

CITY OF WEST TORRENS



## **Notice of Committee Meeting**

**NOTICE IS HEREBY GIVEN** in accordance with Sections 87 and 88 of the Local Government Act 1999, that a meeting of the

### **AUDIT AND RISK PRESCRIBED GENERAL COMMITTEE**

Members: Councillor A Mangos (Presiding Member),  
Councillor J Woodward, Mr R Haslam, Ms E Moran, Mr S Spadavecchia.

of the

### **CITY OF WEST TORRENS**

will be held in the Mayor's Reception Room, Civic Centre  
165 Sir Donald Bradman Drive, Hilton

on

**TUESDAY, 12 APRIL 2016**  
**at 6.00 PM**

**Bill Ross**  
**Chief Executive Officer (Acting)**

#### **City of West Torrens Disclaimer**

Please note that the contents of this Committee Agenda have yet to be considered by Council and recommendations may be altered or changed by the Council in the process of making the formal Council decision.

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**1. MEETING OPENED**

**1.1 Evacuation Procedure**

**2. PRESENT**

**3. APOLOGIES**

**4. DISCLOSURE STATEMENTS**

Committee Members are required to:

1. Consider Section 73 and 75 of the *Local Government Act 1999* and determine whether they have a conflict of interest in any matter to be considered in this Agenda; and
2. Disclose these interests in accordance with the requirements of Sections 74 and 75A of the *Local Government Act 1999*.

The following disclosures of interest have been made in relation to:

Item	Type of Conflict	Committee Member
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**5. CONFIRMATION OF MINUTES**

**RECOMMENDATION**

That the Minutes of the meeting of the Audit and Risk Committee held on 9 February 2016 be confirmed as a true and correct record.

**6. COMMUNICATIONS BY THE CHAIRPERSON**

**7. PRESENTATIONS**

Nil

## **8. OUTSTANDING REPORTS/ACTIONS**

### **8.1 Open Actions**

#### **Brief**

This report presents an update on the current status of open actions from previous meetings of the Audit and Risk Prescribed General Committee.

#### **RECOMMENDATION(S)**

It is recommended to the Audit and Risk Prescribed General Committee that it notes progress against the reported open actions.

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#### **Introduction**

The Open Actions report is provided to each ordinary meeting of the Audit and Risk Prescribed General Committee (Committee).

#### **Discussion**

This report provides an update on the current status of open actions resulting from previous Committee meetings (**Attachment1**). Of the four (4) outstanding actions, one (1) is complete, one (1) is in progress and two are not required to commence until later this year.

#### **Conclusion**

This report provides details of the status of the Committee's open actions.



ATTACHMENT 1

# Audit and Risk Committee Open actions

April 2016

EMT = Executive Management Team  
CEO = Chief Executive Officer  
GMB&CS = General Manager Business & Community Services  
GMCRCR = General Manager Corporate & Regulatory  
GMUS = General Manager Urban Services  
PLIA&R = Program Leader Internal Audit and Risk

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
OPEN ACTIONS					
1	<b>Self-Assessment</b> Self-assessment of the Committee to be undertaken each year. Self-assessment sheets to be provided to the Committee members in Sept 2016.	Oct 2016	GMB& CS/ PLIA& R		Annual requirement
2	<b>Presentation of Annual Report</b> The Audit and Risk Committee to present an Annual Report to Council that details the activities and achievements of the Committee.	Sept 2016	GMB& CS/ PLIA& R		Annual requirement
3	<b>Key Asset Viewing</b> The Chief Executive Officer arrange a viewing of Council's key assets and current projects for interested Committee Members at a mutually agreeable time prior to its 14 June 2016 meeting.	Jun 2016	CEO	Viewing scheduled for 18 June 2016.  <b>In Progress</b>	February 2016

