



AGENDA

FOR AUDIT COMMITTEE MEETING TO BE HELD ON

9 FEBRUARY 2016 AT 6:00 PM

IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY

MEMBERS

Mr P Brass (Chairman)
Ms K Briggs
Mr C Johnson
Cr G Caruso
Cr G Reynolds

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Governance, Ms T Norman
Business Analyst - Internal Audit & Risk, Mr G Kendall

APOLOGIES

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Audit Committee Meeting held on 13 October 2015.

Presentation of the Minutes of the Confidential Audit Committee Meeting held on 13 October 2015.

PRESENTATION

Presentation by Manager Salisbury Water

REPORTS

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OTHER BUSINESS

CONFIDENTIAL ITEMS

4.4.1 10887 External Audit Services Contract - 2016/17 to 2020/21

Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if Council so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on that grounds that:

1. *Pursuant to Section 90(2) and (3)(d)(i) and (d)(ii) and (k) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*
 - *it relates to commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*
 - *commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest; and*
 - *tenders for the supply of goods, the provision of services or the carrying out of works.*
2. *In weighing up the factors related to disclosure,*
 - *disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations*
 - *Non-disclosure of this matter will protect third party commercial information and enable an informed decision in the award of the External Audit Services contract.*

*On that basis the public's interest is best served by not disclosing the **10887 External Audit Services Contract - 2016/17 to 2020/21** item and discussion at this point in time.*
3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CLOSE



**MINUTES OF AUDIT COMMITTEE MEETING HELD IN COMMITTEE ROOMS, 12
JAMES STREET, SALISBURY ON**

13 OCTOBER 2015

MEMBERS PRESENT

Mr P Brass (Chairman)
Ms K Briggs
Mr C Johnson
Cr G Caruso
Cr G Reynolds

STAFF

Chief Executive Officer, Mr J Harry
General Manager Business Excellence, Mr C Mansueto
Manager Financial Services, Ms K George
Manager Governance, Ms T Norman
Business Analyst - Internal Audit & Risk, Mr G Kendall
Senior Accountant, Mr T Aplin
Assistant Accountant, Ms M Hamilton

The meeting commenced at 6.08pm.

The Chairman welcomed the members, staff and the gallery to the meeting.

APOLOGIES

Nil

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr G Caruso
Seconded Mr C Johnson

The Minutes of the Audit Committee Meeting held on 07 July 2015, be taken and read as confirmed.

CARRIED

PRESENTATIONS

External Auditor Presentation, Ms P Woods, Partner, Deloitte Touche Tohmatsu and Ms K Gillham, Director, Deloitte Touche Tohmatsu

An overview of the 2015/16 External Audit was presented.

Departmental Risk Presentation - General Manager City Development, Mr T Sutcliffe

An outline of key departmental risks for the City Development Department was presented.

REPORTS

4.2.1 End of Year Financial Statements and Analysis

Moved Mr C Johnson
Seconded Cr G Caruso

1. The information be received.
2. In accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advises that it has reviewed the annual financial statements of the Council for the year ended 30 June 2015 and is satisfied they present fairly the state of affairs of Council.
3. In accordance with Regulation 22 of the Local Government (Financial Management) Regulations clauses (3) (a) and (4), that the Chief Executive Officer and the Chair of the City of Salisbury Audit Committee sign the statement to certify the independence of the Council Auditor, Deloitte Touch Tohmatsu.

CARRIED

4.2.2 Financial Audit Board Report

Moved Mr C Johnson
Seconded Ms K Briggs

1. The information be received.

CARRIED

Cr G Reynolds left the meeting at 07:35 pm.

4.2.3 Financial Internal Controls Report

Cr G Reynolds returned to the meeting at 07:37 pm.

Moved Mr C Johnson

Seconded Cr G Reynolds

1. The information be received.
2. The Business Analyst Internal Audit and Risk confirm the External Auditor is satisfied with the current controls in place in relation to the internal control dealing with sequentially pre-numbered credit notes and authorisation in line with delegations.

CARRIED

Cr G Caruso left the meeting at 07:42 pm.

4.2.4 Draft Annual Report 2014/15

Mr C Johnson left the meeting at 07:42 pm.

Cr G Caruso returned to the meeting at 07:44 pm.

Mr C Johnson returned to the meeting at 07:44 pm.

Moved Mr C Johnson

Seconded Ms K Briggs

1. Information provided by the Audit Committee of Council be incorporated into the final draft of the 2014/15 Annual Report.

CARRIED

4.2.5 Audit Committee Self-Assessment Questionnaire and Process

Moved Cr G Caruso

Seconded Mr C Johnson

1. The information be received.
2. A further review of the self-assessment questionnaire be undertaken incorporating feedback provided by the Audit Committee.

CARRIED

4.2.6 Asset Policy Review

Moved Cr G Caruso
Seconded Cr G Reynolds

1. The information be received.
2. The Asset Depreciation Policy, as set out in Attachment 1 (Item No. 4.2.6, Audit Committee of Council, 13/10/2015) be endorsed.
3. That the Asset Capitalisation Policy and Framework as set out in Attachments 2 and 3 (Item No. 4.2.6, Audit Committee of Council, 13/10/2015) be discontinued.
4. That the Asset Impairment Policy as set out in Attachment 4 (Item No. 4.2.6, Audit Committee of Council, 13/10/2015) be discontinued.
5. That the Accounting Treatment of Land Under Roads Policy as set out in Attachment 5 (Item No. 4.2.6, Audit Committee of Council, 13/10/2015) be discontinued.
6. That the Asset Revaluation Policy as set out in Attachment 6 (Item No. 4.2.6, Audit Committee of Council, 13/10/2015) be discontinued.

CARRIED

4.2.7 Treasury Policy

Moved Ms K Briggs
Seconded Mr C Johnson

1. Information be received.
2. Staff report back on an investment mandate to be considered for inclusion in the Treasury Policy

CARRIED

4.2.8 Internal Audit Update

Moved Ms K Briggs
Seconded Mr C Johnson

1. The information be received.
2. The Business Analyst Internal Audit and Risk continues to progress internal audit activity in line with information set out in Attachment A to this report (Item No 4.2.8, Audit Committee, 13/10/2015) be endorsed.
3. Following conduct of the Risk Workshop with the Audit Committee of Council a three year internal audit plan be developed and presented for endorsement

CARRIED

OTHER BUSINESS

Nil

CONFIDENTIAL ITEMS

4.4.1 10887 External Audit Services 2016/2017 to 2020/2021 - Acquisition Plan

Moved Cr G Reynolds
Seconded Mr C Johnson

1. *Pursuant to Section 90(2) and (3)(k) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:*

- it relates to tenders for the supply of goods, the provision of services or the carrying out of works.

2. *In weighing up the factors related to disclosure,*

- disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations

- Acquisition plan for market approach to remain confidential until contract has been awarded.

On that basis the public's interest is best served by not disclosing the 10887 External Audit Services 2016/2017 to 2020/2021 - Acquisition Plan item and discussion at this point in time.

3. *Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.*

CARRIED

The meeting moved into confidence at 8.55pm.

The meeting moved out of confidence and closed at 9.12pm.

CHAIRMAN.....

DATE.....

ITEM	4.0.1
	AUDIT COMMITTEE
DATE	09 February 2016
HEADING	Appointment of Deputy Chairman - Audit Committee
AUTHOR	Joy Rowett, Governance Coordinator, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
SUMMARY	This report addresses the requirement for the appointment of a Deputy Chairman of the Audit Committee of Council.

RECOMMENDATION

1. _____ be appointed as Deputy Chairman of the Audit Committee for a term of _____.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 In February 2015 Mr Mark McAllister was appointed Deputy Chairman of the Audit Committee for the term of Council.
- 1.2 Mr McAllister opted not to seek to continue his membership of the Committee when his term expired on 31 August 2015.

2. REPORT

- 2.1 It is standard practice as well as good governance to appoint a Deputy Chairman for a committee, who can stand in for the Chairman in their absence, thereby allowing consideration of the business of the Committee to continue on occasions when the Chairman is unable to attend a meeting.
- 2.2 The Deputy Chairman should have the authority, skill and experience to manage the committee in the absence of the Chairman. There is no other requirement for appointment to the role of Deputy Chairman.
- 2.3 To ensure ongoing management of the business of the Audit Committee in the absence of the Chairman a Deputy Chairman must be appointed.

3. CONCLUSION / PROPOSAL

- 3.1 Council is asked to make an appointment for the position of Deputy Chairman of the Audit Committee and specify the duration of that appointment.

CO-ORDINATION

Officer: Exec Group MG
Date: 04/02/2016

ITEM	4.0.2
	AUDIT COMMITTEE
DATE	09 February 2016
HEADING	Future Reports for the Audit Committee of Council
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
SUMMARY	This item details reports to be presented to the Audit Committee of Council as a result of a previous Council resolution. If reports have been deferred to a subsequent meeting, this will be indicated, along with a reason for the deferral.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 A list of resolutions requiring a future report to Council is presented for noting.

2. REPORT

- 2.1 The following table outlines the reports to be presented to the Audit Committee as a result of a Council resolution:

Meeting Item	- Heading and Resolution	Officer
09/02/2016 4.2.7	Treasury Policy Staff report back on an investment mandate to be considered for inclusion in the Treasury Policy. Due: February 2016 Deferred to: April 2016 Reason: Further information is being collated.	Kate George

3. CONCLUSION / PROPOSAL

- 3.1 Future reports for the Audit Committee of Council have been reviewed and are presented to Council for noting.

CO-ORDINATION

Officer:	MG	GMBE
Date:	03/02/2016	03/02/2016

ITEM	4.0.3
	AUDIT COMMITTEE
DATE	09 February 2016
HEADING	Review of the Audit Committee Terms of Reference and Internal Audit Charter
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant 4.6 To provide our customers with excellent service that meets their needs
SUMMARY	The existing Audit Committee Terms of Reference and Internal Audit Charter have been reviewed and amended, to ensure continued conformity with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, the Local Government Act and Regulations.

RECOMMENDATION

1. The information be received.
2. The Audit Committee Terms of Reference, as set out in the attachment to this report (Item No. 4.0.3, Audit Committee, 09/02/2015) be considered and endorsed.
3. The Internal Audit Charter, as set out in the attachment to this report (Item No. 4.0.3, Audit Committee, 09/02/2015) be considered and adopted.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Appendix A - revised Audit Committee Terms of Reference v4.10
2. Appendix B - Internal Audit Charter v9.4

1. BACKGROUND

- 1.1 The Audit Committee Terms of Reference outlines the purpose, membership, scope and responsibilities of the Audit Committee of Council.
- 1.2 The Internal Audit Charter defines the scope, purpose, authority and responsibility of the Internal Audit function at City of Salisbury.
- 1.3 Both the Audit Committee Terms of Reference and Internal Audit Charter are periodically reviewed to ensure that they remain relevant, accurate and compliant with applicable laws, regulations and standards. Both documents were last reviewed by the Audit Committee in February 2014.

2. REPORT

2.1 Audit Committee Terms of Reference

- 2.1.1 The Audit Committee Terms of Reference has been reviewed; changes to the document are highlighted in red. Sections of the *Local Government Act 1999* (the Act) and the *Local Government (Financial Management) Regulations 2011* apply to the Audit Committee and these are referenced within the document.
- 2.1.2 Relatively few changes are proposed to the document. Two repeated paragraphs have been deleted. The power of appointing external auditors resides with council under the Act, albeit on the recommendation of the Audit Committee, so this has been changed accordingly in the terms of reference. As the Audit Committee does not have a financial delegation the reference to the Audit Committee remunerating the external auditors has also been removed.
- 2.1.3 Changes have been made in sections 5 and 6 of the Terms of Reference regarding appointment of the Deputy Chairman and also consideration of the adequacy of internal audit resources, because the adequacy of City of Salisbury resources is the responsibility of the Chief Executive Officer rather than the Audit Committee.

