

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 10 August 2021 6:30pm

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

Chief Executive Officer

MEMBERS

Presiding Member D Powell (Presiding Member)
Councillor M Rabbitt
Councillor M Broniecki
Independent Member N Handley
Independent Member A Martin

ACKNOWLEDGEMENT

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

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

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

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

*Kurna Translation provided by Kurna Warra Karrpanthi

ORDER OF BUSINESS

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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, 11 May 2021	
1.5 DEFERRED / ADJOURNED ITEMS	
Nil	
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3. OTHER BUSINESS

NEXT MEETING

Tuesday 7 December 2021 - 6:30pm

Council Chambers, 181 Unley Road Unley

DECISION REPORT

REPORT TITLE:	UNSOLICITED PROPOSAL POLICY
ITEM NUMBER:	2.1
DATE OF MEETING:	10 AUGUST 2021
AUTHOR:	ALEX BROWN
JOB TITLE:	MANAGER FINANCE AND PROCUREMENT
ATTACHMENTS:	<ol style="list-style-type: none">1. PROPOSED UNSOLICITED PROPOSAL POLICY2. UNSOLICITED PROPOSAL FRAMEWORK

1. **EXECUTIVE SUMMARY**

The purpose of this report is to present an Unsolicited Proposal Policy (the proposed policy) for the Audit Committee's consideration and recommendation to Council for endorsement.

Attachment 1

The proposed policy and accompanying Unsolicited Proposal Framework (the framework) has been prepared following a request from Audit Committee in December 2020. Upon recommending the endorsement of the revised Procurement Policy, Audit Committee requested Administration prepare a report to consider the management of unsolicited bids.

The proposed policy defines how the City of Unley engages with proponents who make unsolicited proposals. It provides a framework to provide accountability, consistency and transparency to the process of receiving and considering unsolicited proposals. It applies to all proposals that have not been requested through the City of Unley's regular procurement processes.

The policy proposes a three stage framework to receive and consider unsolicited proposals.

- **Stage 1:** This stage outlines the process for proponents to submit an initial proposal for consideration and assessment.
- **Stage 2:** Should the City of Unley wish to pursue detailed consideration of the proposal, Stage 2 outlines
 - the process for submitting a detailed proposal, and

- the process the City of Unley will undertake to assess the proposal.
- **Stage 3:** If after consideration of a detailed proposed the City of Unley chooses to proceed with all or part of the proposal, Stage 3 pertains to contract negotiations and finalisation.

The processes and considerations for each stage are detailed in the accompanying Unsolicited Proposal Framework.

Attachment 2

The proposed policy aligns to the key procurement principles within the Procurement Policy, and explains the responsibilities of the CEO and CEO's delegate, Elected Members, employees, senior management and procurement advisors.

2. RECOMMENDATION

That:

1. The report be received.
2. The Unsolicited Proposal Policy as set out in Attachment 1 to this report (Item 2.1, Audit Committee Meeting, 10/8/2021) be endorsed.

3. RELEVANT CORE STRATEGIES/POLICIES

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

4. BACKGROUND

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

The Audit Committee endorsed a revised Procurement Policy at its meeting on Tuesday 8 December 2020. As part of the resolution, the Committee requested Administration return a report to consider management of unsolicited bids within the Procurement Policy or Framework. At the time, Administration advised it was in the process of drafting an Unsolicited Proposal Policy.

The proposed policy and accompanying framework have been prepared following a review of similar policies adopted by other councils and state government departments. The proposed policy has been reviewed by the Executive Management Team (EMT). Preliminary feedback was also sought from the Audit Committee in May 2021.

5. DISCUSSION

The City of Unley recognises the benefits of partnering with private sector and not-for-profit organisations to deliver social, environmental and economic outcomes for the community. To that end the City of Unley encourages the development and presentation of innovative ideas that will contribute to those goals.

This proposed policy defines how the City of Unley engages with proponents who make unsolicited proposals, and creates a basis for the submission of new and innovative ideas to the City of Unley for consideration. The policy also gives confidence to investors and the community that unsolicited proposals will be considered in a consistent and transparent manner.

Attachment 1

The proposed policy is accompanied by a Unsolicited Proposal Framework and Application Form. The Framework details the process the City of Unley will undertake in considering and assessing proposals. The Application Form provides information for proponents and a consistent basis for them to submit proposals.

Attachment 2

Scope

The proposed policy applies to all proposals submitted to the City of Unley that have not been requested by the City of Unley through its regular procurement processes. Unsolicited proposals may include, but are not limited to, proposals for:

- The purchase, lease or development of Council owned or managed land;
- The purchase or lease of assets, unless the purchase or lease is undertaken in accordance with another policy;
- The delivery of goods or services to or on behalf of the Council;
- The provision of infrastructure for the community;
- An innovation or entrepreneurial project with benefits to the Council;
or

- Any other innovative or entrepreneurial proposal.

Objectives and Procurement Principles

The proposed policy proposes objectives that will guide the City of Unley's consideration of unsolicited proposals:

- Promoting the development of innovative ideas by the private and community sector to support the City of Unley's role, functions and broad objectives as outlined in the Community Plan;
- Ensuring that unsolicited proposals are received and assessed via an open, transparent and fair process that involves high standards of probity and public accountability;
- Ensuring that the unsolicited proposals process is not used to circumvent regular procurement processes;
- Ensuring value for money is achieved from any unsolicited proposal; and
- Maximising the benefits from unsolicited proposals for the City of Unley and its constituents.

The proposed policy is underpinned by the key procurement principles explained in the Procurement Policy of:

- open and effective competition,
- value for money,
- ethical behaviour and fair dealing, and
- social, economic and environmental sustainability

Roles and Responsibilities

The policy proposes that unsolicited proposals must be addressed to the Chief Executive Officer (CEO). The CEO or CEO's nominated delegate will then be responsible for the assessment and resolution of an unsolicited proposal, and with the assistance of the senior management team, will provide advice and recommendations to Council as required.

In the event the Mayor or Councillors are approached by a proponent of an unsolicited proposal, they are required to advise the CEO and refer the proponents to communicate directly with the CEO or the CEO's nominated delegate.

If City of Unley staff are approached by a proponent, they are required to advise the CEO or refer the approach to the manager responsible for Procurement, or their delegate, to assess whether the approach constitutes an unsolicited proposal.

The CEO may request Council to assess and resolve an unsolicited proposal, subject to the CEO's delegations and the nature and value of the proposal.

Framework

The policy proposes a three stage framework to initially receive and consider unsolicited proposals, before undertaking a more detailed consideration of the proposal and entering into contract negotiations where appropriate.

Stage 1: Initial Proposal

Stage 1 details the process for submitting a proposal, and the criteria by which the initial proposal will be assessed by the CEO or the CEO's delegate.

The policy proposes the City of Unley may enter a period of exclusive negotiations with the proponent, noting the City of Unley maintains discretion of the specific terms and conditions of the exclusivity period.

Stage 2: Detailed Proposal

Stage 2 outlines the process the City of Unley will undertake to:

- establish a framework for the detailed consideration of the proposal,
- the City of Unley's considerations and actions in considering the proposal, and
- the proponent's obligations.

The proposed policy advises any endorsement by the CEO or Council at Stage 2 is "in principle" endorsement, and does not bind or commit the City of Unley in any way other than to commence contract negotiations. The City of Unley retains the right not to proceed with the proposal should contract negotiation be unsuccessful.

All costs of preparing, lodging, developing and negotiating a proposal are to be borne by the proponent.

Stage 3: Contract Negotiations and Finalisation

Stage 3 outlines the potential outcomes of contract negotiations. The City of Unley maintains discretion to:

- Proceed with an agreement as proposed by the proponent;
- Proceed with an agreement subject specific terms or conditions;
- Does not agree to enter a contract, but resolve to pursue the proposal through another form of procurement; or

- Does not agree to enter into the contract and concludes any further consideration or assessment of the proposal.

Other Policy Considerations

The proposed policy addresses intellectual property rights within unsolicited proposals, and states that no legal relationship is created by the receipt and consideration of an unsolicited proposal.

The policy also proposes that all queries or communications in relation to unsolicited proposals must be directed to the CEO or the CEO's delegate to ensure consistency and transparency in the process, and that no soliciting or outside discussions are permissible.

Matters pertaining to the City of Unley's general rights, conflicts of interest, use of documents, changes in circumstances, interaction with other Council policies, General Acknowledgements, Council's general rights and Freedom of Information are addressed in the Stage 1 application form.

6. ANALYSIS OF OPTIONS

Option 1 –

1. The report be received.
2. The Unsolicited Proposal Policy as set out in Attachment 1 to this report (Item 2.1, Audit Committee Meeting, 10/8/2021) be endorsed.

Option 2 –

1. The Report be received.
2. Subject to the amendments set out below, the Unsolicited Proposal Policy as set out in Attachment 1 to this (Item 2.1, Audit Committee Meeting, 10/08/2021) be endorsed:
 - *Amendments to be detailed by the Audit Committee*

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

Option 3 –

1. The Report be received.
2. The Unsolicited Proposal Policy as set out in Attachment 1 to this report (Item 2.1, Audit Committee Meeting, 10/08/2021) be further

amended and returned to the Audit Committee for review, prior to presentation to Council for endorsement.

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

7. RECOMMENDED OPTION

Option 1 is the recommended option.

8. REPORT CONSULTATION

The proposed policy has been reviewed by the Executive Management Team (EMT). Preliminary feedback was also sought from the Audit Committee in May 2021.