## Audit and Risk Committee Open actions

April 2016

EMT = Executive Management Team  
CEO = Chief Executive Officer  
GMB&CS = General Manager Business & Community Services  
GMCR = General Manager Corporate & Regulatory  
GMUS = General Manager Urban Services  
PLIA&R = Program Leader Internal Audit and Risk

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
COMPLETED ACTIONS					
4	<b>Probity Audit for the Sale of St Martins.</b> The Chief Executive Officer to seek a fee proposal from Galpins for the conduct of a high level probity review for the sale of St Martins Aged Care Facility.	CEO	Request for quotation received.	<b>Complete</b>	February 2016

## **8.2 Audit Quote**

### **Brief**

This report advises the status of the resolution of Council to source a quote to undertake a high level probity review of the sale of St Martins aged care facility.

### **RECOMMENDATION(S)**

It is recommended to the Audit and Risk Prescribed General Committee that this report be received and consideration be given to whether it wishes to make any recommendation to Council.

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### **Introduction**

At its February 2016 meeting, the Audit and Risk Committee (the Committee) recommended to Council that the Chief Executive Officer (CEO) seeks a fee proposal from Council's contract internal auditor for the conduct of a high level probity review of the sale of St Martins aged care facility.

### **Discussion**

In line with this resolution, the CEO sourced a quote from Council's contract internal auditor (auditor) which details the cost, and the auditor's capability and capacity, to undertake a high level probity review of the sale of St Martins aged care facility.

The details of this quote have not been included in this report but will be reported to the meeting by the CEO.

## **9. REPORTS OF CHIEF EXECUTIVE OFFICER**

### **9.1 FINANCIAL REPORTING AND SUSTAINABILITY**

#### **9.1.1 Financial Reporting**

##### **Brief**

This report lists those finance related reports which were considered by Council between 03 February 2016 and 05 April 2016.

##### **RECOMMENDATION(S)**

It is recommended to the Audit and Risk Prescribed General Committee that this report be received.

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##### **Introduction**

The Audit and Risk Prescribed General Committee (the Committee) is presented with a list, at each ordinary meeting, of those finance related reports considered by Council since the Committee's last ordinary meeting. These reports and associated minutes, which are detailed below, are available on Council's website at [www.westtorrens.sa.gov.au](http://www.westtorrens.sa.gov.au).

##### **Discussion**

The following reports were considered by Council/Council Committee between 03 February 2016 and 05 April 2016.

##### **16 February 2016**

- Budget Review - December 2015
- Council Budget Review - Seven months to 31 January 2016
- Property Leases
- Sale of Land at the intersection of Allchurch Ave and Packard Street, North Plympton
- Vouchers for the Waste Transfer Station
- Elected Members' Telephones
- Register of Allowances and Benefits - 6 Months to 31 December 2015
- Taxi Voucher Usage
- Creditor Payments

##### **1 March 2016**

- Disbursements of Grants, Sponsorships and Donations
- Natural Resource Management Levy Management Fee

##### **15 March 2016**

- Council Budget Report - Eight months to 29 February 2016
- Use of St Martins' Sale Proceeds
- Creditor Payments
- Property Leases

##### **05 April 2016**

- Budget and Annual Business Plan 2016/17

## 9.2 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

Nil

## 9.3 INTERNAL AUDIT

### 9.3.1 Internal Audit Program Update

#### Brief

This report presents the 2015-2016 Internal Audit Program Update.

#### RECOMMENDATION(S)

It is recommended to the Audit and Risk Prescribed General Committee that this report be received.

#### Introduction

An update report is provided to each ordinary meeting of the Audit and Risk Prescribed General Committee (the Committee) on the status of current and, if appropriate, the previous Internal Audit Program.

#### Discussion

This report summarises the status of all audits contained in the 2015-16 *Internal Audit Program* (the Program) to date as follows:

Audit Status	Number
Complete	4
In Progress	5
Due to Commence between Q3-Q4	5
Deferred	0
Total Audits Programmed (excluding staged audits)	14
Cancelled	1

The 2015/16 Internal Audit Program Report as at 30 March 2016 is attached (**Attachment 1**).