2.2 Internal Audit Charter

- 2.2.1 The Internal Audit Charter has been reviewed, changes to the document are highlighted in red.
- 2.2.2 Again relatively few changes are proposed to this document. These are summarised as follows:
- References to the Strategic Risk Register informing the Internal Audit Plan have been included in the Internal Audit Charter.
 - A change has been made to the authority of the Internal Auditor, requiring public officers to fully cooperate with the internal audit function.
 - One or two minor changes have also been made to the document.

3. CONCLUSION / PROPOSAL

- 3.1 The final versions, without the mark-ups of the revised Internal Audit Charter and Audit Committee Terms of Reference comply with the relevant legislation, regulations and professional standards.
- 3.2 The Audit Committee is asked to consider proposed changes to the Audit Committee Terms of Reference and the Internal Audit Charter with a view to recommending adoption of the changes to Council.

CO-ORDINATION

Officer: MG Executive
Date: 21/01/16 02/02/2016



Audit Committee of Council

- Terms of Reference -

Endorsed by Council: 24 February 2014

Review Date: January 2016

1. Purpose

- 1.1 In line with section 125 of the *Local Government Act 1999* (the Act) the committee will, with the adoption of a strategic risk outlook:
- Satisfy itself that appropriate policies, practices and procedures of internal control are implemented and maintained.
 - Ensure that these controls are appropriate for achieving the council's goals and objectives, safeguarding the council's assets and as far as possible maintaining the accuracy and reliability of council records.
 - Satisfy itself that the organisation is meeting its fiduciary and legislative responsibilities.

2. Status and Term of the Committee

- 2.1 The Committee is mandated under section 126 of the Act.
- 2.2 This Committee will exist for the term of the Council.

3. Authority

- 3.1 The Audit Committee can request the conduct of investigations into any matters within the scope of its responsibility. It is empowered to:
- ~~Recommend to Council the appointment and~~ ~~Appoint, remunerate~~ ~~and~~ oversee the work of any external auditor ~~appointed~~ ~~employed~~ by ~~the~~ City of Salisbury.
 - Resolve any disagreements between management and the external auditor regarding financial reporting.
 - Pre-approve all auditing and non-audit services.
 - Request through the Chief Executive Officer (CEO) the right to retain independent counsel, accountants or others to advise the committee or assist in the conduct of an investigation.
 - Seek any information it requires from anyone employed by City of Salisbury, all of whom are directed to cooperate with the committee's requests or those of external parties acting on behalf of the committee.
 - Meet with City of Salisbury employees or the appointed external auditors as necessary.



Audit Committee of Council

- Terms of Reference -

Endorsed by Council: 24 February 2014

Review Date: January 2016~~8~~

4. Meeting Details

- 4.1 The committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require.
- 4.2 Meetings will be scheduled on a day of the week convenient to the committee members, but will commence no earlier than 5pm on the day of the meeting. ~~Meetings of the committee will be held in the Council Offices at 12 James Street, Salisbury, under normal circumstances. In accordance with Section 87 of the Act, a minimum of three clear days notice of an ordinary meeting, together with an agenda and supporting papers will be provided to members of the committee. The attendance of the following City of Salisbury staff will be required at each committee meeting, together with any staff member deemed appropriate by the committee:~~
- 4.3 Meetings of the committee will be held in the Council Offices at 12 James Street, Salisbury, under normal circumstances.
- 4.4 In accordance with Section 87 of the Act, a minimum of three clear days notice of an ordinary meeting, together with an agenda and supporting papers will be provided to members of the committee.
- 4.5 The attendance of the following City of Salisbury staff will be required at each committee meeting, together with any staff member deemed appropriate by the committee:
 - CEO
 - General Manager Business Excellence
 - Manager Governance
 - Internal Auditor
- 4.6 Administrative support for the committee will be resourced by City of Salisbury.
- 4.7 Public notice of meetings will be given through publication of the annual meeting schedule on the City of Salisbury website.
- 4.8 A copy of the Notice of Meeting and Committee Agenda will also be displayed on a monthly basis at 12 James Street, Salisbury.
- 4.9 Members of the public are able to attend all meetings of the committee, unless prohibited by resolution of the committee under the confidentiality provisions of section 90 of the Act.



Audit Committee of Council

- Terms of Reference -

Endorsed by Council: 24 February 2014

Review Date: January 2016

5. Membership

- 5.1 Section 126(2) of the Act and s.17(1) of the Local Government (Financial Management) Regulations 2011, (the Regulations), state that the membership of the Audit Committee;
- May include persons who are not members of the council.
 - May not include an employee of the council (although an employee may attend if appropriate).
 - May include or be comprised of Audit Committee members from another council.
 - Must be between three and five members.
 - Must include at least one person who is not a member of the council and who is determined by the council to have financial experience relevant to the functions of the audit committee.
 - Must not include, as a member, the council's external auditor.
- 5.2 In line with the requirements of the Act and the Regulations, the Audit Committee of Council;
- Will consist of five members, three of whom will be independent of the council and City of Salisbury and will have the necessary skills, knowledge and experience (including recent, relevant financial experience), to ensure the effective discharge of the responsibilities of the committee.
 - The other members of the committee will come from the elected members of the council, they will be selected by the council and will possess the necessary understanding of the role of the committee and such skills, knowledge and experience to enable them to function effectively as a member of the committee.
 - Members will be appointed to the Audit Committee for the term of council. Members may, at the discretion of the council, be elected for subsequent terms.
 - Independent members of the Audit Committee will be paid suitable remuneration for the provision of their services; this will be set by council and reviewed by council at the time of establishment of each new committee term.
 - All members must attend the meeting and where unable to do so, must provide an apology prior to the meeting.
 - Members of the committee must comply with the conduct and conflict of interest provisions of the Local Government Act. In



Audit Committee of Council

- Terms of Reference -

Endorsed by Council: ~~24 February 2014~~

Review Date: January 2016~~8~~

particular, Sections 62 (general duties), 63 (code of conduct) and 73-74 (conflict of interest, members to disclose interests) must be adhered to.

- The Chairman of the committee will be appointed by the council from the independent members.
- The Deputy Chairman will be appointed at the first meeting of the Committee for a period to be determined by the Committee.

6. Responsibilities

6.1 Section 126(4) of the Act articulates the role of the Audit Committee, which includes:

- Reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and
- Proposing and providing information relevant to, a review of the council's strategic management plans or annual business plan; and
- Proposing and reviewing the exercise of powers under section 130A of the Act; and
- If the council has exempted a subsidiary from the requirement to have an audit committee, undertake the functions that would, apart from the exemption, have been performed by the subsidiary's audit committee; and
- Liaising with the council's external auditor; and
- Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of council on a regular basis.

6.2 City of Salisbury also considers the following to be critical components of the role of the Audit Committee:



Audit Committee of Council

- Terms of Reference -

Endorsed by Council: ~~24 February 2014~~

Review Date: January 2016~~8~~

- Reviewing significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, significant changes in accounting policies or their application, recent professional and regulatory pronouncements and their corresponding impact on the financial statements.
- Reviewing all reports on the council's operations from the external auditor and monitoring management responsiveness to the external auditor's findings and recommendations.
- Reviewing the annual financial statements and considering whether they are complete and consistent with information known to committee members and that they reflect appropriate accounting principles.
- Reviewing other sections of the annual report and related regulatory filings before approval and considering the accuracy and completeness of the information.
- Understanding how management develops interim financial information and the nature and extent of internal and external audit involvement in this process.
- Reviewing council arrangements for dealing with public information provided under the whistle-blower legislation; and
- Considering and making recommendations on the program of internal audits ~~and the adequacy of internal audit resources~~; and
- Reviewing the operation and effectiveness of the internal audit function and all reports on the council's operations from the Internal Auditor, including the monitoring of management responses to the Internal Auditor's findings and recommendations; and
- Providing guidance and overseeing the supply of non-audit services by the external auditor; and
- Reviewing the appropriateness and effectiveness of the council's internal controls and risk management frameworks.
- Instituting and overseeing special investigations as and when necessary.

6.3 The committee will also:



Audit Committee of Council

- Terms of Reference -

Endorsed by Council: 24 February 2014

Review Date: January 2016

- Review the statements to be included in the annual report concerning internal audit and risk management.
- Review the internal audit plan and all significant changes to the plan.
- Monitor the external auditor's rotation of audit partners.
- Meet with the external auditor, in camera, once per year.
- Meet with the Internal Auditor, in camera, when necessary to discuss confidential issues.
- Have access to reasonable resources in order to carry out its duties.
- Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

7. Voting Rights

- 7.1 All members have equal voting rights.
- 7.2 A question arising for a decision will be decided by a majority of votes cast by all members present.
- 7.3 Each member must vote on a question arising for a decision.
- 7.4 The Chairman has a deliberative vote, but does not have a casting vote in the event of an equality of votes.
- 7.5 In the event of an equality of votes, the matter must be referred to council for decision.

8. Meeting Procedures, Minutes and Documents

- 8.1 All meetings of the committee will be held in accordance with the Act (and relevant Regulations), the City of Salisbury Code of Practice for Meeting Procedures and the City of Salisbury Code of Practice for Access to Meetings and Documents.
- 8.2 Minutes will be kept of the proceedings at each committee meeting.
- 8.3 Members of council will be provided with a copy of all minutes of the proceedings of this committee within five days after a meeting.



Audit Committee of Council

- Terms of Reference -

Endorsed by Council: 24 February 2014

Review Date: January 2016

- 8.4 Members of the public have access to all documents relating to the committee and committee meetings unless prohibited by resolution of the committee under the confidentiality provisions of section 91 of the Act.

9. Quorum

- 9.1 A quorum shall consist of three members, at least two of whom will be independent members.
- 9.2 Meetings are to be rescheduled where there is no quorum.

10. Reporting Requirements

- 10.1 The Audit Committee reports directly to council and shall make whatever recommendations to the council it deems appropriate on any area within its Terms of Reference where in its view action or improvement is needed.
- 10.2 Recommendations made by the committee will be referred to the next council meeting, through the presentation of minutes, for final resolution.
- 10.3 The Audit Committee will provide to council an annual report on its activities, performance and achievements, as well as any other reports it deems necessary.



Internal Audit

- Charter -

Endorsed by Council: ~~24 February 2014~~

Review Date: January 2016~~8~~

1. The Charter

- 1.1 This Charter sets out the purpose, authority, responsibility and other relevant information related to City of Salisbury's internal audit function.
- 1.2 It outlines the City's understanding and expectations of this function and its commitment to ensuring its effective operation.

2. Commitment

- 2.1 City of Salisbury recognises internal audit as an integral element of its governance and risk management framework.
- 2.2 The City is committed to ensuring that its internal audit function is provided with appropriate resources and support to ensure that it is able to discharge its responsibilities effectively and efficiently.

3. Purpose

- 3.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve City of Salisbury's operations.
- 3.2 It helps City of Salisbury accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

4. Professionalism and Code of Ethics

- 4.1 Internal auditors shall comply with the codes of conduct, definition, standards and professional ethics laid down by the appropriate professional auditing/accounting bodies and the City's Code of Conduct.
- 4.2 Internal auditors will be prudent in exercising authority and in the use of information acquired in the course of their duties; they shall ensure the confidentiality of information unless legislation prohibits this.
- 4.3 The Manager Governance will ensure that all internal audit staff and consultants comply with the above conduct and standards.



Internal Audit

- Charter -

Endorsed by Council: 24 February 2014

Review Date: January 2016

5. Authority

- 5.1 The internal audit ~~activity~~function, with strict accountability for confidentiality and safeguarding of records and information, is authorised full, free and unrestricted access to any and all of City of Salisbury's and Council records, physical properties and personnel pertinent to carrying out any engagement.
- 5.2 All public officers are requested to assist ~~and fully cooperate with~~ the internal audit ~~function~~activity in fulfilling its roles and responsibilities.
- 5.3 Internal audit will also have free and unrestricted access to the Council.
- 5.4 In addition, specifically Internal Audit:
 - Is allowed direct communication with all staff, contractors and consultants.
 - Can report such matters considered necessary to be communicated or reported.
 - Is free to conduct such special assignments or consultancy engagements as considered necessary. Usually and wherever practical, the Audit Committee of Council and the Chief Executive Officer (CEO) will be informed prior to commencement of such assignments.
 - Will normally conduct audits in consultation with general managers, managers and staff. However, where considered necessary, internal audit is authorised to conduct reviews without prior consultation, in exceptional circumstances. In such cases the CEO is to be advised as soon as practicable.
 - Shall record the details of any restrictions imposed upon it and the reasons for them, notwithstanding any limitations in this Internal Audit Charter and the Audit Committee of Council Terms of Reference.
 - ~~Shall h~~Have direct contact with any level of management concerning an audit ~~or~~ activity and may require any public officer to furnish information and explanations.