9. REPORT AUTHORISERS

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement



UNSOLICITED PROPOSAL POLICY

Policy Type:	Council Policy
Responsible Department:	Business Support & Improvement
Responsible Officer:	General Manager Business Support & Improvement
Related Policies and Procedures	<ul style="list-style-type: none"> • Unsolicited Proposal Framework • Code of Conduct, Employees • Prudential Management Policy • Procurement Policy • Disposal of Surplus Non-Community Land • Risk Management Policy • Purchase Card Policy • Motor Vehicle Policy • Employees & Volunteers • Financial Delegations
Community Plan Link	<p>3.1 Unley is recognised as an easy place to do business.</p> <p>4.1 We have strong leadership and Governance.</p> <p>4.3 Our business systems are effective and transparent</p>
Date Adopted	
Last review date	Not applicable
Next review date	August 2024
Reference/Version Number	
ECM Doc set I.D.	

1. PREAMBLE

The City of Unley recognises the benefits of partnering with private sector and not-for-profit organisations to deliver social, environmental and economic outcomes for the community. To that end the City of Unley encourages the development and presentation of innovative ideas that will contribute to those goals.

This Policy defines how the City of Unley engages with proponents who make unsolicited proposals that may provide unique and innovative outcomes for the City of Unley and the community.

This policy creates a framework for the submission of new and innovative ideas to the City of Unley for consideration. The policy also gives confidence to investors and the community that unsolicited proposals will be considered in a consistent and transparent manner.

An Unsolicited Proposal Framework is maintained to support the application of this policy.

2. SCOPE

- 2.1. This policy applies to all proposals submitted to the City of Unley that have not been requested by the City of Unley through its regular procurement processes.
- 2.2. Unsolicited proposals may include, but are not limited to, proposals for the:
 - 2.2.1. Purchase, lease or development of land owned or managed by the City of Unley;
 - 2.2.2. Purchase or lease of assets, unless the purchase or lease is undertaken in accordance with another policy;
 - 2.2.3. Delivery of goods or services to or on behalf of the City of Unley;
 - 2.2.4. Provision of infrastructure for the community;
 - 2.2.5. An innovation or entrepreneurial project with benefits to the City of Unley; or
 - 2.2.6. Any other innovative or entrepreneurial proposal.

3. POLICY PURPOSE/OBJECTIVES

- 3.1. This policy has been developed to provide accountability, consistency and transparency to the process of receiving and considering unsolicited proposals by Council. The following objectives will guide the City of Unley’s consideration of unsolicited proposals:
 - 3.1.1. promoting the development of innovative ideas by the private and community sector to support the City of Unley’s role, functions and broad objectives as outlined in the Community Plan;
 - 3.1.2. ensuring that unsolicited proposals are received and assessed via an open, transparent and fair process that involves high standards of probity and public accountability, subject to ensuring the Intellectual Property of a proponent submitting an unsolicited proposal is appropriately protected;
 - 3.1.3. ensuring that the unsolicited proposals process is not used to circumvent the City of Unley’s regular procurement processes;
 - 3.1.4. ensuring value for money for the City of Unley is achieved from any unsolicited proposal; and
 - 3.1.5. maximising the benefits from unsolicited proposals for the City of Unley and its constituents.

4. PROCUREMENT PRINCIPLES

- 4.1. The following key principles underpin all procurement activities at the City of Unley and apply to the consideration of unsolicited proposals:
 - 4.1.1. Open and Effective Competition
 - 4.1.2. Value for Money
 - 4.1.3. Ethical Behaviour and Fair Dealing
 - 4.1.4. Social, Economic and Environmental Sustainability
- 4.2. These principles are explained in the City of Unley’s Procurement Policy.

5. DEFINITIONS

City of Unley	The Corporation of the City of Unley
Council	The elected, decision making body for the City of Unley.
Intellectual property	Inventions, original designs and practical applications of

	good ideas protected by law through copyright, patents, registered designs, circuit layout rights and trademarks. Intellectual property also includes trade secrets, proprietary know-how and other confidential information protected against unlawful use and disclosure by common law and contractual obligations.
Procurement	The complete action or process of acquiring or obtaining goods, services or property from outside the City of Unley at the operational level. For example, purchasing, contracting, and negotiating directly with the source of the supply through to acceptance and payment.
Proponent	A person, business or any other organisation that approaches the City of Unley, its staff, Mayor or Councillors with an unsolicited proposal, or with an intention to submit an unsolicited proposal.
Unsolicited proposal	A proposal submitted to the City of Unley that has not been requested by the City of Unley through its regular procurement processes. This includes, but is not limited to, approaches to the City of Unley to procure products or services it has not sought to procure.

6. ROLES AND RESPONSIBILITIES

- 6.1. The CEO, or CEO's delegate, is responsible for:
 - 6.1.1. Implementation of the policy and associated procedures;
 - 6.1.2. The assessment and determination of a position on unsolicited proposals; and
 - 6.1.3. Provision of advice and recommendations to Council, as may be required.
- 6.2. The Mayor and Councillors are required to:
 - 6.2.1. Advise the CEO if they are approached by a proponent of an unsolicited proposal, and
 - 6.2.2. Advise the proponent of an unsolicited proposal to communicate directly with the CEO or CEO's nominated delegate.
- 6.3. Council employees are required to:
 - 6.3.1. Advise the CEO if they are approached by a proponent of an unsolicited proposal, or refer the approach to the manager responsible for Procurement or their delegate, to assess whether the approach constitutes an unsolicited proposal; and
 - 6.3.2. Advise the proponent of an unsolicited proposal to communicate directly with the CEO or CEO's nominated delegate.
- 6.4. Senior Management, in conjunction with the manager responsible for Procurement or their delegate, are responsible for providing advice to the CEO on any unsolicited proposal relative to this policy and associated procedures.
- 6.5. If required, the CEO will prepare a report to Council, for Council to assess and resolve a position on unsolicited proposals presented to the CEO.

7. POLICY STATEMENT

7.1. The City of Unley will apply a three stage approach to receiving and considering an unsolicited proposal as outlined below and detailed in the City of Unley Unsolicited Proposal Framework.

<p>Stage 1: Initial Proposal</p>	<p>The objective of the Initial Proposal Stage (Stage 1) is to enable a proponent to provide the City of Unley with a high-level overview of its proposal which enables the City of Unley to form a preliminary view as to whether:</p> <ul style="list-style-type: none"> • The proposal is an unsolicited proposal, and should be considered in accordance with this Policy; and • The proposal warrants further consideration.
<p>Stage 2: Detailed Proposal</p>	<p>Stage 2 involves further consideration of the feasibility of the proposal, how it will be delivered, whether it represents value for money for the City of Unley and what outcomes it will deliver for the City of Unley and the community. Stage 2 will be an interactive process between the City of Unley and the proponent within the framework established by the City of Unley.</p>
<p>Stage 3: Contract Negotiations and Finalisation</p>	<p>If a proposal is successful and progresses through Stage 2, the City of Unley and the proponent will then proceed to Stage 3 and enter into formal contract negotiations.</p>

8. PROBITY

8.1. It is a primary objective of this policy to ensure probity during the process of considering unsolicited proposals. Consequently, probity principles and protocols will be followed to ensure:

- 8.1.1. that proposals are received, assessed and negotiated, and decisions made through an approved and transparent framework;
- 8.1.2. that ethically-based decisions are made that deliver the best outcomes for the City of Unley and its community;
- 8.1.3. that confidential information is protected and not disclosed (except for disclosures to third party advisers and as required by law); and
- 8.1.4. avoidance of any actual or perceived conflict of interest, bias or misconduct.

8.2. The City of Unley may, at any stage outlined in this procedure, engage a probity adviser or auditor.

9. INTELLECTUAL PROPERTY RIGHTS

9.1. The City of Unley acknowledges that unsolicited proposals may contain Intellectual Property of the proponent and/or third parties.

- 9.2. If the City of Unley declines to consider, or ends its consideration of, a proposal submitted in accordance with this procedure, and the City of Unley elects instead to engage in a competitive procurement process in relation to the subject matter of the proposal, the City of Unley will respect any Intellectual Property rights of the proponent and/or third parties.

10. NO LEGAL RELATIONSHIP

10.1. By making an unsolicited proposal the proponent acknowledges:

- 10.1.1. that no legally binding contract exists or is to be implied between the City of Unley and the proponent unless and until a formal contract document is signed by both parties in Stage 3; and
- 10.1.2. that the City of Unley is under no contractual or other legal obligation to the proponent with respect to the receipt, assessment, consideration, acceptance or rejection of any proposal or the failure to receive, assess, consider or accept any proposal.

11. NO SOLICITING OR OUTSIDE DISCUSSIONS

- 11.1. All queries or communications in relation to unsolicited proposals must be directed to the CEO or the CEO's nominated delegate to ensure consistency and transparency in the process. The City of Unley reserves the right to discontinue assessment or negotiations regarding a proposal if the proponent discusses the proposal with unauthorised members of City of Unley staff or Elected Members without the prior knowledge of the CEO or the CEO's delegate.
- 11.2. A proponent must not offer any incentive or otherwise seek to influence any person who is either directly or indirectly involved in an assessment or negotiation process. The City of Unley reserves the right to end any consideration of a proposal if a proponent fails to comply with this requirement.

12. LEGISLATION

- Section 49(a1) of the *Local Government Act 1999* (the Act) requires the City of Unley to develop and maintain procurement controls including policies and procedures directed towards:
 - Obtaining value in the expenditure of public money;
 - Providing for ethical and fair treatment of participants; and
 - Ensuring probity, accountability and transparency in procurement operations.
- Policies developed must include how the City of Unley manages:
 - The contracting out of services; and
 - Competitive tendering and the use of other measures to ensure that services are delivered cost-effectively; and
 - The use of local goods and services; and
 - The sale or disposal of land or other assets.
- In the main, these Policies are conventionally predicated towards the City of Unley ensuring it engages with the market as the initiator of the engagement process to acquire goods, works or services from an external party. However, currently there is no formal legislative or statutory framework the City of Unley is obliged to comply with in dealing with unsolicited proposals initiated by external third parties.