#### **Audits Completed**

Four (4) of the fourteen (14) programmed audits, which do not include the two staged audits, have been completed since July 2015:

No.	Audit Description	Meeting Presented
1.	Roads (Opening and Closing Act) 1991.	August 2015
2.	Local Government Act 1999 - Procedures at Meetings and Access to Meetings and Documents.	August 2015
3.	Third party audit - Vic Roads	Not Applicable
4.	Delegations and Register of Interests	February 2016

### **Audits in Progress**

1. The *Lease Royalties* internal audit is currently underway.
2. The *Maintenance of Plant and Equipment - City Works* - stage one is currently underway.
3. The *Lease Management Review of Non-Compliance* internal audit has been scoped to be undertaken by the contract internal auditor commencing May 2016.
4. The *Comprehensive - SA Public Health Act 2011* internal audit has been scoped and is scheduled to commence during April 2016 by the contract legal internal auditor. The approved scope is attached (**Attachment 2**).
5. The Elected Member Payment and Expenses is underway.

### **Continuous (Staged) Audits**

The following two (2) audits are continuous audits spanning multiple internal audit programs:

1. Continuous Audit - Procurement Roadmap (CAPR)
2. Internal Controls - Self-Assessment (ICSA)

Stage 1 of the CAPR audit is complete and the report was presented to the April 2015 meeting of the Committee, Stage 2 has not yet commenced. The ICSA audit is currently in progress.

### **Audits Planned**

The following five (5) audits are scheduled to commence over the remainder of the financial year:

1. Network Drives Records Management\*
2. Thebarton Community Centre - Conditions of Use and Debtor Receipting
3. Staff Health and Safety - Internal Controls from the Operational Risk Register
4. Debt Management\*
5. Community Services Event Management\*

*Note: The audits marked with an (\*) are currently being scoped.*

### **Audits Cancelled**

*Turf and Irrigation Audit* - as reported previously to the Committee

### **Audit Plan Status**

Eleven (11) audits were scheduled for commencement during the first three quarters of 2015/2016. Of these, four (4) were completed, four (4) are in progress and three (3) have not started due to resourcing issues.

The 2015-2016 Internal Audit Program (excluding staged audits) is slightly off-track with 9/14 (64%) compared to an anticipated 75% of audits being either in progress or complete. Three audits are currently being scoped.

### **Audit Plan Progress**

It is expected that the three remaining audits will be in progress by the end of the 2016/17 financial year.

### **Conclusion**

This report presents an update on the status of the 2015-2016 Internal Audit Program.

# Report as at 30 March 2016

## 2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
<b>Status of 2014/15 Internal Audits Carried Forward</b>					
1	Roads Opening and Closing Act	To assess the level of compliance with the: <ul style="list-style-type: none"> <li>Roads (Opening and Closing) Act 1991</li> <li>Roads (Opening and Closing) Regulations 2006; and</li> <li>Roads (Opening and Closing) (fees) Regulations 2006</li> <li>Identified opportunities for the introduction of better practices and process improvement</li> </ul>	1	Complete	The Audit, undertaken by the Contract Legal Auditor, is complete and the final report was presented to the August 2015 meeting of the Committee.
2	Local Government Act - Procedures at Meetings and Access to Meetings and Documents.	To assess the level of compliance with the: <ul style="list-style-type: none"> <li>Local Government Act 1999</li> <li>Local Government (Procedures and Meetings) Regulations 2013</li> <li>CWT Statutory Code: <ul style="list-style-type: none"> <li>Code of Practice - Procedures at Meetings</li> <li>Code of Practice - Access to Meetings and Documents</li> </ul> </li> <li>To Identify opportunities for the introduction of better practices and process improvement</li> </ul>	1	Complete	The Audit, undertaken by the Contract Legal Auditor, is complete and the final report was presented to the August 2015 meeting of the Committee.
3	Community Services Event Management	To be defined	3	Carried-Over	The Audit is currently being scoped by the Program Leader Internal Audit and Risk.
<b>Status of 2015/16 Internal Audits</b>					
4	Delegations and Register of Interests	To assess the: <ul style="list-style-type: none"> <li>Controls to ensure people are not operating outside of delegations.</li> <li>Existence, completeness and accuracy of delegations register and process.</li> </ul>	1	Complete	The Audit, undertaken as a co-source audit between the Program Leader Internal Audit and Risk and the Contract Auditor is complete. The final report was presented to the February 2016 meeting of the Committee.