6. Organisation

- 6.1 The Internal Auditor will report functionally to the Audit Committee of Council, operationally to City of Salisbury Executive Group and



Internal Audit

- Charter -

Endorsed by Council: 24 February 2014

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administratively to the Manager Governance.

- 6.2 All decisions regarding the performance evaluation, appointment or removal of the Internal Auditor as well as their annual compensation and salary adjustment will be made by the CEO or their designate the Manager Governance.
- 6.3 The Internal Auditor will communicate directly with the Audit Committee of Council and City of Salisbury Executive Group, including in camera sessions with the Audit Committee as appropriate.

7. Independence and Objectivity

- 7.1 The internal audit activity will remain free from interference by any element in City of Salisbury, including matters of audit selection, scope, procedures, frequency, timing or report content in order to facilitate an independent and objective ~~mental~~ attitude.
- 7.2 Internal auditors will have no direct operational responsibility or authority over any of the activities audited directly by the internal audit function.
- 7.3 When internal auditors are conducting engagements that have previously been the subject of consultancy work, the same internal auditor should not be responsible for both pieces of work for at least one year after the consultancy work was completed.
- 7.4 Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.
- 7.5 They must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.
- 7.6 The Internal Auditor will confirm to the Audit Committee of Council, at least annually, the organisational independence of internal audit activity.

8. Responsibility

- 8.1 The Internal Auditor will be responsible to the Audit Committee of Council for the functional conduct of internal audit activities in relation to:



Internal Audit

- Charter -

Endorsed by Council: 24 February 2014

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- Development, implementation and oversight of internal audit methods and procedures.
- Development, implementation, oversight and completion of the internal audit plan.
- Scope and boundaries of audits.
- Fulfilling the objectives of internal audit.
- Utilising audit resources to maximise the efficiency and effectiveness of internal audit.
- Maintenance of appropriate internal auditing standards.

8.2 Internal audit activity is reviewed by the Audit Committee of the Council, which is governed by its own Terms of Reference that has been endorsed/agreed by the Council.

8.3 The internal audit function assists the Audit Committee of Council and City of Salisbury Executive Group in the effective discharge of their responsibilities by examining and evaluating the adequacy and effectiveness of City of Salisbury's governance, risk management and internal control processes in relation to the City's defined goals and objectives.

8.4 Internal audit will contribute to these goals and objectives by:

- Determining the adequacy and effectiveness of the City's financial, operational and information systems controls, so that significant risks are identified and properly managed.
- Reviewing the integrity of financial and other key information used in decision making, including controls over the collection, recording, storing and communication of that information.
- Providing advice to management on identifying risks (including opportunities foregone) and generating an awareness of effective control techniques to minimise such risks.
- Appraising the means of safeguarding the City's assets, including verification where appropriate.
- In collaboration with staff and management identifying ways of improving customer service, efficiency, economy and effectiveness in operations.
- Assessing the extent of compliance with policies, procedures, statutory requirements, guidelines and best practice.



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- Providing advice to management on and/or interpreting statutory requirements and guidelines.
- Conducting reviews of programs or projects to ensure objectives have been achieved and that the programs or projects are still appropriate.
- Carrying out consultancy work or special assignments as directed by the Audit Committee of Council, or the CEO.
- Reporting significant risk exposures and control issues identified to the Audit Committee of Council and City of Salisbury Executive Group.

9. Scope

- 9.1 Audit entities will be reviewed according to the perceived level of risk the units present to City of Salisbury's defined goals and objectives [as evident in the City of Salisbury's Strategic Risk Register](#).
- 9.2 Those entities presenting the highest risks will generally be audited more frequently and extensively than those representing lower levels of risk to the achievement of objectives, as resource and budget allows.
- 9.3 The Internal Auditor will decide upon the nature and scope of any review in consultation with the Manager Governance, General Manager of the area under review and / or the CEO.

10. Internal Audit Plan

- 10.1 At least annually, the Internal Auditor will submit to the Audit Committee of Council an internal audit plan for review and comment, including risk assessment criteria.
- 10.2 The plan will include the timing as well as the budget and resource requirements for the next financial year.
- 10.3 The Internal Auditor will communicate to both the Audit Committee of Council and City of Salisbury Executive Group the impact on the plan of resource limitations and significant interim changes.
- 10.4 An internal audit plan will be developed based on [the risks in the City of Salisbury's Strategic Risk Register](#) ~~priority~~ [prioritisation of the risk profile of City of Salisbury](#), including input from the Audit Committee of Council and City of Salisbury Executive Group.



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- 10.5 Where practical the proposed audit activities will be co-ordinated with other assurance providers such as the external auditor. This should facilitate the economic and efficient use of audit resources and provide a more comprehensive assurance program.
- ~~10.6 This should facilitate the economic and efficient use of audit resources and provide a more comprehensive assurance program.~~
- 10.67 Any significant deviation from the approved internal audit plan will be communicated to the Audit Committee of Council and the CEO as soon as practical.
- 10.78 On a periodic basis the Internal Auditor will provide a report self-assessment to the Audit Committee of Council on internal audit activity.

11. Reporting and Monitoring

- 11.1 A written report will be prepared and issued by the Internal Auditor following the conclusion of each internal audit engagement and will be distributed as appropriate.
- 11.2 Internal audit results will also be provided to the Audit Committee of Council.
- 11.3 The internal audit report may include management's response and corrective action taken or to be taken with regard to the specific findings and recommendations.
- 11.4 Management's response, whether included within the original audit report or provided thereafter by agreement with the audited area, should include a timetable for anticipated completion of actions and an explanation for any corrective actions that will not be implemented.
- 11.5 The Internal Auditor will be responsible for appropriate follow-up on engagement findings and recommendations.
- 11.6 Where appropriate, internal audit findings will be used to update the City's Strategic Risk Register.

12. Quality Assurance

- 12.1 In order to ensure that the quality of internal audit work is of a



Internal Audit

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consistently high standard, the CEO shall:

- Ensure that an independent external review of the internal audit function is undertaken at least every five years by a suitably qualified independent assessor.
- Provide internal audit staff with appropriate professional development opportunities.

ITEM	4.2.1
	AUDIT COMMITTEE
DATE	09 February 2016
HEADING	Audit Committee Self-Assessment Questionnaire and Process
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
SUMMARY	Best practice indicates that the performance of the Audit Committee of Council should be reviewed on a regular basis. One of the easiest and most common ways of assessing the performance of the Committee is through self-assessment. This report outlines the proposed methodology for self-assessment of the Audit Committee.

RECOMMENDATION

1. The information be received.
2. The self-assessment questionnaire, as set out in the attachment to this report (Item No. 4.2.1, Audit Committee, 09/02/2016) be issued to members of the Audit Committee for completion after the February meeting of the Audit Committee of Council, with results to be collated and presented at the Audit Committee of Council meeting in April 2016.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Audit Committee Self-Assessment Questionnaire v4

1. BACKGROUND

- 1.1 At the October meeting of the Audit Committee of Council the self-assessment questionnaire was presented and discussed. The BA Internal Audit & Risk was tasked with reviewing and improving the self-assessment questionnaire in line with the comments made by the Audit Committee. This report outlines the self-assessment process and attached to the report is a copy of the revised questionnaire.

2. REPORT

- 2.1 Operating on the basis that a self-assessment approach will continue to be used, work has been undertaken to amend the self-assessment form. A focus has been placed on using the results of the self-assessment form for improving the effectiveness of the Audit Committee. With this approach in mind the questionnaire has been modified away from a 'checklist' format and now provides

more space for members to provide comments, suggestions and explanations in response to the questions asked. The questions have also been rationalised and revised after reviewing the self-assessment forms used by other Audit Committees of South Australian Councils.

- 2.2 The amendments to the self-assessment form since it was presented to the Audit Committee on October, are highlighted in red on the attached form.

3. CONCLUSION / PROPOSAL

- 3.1 The revised self-assessment form is more capable of being used as a tool for improvement than its predecessor and more accurately reflects the operation and responsibilities of the Audit Committee of Council.

- 3.2 A recommendation has been made to use this revised form for the self-assessment of the Audit Committee of Council for the calendar year 2015. It is proposed that this form be issued to all members of the Committee for completion, with the results disseminated to the Audit Committee at the next meeting in April 2016.

CO-ORDINATION

Officer:	MG	Executive
Date:	21/01/2016	02/02/2016

Please complete this questionnaire based on your views as a member of the Audit Committee of Council. Where a “No” response is provided please include comments/information that quantifies your response. Results from the self-assessment questionnaire will be used to identify areas for development/improvement in the operations of the Audit Committee.

Section A – Establishment of the Committee		Yes / No	Comments / Suggestions for Improvement
1.	Do the Terms of Reference of the Committee provide clear information on the role and functions of the Committee and its oversight responsibilities on behalf of Council?		
2.	Are Committee Members’ qualities (i.e. financial literacy and skills, understanding of City of Salisbury, industry and capital markets) as a whole, appropriate to discharge the Committee’s oversight responsibilities on behalf of Council?		
3.	Do Committee Members demonstrate the highest level of integrity (including maintaining the utmost confidentiality and identifying, disclosing and managing conflicts of interest and acting appropriately where conflicts or interests arise)?		
Section B – Meetings		Yes / No	Comments / Suggestions for Improvement
1.	Are arrangements for Committee meetings appropriate (i.e. frequency, time of day, duration, venue, location and format)?		
2.	Does the Committee ensure that appropriate internal and external stakeholders attend meetings as necessary (e.g. CEO, GM Business Excellence, external audit representative, etc.)?		
3.	Do all members of the Committee participate actively and constructively during meetings (i.e. Members disagree without being disagreeable, assumptions are constructively challenged, views are skilfully explored, differences of opinion are appropriately acknowledged and resolved, and consent is forged)?		

Attachment 4 - Audit Committee Self-Assessment Questionnaire v4	Section B – Meetings	Yes / No	Comments / Suggestions for Improvement
	Is the written documentation (e.g. meeting agendas, reports, minutes and supporting documentation) provided to the Committee appropriate (i.e. clearly explains matters to be dealt with, is aligned to strategic directions and business plans, is distributed and followed up in a timely manner)?		
	Do separate private meetings without Management contribute to the Committee's effectiveness (e.g. with Internal Audit, External Auditors, with only committee members or with any external advisor, as needed or appropriate)?		
	Do you fully understand the meeting procedures and processes in place at the City of Salisbury to ensure the smooth operation of the Audit Committee?		
	Do you consider meetings to be effective? – if not, please provide details and include how they could be improved.		
Item 4.2.1 - Attachment 4	Section C – Internal Audit	Yes / No	Comments / Suggestions for Improvement
1.	Does the Internal Audit Charter provide clear and appropriate information on the role of the Internal Audit function and its relationship to the Committee?		
2.	Do you have direct and unrestricted access to the internal audit function?		
3.	Do the activities in the internal audit plan address areas of concern and provide assurance to Council?		
4.	Do you receive sufficient information regarding internal audits and activities in the internal audit plan? If not, what further information would you like to receive?		
	Section D – External Audit	Yes / No	Comments / Suggestions for Improvement
1.	Do you have direct and unrestricted access to the external auditor?		
2.	Do you understand the information being presented to you by the external auditor? If not, what further information would assist		

Section D – External Audit		Yes / No	Comments / Suggestions for Improvement
	with your understanding?		
3.	Does the Committee discuss significant findings from the financial and internal controls audits with the external auditor?		
Section E – Financial Oversight		Yes / No	Comments / Suggestions for Improvement
1.			
1.	Does the Committee assess whether the annual financial statements reflect appropriate accounting principles?		
2.	Does the Committee review significant accounting and reporting issues, including complex or unusual transactions, highly subjective areas and significant changes in accounting policies and their corresponding impact on the financial statements?		
3.	Do you believe that the annual financial statements are complete and consistent with the operations of the City of Salisbury?		
Section F – Risk Management		Yes / No	Comments / Suggestions for Improvement
1.	Is the Committee satisfied that there is an effective risk management framework in place at the City of Salisbury? If not, what actions should be taken to address this?		
2.	Does the Committee assure itself that the Chief Executive Officer and General Managers take personal responsibility for risk identification and control?		
3.	Does the Committee understand and discuss issues which present significant risks to the organisation?		
Section G – Oversight of Other Activities		Yes / No	Comments / Suggestions for Improvement
1.	Do you believe that the system for reviewing outstanding items arising from external or internal audit reports is efficient and effective? If not, why not and what could be done to improve it?		
2.	Is there anything further that you believe the Audit Committee should have oversight of		

Item 4.2.1 - Attachment 1 - Audit Committee Self-Assessment Questionnaire v4	Section G – Oversight of Other Activities	Yes / No	Comments / Suggestions for Improvement
	in order to fulfil its obligations under the Terms of Reference? If Yes, please be specific regarding your expectations.		