13. AVAILABILITY OF POLICY

13.1. The Policy is available for public inspection during normal office hours at:

The Civic Centre,

181 Unley Road, Unley SA 5061.

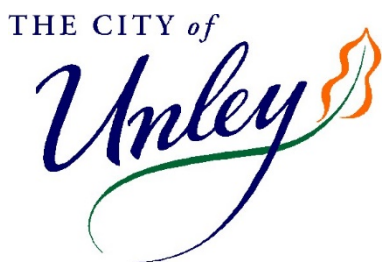
A copy may be purchased for a fee as determined annually by the City of Unley.

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

14. DOCUMENT HISTORY

15.

Date	Ref/Version No.	Comment
1.	2.	3.
4.	5.	6.
7.	8.	9.



UNSOLICITED PROPOSAL FRAMEWORK

Introduction

The City of Unley recognises the benefits of partnering with private sector and not-for-profit organisations to deliver social, environmental and economic outcomes for the community. To that end the City of Unley encourages the development and presentation of innovative ideas that will contribute to those goals.

The City of Unley has established an Unsolicited Proposal Policy to provide a basis for new and innovative ideas to be submitted to Council for consideration. It is intended to provide investors and the community with confidence that unsolicited proposals will be considered in a consistent and transparent manner.

The Policy outlines a three stage approach to receiving and considering an unsolicited proposal as outlined below:

Stage 1: Initial Proposal	<p>The objective of the Initial Proposal Stage (Stage 1) is to enable a proponent to provide the City of Unley with a high-level overview of its proposal which enables the City of Unley to form a preliminary view as to whether:</p> <ul style="list-style-type: none"> • The proposal is an unsolicited proposal, and should be considered in accordance with this Policy; and • The proposal warrants further consideration.
Stage 2: Detailed Proposal	<p>Stage 2 involves further consideration of the feasibility of the proposal, how it will be delivered, whether it represents value for money for the City of Unley and what outcomes it will deliver for the City of Unley and the community. Stage 2 will be an interactive process between the City of Unley and the proponent within the framework established by the City of Unley.</p>
Stage 3: Contract Negotiations and Finalisation	<p>If a proposal is successful and progresses through Stage 2, the City of Unley and the proponent will then proceed to Stage 3 and enter into formal contract negotiations.</p>

This Framework document defines each stage of the framework in detail, and explains the process that Council will undertake in considering and assessing proposals. This document should be read in conjunction with the Unsolicited Proposal Policy.

DEFINITIONS

City of Unley	The Corporation of the City of Unley
Council	The elected, decision making body for the City of Unley.
Intellectual property	Inventions, original designs and practical applications of good ideas protected by law through copyright, patents, registered designs, circuit layout rights and trademarks. Intellectual property also includes trade secrets, proprietary know-how and other confidential information protected against unlawful use and disclosure by common law and contractual obligations.
Procurement	The complete action or process of acquiring or obtaining goods, services or property from outside the City of Unley at the operational level. For example, purchasing, contracting, and negotiating directly with the source of the supply through to acceptance and payment.
Proponent	A person, business or any other organisation that approaches the City of Unley, its staff, Mayor or Councillors with an unsolicited proposal, or with an intention to submit an unsolicited proposal.
Unsolicited proposal	A proposal submitted to the City of Unley that has not been requested by the City of Unley through its regular procurement processes. This includes, but is not limited to, approaches to the City of Unley to procure products or services it has not sought to procure.

1. STAGE 1: INITIAL PROPOSAL

- 1.1. A proposal must be submitted with a completed Application Form (Annexure A, available on the City of Unley's website) and any further information the proponent may wish to provide to support their proposal.
- 1.2. The proponent may request to meet with the CEO, or CEO's delegate, to discuss the proposal only after the Application Form has been received by the City of Unley. The CEO, or the CEO's delegate, reserves to the right to decline a meeting.

Assessment Criteria

- 1.3. In determining whether a proposal will proceed to Stage 2, with or without a period of exclusivity (refer Clause 1.12), the proposal will be assessed against the following criteria:
 - 1.3.1. The scope of the proposal is already the subject of an existing or proposed procurement process. If so, it is unlikely that an unsolicited proposal will pass Stage 1 unless the proponent can demonstrate that their proposal has a distinct advantage;
 - 1.3.2. the proposal demonstrates value for money for the City of Unley in-line with the "Value for Money" principles as defined in the Procurement Policy. Value for money is not restricted to price alone, and includes financial

benefits, economic benefits and community benefits. It also considers whole of life costs, internal administration costs, and technical compliance costs:

- 1.3.3. the proposal is consistent with the City of Unley's procurement principles of "Ethical Behaviour and Fair Dealing" and "Social, Economic and Environmental Sustainability" as defined in the Procurement Policy;
 - 1.3.4. the proposal cannot be readily delivered by competitors at all or within the timeframes proposed by the proponent;
 - 1.3.5. the proponent owns something that would limit other parties from being able to deliver the proposal (e.g. patents, intellectual property or strategic land holdings);
 - 1.3.6. the proponent has innovative financial arrangements that enable it to deliver the proposal where other parties would be unable to;
 - 1.3.7. the proponent has a genuinely innovative idea;
 - 1.3.8. a combination of factors which may not stand alone as being innovative, but which together create a proposal worthy of consideration; and
 - 1.3.9. the proponent has the capacity and capability required to successfully deliver their proposal.
- 1.4. Any unsolicited proposal must also be:
- 1.4.1. be consistent with the City of Unley's stated goals and objectives;
 - 1.4.2. be consistent with the City of Unley's role and function; and
 - 1.4.3. provide an economic, social or environmental outcome for the City of Unley and community.

Assessment Process

- 1.5. The unsolicited proposal will be assessed by the CEO or CEO's delegate in consultation with the Manager responsible for Procurement, or their nominated delegate.
- 1.6. Where the CEO or the CEO's delegate determines an unsolicited proposal has enough merit to warrant further consideration, the CEO or the CEO's delegate may refer the proposal to relevant City of Unley staff, and external expert advisors, as required.
- 1.7. Acting on the advice received, the CEO or the CEO's delegate will either:
 - 1.7.1. Advise the proponent that the proposal does not adequately meet the criteria for the proposal to proceed further; or
 - 1.7.2. Prepare a report recommending that the proposal proceed to Stage 2.
- 1.8. The CEO, or the CEO's nominated delegate, may request a meeting with the proponent to seek further information on the proposal to determine if the proposal should proceed to Stage 2.
- 1.9. If the CEO or the CEO's delegate determines that the proposal not be accepted the proponent will be notified in writing. This notice may also notify the proponent that the subject matter of the proposal may form the basis of a competitive bidding process.
- 1.10. Where the CEO or the CEO's delegate endorses the proposal for further consideration, the proposal will proceed to Stage 2 and the proponent will be provided with the following:
 - 1.10.1. Notification that the proposal has been approved to proceed to Stage 2;

- 1.10.2. The broad terms and timeframes for Stage 2 consideration of the proposal including the period of exclusivity (if any) for discussions with the proponent; and
 - 1.10.3. Information on any other matters relevant to the proposal and the City of Unley's further consideration of it that the City of Unley considers to be appropriate.
- 1.11. The anticipated timeframe for the completion of Stage 1 is 90 days and commences from when the City of Unley has all the information needed to consider the proposal.

Exclusivity Period

- 1.12. If the CEO or the CEO's delegate determines to enter a period of exclusive negotiation with a proponent following the completion of the initial assessment, the following terms will apply:
- 1.12.1. during the exclusivity period, the City of Unley will not commence negotiations with another party in relation to a proposal substantially similar to the proposal under consideration;
 - 1.12.2. the exclusivity period will be limited to the development of the specific proposal submitted by the proponent to the City of Unley;
 - 1.12.3. the exclusivity period will be for a set period, as advised by the City of Unley to the proponent;
 - 1.12.4. the City of Unley may set, at its absolute discretion, specific terms and conditions for the exclusivity period which it will advise the proponent of in writing;
 - 1.12.5. the City of Unley may end the exclusivity period at any time and withdraw from exclusivity or all negotiations with the proponent, at which time all relevant documents will be returned to the proponent or destroyed; and
 - 1.12.6. all correspondence between the City of Unley and the proponent will be kept confidential, subject to any legislative requirements.

2. STAGE 2: DETAILED PROPOSAL

Establishing a Framework

- 2.1. The City of Unley will establish a framework for Stage 2 which will include:
- 2.1.1. confidentiality, conflict of interest, communication and probity protocols;
 - 2.1.2. participation terms and conditions;
 - 2.1.3. assessment criteria;
 - 2.1.4. timeframes including a period of exclusivity (if applicable) for discussion with the proponent;
 - 2.1.5. information to be provided and/or shared;
 - 2.1.6. governance requirements; and
 - 2.1.7. any other matters that the City of Unley considers necessary or desirable.

