong financial decisions Inability to levy and recover Rates	Acting Manager Finance & Procurement	Moderate	Almost Certain	High	<ul style="list-style-type: none"> *Finance System reliable and well maintained. *Systematic scope prior to selection of *Finance system to ensure fit for purpose Proper tender process when procuring *Finance System *Testing of system prior to commitment with contract *Finance System has ability to integrate into other programs *Firewalls to prevent cyber attacks Support available with system provider (technology one) 	5. Effective	Moderate	Rare	Low	Yes				#N/A

OPERATIONAL RISK REGISTER: MASTER													AUGUST 2020				
Ref #	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing)	RESIDUAL RISK			Accept Y or N	Further strategies/treatments for consideration or ongoing	REVISED RESIDUAL RISK		
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating
F&P#3	Financial	ineffective internal financial controls relating to integrity of data	inaccurate data within financial system which leads to inappropriate decision making Human error Fraudulent activity Budgetary implications across all business units	Acting Manager Finance & Procurement	Moderate	Almost Certain	High	<ul style="list-style-type: none"> Better Practice Model - Internal Financial Controls Internal Audit External Audit Segregation of duties Independent review Audit Committee 	5. Effective	Moderate	Rare	Low	Yes				#N/A
F&P#4	Financial	Fraud	Fraudulent activity leads to financial loss	Acting Manager Finance & Procurement	Moderate	Possible	Medium	<ul style="list-style-type: none"> Better Practice Model - Internal Financial Controls Internal Audit External Audit Segregation of duties Independent review Audit Committee ICAC Code of Conduct Employee clearances Reference Checks 	5. Effective	Moderate	Rare	Low	Yes				#N/A
F&P#5	Reputation	Corrupt Procurement practices	Fraudulent and/or Corrupt activity relating to procurement practices which leads to: Financial Loss Inefficient Processes Products not fit for purpose Costs money Value for money	Acting Manager Finance & Procurement	Moderate	Likely	High	<ul style="list-style-type: none"> Fraud and Corruption Prevention Policy Better Practice Internal Financial Controls ICAC Procurement Policy & Framework External Audit Financial Delegations Code of Conduct Conflict Interest Declarations Employee clearances & checks Transparent decision making 	5. Effective	Moderate	Unlikely	Medium	Yes				#N/A
DR#1	Health, Safety & Welfare	Lack of SOP for external sites for all staff who visit offsite locations to conduct inspections	<ul style="list-style-type: none"> WHS of staff who inspect and patrol offsite locations (public and private realm - locations where Council have no control) Building Sites, Kitchens, Private residences, public realm Knowing staff location, when they are due back and controls - if something occurs to communicate they are safe 	Manager Development and Regulatory	Catastrophic	Almost Certain	Extreme	<ul style="list-style-type: none"> SWP isolated work (reflects duress) Known Risks - 2 officers attend Training and Induction (limited) Procedures (basic) Experience staff who understand what is required 	2. Requires significant improvement	Catastrophic	Rare	Medium	Yes				#N/A
DR#2	Financial	Statutory frameworks - relates legal challenges	Make decisions and then defending decision which exposes to legal challenge (hence financial consequence)	Manager Development and Regulatory	Moderate	Likely	High	<ul style="list-style-type: none"> Trained experience staff qualified decision makers delegations Legal Support - advice Governance Frameworks Legislation (relevant to each area) 	4. Majority effective	Moderate	Unlikely	Medium	Yes				#N/A

Item 3.4 - Attachment 1 - Operational Risk Register

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

RISK MATRIX

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

STEP 1 Risk Categories and Examples of Potential Impacts							STEP 2 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	Unlikely	Possible	Likely	Almost Certain	
	<5% probability May occur in exceptional circumstances	5% - 30% probability Could occur at some time; greater than annually	31% - 70% probability Annually; Likely to occur at least once a year	71% - 90% probability -Bi-Annually; Likely to occur twice a year	91% - 100% probability 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:	AUDIT COMMITTEE WORKPLAN - UPDATE
ITEM NUMBER:	3.5
DATE OF MEETING:	18 AUGUST 2020
AUTHOR:	LIDA CATALDI
JOB TITLE:	PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS:	1. AUDIT COMMITTEE WORKPLAN - UPDATE

1. **EXECUTIVE SUMMARY**

This report provides an update on the status and progression of the endorsed Workplan for the 2020 calendar year.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership

4.1 We have strong leadership and governance.

4.3 Our business systems are effective and transparent

4. **BACKGROUND**

The Audit Committee Workplan was adopted at the 10 December 2019 Audit Committee meeting. The Audit Committee Workplan is monitored and updated as required, to ensure the Committee delivers its role as set out in the Audit Committee Terms of Reference.

5. **DISCUSSION**

The Audit Committee Workplan has been reviewed and amendments have been made since the 12 May 2020 meeting.

The following item has been postponed until 8 December 2020 meeting:

- Procurement Policy (and Framework) – the Procurement Policy and Framework have been drafted and is currently under review by the

Acting Manager Finance and Procurement. However, due to the Annual Budget and Long Term Financial Plan process this has been delayed.

The following item has been removed from the workplan:

- External Audit – Interim Report – The External Auditors have provided a draft report to management. This report is currently being reviewed by management. Once management has completed this review, the External Auditors will issue a Final report which will form part of the Financial Statements Report which will be presented at the 13 October 2020 Audit Committee meeting. Therefore, the interim report will not be required and will be superseded by the final report issued.