Name

Signature

Date

ITEM	4.2.2
	AUDIT COMMITTEE
DATE	09 February 2016
HEADING	Internal Audit Plan
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant

SUMMARY The Internal Audit Plan outlines the audit work to be undertaken in the calendar years 2016-18. It was developed by analysing the risks in the strategic risk register and identifying issues that should be the focus of the Internal Audit function for the relevant period. This risk based approach ensures matters presenting the greatest risk to the City of Salisbury are audited and the internal audit resource is directed in the most efficient and effective way.

RECOMMENDATION

1. The information be received.
2. The Internal Audit Plan 2016-18, as set out in the attachments to this report (Item No. 4.2.2, Audit Committee, 09/02/2015) be endorsed.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Appendix A - Internal Audit Plan 2016-18, v0.2, Strategic Plan
2. Appendix B - Internal Audit Plan 2016-18, v0.2, 1st year plan
3. Appendix C - Internal Audit Plan 2016-18, v0.2, 2nd year plan
4. Appendix D - Internal Audit Plan 2016-18, v0.2, 3rd year plan
5. Appendix E - Strategic Risk Register, v1.2, February 2016

1. BACKGROUND

- 1.1 The attached Appendices A-D detail the internal audit work to be undertaken by, or on behalf of, the BA Internal Audit & Risk for the period commencing 1 January 2016 up to and including the 31 December 2018. The Internal Audit Plan has been produced with reference to the Strategic Risk Register.

2. REPORT

- 2.1 The Internal Audit Plan was developed using a risk based approach to identify those activities conducted by the City of Salisbury which pose the greatest risk to

achieving the objectives in the City Plan. Specifically the Strategic Risk Register in Appendix E was used to give a general indication of where the greatest effort should be focused.

- 2.2 What this means in practice is that it is not the long term aim to audit every part of the City of Salisbury. Depending upon the level of risk involved, some areas will receive much greater attention than other areas and some areas are unlikely to receive an audit unless a risk or issue arises. By adopting a risk based approach the finite internal audit resource can be used most efficiently and effectively.
- 2.3 The only strategic risk that will not be audited over the course of the three year Internal Audit Plan is; *12. Lack of sustainable economic growth in the City.* Omission of assurance on this risk is due to the fact that wider external economic factors have a large impact on both the impact and consequences of this risk and can increase or decrease it irrespective of the work undertaken by the City of Salisbury in this area.
- 2.4 Any changes made to the Internal Audit Plan will be notified as soon as practicable to the Audit Committee, in line with the Internal Audit Charter.
- 2.5 The plan also takes into consideration areas that are undergoing major change as a result of the Program Review work. These areas will not be audited at the same time as a Program Review or during the Program Review implementation phase, unless a major risk or issue arises.
- 2.6 In creating the plan care has been taken not to overlap with other audits and assurance provided both within and external to the City of Salisbury, for example, audits carried out by our insurers on Work Health Safety at the City of Salisbury.
- 2.7 Where possible every effort will be made to align audits and presentation of final audit reports with Audit Committee meetings.
- 2.8 The plan is based on current approved staffing and consultancy budget for the internal audit function at City of Salisbury.

3. CONCLUSION / PROPOSAL

- 3.1 A risk based Internal Audit Plan has been developed for the calendar years 2016-18. The aim is to complete the work set out in the plan within the timescales given; however the plan is flexible enough to be changed in response to organisational requirements.

CO-ORDINATION

Officer:	MG	Executive
Date:	20/01/2016	02/02/2016

Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2016				Current Status
			Q1	Q2	Q3	Q4	
1	External Review of Internal Audit It is a requirement of the Institute of Internal Auditors that internal audit functions are externally assessed at least once every five years by a qualified, independent assessor or assessment team from outside the organisation (Attribute Standard 1312 "External Assessments").	External	●				Tenders awaiting evaluation and selection.
2	Payroll Payroll is a key financial operation and one of the largest operating costs for City of Salisbury. There is potential for system errors and internal fraud through manipulation of the system, both of which require robust controls to prevent these risks from crystallising. This audit should identify and review the management of the main risks and the 35 financial internal controls associated with the payroll system.	Co-sourced		●			
3	Event Management A focus of "The Living City" key direction is to provide opportunities and spaces for all community members to engage in cultural activities, community events, recreation and sport, multicultural festivals and events and community celebrations. This audit should provide assurance on event management with a particular emphasis on WHS controls including risk assessments.	Co-sourced			●		
4	Asset Management The ability of City of Salisbury to effectively manage its assets and infrastructure is integral to the long term financial sustainability of the City of Salisbury and the objective of "The Prosperous City". This review should include the proposed processes and system changes that will be implemented as a part of the asset management operationalisation project.	Co-sourced				●	
Total							

Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2017				Current Status
			Q1	Q2	Q3	Q4	
5	Business Systems and Solutions The risk that there is a lack of alignment of IT systems and support with business needs is one of the strategic risks of the City of Salisbury. The crystallisation of this risk and other operational risks associated with Business Systems and Solutions such as the loss of a software supplier or loss of data would also have significant implications for the entire organisation. This audit should provide assurance on the controls in place within Business Systems and Solutions to mitigate these risks.	Co-sourced	●				
6	Management of public health The City of Salisbury provides many services to the community which aim to reduce the likelihood of an event occurring that affects the health of the residents of the City of Salisbury. This audit should provide assurance that the services provided by City of Salisbury are managing this risk in the most efficient and effective manner.	Co-sourced		●			
7	Capital Works Projects The City of Salisbury undertakes approximately 700 capital works projects with an approximate value of \$30-40 million each year. Processes are in place to manage risks in projects and this audit should provide assurance that risks are being managed in capital projects.	Co-sourced			●		
8	Strategic Development Projects A strategy within "The Living City" key direction is to facilitate access to affordable housing. The Strategic Development Projects division do this by developing residential land and buildings for sale to developers and to the community. This audit should provide assurance on the management of risks taken in the development of residential land and buildings.	Co-sourced				●	
Total							

Internal Audit Project	Rationale for Audit	Internal / External or Co-sourced	2018				Current Status	
			Q1	Q2	Q3	Q4		
9	Strategic reporting process	The risk that strategic and operational outcomes are not delivered by the City of Salisbury. This audit should provide assurance on the processes and controls in place in relation to the City Plan, Business Planning and Annual Planning.	Co-sourced	●				
10	Organisational performance and culture	There is a risk that organisational culture impedes the delivery of City objectives. This audit should provide assurance on the current tools and processes that are used to deliver the desired organisational culture, identifying any areas where outcomes could be improved.	Co-sourced		●			
11	Management of contaminated sites	One of the strategic risks that the City of Salisbury faces is contamination of the Wetlands and/or recycled water systems. This audit should provide assurance that the controls in place to prevent and manage contamination incidents/sites are robust.	Co-sourced			●		
12	Business Continuity Exercise	The aim of this exercise should be to test the existing Business Continuity Plans. This should provide assurance on the suitability of the plans to mitigate the strategic risk regarding the preparation and response to a business continuity event. The review should also include disaster recovery (DR) and its links with the "Achieving Excellence" objective in the City Plan.	External				●	
Total								

Strategic Risk Register

v1.2 February 2016

1	Event Description: Inadequate preparation and response to a business continuity event		
Responsible Managers: CEO, All General Managers, Manager Governance			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Lack of plans and procedures to inform response strategies when business continuity event occurs • Lack of communication/training for relevant staff required to respond to business continuity event • Information to facilitate action during business continuity not available 		<ul style="list-style-type: none"> • Service delivery to community compromised (loss of confidence) • Political/Public embarrassment • Uncertainty leads to loss of morale and resources and compromised regulatory decisions 	
Likelihood: Almost Certain	Consequence: Critical	Inherent Risk Rating: Extreme	
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> • Business Continuity Framework • Business Continuity Plans • Incident Management Team identified and trained • Business Continuity exercise conducted in Q4 2014 • Systems and processes to support response to BC event (e.g. staff contact information reports) • IT Disaster Recovery Plan in place • Emergency Management procedures in place 			
Likelihood: Possible	Consequence: Critical	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none"> • Walkthrough of Business Continuity Plans (BCPs) 		<ul style="list-style-type: none"> • BA Internal Audit & Risk • Executive Group 	<ul style="list-style-type: none"> • March 2016
<ul style="list-style-type: none"> • I-Responda Framework being established (develops relationships with adjoining Councils to assist with response to critical events) 		<ul style="list-style-type: none"> • Manager Civil and Waste 	<ul style="list-style-type: none"> • June 2016

Item 4.2.2 - Attachment 5 - Appendix E - Strategic Risk Register, v1.2, February 2016

Strategic Risk Register

v1.2 February 2016

2	Event Description: Inadequate prevention of and response to Contamination of Wetlands and/or the recycled water systems		
Responsible Managers: GM Business Excellence, GM City Infrastructure, Manager Salisbury Water, Manager Technical Services, Manager Civil & Waste			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Inadequate monitoring plans and sample testing • Failure to respond appropriately in the event of contamination • Wet weather could hamper clean-up operations or contribute to a contamination event 		<ul style="list-style-type: none"> • Financial cost of replacing supply with SA Water and clean-up costs • Legal cost of failure to deliver a water supply in line with contract • Political/Public embarrassment • Regulatory censure • Revenue reduction 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: Medium	
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> • Salisbury Water Business Unit – monitoring plan and monitoring matrix • Salisbury Water Business Unit – Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced • Supply contracts to customers contain Force Majeure clauses which limit liability to Council in the event that water cannot be supplied • Response group (Council staff) in place to manage events that may lead to contamination of wetlands (24/7 support including after hours) 			
Likelihood: Possible	Consequence: Major	Residual Risk Rating: Medium	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none"> • Implementing risk management plans for each of the Wetlands 		<ul style="list-style-type: none"> • Manager Salisbury Water 	<ul style="list-style-type: none"> • June 2016

Strategic Risk Register

v1.2 February 2016

3	Event Description: Lack of management of public and environmental health risks		
Responsible Managers: GM City Development, Manager Environmental Health and Safety			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> Inadequate management, monitoring or testing Failure to respond appropriately in the event of an incident 		<ul style="list-style-type: none"> Legal cost of failure to prevent a health and safety incident Political/Public embarrassment Regulatory censure 	
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> Public Health Policies and Procedures Immunisation Services Animal Management Plan Regional Public Health Plan General Inspections Dog Patrols Food Act administration 			
Likelihood: Possible	Consequence: Major	Residual Risk Rating: Medium	Is the Residual Risk Rating acceptable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:

Item 4.2.2 - Attachment 5 - Appendix E - Strategic Risk Register, v1.2, February 2016