City of Unley's Considerations and Actions

- 2.2. The matters that the City of Unley will consider during Stage 2 are:
- 2.2.1. the value for money proposition of the proposal for the City of Unley;
 - 2.2.2. if the proposal is legally, technically and financially feasible;
 - 2.2.3. how the proposal would best be structured to deliver the best outcome for the City of Unley;
 - 2.2.4. a cost/benefit analysis of the proposal;

- 2.2.5. whether the proposal or any part of it would more appropriately be the subject of a competitive bidding process;
 - 2.2.6. the appropriate allocation of risk; and
 - 2.2.7. the proposed delivery method.
- 2.3. During Stage 2 the City of Unley will:
- 2.3.1. convene meetings of City of Unley staff with any other subject matter experts, professional advisers and other persons that the City of Unley sees fit;
 - 2.3.2. convene meetings with the proponent;
 - 2.3.3. request further information from the proponent as required;
 - 2.3.4. if the City of Unley considers it necessary, obtain reports and further information for the City of Unley's consideration of the proposal; and
 - 2.3.5. if the City of Unley considers it necessary, arrange the preparation of a detailed report on the proposal for Council's consideration.

Proponent's Obligations

- 2.4. During Stage 2, a proponent must:
- 2.4.1. develop and submit a detailed proposal, consistent with the requirements outlined by the City of Unley at the end of Stage 1;
 - 2.4.2. provide any additional information as required by the City of Unley; and
 - 2.4.3. make themselves available to participate in meetings requested by, and respond to communications from, the City of Unley's representative(s).

Outcome of Stage 2

- 2.5. At the end of Stage 2, if the CEO considers it necessary, a confidential report will be prepared for Council's consideration and the proponent will be advised in writing of the decision and one of the following:
- 2.5.1. that all or part of the proposal will proceed to Stage 3 on an exclusive consideration basis;
 - 2.5.2. that all or part of the proposal will not continue to be considered on an exclusive basis but that all or part of the proposal warrants a competitive bidding process; or
 - 2.5.3. that all or part of the proposal is not suitable for further consideration and its consideration under this procedure is now at an end.
- 2.6. Any endorsement by the CEO or by the Council of a proposal at Stage 2 is "in principle" endorsement of the detailed proposal and a desire to proceed to contract negotiations (Stage 3). Stage 2 endorsement will not bind or commit the City of Unley in any way other than to commence contract negotiations. The City of Unley retains the right not to proceed with the proposal should contract negotiation be unsuccessful.
- 2.7. All costs of preparing, lodging, developing and negotiating a proposal are to be borne by the proponent.

3. STAGE 3: CONTRACT NEGOTIATION AND FINALISATION

- 3.1. If a proposal is successful and progresses through Stage 2, the City of Unley and the proponent will then proceed to Stage 3 and enter into formal contract negotiations.
- 3.2. The Stage 3 negotiations will result in one of the following outcomes between the Proponent and the City of Unley:

- 3.2.1. Both parties agree on the terms of a contract and execute same;
- 3.2.2. The City of Unley agrees to the contract, subject however to specified terms or conditions the City of Unley requires;
- 3.2.3. The City of Unley does not agree to enter into the contract but determines it will pursue the proposal through another form of procurement; or
- 3.2.4. The City of Unley does not agree to enter into the contract and concludes any further consideration or assessment of the proposal.



UNSOLICITED PROPOSAL APPLICATION FORM

This Proposal Summary is to be used to provide contact details and a short summary of the proposal. Detailed information addressing the Assessment Criteria should be provided separately as attachments.

PROPONENT DETAILS	
Applicant (individual, company or consortium name):	
Legal name(s) of proponent(s):	
Address:	
Contact Person:	
Contact details (phone and email):	
Date:	
PROPOSAL DETAILS	
Title:	
Summary of Proposal:	

ACKNOWLEDGEMENTS

By signing this application, the proponent acknowledges that the Council:

- makes no representations or undertakings that it will enter into a contract with any proponent in respect of the subject matter of any unsolicited proposal;
- may undertake 'due diligence' checks on any proponents;
- will not be responsible for any costs or expenses incurred by a proponent arising in any way from the preparation, submission or negotiation of its proposal;
- accepts no responsibility for any proponents failing to undertake any investigations or understanding any matters that may impact on its proposal;
- will not be liable for or pay any expenses or losses incurred by a proponent, whether in the preparation of a proposal or prior to the signing of any agreement relating to a proposal or otherwise; and
- will not be bound by any verbal advice given or information furnished by any member, officer or agent of the Council except written advice or information furnished by the Chief Executive Officer (CEO) or the CEO's delegate.

The proposal is to be signed by a representative of the proponent who is authorised to represent and contractually bind the proponent.

Name:	
Position:	
Signature:	
Date:	

COUNCIL'S GENERAL RIGHTS

The Council may, at any stage of the process of receiving, considering and negotiating a unsolicited proposal:

- if it assesses that a proposal does not meet the criteria to be considered or considered further under these guidelines, to make an approach to the market in respect of the subject matter of the proposal and end consideration of the unsolicited proposal and withdraw from any negotiation with the proponent in relation to it;
- amend, vary or revoke and replace these guidelines at any time;
- accept or reject any unsolicited proposal;
- subject to any period of exclusivity determined in accordance with these guidelines, negotiate with any person in relation to the subject matter of an unsolicited proposal;
- accept all of part of an unsolicited proposal;
- discontinue negotiations with any proponent; and
- include any proponent's name in Council Reports and, subject to any period of exclusivity determined in accordance with these guidelines and any agreement with a proponent to the contrary, make them public

UNSOLICITED PROPOSAL ASSESSMENT CRITERIA

Your detailed proposal may be provided on your own template and should address the following Assessment Criteria as a minimum:

1. No Competing Proposals

If the proponent is aware of any existing proposal or procurement process currently under consideration by the City of Unley ("Council") or under active consideration by another proponent, then the proponent should clearly demonstrate how their proposal is distinct from these other proposals.

2. Community Need/Council Priority

The proponent should demonstrate how its proposal:

- promotes the Council's role and functions;
- is broadly consistent with the Council's objectives outlined in its Strategic Plan; and
- provides an economic, social, cultural or environmental outcome for the Council.

The information that a proponent provides should include:

- details of benefits of the proposal;
- details of any economic activity or jobs that would be created by the proposal;
- details of any unmet community need that would be met by the proposal; and
- how the proposal is aligned with the Council's strategic objectives.

3. Innovation

The proponent should provide information that demonstrates that its proposal is innovative. This may be demonstrated by showing that:

- the proposal cannot be readily delivered by competitors at all or within the timeframes proposed by the proponent;
- the proponent owns something that would limit other parties from being able to deliver the proposal (for example, Intellectual Property, strategic landholdings);
- the proponent has innovative financial arrangements that enable it to deliver the proposal where other parties would not be able to;
- the proponent has a genuinely innovative idea; and / or
- a combination of factors which may not stand alone as being innovative, but which together create an innovative proposal.

4. Value for Money

The proponent should provide information that demonstrates how its proposal represents value for money for the Council, such as:

- financial benefits;
- economic benefits; and / or
- community benefits.

The information that a proponent provides should include:

- how the proposal is priced relative to competitors;
- the proposed sharing of costs and risks between the Council and the proponent; and
- the benefits to the Council of the proposal.

5. Capacity and Capability of Proponent

Proponents should provide information that demonstrates that it has the capacity and capability to deliver the proposal. Proponents should provide:

- a description of their organisation or consortium;
- details of previous experience in delivering similar projects;
- details of past performance on similar projects;
- details of relevant experience in prior dealings with the Council or another council;
- details of its skills, experience and competencies to deliver the project; and
- details of any third parties that would be proposed to be involved in the delivery of the project.

6. Financial and Commercial Details

A proponent should provide a brief description of the financial and commercial details of the proposal and the proponent's financial capacity to deliver the proposal.

7. Costs and Requirements of the Council

A proponent should identify what they are seeking from the Council for the proposal. This may include:

- land;
- use of assets, facilities, equipment, materials, personnel or other resources;
- finance; and / or
- assistance to obtain statutory approvals or legislative or regulatory amendments.

A proponent should state what the cost would be for the Council in providing what is sought.

8. Risks

Proponents should list risks arising from the proposal for the proponent and the Council.

9. Preferred Contract Arrangement

A proponent should provide details of its proposed contractual arrangements for the proposal if it is successful.

10. Intellectual Property

Proponents should provide a brief description of:

- each item of Intellectual Property involved in the proposal;
- the nature of any Intellectual Property claimed;
- details of the owner of Intellectual Property claimed;
- registration details (where applicable); and
- details of any items for which commercial confidentiality is claimed in whole or in part.

Other Information

A proponent may provide any other information that is relevant to its proposal for Stage 1 assessment.

INFORMATION REPORT

REPORT TITLE:	STRATEGIC RISK REGISTER
ITEM NUMBER:	2.2
DATE OF MEETING:	10 AUGUST 2021
AUTHOR:	ALEX BROWN
JOB TITLE:	MANAGER FINANCE AND PROCUREMENT
ATTACHMENTS:	1. STRATEGIC RISK REGISTER

1. **EXECUTIVE SUMMARY**

The Executive Management Team (EMT) reviews the Strategic Risk Register on a quarterly basis, which includes the monitoring of the progress of treatment plans implemented to manage each risk. The most recent review was conducted on Tuesday 27 July 2021, and the revised document is now provided to the Audit Committee for information.

2. **RECOMMENDATION**

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

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

4. **BACKGROUND**

The Executive Management Team (EMT) reviewed the Strategic Risk Register on Tuesday 27 July 2021. During this review, EMT updated the status of the treatment plans and revised timeframes where necessary. The completed treatment plans were entered into the 'existing controls' section where appropriate.