Not Started	In Progress	Complete	Deferred	Cancelled
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Report as at 30 March 2016

2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		<ul style="list-style-type: none"> <li>Compliance with obligations under: <ul style="list-style-type: none"> <li>Local Government Act 1999</li> <li>Development Act 1993</li> <li>Council Policy: Delegation Process</li> <li>Administration Policy: Sub-delegation Process</li> </ul> </li> <li>Controls to ensure that Elected Members and prescribed officers submit their primary and ordinary returns within the required timeframe.</li> <li>Existence of controls and accuracy of the risk rating for the operational risk 'Failure to declare an interest or conflict of interest by officers, elected members and/or independent members resulting in external agency investigation'.</li> </ul>			
<b>Assurance Audits</b>					
5	Elected Member Payments and Expenses	<ul style="list-style-type: none"> <li>Accuracy and completeness of expense reimbursements made to Elected Members.</li> <li>Appropriateness of expenses incurred by Elected Members which have been reimbursed by CWT.</li> <li>Submission of appropriate forms and supporting documentation (i.e. tax invoices, expense reimbursement forms) by Elected Members required for the payment of allowances and</li> </ul>	1	In Progress	<p>An Elected Member Payment and Expenses audit was undertaken by the Contract Internal Auditor during 2012. This audit presented a good level of compliance, offering only two internal audit better practice (zero risk) findings.</p> <p>As a result, this audit is a small desk-top audit based on a modified scope to the 2012 audit. The audit objectives are outlined within this report.</p> <p>It is expected that a brief summary report of audit</p>

Not Started	In Progress	Complete	Deferred	Cancelled
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Report as at 30 March 2016

2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		reimbursement of expenses. <ul style="list-style-type: none"> <li>Review of the Register of Allowances and Benefits to ensure all allowances and expense reimbursements reviewed during the course of the internal audit have been completely and accurately captured within the Register.</li> <li>Agreed actions from the 2012 Elected Member Payment and Expenses Internal Audit have been implemented.</li> </ul>			findings will be presented to the June 2016 meeting of the Committee.
6	Network Drives Records Management	To be defined	4	Not Started	Scoping meeting initiated for April 2016.
7	Maintenance Plant and Equipment - Operational Sites	<p><b>Stage 1 - Develop Solution Action Plan</b></p> <p>An objectives and agreed outcomes report will replace the traditional audit findings report. This report will use internal resources to investigate those gaps previously identified and use a 'cause and effect' approach to identify and document:</p> <p><b>Gap Analysis (Internal Work Group)</b></p> <ul style="list-style-type: none"> <li>What should be done;</li> <li>What is currently being done;</li> <li>Significant differences between 'what should' and 'what is' being done;</li> <li>Assess the current residual risk in respect of continuing to operate in the current state.</li> </ul>	2	In Progress	Phase 1 is in progress. It is anticipated that a gap-analysis overview will be presented to the June 2016 meeting of the Committee.