Strategic Risk Register

v1.2 February 2016

4	Event Description: Lack of management of a major event at a Council facility that affects public and staff safety		
Responsible Managers: GM City Development, GM City Infrastructure, GM Business Excellence, Manager Development Services, Manager Civil and Waste, Manager Property & Buildings, Manager Parks and Landscape, Manager People & Culture			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Inadequate procedures and plans in place to prevent incidents • Failure to respond appropriately in the event of an incident • Lack of asset management and maintenance 		<ul style="list-style-type: none"> • Financial cost of clean-up • Legal cost of failure to prevent a health and safety incident • Political/Public embarrassment • Regulatory censure • Loss of staff • Injury to public 	
Likelihood: Likely	Consequence: Critical	Inherent Risk Rating: Extreme	
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> • Building Control and Inspections • Evacuation procedures and testing • Building safety systems – e.g. exit signs, fire extinguishers, wardens etc., induction process • Asset management plans • Business Continuity Framework 			
Likelihood: Possible	Consequence: Critical	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none"> • Walkthrough of Business Continuity Plans (BCPs) 		<ul style="list-style-type: none"> • BA Internal Audit & Risk • Executive Group 	<ul style="list-style-type: none"> • March 2016
<ul style="list-style-type: none"> • I-Responda Framework being established (develops relationships with adjoining Councils to assist with response to critical events) 		<ul style="list-style-type: none"> • Manager Civil and Waste 	<ul style="list-style-type: none"> • June 2016

Strategic Risk Register

v1.2 February 2016

5	Event Description: Failure to manage the impact of environmental factors on Council infrastructure and assets		
Responsible Managers: GM City Development, GM City Infrastructure, GM Community Development, Manager Economic Development & Urban Policy, Manager Technical Services, Manager Parks and Landscape, Manager Communication and Customer Relations			
Contributory Factors (“root” causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Inadequate understanding and planning for events impacting the environment • Failure to consider environmental consequences when planning and designing infrastructure • Q100 and Q300 flood modelling in place at individual house level, using digital terrain modelling • Inadequate infrastructure within the City to manage stormwater 		<ul style="list-style-type: none"> • Financial cost of dealing with the consequences of frequent freak weather related events • Long term impact on infrastructure, its maintenance and replacement 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: Medium	
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> • Early warning system of text alerts based on Bureau of Meteorology data, implemented by DEWNR • Regular monitoring of risk sites e.g. land fill sites, dams • Emergency response procedures in place • Extreme Heat response process (for residents) • Q100 and Q300 flood modelling in place at individual house level, using digital terrain modelling • Bushfire Management Steering Group • Bushfire Management Plan • Undergrowth management procedures • Asset Management infrastructure audits 			
Likelihood: Possible	Consequence: Major	Residual Risk Rating: Medium	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none"> • Climate Change Adaption Plan funding agreement in place with DEWNR, work to be conducted with Playford which will result in actions to be implemented 		<ul style="list-style-type: none"> • Manager Economic Development & Urban Policy 	<ul style="list-style-type: none"> • December 2016
<ul style="list-style-type: none"> • Updated Flood mapping being developed 		<ul style="list-style-type: none"> • Manager Technical Services 	<ul style="list-style-type: none"> • June 2016
<ul style="list-style-type: none"> • Bushfire management plan – due for review 		<ul style="list-style-type: none"> • Manager Parks and Landscapes 	<ul style="list-style-type: none"> • March 2016
<ul style="list-style-type: none"> • I-Responda Framework being established (develops relationships with adjoining Councils to assist with response to critical events) 		<ul style="list-style-type: none"> • Manager Civil and Waste 	<ul style="list-style-type: none"> • June 2016

Strategic Risk Register

v1.2 February 2016

6	Event Description: City of Salisbury financial sustainability is compromised		
Responsible Managers: GM Business Excellence, GM City Infrastructure, GM City Development			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Reduction in grant funding • Inadequate revenue and a failure to maximise revenue from all sources • Unplanned spending • Inadequate valuation of assets or inaccurate depreciation • Inadequate planning for infrastructure repairs or upgrades • Changes to roles and responsibilities assigned to City of Salisbury by federal or state government • Short term revenue is maximised at the expense of longer term revenue • Potential new revenue streams are not fully investigated 		<ul style="list-style-type: none"> • Council ultimately becomes financially unsustainable • City revenue has to be raised increasingly through more traditional methods (rate rises) • Revenue from the sale of assets (land) is not invested for the longer term benefit of the community 	
Likelihood: Likely	Consequence: Major		Inherent Risk Rating: High
Existing Controls/Mitigating Practices:		<ul style="list-style-type: none"> • Regular reviews of rating system fairness and equity • Diversification of income (e.g. Water Business Unit, Strategic Property Development and Building Rules Certification Unit, Waste Transfer Station, Salisbury Memorial Park) • Program Review • Budget Policies and Procedures • Business Case Modelling 	
<ul style="list-style-type: none"> • Long term financial planning • Asset Management Plans • Quarterly Budget Review • Annual Plan and Annual Report (reviewed by Audit Committee) • Elected Member Briefings • Prudential Reviews 			
Likelihood: Possible	Consequence: Major		Residual Risk Rating: Medium
Is the Residual Risk Rating acceptable? No			
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none"> • Development of a consolidated system regarding the implementation of the Asset Management Process (Confirm Connect) 		<ul style="list-style-type: none"> • GM City Infrastructure, GM Business Excellence 	<ul style="list-style-type: none"> • October 2016
<ul style="list-style-type: none"> • Contracts and Procurement Review assessing capacity for more strategic procurement 		<ul style="list-style-type: none"> • GM Business Excellence, Manager Contracts and Procurement 	<ul style="list-style-type: none"> • March 2016
<ul style="list-style-type: none"> • Enhancing Grant Management process with a view to maximising grant income 		<ul style="list-style-type: none"> • GM Business Excellence 	<ul style="list-style-type: none"> • December 2016

Strategic Risk Register

v1.2 February 2016

7	Event Description: Strategic and operational outcomes are not delivered		
Responsible Managers: CEO, All General Managers			
Contributory Factors (“root” causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Inadequate performance measures which are not linked to objectives or strategies • Failure to monitor organisational performance against stakeholder expectations and to take action when necessary to correct it • Failure to deliver what is expected by the local community due to a lack of alignment of strategic plans • Limited meaningful corporate performance indicators in place • Inconsistent reporting and data collection of corporate performance indicators • Inadequate capability and capacity (e.g. workforce plans, training and development process, technology, systems etc.) • Failure to engage with all stakeholders in developing the City Plan • Processes and systems fail to address customer needs • Customer service is neither monitored or managed 		<ul style="list-style-type: none"> • Organisational performance is not adequately measured and therefore cannot be managed • Organisational plans and strategies are not achieved • Organisational resources are not used effectively • Organisational plans and strategies are not valued or desired by the community • Lack of customer / community engagement • Council lacks a coherent direction • Failure to meet legislative obligations • Not meeting community needs • Political and public embarrassment 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: Medium	
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> • Budget Process • Annual Plan and Annual Report (Reviewed by Audit Committee) • City Plan – reviewed and approved by elected members • Business Planning • Community Engagement Framework • Review of City Plan every 4 years (currently under review) • Project Management Manual and Project Reporting 		<ul style="list-style-type: none"> • Bi-annual customer satisfaction survey • Program Reviews • Accountability Framework • CEO Review • Performance Development Reviews (PDRs) • Governance Framework and Statement 	
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating: Medium	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none"> • Accountability Framework is being implemented • Review of City Plan 		<ul style="list-style-type: none"> • GM Business Excellence • GM City Development 	<ul style="list-style-type: none"> • June 2016 • June 2016

Strategic Risk Register

v1.2 February 2016

8	Event Description: Organisation suffers detriment as a result of fraudulent or corrupt activities		
Responsible Managers: GM Business Excellence, Manager Financial Services, Manager Contract & Procurement Services, Manager Governance, CEO, GM City Infrastructure, GM Community Development, GM City Development			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Inadequate financial internal controls preventing or detecting fraud and corruption • Organisational culture fails to deter employees, contractors, volunteers or elected members from committing acts of fraud or corruption • Inadequate due diligence conducted on suppliers to the City of Salisbury • Inadequate fraud and corruption controls 		<ul style="list-style-type: none"> • An individual either inside or outside Council defrauds the organisation • An employee, contractor, volunteer or elected member uses their position or knowledge inappropriately for financial gain • Regulatory censure including an OPI / ICAC Investigation • Organisational reputation is damaged through the failure to prevent fraud • Ombudsman investigation results in negative findings for City of Salisbury • Political/Reputational damage 	
Likelihood: Likely	Consequence: Major		Inherent Risk Rating: High
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> • Code of Conduct for Council Employees • Code of Conduct for Elected Members • Fraud Corruption and Prevention Framework • Gifts and Benefits Policy and Register • Procurement Policy and procedures (including Financial Delegations, Corporate Purchase Card Guidelines, Purchase Order Guidelines) • Procurement Steering Group • Financial Internal Controls Annual Assessments and Reviews (in Control Track) • Internal Audit • Policy for Assessment of Council Development • Financial Internal Controls Framework • Staff training and induction processes 			
Likelihood: Possible	Consequence: Major		Residual Risk Rating: Medium
			Is the Residual Risk Rating acceptable? Yes
Treatment Plan:		Responsibility:	Target Completion Date:

Strategic Risk Register

v1.2 February 2016

9	Event Description: Failure to comply with WHS legislative obligations		
Responsible Managers: GM Business Excellence, Manager People and Culture, CEO, GM City Infrastructure, GM Community Development, GM City Development			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> Inadequate controls in place to prevent incidents occurring Insufficient reporting of incidents and near misses Organisational safety culture does not recognise the importance of following WHS policies and procedures 		<ul style="list-style-type: none"> An employee, contractor, volunteer or elected member is injured as a result of a preventable incident Potential financial consequences for the City of an incident affecting a member of staff including; medical / rehabilitation expenses, injury compensation claim, legal expenses, fines Regulatory censure including a SafeWork SA Investigation Legal consequences for senior management should policies and procedures be determined as inadequate by SafeWork SA. Organisational reputation is damaged through the failure to prevent an accident or injury occurring at work 	
Likelihood: Almost Certain	Consequence: Critical	Inherent Risk Rating: Extreme	
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> WHS training and e-learning (mandatorily required for all employees on commencement of employment and thereafter as necessary) WHS Consolidated Program Event Matrix detailing; Audits, Policies and Procedures WHS Reviews Principal WHS Committee City Infrastructure WHS Committee JSA, work instructions and plant risk assessments Hazard and incident reporting procedures Members of the Local Government Workers Compensation Scheme, which requires external audits Work Health Safety representative structure 			
Likelihood: Possible	Consequence: Critical	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none"> One Page Plan and Program Events Matrix drive the continuous improvement of WHS in the organisation 		<ul style="list-style-type: none"> Manager People and Culture, Senior Coordinator Organisational Wellbeing 	<ul style="list-style-type: none"> 30 June 2016
<ul style="list-style-type: none"> Business Partnering model being implemented by People and Culture Division 		<ul style="list-style-type: none"> Manager People and Culture 	<ul style="list-style-type: none"> April 2016

Strategic Risk Register

v1.2 February 2016

10	Event Description: Lack of alignment of IT systems and support with business needs		
Responsible Managers: GM Business Excellence, Manager Information Services			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Failure to adequately involve IT when developing plans, strategies and projects • Failure to consider all options when improving a system or process • Organisational change is not conducted in a structured and logical manner • Failure to support the skill set of individuals responsible for the delivery of business processes 		<ul style="list-style-type: none"> • Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure • Council operations pause resulting in financial loss • Failure to adapt to a changing external environment • Inefficient and ineffective use of organisational resources • Poor service delivery 	
Likelihood: Almost Certain	Consequence: Major	Inherent Risk Rating: Extreme	
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> • Strategic Executive meetings • Applications Committees (x5) • IS Strategy 2014-17 • IT Governance Framework • Programmed testing of systems for security and reliability • Business Process Improvement program 			
Likelihood: Likely	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
• Delivery of IS Strategy 2014-17 and the projects that are a part of it		• Manager Business Systems and Solutions	• 31 December 2017
• Review of IT Governance Framework		• Manager Business Systems and Solutions	• 31 December 2017
• Delivery of outcomes from IS Program Review		• GM Business Excellence	• June 2016
• Revised structure of IS Division		• GM Business Excellence	• February 2016