5. **DISCUSSION**

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

- Review of the target completion dates for EMT Focus Areas and CEO KPIs listed under Treatment Plans;
- Relevant completed treatment plans were moved to the 'Existing Controls' section;

- Comments on the progress of treatment plans provided where required; and
- Discussion relating to any new 'Emerging Risks' was undertaken and with one emerging risk identified: *Organisation is compromised in its ability to deliver Council's strategic objectives due to additional unplanned decisions of Council.*

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

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

Attachment 1

6. **REPORT AUTHORISERS**

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

STRATEGIC RISK REGISTER

This Review – 27 July 2021 by:

- Peter Tsokas - Chief Executive Officer
- Megan Berghuis - General Manager City Services
- Nicola Tinning - General Manager Business Support and Improvement
- Claude Malak - GM City Development

Last Reviewed: 15 April 2021 by:

Peter Tsokas

Mandy Smith (Acting GM City Services)

Nicola Tinning

Claude Malak

Tami Norman

- Kathryn Goldy - Acting Executive Manager Office of the CEO

1	Event Description: Failure to maintain financial sustainability		
Responsible Managers: CEO, EMT, CFO		Community Plan Theme: CIVIC LEADERSHIP & ECONOMIC PROSPERITY	
Negative Contributory Factors: <ul style="list-style-type: none"> Forecasting tools are not relevant or out of date Long Term Financial Plan is not maintained or not appropriate for business needs Financial resources to deliver required services are inadequate Financial capacity to meet service delivery demands Financial resources are not managed in line with treasury management policy Debt levels and debt management strategies are not in line adopted targets or are not sustainable Inadequate project management practices Impact of pandemic on local economy and Council's operating results over time Changes to market in cemetery operations (CPCA) Ambitious expectations of Council deliverables 		Risks: <ul style="list-style-type: none"> Financial Maladministration & Corruption Inability to delivery community expectations into the future Financial sustainability is compromised Reputational Damage Legislative Compliance (Financial) are not met Inter-generational equity is not achieved insufficient project funding Failure to deliver on plans and strategies Limitations to service delivery options Service level reduction Centennial Park Subsidiary becoming unviable Decision Making not aligned to Strategic Management Plans 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating:	HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Endorsed Community Plan, Four Year Delivery Plan and Annual Operating Plans Comprehensive budget development process that meets legislative requirements (including cost estimates & consultation). Long Term Financial Plan in place with adopted financial targets; reviewed annually Adoption and application of the Better Practice Model – Internal Financial Controls Prudential Management Framework Treasury Management Plan Owners Executive has been established and Board representation for Centennial Park Quarterly Reporting from subsidiaries to owner Councils Infrastructure & Asset Management Policy & Plans are linked to the long-term financial plan Quarterly budget review process Regular Financial reporting and budget monitoring Qualified and experience finance human resources Oversight from the Audit Committee External Audit Defined and agreed levels of service Development of an Annual Operating Plan which specifies core activities, service levels, and measures Continued corporate performance reporting on external grants to Council (CEO KPI) Centennial Park Charter 			
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Rare	Consequence: Major	Residual Risk Rating:	MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
EMT Focus Area: Project Planning and Management – principles of project planning and management are used to effectively manage resources, risk and delivery			
1 Revised project management framework	<ul style="list-style-type: none"> GMCD 	<ul style="list-style-type: none"> Jun 2021 revised to Sept 2021 	This has progressed, the framework has been reviewed by City Development and is now ready for EMT and other stakeholder review.
2 Provide training on revised project management framework to relevant staff	<ul style="list-style-type: none"> GMCD/GMBSI 	<ul style="list-style-type: none"> Sept 2021 revised to Dec 2021 	
3 Implement Project Management Framework	<ul style="list-style-type: none"> GMCD 	<ul style="list-style-type: none"> Sept 2021 revised to Dec 2021 	
4 EMT quarterly review progress of approved projects (at various levels across the organisation) – at least	<ul style="list-style-type: none"> EMT 	<ul style="list-style-type: none"> Dec 2021 	Project reports have been developed and EMT will consider the format at the 1 st quarter review

2	Event Description: Inability to meet the needs and expectations of the community		
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: COMMUNITY LIVING & CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> Community Plan is out of date or not relevant Annual Business Plan and Budget process is not aligned with Community Plan and 4 Year Delivery Plan Resourcing is not aligned to 4 Year Delivery Plan Long Term Financial Plan is inadequate Conduct is inconsistent with Code of Conduct/ Values Systems and processes don't appropriately capture information regarding community needs Infrastructure & Asset Management Plans are inadequate Legislative movement of responsibilities Disengaged Elected Members Expectations of Elected Members lack of alignment with the Council role Four-year election cycles 		Risks: <ul style="list-style-type: none"> Dissatisfied community (public outrage) Reputational damage (negative media) Instability of staff (people leaving a negative environment) Organisational culture is significantly negatively affected Negative perception of performance of the Council (Elected Body) 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating:	HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Community Plan 2033 Annual Business Plan and Budget 4-year Delivery Plan Annual Operating Plan Long Term Financial Plan Strategies, Policies and Procedures Infrastructure & Asset Management Plans Corporate Performance Report CEO KPIs Role Clarity Framework for service delivery Organisational culture and values Role clarity and Position Descriptions aligned to service delivery Consultation processes (YourSay, website, social media) Customer Experience Framework Customer satisfaction surveys Customer Service Standards (external and internal) Community Engagement Framework and Policy Service Reviews Communication Channels Business Continuity Plan & Emergency Management Plan Regular Elected Member briefings, workshops and training Economic Development Strategy 			
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Rare	Consequence: Major	Residual Risk Rating:	MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
EMT Focus Area: Customer First Culture – The organisation has a consistent customer first approach in the delivery of service:			
1 Develop and implement internal Customer Service Charter Principles (Achieve Together Project)	• EMT	• Jun 2021 - COMPLETED	
2 Design and implement training across the organisation to reinforce customer service focus and core competencies. (19/20, noting potential implementation over two years)	• GMCS/GMBSI	• Jun 2020 (design) - COMPLETED • Jun 2021 Revised to Oct 2021 (training)	
EMT Focus Area: Understanding our Purpose – Our people understand their role in 4-year Delivery Plan			
1 Develop a corporate reporting framework with measures to monitor progress	• EMT	• Sep 2021	On track

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

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
1 Elected Members development program implemented to enhance role clarity	<ul style="list-style-type: none"> EMOCEO 	<ul style="list-style-type: none"> Jun 2021 - COMPLETED 	
2 Delegation review and training (understanding roles, responsibilities, and delegation of authority)	<ul style="list-style-type: none"> EMOCEO 	<ul style="list-style-type: none"> Jun 2021 Revised to Dec 2022 	<p>We are mindful of the anticipated changes associated with the LG Reforms implementation, as such a detailed review at this time has not been undertaken.</p> <p>Significant work has been completed to ensure delegations for the Planning and Development Act (PDI) under Instruments A, B, C and D, have been prepared and issued. Whilst structured training has not been delivered, advice and guidance has been provided to staff, most notably in relation to PDI Act Delegations.</p> <p>Implementation of the LG Reforms will be a staggered approach through until mid-2022. Substantial changes to any delegations in response to reforms will be actioned as required with a full delegations review and training to be completed by the end of 2022.</p>
EMT Focus Area – Understanding our Purpose – Our people understand their role in the 4-year Delivery Plan			
1 Reinforce processes and education for Elected Member requests with staff	<ul style="list-style-type: none"> EMOCEO 	<ul style="list-style-type: none"> Sep 2021 - COMPLETED 	Communication with staff and elected members has occurred.

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:
1 Preparation for LG Reform		• EMT	• Ongoing
2 Investigate development and implementation of Legislative Compliance register		• EMOCEO	• Dec 2021
			Comment

5 Event Description Workforce not appropriately skilled or engaged			
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> inability to attract appropriate staff Inappropriately skilled staff Negative organisational culture Lack of contemporary working conditions Limited access to ongoing training and development No career progression opportunities Lack of workforce planning Job doesn't meet staff expectations Unsatisfactory relationship with Elected Members Poor recruitment practices Ineffective knowledge management Lack of appropriate staff turnover Out-dated systems and processes Pandemic related disruption and distraction 		Risks: <ul style="list-style-type: none"> Unnecessary high staff turnover Failure to deliver plans and strategies Community expectations not met Reputational damage Inability to retain the right staff / Loss of corporate knowledge 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating:	HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Recruitment strategies and practices Well established brand Active management and development of organisational culture (OCI) Appropriate employment conditions Continuous Improvement Working from Home Framework Purpose statements for work areas that are aligned to organisation's purpose Digital Workplace through the Internet 		<ul style="list-style-type: none"> Documented job descriptions documented and reviewed Corporate Values Development planning process (PDR) Relevant resources and tools Digital Strategy and BS&S Capability Align the labour budget to reflect the priority areas determined by Council Recognition Guidelines Organisational structure reviewed 	
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating:	MEDIUM
Treatment Plan:	Responsibility:	Target Completion Date:	Comment
EMT Focus Area – Employee Engagement – Our people collaborate for success and are valued, engaged and recognised for their achievement			
1 Establish and implement an internal communication framework and plan that conveys what will be communicated, to who, when and how	• GMBSI/EMOCEO	• Jun 2021 Revised to Dec 2021	Development of a framework has commenced but the focus has been on the delivery of the Digital Workplace over the past 10 months.
2 Implement an on-line climate survey tool to provide a regular interim measure between OCI surveys	• GMBSI	• Jun 2021 - COMPLETED	
3 Develop a calendar of key corporate processes and deadlines	• EMT	• Jun 2021 - COMPLETED	
EMT Focus Areas – Understanding our Purpose – Our people understand their role in the 4-year Delivery Plan			
1 Review the PDR process to ensure it is meaningful for our people	• GMBSI	• Jun 2021 - COMPLETED	
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	• Jun 2021 - COMPLETED	
2 Populate the Digital Workplace with appropriate content	• EMT	• Jun 2021- COMPLETED	
3 Provide a training program to enable delivery of Digital Workplace	• GMBSI	• Jun 2021 - COMPLETED	
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	• Jun 2021 - COMPLETED	Change of approach. A suite of tools has been developed and the training will now occur when a review of a service, activity or business process occurs. A ‘learn on the job approach’ will be applied.
2 Provide a training program on the application of continuous improvement tools	• GMBSI	• Sep 2021 - COMPLETED	
3 Integrate continuous improvement as a ‘business as usual activity’ within each service area	• EMT	• Sep 2021 - COMPLETED	