The following item has been added to the 13 October 2020 meeting:

- Asset Management Plans (for review) – the City of Unley’s Asset Management Plans are currently being revised and will be presented to the Audit Committee for review prior to Council’s consideration of the plans.

The amended workplan is provided as Attachment 1 to this Report.

Attachment 1

6. REPORT AUTHORITIES

Name	Title
Tami Norman	Executive Manager, Office of the CEO

Audit Committee Work Plan - 2020

Meeting Dates	<u>CURRENT</u> Agenda Items
18 August 2020	<ul style="list-style-type: none"> · Centennial Park Cemetery Authority subsidiary (Presentation) · Agreed actions status update – from internal and external audit · Internal Financial Controls – Self Assessment Report FY19/20 · Strategic Risk Register (Quarterly Review update) · Operational Risk Register · Audit Committee Work Plan · External Audit – Interim Report <i>Final report will be included as part of the Financial Statements for 13 October 2020 meeting</i> · Procurement Policy (and Framework) <i>– postponed to 8 December 2020</i> · Quarterly Budget Review – <i>to be provided for information when available</i> · Quarterly Performance Review – <i>to be provided for information when available</i>
Meeting Dates	<u>FUTURE</u> Agenda Items
13 October 2020	<ul style="list-style-type: none"> · Financial Statements FY19/20 · DRAFT Asset Management Plans – for review - <i>added</i>
8 December 2020	<ul style="list-style-type: none"> · Strategic Risk Register (Quarterly Review update) · Agreed actions status update – from internal and external audit · Organisational Risk Register · Any completed internal audit reports · Audit Committee Work Plan · Policy Register · Quarterly Budget Review – <i>to be provided for information when available</i> · Quarterly Performance Review – <i>to be provided for information when available</i>

Meeting Dates	<u>PAST</u> Agenda Items
2 July 2019	<ul style="list-style-type: none"> · Appointment of Deputy Presiding Member – Audit Committee (<i>Resolution No. AC0002/19</i>) · 2018-2019 External Audit Plan (<i>Resolution No. AC0003/19</i>) · Strategic Risk Register (<i>Resolution No. AC0004/19</i>) · Internal Financial Controls – Self Assessment 2018/2019 (<i>Resolution No. AC0005/19</i>) · Procurement Savings/Overruns – Q4 2018/2019 (<i>Resolution No. AC0006/19</i>)
11 November 2019	<ul style="list-style-type: none"> · Fraud and Corruption Prevention Policy Review (<i>Resolution No. AC0009/19</i>) · Revised Risk Management Policy (<i>Resolution No. AC0010/19</i>) · 2018-2019 General Purpose Financial Statements (<i>Resolution No. AC0008/19</i>) · Procurement Saving identified (<i>Resolution No. AC0011/19</i>)
10 December 2019	<ul style="list-style-type: none"> · Fraud and Corruption Prevention Policy Review (<i>Resolution No. AC0016/19</i>) · Revised Risk Management Policy (<i>Resolution No. AC0015/19</i>) · Strategic Risk Register (Review update) (<i>report received</i>) · Audit Committee meeting dates for 2020 (<i>Resolution No. AC0013/19</i>) · Audit Committee Work Plan (<i>Resolution No. AC0014/19</i>)
11 February 2020	<ul style="list-style-type: none"> · Strategic Risk Register (Quarterly Review update) (<i>Resolution No. AC0008/20</i>) · Development of the Draft 2020-2030 Long Term Financial Plan (<i>Resolution No. AC0004/20</i>) · Procurement Policy and Framework <i>postponed to 12 May 2020</i> · Asset Management Plan – (Work Plan/Schedule to address issues) (<i>Resolution No. AC0003/20</i>) · Local Government Risk Services (LGRS) Risk Evaluation (2019) (<i>Resolution No. AC0006/20</i>) · Internal Audit Plan 2020 (<i>Resolution No. AC0007/20</i>) · Progress report from Internal Control Assessment 2018-19 (removed – <i>Resolution No. AC0009/20</i>) · Agreed actions status update – from internal and external audit (<i>Resolution No. AC0005/20</i>) · Audit Committee Work Plan (<i>Resolution No. AC0009/20</i>) · Quarterly Budget Review – <i>to be provided for information</i> · Quarterly Performance Review – <i>to be provided for information</i>

23 March 2020	<ul style="list-style-type: none"> · Report from Chair of Audit Committee to Council
12 May 2020	<ul style="list-style-type: none"> · Brown Hill Keswick Creeks subsidiary (Presentation) · Strategic Risk Register (Quarterly Review update) (<i>Resolution No. AC0013/20</i>) · 2020-21 Annual Business Plan and Budget (consultation) (<i>Resolution No. AC0010/20</i>) · 2021-22 : 2029-30 Long Term Financial Plan (consultation) (<i>added</i>) (<i>Resolution No. AC0011/20</i>) · Audit Committee Work Plan (<i>Resolution No. AC0014/20</i>) · Agreed actions status update – from internal and external audit (<i>Resolution No. AC0012/20</i>) · Procurement Policy (and Framework) (<i>postponed 18 August 2020</i>) · Organisational Risk Register (<i>postponed 18 August 2020</i>) · Any completed internal audit reports (<i>Cash Handling Internal Audit – postponed</i>) · Quarterly Budget Review– to be provided for information · Quarterly Performance Review – to be provided for information