Strategic Risk Register

v1.2 February 2016

11	Event Description: Organisational culture impedes the delivery of City objectives		
Responsible Managers: GM Business Excellence, Manager People and Culture, CEO, GM City Infrastructure, GM Community Development, GM City Development			
Contributory Factors (“root” causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> Senior management and elected members fail to fully and appropriately demonstrate the desired values of the organisation Actual organisational structures, vision, values, norms, systems, symbols, language, assumptions, beliefs and habits are inconsistent with those desired 		<ul style="list-style-type: none"> City objectives are not achieved Organisational plans and strategies are not delivered in a way which is consistent with organisational values Lack of employee engagement and commitment to City objectives Poor customer service 	
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> Recognition tools (recognition cards, recognition guide and the WOO / Cheers Boards) Customer Service Charters and workshops High Performing Team (HPT) workshops Accountability Framework OCI/ABEF survey process Performance and Development Plans (PDPs) 			
Likelihood: Possible	Consequence: Major	Residual Risk Rating: Medium	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none"> Implementation of Accountability Framework OCI / LSI Action Plans 		<ul style="list-style-type: none"> GM Business Excellence All GMs and Divisional Managers 	<ul style="list-style-type: none"> June 2016 June 2016

Item 4.2.2 - Attachment 5 - Appendix E - Strategic Risk Register, v1.2, February 2016

Strategic Risk Register

v1.2 February 2016

12	Event Description: Lack of sustainable economic growth in the City		
Responsible Managers: GM City Development, Manager Economic Development & Urban Policy			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> • Uncoordinated, unstructured or insufficient response to changing macro-economic factors • Failure to encourage investment in the City • Council business and service delivery doesn't support business needs and expectations 		<ul style="list-style-type: none"> • Increase in unemployment and resulting social costs; raising crime and increasing demand on Council services • Financial cost associated with falling rates revenue or increasing bad or doubtful debts 	
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> • City Plan • Economic Development division - KPIs • Growth Action Plan input into Northern Adelaide Economic Development Plan • Makes Good Business Sense campaign • Support for Northern Economic Leaders • Procurement Policy 			
Likelihood: Likely	Consequence: Major	Residual Risk Rating: High	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none"> • Delivery of Northern Adelaide Economic Plan 		<ul style="list-style-type: none"> • Manager Economic Development & Urban Policy 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Contracts and Procurement Review assessing capacity for more strategic procurement 		<ul style="list-style-type: none"> • GM Business Excellence, Manager Contracts and Procurement 	<ul style="list-style-type: none"> • March 2016
<ul style="list-style-type: none"> • Review of Development Policies through DPA (section 30 review) 		<ul style="list-style-type: none"> • Manager Economic Development and Urban Policy 	<ul style="list-style-type: none"> • Ongoing

Strategic Risk Register

v1.2 February 2016

13	Event Description: Lack of capacity to respond to social and societal changes		
Responsible Managers: GM Community Development, GM City Development, Manager Community Health & Wellbeing, Manager Community Capacity and Learning, Manager Economic Development & Urban Policy			
Contributory Factors ("root" causes / how and why the event arises):		Impacts (risks):	
<ul style="list-style-type: none"> Failure to monitor and forecast demographic changes in the City and adjust objectives and plans accordingly City Plan becomes obsolete or fails to anticipate the financial impact of demographic changes 		<ul style="list-style-type: none"> Organisational plans and strategies are no longer valued or desired by the community Failure to adapt to a changing external environment resulting in some services becoming irrelevant and others insufficient 	
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High	
Existing Controls/Mitigating Practices:			
<ul style="list-style-type: none"> City Plan Strategic Plans Business Plans Grant funding applications process and reviews Home Care Common Standards – Operating Manual Cultural Diversity Programs Learning and Community Centres agenda 			
Likelihood: Possible	Consequence: Major	Residual Risk Rating: Medium	Is the Residual Risk Rating acceptable? No
Treatment Plan:		Responsibility:	Target Completion Date:
<ul style="list-style-type: none"> Growth Management Plan being developed 		<ul style="list-style-type: none"> Manager Economic Development and Urban Policy 	<ul style="list-style-type: none"> June 2016
<ul style="list-style-type: none"> Responding to Economic and Social shock 		<ul style="list-style-type: none"> GM Community Development, Manager Community Capacity and Learning 	<ul style="list-style-type: none"> Ongoing
<ul style="list-style-type: none"> Social Infrastructure Plan 		<ul style="list-style-type: none"> Manager Economic Development & Urban Policy 	<ul style="list-style-type: none"> June 2016

Item 4.2.2 - Attachment 5 - Appendix E - Strategic Risk Register, v1.2, February 2016

Strategic Risk Register

v1.2 February 2016

Table 1 – Residual Consequence Ratings

RATING	AREA OF IMPACT				
	Political/Social/ Environmental	Economic/ Financial	Legal/Regulatory	Organisational Management/Human Factors	Customer Service/Business Continuity
1 Minor	Minor short-term environment, conservation, political or community issue.	<5% of budget/ project.	Minor legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned loss of a staff member. • Potential for minor injury (however no injury occurred). 	Minor interruption to service provision capability, e.g. less than 4 hours.
2 Moderate	Environment, conservation, political or community incident requiring City intervention.	5% - 14% of budget/ project.	Limited legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned loss of a key staff member. • Minor injury, no lost time or other ramifications. 	Limited disruption to service provision capability requiring altered operational arrangements for a short period, e.g. between 4 and 8 hours.
3 Major	Medium-term issue with major environment, conservation, political or community impact.	15% - 24% of budget/ project.	Major legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned loss of several key staff members from a single area. • Significant injury to staff/ dangerous near miss. 	Significant impairment of service provision (capability or period), e.g. between 1 and 2 days.
4 Critical	Long-term issue with major environment, conservation, political or community impact.	>25% of budget/ project.	Critical legal, regulatory or internal policy failure.	<ul style="list-style-type: none"> • Unexpected/unplanned loss of a significant number of staff, e.g. during a pandemic. • Death / critical injury to staff. 	Total loss of service provision capability for extended period, e.g. in excess of 2 days.

Table 2 – Residual Likelihood Ratings

RATING	DESCRIPTION
A – Unlikely	The event may occur only in exceptional circumstances (i.e. Risk Occurrence > 20 years)
B – Possible	The event could occur at some time (i.e. Risk Occurrence 2 <> 20 years)
C – Likely	The event will probably occur in normal circumstances (i.e. Risk Occurrence 6 <> 24 months)
D - Almost Certain	The event is expected to occur in normal circumstances (i.e. Risk Occurrence < 6 months)

Strategic Risk Register

Table 3 - Residual Risk Matrix

Likelihood	D Almost Certain	Medium	High	Extreme	Extreme
	C Likely	Medium	High	High	Extreme
	B Possible	Low	Medium	Medium	High
	A Unlikely	Low	Low	Medium	High
		1 Minor	2 Moderate	3 Major	4 Critical
		Consequence			

Item 4.2.2 - Attachment 5 - Appendix E - Strategic Risk Register, v1.2, February 2016

ITEM	4.2.3
	AUDIT COMMITTEE
DATE	09 February 2016
HEADING	Internal Audit Update
AUTHOR	George Kendall, Business Analyst - Internal Audit & Risk, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
SUMMARY	This report provides an update on the internal audit activity since the last Audit Committee of Council meeting (October 2015), including progress made against agreed actions.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Attachment A - Internal Audit, Risk Management and Internal Controls Tracking 2015-16 v1.1
2. Attachment B - Outstanding Actions

1. BACKGROUND

- 1.1 This report details the work undertaken by the BA Internal Audit & Risk since the last Audit Committee of Council meeting in October 2015. It also provides an update on the activities identified at the last meeting, the Internal Audit Plan and outstanding actions from previous audits and consultancy work. In addition to the items listed in Attachment A to this report the BA Internal Audit & Risk undertakes regular reporting to the Executive on significant and strategic projects and gifts and benefits.

2. REPORT

2.1 Internal Audit Plan

- 2.1.1 A revised Internal Audit Plan for the calendar years 2016-18 has been provided to the Audit Committee for review and endorsement as a separate agenda item (refer to Item 4.2.3).

2.2 Strategic Asset Management Delivery Review

- 2.2.1 This review was a piece of consultancy work conducted with the aim of determining a best practice framework to support the Strategic Asset Management Lifecycle at the City of Salisbury through undertaking a gap analysis of the City's current processes and business rules and

engaging with key stakeholders to identify opportunities and options for addressing any issues identified. The draft report for this review has been produced and is due to be discussed by the key stakeholders in February 2016 and the final report presented to the Audit Committee in April 2016.

2.3 Review of Legislative Reporting Obligations

2.3.1 This piece of work is necessary to identify the key legislative controls that the City of Salisbury operates as well as providing assurance that the City of Salisbury has in place appropriate policies, practices and procedures to ensure compliance with statutory requirements and achieve and maintain standards of good public administration (section 132A, Local Government Act 1999). Work on this review has almost been completed with most managers interviewed regarding the regulatory reporting. It is expected that this piece of work will be completed by the end of February 2016.

2.4 Risk Management Workshop

2.4.1 A Risk Management Workshop was held for the members of the Audit Committee on the 24th November 2015. There were two actions arising from the workshop:

- re-drafting the Internal Audit Plan in line with the Strategic Risk Register; and
- producing a Risk Appetite for the City of Salisbury.

The Internal Audit plan has been redrafted and is presented as a separate item on the agenda for this meeting. The development of a Risk Appetite has been added to the schedule of work for the BA Internal Audit & Risk and is included in Attachment A.

2.5 Review of the Risk Management Framework

2.5.1 Work has begun on developing an operational risk register by interviewing all Divisional Managers and gathering from them the things that will prevent them from achieving their objectives. In addition work has begun on reviewing the risk matrices. This piece of work is expected to be completed by the end of March 2016.

2.6 Business Continuity Plans Walkthrough

2.6.1 A walkthrough of the Business Continuity Plans was requested by the Executive both as a means of training members of staff on the use of the plans and as a way of testing them to ensure their continued suitability. The walkthrough is scheduled for February 2016.

2.7 External Review of Internal Audit

2.7.1 A request for tender has been published for this piece of work, tenders have been received and are due to be evaluated with a preferred tenderer selected.

2.8 Financial Internal Controls

2.8.1 An action was taken from the last Audit Committee meeting in October 2015 for the BA Internal Audit & Risk confirm that the External Auditor

is satisfied with the current controls in place in relation to the internal control dealing with sequentially pre-numbered credit notes and authorisations in line with delegations. The response received from the Deloitte was “that we’ve fulfilled our obligations to bring this to your attention under the auditing standards”. Given the fact that City of Salisbury’s current practices are in conformance with this internal control and mitigate the applicable risk of; *Credit notes to debtors are either inaccurately recorded or not recorded at all*, no further action will be taken by the City of Salisbury on this process.

- 2.8.2 The internal controls assessment information has been reset for the next review process and work has also begun on organising a risk assessment of the financial internal controls. It is expected that the internal controls assessment and the risk assessment will be completed by the 30 June 2016.
- 2.8.3 The risk assessment on financial internal controls will be City of Salisbury’s first risk assessment on these risks and controls completed in Control Track. Previously under the advice of Deloitte, our external auditors, there was an expectation that the City of Salisbury would have every core and additional control in place, assessed and reviewed. This effectively meant that there was no need for a risk assessment to identify those controls that were relevant to the City of Salisbury as the requirement was to apply, assess and review all controls. In their last report on internal controls Deloitte suggested the City of Salisbury complete a risk profiling analysis on core controls, rather than apply all core and additional controls. Completing a risk assessment against the core controls in Control Track will respond to this suggestion and potentially identify controls that don’t require assessing and reviewing based on the risk assessment results.