6	Event Description: Inability to respond to climate change		
Responsible Managers: CEO, EMT		Community Plan Theme: ENVIRONMENTAL STEWARDSHIP	
Negative Contributory Factors ("root" causes / how and why the event arises): <ul style="list-style-type: none"> • Extreme weather events • Increased urban infill • State Government Planning Reforms • Lack of recyclables market • Increased waste production by the community 		Risks: <ul style="list-style-type: none"> • Canopy reduced – (out of Council’s control) • Reputational impact – as community has strong ‘green’ focus • Heat-Island effect • Public Health implications and risks • Reduction in quality of life now and future • Increased costs • Impacts to rate-payers • Impact to local flora and fauna • Loss of enviable amenities • Unley does not become a desirable place to live • Loss of productivity of operations due to extreme weather events 	
Likelihood: Almost Certain	Consequence: Major	Inherent Risk Rating:	EXTREME
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> • Canopy Action Plan • Tree Strategy • Budget allocation for 19/20 to target canopy cover has been established • Brown Hill Keswick Creek subsidiary & delivery of Stormwater Management Plan • Strategic Plan and objectives • Re-use water (dam and aquifer) • Long Term Financial Plan • Water Sensitive Urban Design • Waste management plan • Public Health Plan • Asset Management Plans • Alternative Energy initiatives • Cycling and walking network • Climate & Energy Plan for Council Operations 			
Control Effectiveness:	Majority Effective	Risk Tolerance up to:	MEDIUM
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating:	MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:	Comment
CEO KPI 2019/2020 – Environment - <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:			
1 New waste management plan endorsed by Council	• GMCD	• May 2021 - COMPLETED • July 2021 - COMPLETED	
2 New Waste Management Contract	• GMCD	• Dec 2021	
3 Climate & Energy Plan for Council Operations	• GMCD	• May 2021 – Consultation completed • Sep 2021 – Endorsement	Plan has been developed but endorsement postponed by Council. Another Briefing is planned for August
4 Financial incentives for Canopy on private land	• EMT	• Jun 2021 - COMPLETED	
5 Heatwave Action Plan	• EMT	• Jun 2021 – recommendations received • Sep 2021 – implementation plan	Council received the recommendations in June. These are presently being reviewed by internal stakeholders prior to the presentation of an implementation plan to EMT.

Strategic Risk Register

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

July 2021

- Organisation is compromised in its ability to deliver Council's strategic objectives due to additional unplanned decisions of Council



Appendix

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

INFORMATION REPORT

REPORT TITLE:	OPERATIONAL RISK REGISTER UPDATE - HIGH AND EXTREME RISKS
ITEM NUMBER:	2.3
DATE OF MEETING:	10 AUGUST 2021
AUTHOR:	ALEX BROWN
JOB TITLE:	MANAGER FINANCE AND PROCUREMENT
ATTACHMENTS:	1. OPERATIONAL RISK REGISTER - EXTREME AND HIGH RISKS

1. **EXECUTIVE SUMMARY**

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

At the time of the last Audit Committee Meeting on 11 May 2021, 2 risks were assessed as having a residual rating of extreme or high (1 extreme risk and 1 high risk).

During a recent review of the risk register a third risk related to the force closure of facilities (resulting from external causes) has been reassessed from a medium residual rating to a high residual rating due to the probability of the risk.

The treatment plans for the extreme and high residual risks incorporate additional treatments that are now place or have been identified.

The detailed annual review of the Operational Risk Register will be undertaken in the next quarter, and presented in the December 2021 Audit Committee Meeting.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership

4.1 We have strong leadership and governance.

4. **BACKGROUND**

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

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

- A&OS#6 - Assets & Operations: Ability to manage and deliver on resident expectations of service provision;
- BS&S#7 - Business Systems & Solutions: Working from home arrangements leading to potential increased exposure to cyber-attacks; and
- F&P#6 - Finance & Procurement: Pandemic (Covid-19) – leading to impact on revenue streams.

A review of the ORR in April 2021 reduced the residual risk rating for A&OS #6. It was assessed that the completion of the Asset Management Plans, which were endorsed by Council in December 2020, reduced the likelihood of the risk from likely to possible. This risk will now be removed from the high and extreme risk list.

There were no other changes to the operating risks' residual risk rating for the two remaining risks (1 extreme risk and 1 high risk).

5. **DISCUSSION**

A recent review of the Operational Risk Register in July assessed the residual risk rate of the following risk from medium to high:

- C&CC#1 - Business Performance & Service Delivery: Forced closure of facilities (resulting from external cause - such as state emergency declarations), to the risks with a residual rating of high or extreme.

The change in the risk rating for C&CC#1 has arisen due to the change in the likelihood of the residual risk rating from unlikely (could occur less than once a year) to possible (likely to occur once a year).

There has also been an update to the treatment plans for risks as follows:

- BS&S#7 related to cyber security concerns arising from remote working now includes:
 - Updated AV (audio visual) on remote site computers.
 - Implemented further email security measures (Disabling IMAP, an email server protocol, on remote connections)
- F&P#6 related to the impact of COVID-19 on Council's revenue streams now includes:
 - Ongoing monitoring and management of hardship requests;

- C&CC#1 related to the force closure of facilities (resulting from external causes)
 - Support and direction provided by the Local Government Functional Support Group (LGFSG).
 - The use of Special COVID-19 leave.

Administration continues to closely monitor the impact of COVID-19 on Council's revenue streams, given the recent lockdown within South Australia, and the ongoing impact and uncertainty of COVID-19 restrictions on some businesses.

The detailed annual review of the Operational Risk Register will be undertaken in the next quarter, with the full risk register to be present to the Committee at the December 2021 Audit Committee Meeting.

6. **REPORT AUTHORISERS**

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

OPERATIONAL RISK REGISTER: HIGH & EXTREME													July 2021				
SSSS	Risk Category	Risk name and description	Risk issues identified	Risk Owner	INHERENT RISK			Existing controls	Control Effectiveness (are the controls effective at managing the risk?)	RESIDUAL RISK			Further strategies/treatments for consideration or ongoing	REVISED			
					Consequence	Likelihood	Risk Rating			Consequence	Likelihood	Risk Rating		Y or N	Consequence	Likelihood	Risk Rating
BS&S #7	Business Performance & Service Delivery	Working from home arrangements leading to potential increased exposure to cyber attacks - See BS&S#2	Loss of Data Loss of private and personal information Financial Implications Reputational loss	Manager Business Systems and Solutions	Catastrophic	Almost Certain	Extreme	Enabled MFA New VPN Solution Prefer corporate devices to be used for WFH arrangements Mobile MDM solution Implement OneDrive & Teams to store corporate data Education on Email Phishing & Cyber threats Firewall upgrade Reviewed remote access procedures Restricted overseas access Implemented a comprehensive set of email security measures Applied latest security patches to mobile computing devices Implemented new security monitoring and proactive threat response procedures Investigate alternative anti-virus software to allow greater access to control potential threats (within 12-24mths) Review Computer Strategy -to enable improved suitability with mobility devices (within 12-24mths)	3. Partially effective	Catastrophic	Possible	High	Yes	Updated AV (audio visual) on remote site computers. Implemented further email security measures (Disabling IMAP, an email server protocol, on remote connections)			#N/A
F&P#6	Business Performance & Service Delivery	Pandemic (Covid-19) - leading to impact on revenue streams	Increase in aged debtors Potential property valuation fluctuations	Manager Finance & Procurement	Moderate	Almost Certain	High	Ability to borrow (LGFA) LTFP Policies relating to how to treat aged debtors Close management and monitoring of Council's financial position Quarterly budget reviews Aged debtors being monitored on a monthly basis	5. Effective	Moderate	Likely	High	Yes	Ongoing monitoring and management of hardship requests.			#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	Unlikely	Medium	Yes	Local Government Functional Support Group (LGFSG) COVID-19 leave provision	Catastrophic	Possible	High

INFORMATION REPORT

REPORT TITLE:	EXTERNAL AUDIT AGREED ACTIONS STATUS UPDATE
ITEM NUMBER:	2.4
DATE OF MEETING:	10 AUGUST 2021
AUTHOR:	ALEX BROWN
JOB TITLE:	MANAGER FINANCE AND PROCUREMENT
ATTACHMENTS:	1. EXTERNAL AUDIT - AGREED ACTIONS STATUS UPDATE

1. **EXECUTIVE SUMMARY**

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

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

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

Galpins reported that overall the Council demonstrated a high level of compliance with the internal control framework consistent with the principles within the Better Practice Model. Of the 100 internal controls reviewed, 8 internal controls were identified as requiring improvement, 7 of those were deemed to be of medium risk, and 1 rated as a low risk.