	Not Started	In Progress	Complete	Deferred	Cancelled
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## Report as at 30 March 2016

## 2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		<b>Outcomes (Internal Work Group)</b> The Audit objectives will be the benchmark from which to develop outcomes (solutions). The work group will design a project plan for management approval which identifies: <ul style="list-style-type: none"> <li>Proposed solutions against the relevant audit objective(s);</li> <li>An implementation plan which assigns roles, responsibilities, deliverables and timeframes;</li> <li>A future risk assessment reflective of the proposed solution.</li> </ul>			
8	Lease Management Review of Non-Compliances	The review will include, but not be limited to, the following: <ul style="list-style-type: none"> <li>Completeness and accuracy of the property lease and licence register.</li> <li>Process and controls surrounding the management of lease and licences, new lease agreements and lease renewal (including determining terms and conditions of lease agreements).</li> <li>Controls to ensure leases and licences are current and in existence for all eligible properties.</li> <li>Lease and licence fee collection.</li> <li>Sufficiency and adequacy of information flow between City Assets and Financial Services regarding lease terms and</li> </ul>	3	In Progress	The audit scope is approved to be undertaken by the Contract Internal Auditor. The audit will commence during May 2016.

	Not Started	In Progress	Complete	Deferred	Cancelled
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## Report as at 30 March 2016

## 2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		conditions, fees payable and debt recovery. <ul style="list-style-type: none"> <li>Progress/compliance against previous audit findings which were approved by management for implementation.</li> </ul>			
<b>Legislative Audits</b>					
9	Comprehensive - SA Public Health Act, 2011	<p>The objectives of the review are to evaluate and report on the level of compliance with the:</p> <ul style="list-style-type: none"> <li>South Australian Public Health Act 2011</li> <li>South Australian Public Health (General) Regulations 2013</li> <li>South Australian Public Health (Legionella) Regulations 2013</li> <li>South Australian Public Health (Wastewater) Regulations 2013; and</li> <li>Opportunities for the introduction of better practices and process improvement</li> </ul>	4	In Progress	The Audit to be undertaken by the Contract Legal Auditor will commence in April 2016.
<b>Spot Audits</b>					
10	Thebarton Community Centre - Conditions of use and debtor receipting	To be defined	2	Not Started	
<b>Third Party Audits</b>					
11	Vic Roads Annual Audit	Self-assessment mandated as part of the agreement with Vic Roads	1	Complete	Program Leader Internal Audit and Risk has completed this audit and the report was submitted to Vic Roads on 31 July 2015.

	Not Started	In Progress	Complete	Deferred	Cancelled
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Report as at 30 March 2016

2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
12	Lease royalties	To assess: <ul style="list-style-type: none"> <li>Third party compliance with maintenance and repair responsibilities under the relevant lease agreements.</li> <li>The accuracy of royalty payments made during the 2014/15 financial year.</li> <li>Insurance and Indemnity cover complies with the lease agreement.</li> </ul>	1	In Progress	The Audit is in progress, undertaken by the Contract Internal Auditor. Recalculations for royalties, rent and confirmation of insurances has been undertaken. Draft findings have been reached and the auditor is in the process of seeking explanation/correction of fact. This audit is expected to be presented to the June meeting of the Committee.
<b>WHS Audits</b>					
13	Staff Health and Safety - Internal Controls from the Operational Risk Register	To be defined	4	Not Started	
<b>Facilitative Audits</b>					
14	Debt Management	To be defined	3	Not Started	Scoping meeting initiated for April 2016.
<b>Staged Audits</b>					
15	Continuous Audit - Procurement Roadmap (Stage 2).	Stage 2 objectives seek to assess the completeness of delivering procurement information, defining roles and responsibilities and the provision of procurement training. In addition, progress against the agreed actions identified in Stage 1 and the overall progress against the Roadmap will be assessed. <b>Intranet/Information availability - the audit will determine the:</b> <ul style="list-style-type: none"> <li>level of consultation</li> <li>ease of obtaining relevant procurement / contractor management information</li> <li>sufficient evidence of probity of process (documentation and reporting)</li> </ul>	Staged Audit	Stage 2 Not Started	