2.9 Risk Presentation by the General Manager Community Development

- 2.9.1 A presentation on the risks faced by the Community Development Department was initially scheduled to occur at the February 2016 Audit Committee, however due to a need to reschedule, the presentation will now be provided by the General Manager Community Development at the April 2016 meeting of the Audit Committee.

2.10 Outstanding Actions

- 2.10.1 The table in Attachment B to this report provides an update on the state of all agreed action items arising from completed audit and consultancy work.

3. CONCLUSION / PROPOSAL

- 3.1 This report has provided an update on the progress made in completing the audits, risk management activities and internal control framework activities by the BA Internal Audit & Risk. Further updates will be provided on all these areas at the next Audit Committee of Council meeting scheduled for 12 April 2016.

CO-ORDINATION

Officer:	MG	Executive
Date:	21/01/2016	02/02/2016

Internal Audit, Risk Management and Internal Controls Tracking – July 2015 to June 2016

v1.1

Internal Audit Plan - July 2015 to June 2016					
Audit Activity	Type of Activity (Internal Audit, Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Scheduled dates for work	Status (Completed, In progress, Not yet commenced)	Comments and rationale for piece of work
BCP Review Action Plan work	Internal Audit and Internal Controls	Co-sourced	July-August 2015	Completed	Work completed to address the actions arising from the Business Continuity Plan Review and Exercise which was undertaken in the 2014-15 financial year.
People and Culture Risk Review	Risk Management and Internal Audit	Internal	June-July 2015	Completed	This piece of consultancy work was conducted with the aim of assessing the high level current and emerging risks facing the People and Culture Division and also identifying the potential risks associated with the options for future service delivery being considered by the division. The output from this review has fed into the Program Review on People and Culture division.
Cash Management	Internal Controls	Internal	July 2015	Completed	Work completed as a part of the internal controls framework, it includes end of year reconciliations of petty cash and till floats.
External Audit of internal financial controls	Internal Controls	External	August-September 2015	Completed	This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work. A report from the external auditors on their work will be delivered at the October meeting of the Audit Committee.
Development of self-assessment process for the Audit Committee	Internal Audit and Internal Controls	Internal	August	Completed	This is a necessary control to ensure that the performance of the Audit Committee is reviewed and to identify potential improvements. Results of this work to be reported at the October meeting of the Audit Committee.

Internal Audit, Risk Management and Internal Controls Tracking – July 2015 to June 2016

v1.1

Internal Audit Plan - July 2015 to June 2016					
Audit Activity	Type of Activity (Internal Audit, Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Scheduled dates for work	Status (Completed, In progress, Not yet commenced)	Comments and rationale for piece of work
Strategic Asset Management Delivery	Internal Audit and Internal Controls	Co-sourced	September-December 2015	In progress	The aim of this piece of consultancy work is to deliver outputs which should support the Strategic Asset Management Lifecycle at the City of Salisbury. A draft report has been produced and is scheduled to be reviewed by the relevant managers on the 17 th February 2016.
Review of Legislative Reporting Obligations	Internal Audit and Internal Controls	Internal	October-December 2015	In progress	This piece of work is necessary to identify the key controls that the City of Salisbury operates as well as providing assurance as to whether 132A of the <i>Local Government Act 1999</i> is complied with. Work on this review has almost been completed with almost all managers interviewed regarding the regulatory reporting.
Risk Management workshop preparation	Risk Management	Internal	November 2015	Completed	Workshop held on the 24 th November 2015. Two actions arose from the workshop; re-draft the internal audit plan with reference to the Strategic Risk Register and produce a Risk Appetite for the City of Salisbury.
Review of Audit Committee Terms of Reference and the Internal Audit Charter	Internal Audit and Internal Controls	Internal	January 2016	Completed	These documents have been reviewed and presented to the Audit Committee in February 2016.
Review of Risk Management Framework	Risk Management	Internal	January-March 2016	In progress	This work is necessary as it has been several years since the Risk Management Framework has been reviewed. Work has begun on developing an operational risk register and reviewing the risk matrices.

Internal Audit, Risk Management and Internal Controls Tracking – July 2015 to June 2016

v1.1

Internal Audit Plan - July 2015 to June 2016					
Audit Activity	Type of Activity (Internal Audit, Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Scheduled dates for work	Status (Completed, In progress, Not yet commenced)	Comments and rationale for piece of work
Business Continuity Plans Walkthrough	Internal Controls	Co-sourced	February 2016	In progress	A walkthrough of the Business Continuity Plans was requested by the Executive both as a means of training members of staff on the use of the plans and as a way of testing them to ensure their continued suitability. The walkthrough is scheduled for February 2016.
Development of a Risk Appetite for the City of Salisbury	Risk Management	Internal	March 2016	Not yet commenced	This piece of work came as an action from the Risk Management workshop held in November 2015. The Risk Appetite should be presented to the Executive, the Audit Committee and endorsed by Council.
External Review of Internal Audit	Internal Audit	External	March-June 2016	In progress	It is a requirement of the Institute of Internal Auditors that internal audit functions are externally assessed at least once every five years by a qualified, independent assessor or assessment team from outside the organisation (Attribute Standard 1312 "External Assessments"). Tenders have been received for this piece of work and are scheduled to be evaluated and a preferred tenderer selected.
Completion of Control Self-Assessments (CSA) through the Control Track system (CAMS) including external audit preparation	Internal Controls	Internal	March-June 2016	In progress	The external auditors expectations are that at least one control self-assessment will be conducted annually. This self-assessment in addition to previous external audit findings on internal controls provides the focus and preparation work for the external audit of the City of Salisbury's internal financial controls.

Internal Audit, Risk Management and Internal Controls Tracking – July 2015 to June 2016

v1.1

Internal Audit Plan - July 2015 to June 2016					
Audit Activity	Type of Activity (Internal Audit, Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Scheduled dates for work	Status (Completed, In progress, Not yet commenced)	Comments and rationale for piece of work
Payroll Audit	Internal Audit	Co-sourced	March-June 2016	Not yet commenced	Payroll is a key financial operation and one of the largest operating costs for City of Salisbury. There is potential for system errors and internal fraud through manipulation of the system, both of which require robust controls to prevent these risks from crystallising. This audit should identify and review the management of the main risks and the 35 financial internal controls associated with the payroll system.
Development of Internal Audit Plan July 2016 – June 2017	Internal Audit	Internal	June 2016	Completed	This activity has been completed and presented to the Audit Committee in February 2016 as a part of the 3 year plan for Internal Audits 2016-18, however it will be subject to change as required and will be reviewed regularly by the Audit Committee.

<i>Audit: Compliance With Building Inspections Policy</i>					
Agreed Action	Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
2.2 Develop management reporting to allow for tracking of actual results against rolling KPI's.	Medium	Manager Development Services	March 2015	Completed	Implemented by Team Leader Planning
2.3 Develop KPI targets, with the KPI's based on notifications received, including KPIs for swimming pool inspections to allow the monitoring of compliance with legislative timeframes for the undertaking of inspections.	Medium	Manager Development Services	June 2015	Completed	Implemented by Team Leader Planning

<i>Audit: Compliance With Building Inspections Policy</i>					
Agreed Action	Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
2.6 There are a number of options available to Council to improve the resourcing of the building inspection function which should be considered. These include: <ul style="list-style-type: none"> • Increasing the number of staff in the Development Services team • Using administrative staff to perform some of the tasks currently allocated to Building Officers that do not require technical knowledge. • Restructuring the responsibilities of the team to reduce bottlenecks and other delays. Options include: <ul style="list-style-type: none"> • Allocating specific tasks to the building team Cadet including risk-based selection of sites to inspect, coordination of the allocation of inspections to officers, and monitoring of follow-up actions taken for outstanding non-compliances. • Creation of a Compliance Officer position. Responsibilities could include management of complaints, monitoring of follow-up actions taken for outstanding non-compliances and monitoring of KPIs. • Allocating complaints management to a reduced number of staff. 	Medium	Manager Development Services	June 2015	Completed	Staff levels retained at existing levels, with the possibility of being reconsidered when legislative change is introduced by State Government
				Completed	Some tasks reallocated
				N/A	Cadet Building Officer not continued, so option not viable
				Completed	Compliance / Assessment Officer appointed in Planning team
				Completed	Action above addresses this option

<i>Audit: Compliance With Building Inspections Policy</i>					
Agreed Action	Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
2.7 Develop a formal inspection form is containing a checklist of steps the Planning Officers are expected to perform in carrying out their inspections.	Medium	Manager Development Services	March 2015	Completed	<p>As part of the online lodgement project currently underway, funding has been authorised to facilitate mobile inspections.</p> <p>As this has now been approved by Council, it is proposed that electronic “forms” that allow for on-site recording of inspection results for both Planning and Building officers.</p> <p>Draft version of the new form is complete and awaiting completion of Online Lodgement project in July 2015 (delayed due to late introduction of Pathway SmartClient) to facilitate mobile inspection. This will require new software (unfunded) and hardware (funded) to be purchased. Software is the subject of a tender process being run out of Environmental Health and Safety division (software is suitable across different divisions) in November 2015.</p> <p>Hard copy version is currently available for planning inspections.</p>
2.8.2 Review and consider revising the planning inspection targets to either a lower percentage target, or to an achievable and appropriate absolute number of inspections per planning officer.	Low	Manager Development Services	June 2015	Sep 2016	<p>Program Review report identifies resourcing issues in order to meet targets. Recommendation regarding resourcing and revised Inspection Policy recommends that current status quo remain until outcome of State Government Planning Reform initiatives are finalised in first half of 2016 (anticipated only).</p>

<i>Audit: Compliance With Building Inspections Policy</i>					
Agreed Action	Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
2.9 As a part of the next policy review consider the following changes; <ul style="list-style-type: none"> • Specify additional selection criteria for the prioritisation of buildings for inspection • Include guidelines on how inspections must be counted • Provide additional guidance to inspectors as to the actions required of them in relation to managing inspections and complaints • Introduce additional guidance detailing the expected extent of inspection to be undertaken 	Low	Manager Development Services	March 2015	Sep 2016	Program Review recommendation regarding resourcing and revised Inspection Policy recommends that current status quo remain until outcome of State Government Planning Reform initiatives are finalised in first half of 2016 (anticipated only).

<i>Audit: Internal Control Framework – Substantive Testing</i>					
Agreed Action	Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
1. For the uploaded data to the Pathway system the details of individual transactions are not stored. The system has an audit trail when the individual transactions are entered individually; however it does not when they are entered as a batch and needs to do so.	N/A	To be tracked by BA Internal Audit & Risk	Q3 2015	Q3 2015	This issue is being tracked through the IT helpdesk ticket titled “Credit Transaction Reports”, number 1108509. Infor, the vendors of Pathway hope to resolve this issue when they write and release the next version of the Debtors module, which is release 11 and is scheduled for the latter half of 2016, a precise date is not known at this time. The issue is being escalated with Infor by City of Salisbury’s IT team.