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

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

2. RECOMMENDATION

That:

1. The report be received.
-

3. RELEVANT CORE STRATEGIES/POLICIES

4. Civic Leadership

4.3 Our business systems are effective and transparent.

4. BACKGROUND

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

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

As a part of Council's 2020-21 audit, the external auditors, Galpins, undertook an assessment of 100 internal financial controls and provided its findings in its Management Letter. This advice was presented to the Audit Committee at its meeting held on 11 May 2020.

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

It was found that the majority of key internal controls reviewed were operating effectively. In all, 100 core controls were reviewed, 92 controls were operating effectively and 8 controls were identified where improvements could be made to further enhance their effectiveness. The less effective controls have been risk rated and assessed as medium or low risk.

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

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

The report to Audit Committee on 11 May 2021 advised the agreed management actions of 3 internal control findings (all medium risk) had been completed, while progress was underway on management actions for the remaining 5 internal control findings (4 medium and 1 low risk).

5. DISCUSSION

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

Attachment 1

The schedule provides for each finding:

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

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

Business cycles	Findings	2020 Findings		
		Not Started	Work in Progress	Completed
Purchasing & Procurement/Contracting	2	-	1	1
Fixed Assets	1	-	1	-
General Ledger	2	-	1	1
Accounts Payable	1	-	1	-
Credit Cards	2	-	-	2
Total	8	0	4	4

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

Since the Audit Committee on 11 May, actions for finding 2.5.1 involving the review of the CEO's credit card statement and transactions has now been completed.

It should be noted that work on action 2.2.1, involving matching the assets in the Asset Management System to the GIS System, will be ongoing until the asset revaluations are completed over the next 4 years.

The Council's auditors will be updated on the status of the actions as part of their end of financial year audit from 20-22 September 2021.

6. REPORT AUTHORISERS

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

Summary of findings

Business Cycle	Findings	Status	Risk
Purchase, Procurement and Contracting	2.1.1 Significant variance between estimate (used for procurement decision) vs actual spend	Completed	M
	2.1.2 Instances of payments without a purchase order / purchase orders issued after the date of the invoices	In progress	M
Fixed Assets	2.2.1 Assets included in Technology One are not linked and/or reconciled to the GIS system	On going	M
General Ledger	2.3.1 Finance modules in TechOne with potentially excessive number of user IDs allocated to them	In progress	M
	2.3.2 Absence of formal review of balance sheet reconciliations	Completed	M
Accounts Payable	2.4.1 The audit trail of changes to the suppliers' master files are not formally reviewed by management	In progress	M
Credit Cards	2.5.1 CEO's credit card statements and transactions are not reviewed by Council or the audit committee	Completed	L
	2.5.2 Credit card holders are not required to sign a declaration confirming compliance with Council policy and procedures	Completed	M
Rates	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act		N/A
Payroll	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act		N/A
Receipting	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act		N/A
Banking	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act		N/A
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act		N/A

2. DETAILED AUDIT FINDINGS

2.1 PURCHASING AND PROCUREMENT

2.1.1 Significant variance between estimate (used for procurement decision) vs actual spend		Moderate
Control	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework.	
Risk	Council does not obtain value for money in its purchasing and procurement.	

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

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

Finding	Recommendations	Management Response
<p>The Procurement framework provides that purchase orders are required for all purchases over \$2,000, unless the purchase is related to an item described in the list of purchases exempted from a purchase order.</p> <p>Audit selected a sample of 15 purchases and noted two purchases that did not have a related purchase order or contract, and that did not fall into the list of purchases exempted from having a purchase order.</p> <p>Audit notes that Council has developed a report called 'AP Invoices Entered without PO' aimed at identifying and following up purchases with no purchase order. This report is not formally reviewed on a regular basis.</p>	<p>Management monitors non-compliance with purchase order usage. This could include reviewing system reports detailing purchase order usage (e.g. "AP Invoices Entered Without Purchase Orders"), analysing the nature of non-compliances and speaking to any repeat offenders to understand the reasons for non-compliance.</p> <p>Depending on the outcome of this review, Council may determine that:</p> <ul style="list-style-type: none"> • additional education and training in the Policy is warranted to improve compliance; and/or • there is an opportunity to amend the policy on purchase order use to better reflect the desired use of purchase orders. This could, for example, include: <ul style="list-style-type: none"> ○ reviewing the low-value item threshold, below which a purchase order is not required ○ updating the list of exemptions for purchase order use detailed within the policy. 	<p>An education program on the requirement and reasons for the utilisation of purchase orders is underway, along with refresher training on raising and issuing purchase orders.</p> <p>A system of review has been implemented whereby invoices entered without purchase orders will be examined. Those found not be complying will be requested to provide reasons for their non-compliance and be offered further education.</p> <p>Reviews will initially be undertaken monthly. Once a high degree of confidence in the level of compliance is achieved, the frequency of the reviews will be reduced to quarterly.</p> <p>Management Update</p> <p>Half day procurement refresher training, delivered by LGA Procurement, has been completed by approximately 80% of budget holders and employees involved in procurement, with one final session to be held.</p> <p>The Finance and Procurement Team are now working with Business Units to address specific issues within each Team.</p>

2.2 FIXED ASSETS

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

Finding	Recommendations	Management Response
<p>Assets included in TechnologyOne are not linked and/or reconciled to the GIS system.</p> <p>Councils are highly asset intensive in delivering services to rate payers. Councils' infrastructure assets are widespread and require a strong geographical inventory to manage and monitor effectively.</p> <p>A Geographic Information System (GIS software) is designed to store, retrieve, manage, display and analyse geographic and spatial data, including geographical features and their characteristics.</p> <p>To ensure accuracy and completeness of asset databases, it is important for Councils to perform a reconciliation between GIS systems and the asset register. The reconciliation ensures that all assets, components of assets and modifications to assets captured by the GIS system are reflected in the asset register.</p> <p>The standard TechnologyOne GIS reconciliation functionality can be used to update the physical features of assets in the asset register.</p>	<p>A process is introduced to ensure that all assets included in TechnologyOne are linked and/or reconciled to the GIS system.</p>	<p>Council is undertaking a review of its asset data in line with the valuation cycle, which will result in all assets reconciled and mapped over four years. This financial year Council is reviewing bridges, stormwater and recycled water assets.</p> <p>Council have engaged contractors to undertake and external audit of Council's bridge, stormwater and recycled water assets. The audit will reconcile the current data in the technology one database including spatial locations. With this updated data Council will be able to link the latest spatial data with the GIS system. The 2020/21 review will be complete 30 June 2021.</p> <p>Management Update</p> <p>The alignment of the Asset Management System with the GIS is ongoing through the 4-5 year revaluation cycle.</p> <p>The revaluation of bridges and stormwater asset classes for the 2020-21 is presently being finalised.</p>

2.3 GENERAL LEDGER

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

Finding	Recommendations	Management Response
<p>In our 2018/19 interim management we noted that there were no current mechanisms to ensure a complete list of users with access to finance functions are formally reviewed on a regular basis.</p> <p>During the 2019/20 Council reviewed a spreadsheet detailing IDs linked to a profile name. The spreadsheet also provides information on the access (roles) that each profile name should have.</p> <p>The report contains generic descriptions of the roles allocated to each user ID and profile name (e.g. GL officer, AP officer, Asset Officer – Financial, System Administrators, etc).</p> <p>A follow up of this finding during the 2020/21 financial year revealed that Management is currently performing an extensive review of the users' access rights. This review includes reviewing current active users and setting up standard access rights based on the position of the employees.</p> <p>We performed a review of the users allocated to the roles that appear to be related to the business cycles we selected for our review and noted the following roles with potentially excessive number of user IDs allocated to them:</p> <ul style="list-style-type: none"> • 9 user IDs have access to the role AP Officer (role name: VS.APOFFICER); • 19 user IDs have access to the role Asset Officer Financial (role names: \$F1.ASSFINOFFICER and VS.ASSFINOFFICER); • 17 user IDs have access to the role GL Officer (role name: 	<p>Finance Management to review the IT access rights listing to identify roles related to Council's business cycles (e.g. banking, debtors, receipting, general ledger, rates, accounts payable, fixed assets) that may have an excessive number of user IDs allocated to them.</p>	<p>Noted. Work in progress.</p> <p>The review of User IDs and User Profiles has identified the need to revise the role 'profiles' and the mapping of 'UserID to Profiles. This work has commenced, but requires a number of stages and will be scheduled around end of financial year priorities. Schedule completion date is Quarter 2 2021-22.</p> <p>Once this work is completed, we will undertake a risk based analysis to assess and prioritise the further refinements to system administration and development of policies and procedures going forward.</p> <p>Management Update</p> <p>A review has been undertaken with Technology1 consultants to re-align User ID and profiles in line with Unley's organisation chart. The expected full implementation and timeline is captured below.</p> <p>Stage 1 – User ID (eg. Joe Bloggs) and Profile (eg Project Manager) alignment to organisation chart (Sep 21)</p> <p>Stage 2 – System roles (system modules – eg.</p>

Item 2.4 - Attachment 1 - External Audit - Agreed Actions Status Update

<p>VS.GLOFFICER); and</p> <ul style="list-style-type: none">• 9 user IDs have access to the System Administrator role (role name: \$F1.SYSADMINALL).• 5 user IDs have access to the Capital Works Manager role (role name: VS.CAPITAL.WORKS.MAN) <p>Audit acknowledges that Management may consider some of the above observations regarding access rights to be appropriate. The purpose of listing them here is to recommend that Management reviews and formally considers the access rights described above when next performing a formal review of a complete list of IT users' access rights.</p>		<p>budgeting module) to Profile alignment (eg Project Manager) and delegation level (Dec 21)</p> <p>Stage 3 – Security category and access to Budget programs (Feb 22)</p>
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2.3.2 Absence of formal review of balance sheet reconciliations		Moderate
Control	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	
Risk	General Ledger does not contain accurate financial information.	

Finding	Recommendations	Management Response
<p>The finance department has begun adopting a paperless approach to record keeping since December 2018. The balance sheet reconciliations are electronically filed in the network. Since this paperless approach was introduced, no evidence of review of these files is maintained.</p> <p>Audit acknowledges that Council is currently implementing a process whereby the Finance Manager will be electronically approving all balance sheet reconciliations uploaded into ECM (Council's record management system).</p>	<p>Audit encourages Council to continue with its paperless approach.</p> <p>Proceed with implementing the current plan to implement a control where the Finance Manager electronically approves all balance sheet reconciliations uploaded into ECM.</p>	<p>A business workflow process in ECM has been implemented to document the review and record notes (if applicable) once the monthly review by the Finance Manager is completed.</p> <p>COMPLETED</p>

2.4 ACCOUNTS PAYABLE

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

Finding	Recommendations	Management Response
<p>The audit trail report of changes to the suppliers' master file is not being formally reviewed by Finance Management.</p> <p>Audit notes that Council is currently implementing a process where Finance Management will be performing an electronic review of the audit trail of changes to the suppliers' master file uploaded into ECM (Council's record management system).</p>	<p>Ensure that a review of the audit trail report of changes to the suppliers' master file is formally independently reviewed on a regular basis.</p>	<p>We have developed the aggregated audit log report (completed).</p> <p>A quarterly review of the log will be implemented with an ECM business workflow to document the review and record notes (if applicable). To be implemented by Quarter 1 2021-22.</p> <p>Management Update</p> <p>The testing of the ECM upload process is completed. The first quarter review via ECM will be uploaded and captured in Sep 21.</p>

2.5 CREDIT CARDS

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

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

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

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

DECISION REPORT

REPORT TITLE:	PROPOSED INTERNAL AUDIT PLAN 2021-22
ITEM NUMBER:	2.5
DATE OF MEETING:	10 AUGUST 2021
AUTHOR:	ALEX BROWN
JOB TITLE:	MANAGER FINANCE AND PROCUREMENT
ATTACHMENTS:	1. RECOMMENDED INTERNAL AUDIT PLAN 2021-22

1. **EXECUTIVE SUMMARY**

The draft Internal Audit Plan has been developed for the 2021-22 financial year and will allow the Internal Audit Program to identify and address current risks within City of Unley work processes and practices. It will also enable the facilitation of relevant improvements to the control environment.

The development of the draft Internal Audit Plan considered current structure, resources (and any changes to both) along with current and planned process improvement projects.

The Internal Audit Projects included within the draft Internal Audit Plan will be delivered through internal and external resources. The Principal Risk Management Officer will be the internal resource and liaise directly with external contractors specialised in internal audit.

The draft Plan was considered and approved for presentation to the Audit Committee by the Executive Management Team.

A status update on the progress of internal audit projects will be provided to Audit Committee throughout the year.

2. **RECOMMENDATION**

That:

1. The report be received.
 2. The Internal Audit Plan as set out in Attachment 1 to this report (Item 2.5, Audit Committee Meeting, 10/08/2021) be endorsed.
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3. RELEVANT CORE STRATEGIES/POLICIES

4. Civic Leadership

4.1 We have strong leadership and governance.

4. BACKGROUND

The City of Unley's Internal Audit Plan has been established having regard to the Strategic Risk Register, the current internal controls environment, and taking into consideration structure and resourcing (and any planned or recent changes) within the organisation. The Internal Audit Plan seeks to provide a greater level of confidence with internal control practices and procedures for the areas included within the Internal Audit Plan.

The delivery of the existing Internal Audit Plan was initially delayed by the implications of COVID-19, noting two of the audits related to cash handling and staff reimbursements/petty cash. The delivery of the Plan has been further delayed by the extended absence of the Principal Risk Officer who has recently returned to work.

5. DISCUSSION

The draft Internal Audit Plan incorporates the internal audits identified in the 2020 Internal Audit Plan that are yet to be completed or commenced, and one additional audit pertaining to procurement sourcing methods for reoccurring purchases. This new audit project will assess the effectiveness of procurement methods for services and supplies purchased on a regular or reoccurring basis to assess alignment with existing policies and procedures with an assessment of value for money.

The draft Internal Audit Plan was developed with consideration to the following:

- Process improvement projects delivered internally or via consultation.
- Current risk and controls environment within the City of Unley.
- Agreed Actions from the External Auditor's control assessments.
- Organisational change, such as restructures, legislative change or system/process improvements that have recently occurred.
- Internal financial controls that have been identified to be included as part of the self-assessments.

The Internal Audit Projects included within the draft Internal Audit Plan will be delivered through internal and external resources. The Principal Risk Management Officer will be the internal resource and liaise directly with external contractors specialised in internal audit.

The draft Internal Audit Plan has been considered and supported by the Executive Management Team.

The draft Internal Audit Plan is summarised in the following table, and is provided as Attachment 1 to this Report.

Internal Audit Project	Resourcing and Status	Proposed Date
Cash Handling (finalise) To assess the management of cash handling processes	Internal resourcing - Findings being finalised	December 2021
Staff Reimbursements/Petty Cash (finalise) To assess the management of staff reimbursement including petty cash.	Internal resourcing - Report drafted	December 2021
Credit Cards To assess the credit card usage for FY2020-21	External resourcing - Not commenced	February 2022
Procurement Sourcing – Recurring Spend To assess the effectiveness of procurement methods for services and supplies purchased on a regular or reoccurring basis.	External resourcing - Not commenced	May 2022
Infringement & Expiations Review To assess the adequacy of the system, and procedures in place for the management of infringements and expiations issued and waived.	Internal resourcing - Not commenced	May 2022

Attachment 1

The Internal Audit Plan will be monitored and reviewed on an ongoing basis with any changes presented to the Audit Committee for consideration. A status update on the progress of internal audit project will be provided to Audit Committee throughout the year.

6. ANALYSIS OF OPTIONS

Option 1 –

1. The Report be received.
2. The Internal Audit Plan as set out in Attachment 1 to this report (Item 2.5, Audit Committee, 10/08/2021) be adopted.

The proposed Internal Audit Plan has been developed to provide a greater level of confidence in relation to internal control practices and procedures relevant to the areas included.

Option 2 –

1. The Report be received
2. Subject to amendments set out below, the Internal Audit Plan as set out in Attachment 1 to this report (Item 2.5, Audit Committee, 10/08/2021) be adopted.

2.1 Insert amendments required

The Committee may wish to request amendments to the Internal Audit Plan before it is forwarded to Council for endorsement. If this is the case, the amendments should be articulated as part of the resolution. This Option provides the relevant wording to enable the Committee to articulate any changes required to the Internal Audit Plan.

Should the Committee wish to make amendments to the Internal Audit Plan, consideration should be given to the resourcing necessary to deliver a modified Plan.

Option 3 –

1. The Report be received
2. The Internal Audit Plan as set out in Attachment 1 to this report (Item 2.5, Audit Committee, 10/08/2021) be further amended and returned to the Audit Committee for review.

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

7. RECOMMENDED OPTION

Option 1 is the recommended option.

8. POLICY IMPLICATIONS

8.1 Financial/Budget

The externally resourced internal audit projects will be funded through savings in employee costs as a result of the Principal Risk Officer's absence.

8.2 Legislative/Risk Management

There has been a negligible increase in risk due to the delay in the completion of the internal audit projects for the following reasons:

- Cash handling has reduced in the past two years, in part due to safety requirements associate with COVID-19;

- Actions have already commenced to address administrative process issues associated with the staff reimbursement/petty cash and cash handling projects;
- Credit cards have continued to be monitored on a regular basis through internal controls; and
- New processes have been implemented with infringements and expiations with have reduced previously identified risks.

9. REPORT AUTHORISERS

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

Recommended Internal Audit Projects for 2021-22

Internal Audit	Category	Linkage to Strategic Risk	Teams	Resourcing and Status	Proposed Date
<p>Cash Handling (finalise) To assess the management of cash handling processes across a sample of venues are aligned with relevant policies and procedures including applicable Internal Financial Controls. The scope will also include the review of security controls, banking processes and extend to the bank reconciliation process.</p>	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> • Customer Experience • Libraries • Community Centres • Swimming Centre 	Internal resourcing - Findings being finalised	December 2021
<p>Staff Reimbursements/Petty Cash (finalise) To assess the management of staff reimbursement including petty cash are aligned with relevant policies and procedures including applicable Internal Financial Controls</p>	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> • Finance • All staff 	Internal resourcing - Report drafted	December 2021
<p>Credit Cards To assess the credit card usage for FY2020-21 is aligned with relevant policies and procedures – including applicable Internal Financial Controls.</p>	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> • Finance • Credit Card Holders 	External resourcing - Not commenced	February 2022
<p>Procurement Sourcing – Recurring Spend To assess the effectiveness of procurement methods for services and supplies purchased on a regular or reoccurring basis to assess alignment with existing policies and procedures, and assess value for money.</p>	Governance / Internal Financial Controls	4. Inability to manage legislative and regulatory compliance obligations	<ul style="list-style-type: none"> • All Business Units • Procurement staff 	External resourcing - Not commenced	May 2022

<p>Infringement & Expiations Review To assess the adequacy of the system, and procedures in place for the management of infringements and expiations issued and waived.</p>	<p>Governance / Internal Financial Controls</p>	<p>4. Inability to manage legislative and regulatory compliance obligations</p>	<ul style="list-style-type: none"> • Regulatory Services 	<p>Internal resourcing - Not commenced</p>	<p>May 2022</p>
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