Audit: Procurement						
Agreed Action		Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
A.2.1	Confirmation of the role of CPS (central)	High	General Manager Business Excellence Procurement Steering Group / Executive Group	April 2015	March 2016	<ul style="list-style-type: none"> Discussions have commenced with key stakeholders as to the role of PCS but will not be finalised until completion of the Program Review. Procurement Program Review in progress, with completion estimated March 2016.
	Report to PSG Confirmation of role/ compliance/ central/decentralised	High	General Manager Business Excellence Procurement Steering Group / Executive Group	April 2015	Dec 2015 Review Draft Report proposed Feb 2016	<ul style="list-style-type: none"> Determination of the role of C&PS and priority of compliance/control activities to be addressed within the Program Review. Assessment of options for delivery and alternative options within the Program Review.
A.2.2	Resourcing recommendation to be considered as part of the review of role and function of C&PS	High	General Manager Business Excellence	April 2015	Dec 2015 Review Draft Report proposed Feb 2016	<ul style="list-style-type: none"> Although the Program Review will further consider the resourcing requirements, management are of the view that current resources are sufficient.
A.2.2	Refer A.2.1 in relation to structure and function delivered by CPS and business areas (consideration will need to be given	High	General Manager Business Excellence	April 2015	Dec 2015 Review Draft Report proposed Feb 2016	<ul style="list-style-type: none"> Discussions have commenced with key stakeholders as to the role of PCS but will not be finalised until completion of the Program Review. Assessment of options for delivery and alternative options within the Program Review

Audit: Procurement						
Agreed Action		Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
	to ensuring appropriate staff skill set, controls and probity, if decentralisation is a preferred model)					
A2.3	Through the PSG, consideration will be given to appropriate measures that monitor the length of procurement processes.	Medium	Procurement Steering Group / Executive Group Manager Contract & Procurement Services	March 2015	March 2016	<ul style="list-style-type: none"> • KPI paper presented to PSG for consideration and input August 27. Revised paper presented to PSG Nov 30 agreed on four key KPIs: <ul style="list-style-type: none"> ○ % of spend influenced/management by Procurement ○ Procurement cycle timelines – a report has been written in consult with C&PS which captures the majority of timelines through the PCMS system: Acquisition commencement → AP approval AP approval → market release Evaluation period → Tender Recommendation Tender Recommendation → Contract Award Contract Award → Contract Execution Contract start → Contract completion ○ Local buy / economic benefit (geographic spend) / local business economic assessment / local employment ○ Social inclusion entities/value Disadvantaged sector • Program review is seeking leading practice input on recommended KPI's.

<i>Audit: Procurement</i>						
Agreed Action		Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
B.2.8	The standard 120 day process will be communicated to the organisation as part of the role and responsibility of CPS. Consideration will be given to the process of refining the acquisition plan and tender approval processes. Through the PSG consideration will be given to appropriate measures that monitor the length of procurement processes. Further discussion with PSG regarding the processes for delegation. (by end of Q1 2015)	Medium	Manager, Contract & Procurement Services	March 2015	Completed	<ul style="list-style-type: none"> Refer to A2.3
B.2.9	Review existing reporting regime and identify opportunities to enhance reporting.	Medium	Manager, Contract & Procurement Services BA Internal Audit & Risk	April 2015	February 2016	<ul style="list-style-type: none"> ArcBlue project underway providing Spend Analysis reporting Council Solutions training was delivered September 2015 to develop analysis opportunities Further requirements for reporting to be addressed by PSG as noted in A2.3.

<i>Audit: Procurement</i>						
Agreed Action		Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
			Procurement Steering Group / Executive Group			

Review: People and Culture Risk Review					
Agreed Action	Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
<p>1. Lack of integration of strategic, team and personal objectives including business as usual work.</p> <p>Steps should be taken to develop a comprehensive strategy for the division and to cascade this down to the teams and individuals within it. Business as usual work needs to be included in this strategy.</p>	High	Manager People and Culture	30 September 2015	Completed	Program Review recommendations to be implemented in line with the program review implementation plan.
<p>2. Lack of PDRs for staff in People and Culture division.</p> <p>PDRs should be in place for all members of People and Culture division. The PDRs should be linked to team and divisional objectives and should be used as a motivational tool rather than an administrative exercise.</p>	Medium	Manager People and Culture	30 September 2015	Completed	PDRs are in place for all P&C Team members for Financial Year 2015-16
<p>3. Lack of metrics in place to measure divisional performance.</p> <p>Service levels and metrics that directly link with the relevant objectives for People and Culture division should be introduced, recorded, monitored and refined as necessary.</p>	Medium	Manager People and Culture	31 October 2015	Completed	Program Review recommendations to be implemented in line with the program review implementation plan.

<i>Review: People and Culture Risk Review</i>					
Agreed Action	Risk Assessment	Responsible Officer	Target Date	Revised Date	Comments
4. Lack of documented processes. Identify and document the main processes in the People and Culture division.	Low	Manager People and Culture		Completed	Program Review recommendations to be implemented in line with the program review implementation plan.
5. Lack of detailed actual costs and benefits of outsourcing Payroll. If this information is obtainable from a benchmarking partner, then it should be used as the basis of a cost benefit analysis for the outsourcing of the Payroll function at the City of Salisbury.	Low	Manager People and Culture	31 August 2015	Completed	Program Review recommendations to be implemented in line with the program review implementation plan.

ITEM	4.2.4
	AUDIT COMMITTEE
DATE	09 February 2016
HEADING	University of Adelaide Research Project: Should South Australian Local Governments be audited by Private Sector Auditors or the State Auditor General?
AUTHOR	Tami Norman, Manager Governance, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant 4.5 To apply business and resource management that enables excellent service delivery and financial sustainability 4.3 To deliver sustainable, creative and innovative solutions that enable excellent operations and service delivery
SUMMARY	The University of Adelaide is conducting a research study into whether Local Government should be audited by private audit firms or the State Auditor General. The research is funded by the SA Local Government Association's Research and Development Scheme. Principal Investigator Dr Sabine Schuhrer is seeking participation in the study from those involved with audits of local government in the roles of preparer, auditor, audit committee member or otherwise directly involved with local government audits. This report provides the information available on the research study to allow Audit Committee members to determine whether they wish to contribute to the study.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Participant Information Sheet - Research Project: Should South Australian Local Governments be audited by Private Sector Auditors or the State Auditor General

1. BACKGROUND

- 1.1 Dr Sabine Schuhrer is undertaking the "Should South Australian Local Governments be Audited by Private Sector Auditors or The State Auditor General?" research project, with funding provided by the Local Government Association (LGA) Research and Development Scheme.
- 1.2 The project aims to investigate the costs and benefits, advantages and disadvantages of local government audits by private sector auditors versus the State Auditor General's Department.

- 1.3 Individuals are invited to participate in the study where they are involved with audits of local government financial reporting in the role of preparer, auditor, as part of an auditor committee, or otherwise directly involved with local government audits.

2. REPORT

- 2.1 Attachment 1 to this report provides the communication distributed by Dr Schuhrer, including a consent form to be completed by individuals wishing to participate in the study.
- 2.2 Audit Committee members wishing to participate in the study should make contact directly with Dr Schuhrer (contact information is contained within the attachment) and complete and submit the Consent Form.

3. CONCLUSION / PROPOSAL

- 3.1 There is an opportunity for Audit Committee members to contribute to the research study being conducted into whether SA Local Governments should be audited by private sector audit firms or the State Auditor General.
- 3.2 Individual Audit Committee members wishing to participate in the study should advise the researcher directly and complete the required Consent Form.

CO-ORDINATION

Officer:

Date:



PARTICIPANT INFORMATION SHEET

PROJECT TITLE: Should South Australian Local Governments be Audited by Private Sector Auditors or The State Auditor General?

HUMAN RESEARCH ETHICS COMMITTEE APPROVAL NUMBER: H-2015-272

PRINCIPAL INVESTIGATOR: Sabine Schuhrer

Dear Participant,

You are invited to participate in the research project described below.

What is the project about?

The research project aims to investigate the costs and benefits, advantages and disadvantages of local government audits by private sector auditors versus the State Auditor's General's Department.

Who is undertaking the project?

This project is being conducted by Dr Sabine Schuhrer. The project is funded by a grant of the South Australian Local Government Association's Research & Development Scheme.

Why am I being invited to participate?

You are being invited to participate in this study due to your involvement with audits of local government financial reporting, in the role of a preparer, auditor, as part of an audit committee, or otherwise directly involved with local government audits.

What will I be asked to do?

You are invited to be interviewed about your experiences with the audit of local government financial reports. Depending on your role and involvement, you will be asked about your personal experiences with and thoughts about audits of local government reports. Interviews will be conducted a place of choice of the interviewee around the Adelaide Metropolitan Area or, via telephone or skype. You will be asked a set of questions common to all interviewees, as well as tailored questions depending on your involvement. The interviews will be audio-recorded and transcribed. The transcription will be sent back to you for feedback. This process allows you to ensure that the meaning of what you are trying to say is conveyed in the transcription. It also allows you to reconsider what you have said and to add or delete any information.

How much time will the project take?

The length of the interview might vary from participant to participant. It is generally expected to last between 15 to 45 minutes, but can be shorter or longer on occasion.

Are there any risks associated with participating in this project?

The risks associated with participating in this project are expected to be minimal. Any potential risk would be related to your identification. As a result, your anonymity is our absolute priority. To ensure your anonymity, a number of tools will be employed. First, your participation in this study is confidential. You can determine how you would like to be interviewed, for example in person or via phone or skype. You can also choose a location of a face-to-face interview, for example, away from your place of work. Any personal details and the information from the interviews will be kept in secure storage as explained further below. No information that could potentially identify you will be published. To ensure this, published information will use proxies. For example, participants will be allocated into groups and given anonymous identifiers, for example, 'local government finance staff A' or 'local government auditor X'.

1

What are the benefits of the research project?

There has been an ongoing debate about whether or not they should be audited by the State Auditor-General. The Local Excellence Expert Panel recommended that the South Australian Auditor-General should assume responsibility for local government audits in its report 'Strengthening South Australian Communities in a Changing World' (2013, p 5). The issue has, however, only been investigated to a limited extent. The research project proposed here, aims to address this gap and offer an opportunity to identify all main stakeholders directly involved with local government audits. The project aims to consider the costs and potential benefits of local government audits in more depth by providing a structured, comprehensive and theoretically embedded investigation of the current practices in South Australia and local governments across Australia. The study aims to provide an opportunity for relevant arguments and opinions to be heard, collated, analysed and presented in an objective and systematic manner. This comprehensive study aims to support stakeholders, policy- and decision makers.

Can I withdraw from the project?

Participation in this project is completely voluntary. If you agree to participate, you can withdraw from the study at any time up to May 2016. From then on, first published documents are expected to be developed, in particular a report to the South Australian Local Government Association. There are no implications of withdrawing from the project up to May 2016.

What will happen to my information?

In accordance with The University of Adelaide's Records Policy. The interviews will be stored for a minimum of five years on the researcher's university computer as well as on a secure cloud storage (AARNet CloudStor) specifically designed to store research data. Only the researcher and research assistant will have access to the data. The findings of this research project will be published in a report to the South Australian Local Government Association and in academic journals. The report will be publicly available from the South Australian Local Governments Website. All publications can be sent to the participant upon request.

Who do I contact if I have questions about the project?

You can contact me directly via email (sabine.schuhrrer@adelaide.edu.au) or phone (08 8313 7576) if you have any questions about the study or the interview.

What if I have a complaint or any concerns?

The study has been approved by the Human Research Ethics Committee at the University of Adelaide (approval number H-2015-272). If you have questions or problems associated with the practical aspects of your participation in the project, or wish to raise a concern or complaint about the project, then you should consult the Principal Investigator. Contact the Human Research Ethics Committee's Secretariat on phone +61 8 8313 6028 or by email to hrec@adelaide.edu.au. If you wish to speak with an independent person regarding concerns or a complaint, the University's policy on research involving human participants, or your rights as a participant. Any complaint or concern will be treated in confidence and fully investigated. You will be informed of the outcome.

If I want to participate, what do I do?

I will contact you again via email to find out whether you are interested in participating in this study. If you agree to participate, I will contact you to arrange a date and time for the interview. Please return the signed consent form to me, either via email or post or you can give it to me at the interview.

Yours sincerely,
Dr Sabine Schuhrrer



Human Research Ethics Committee (HREC)

CONSENT FORM

1. I have read the attached Information Sheet and agree to take part in the following research project:

Title:	An investigation of the costs and benefits, advantages and disadvantages of local government audits by private sector auditors versus State Auditor-general with a Focus on South Australia
Ethics Approval Number:	H-2015-272

2. I have had the project, so far as it affects me, fully explained to my satisfaction by the research worker. My consent is given freely.
3. Although I understand the purpose of the research project it has also been explained that involvement may not be of any benefit to me.
4. I have been informed that, while information gained during the study may be published, I will not be identified and my personal results will not be divulged.
5. I understand that I am free to withdraw from the project at any time.
6. I agree to the interview being audio recorded. Yes No
7. I am aware that I should keep a copy of this Consent Form, when completed, and the attached Information Sheet.

Participant to complete:

Name: _____ Signature: _____ Date: _____

2013_consent_form_for_professionals_only