	Not Started	In Progress	Complete	Deferred	Cancelled
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## 2015/16 Internal Audit Program

## Report as at 30 March 2016

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		<ul style="list-style-type: none"> <li>availability of contracts documents and templates</li> </ul> <p><b>Roles and responsibilities - the audit will assess the:</b></p> <ul style="list-style-type: none"> <li>Roles and responsibilities are available and understood</li> <li>Sufficiency of training to undertake procurement activity in accordance with the procurement policy and using the procurement processes, contracts and templates.</li> </ul>			
16	Internal Controls Self-Assessment	<p>Stage one - propose a risk based approach to the financial internal control self-assessment for the approval of the Executive and subsequently negotiation with the external auditors. Stage one aims to reduce the number of controls requiring self-assessment and review.</p>	Staged	<b>In Progress</b>	<p>The Program Leader Internal Audit and Risk is working collaboratively with the Manager Financial Services and Galpins to review the Internal Controls Self-Assessment methodology.</p> <p>It is proposed that by promoting a risk based approach to the self-assessment that a significant reduction in the control self-assessment library can be achieved. Galpins has demonstrated successful outcomes for another metropolitan Council.</p> <p>This methodology will be presented to the Executive for approval and reported through the committee.</p>

	Not Started	In Progress	Complete	Deferred	Cancelled
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ATTACHMENT 2



## Internal Audit Scope

# Legislative Audit: Public Health Act 2011.

### Introduction

The South Australian *Public Health Act 2011* (the Act) protects the health of the public of South Australia by legislating measures to reduce the incidence of preventable illness, injury and disability. Division 4, part 37 of the Act provides that the City of West Torrens (CWT) is the local public health authority for its area. Therefore, CWT has responsibility to take action to preserve, promote and protect public health within its area and this is achieved largely through the actions of its Environmental Health team. The Environmental Health team administer a number of key activities which include but are not limited to immunisation program, hoarding and squalor, register and inspections of high risk manufactured water systems /cooling water systems, public pool/spa inspections and public health general duties.

### Audit Objectives

The objectives of the review are to evaluate and report on the level of compliance with the:

- South Australian Public Health Act 2011
- South Australian Public Health (General) Regulations 2013
- South Australian Public Health (Legionella) Regulations 2013
- South Australian Public Health (Wastewater) Regulations 2013; and
- Opportunities for the introduction of better practices and process improvement

### Approach

The Program Leader Internal Audit and Risk will discuss the scope and overview of work, to be performed, with the contract internal auditor prior to the commencement of testing.

The key components of this audit are to:

1. Review available documentation e.g. legislation, policies, system charts, procedures, manuals, performance reports, working documents and files etc. used in fulfilling CWT's responsibilities under the act to determine compliance with the act.

2. Conduct interviews with key managers, staff and stakeholders to establish any issues, concerns and potential improvements.

## **Risks**

Potential risks associated with administering the Act as identified by Internal Audit include, but are not limited to:

- Non-compliance with legislation
- Inadequate records management and review processes
- Failure to act on a public health matter that compromises the reputation of the CWT such as:
  - A customer complaint
  - Failure to prevent a public health incident or outbreak
  - Failure to comply with the Act, resulting in investigation by an external agency

## **General Administration**

This audit will be performed by Wallmans Lawyers.

Initial planning, interview and scoping commenced during January with fieldwork and reporting to be conducted between April and May 2016.

A draft report is required to:

- Include an excel spreadsheet or word table that contains recommendations/assessments
- Be issued to the Internal Auditor for comment, and
- Allow for corrections of fact and incorporation of managers comment and risk assessment using CWT approved Risk Management Framework and tools.

The final report will be issued to the Executive Management Team and Manager Regulatory Services. This report will also be tabled at the Audit and Risk Committee meeting for review.

A draft report for management consideration should be completed by the end of May 2016.

## **Audit Findings and Recommendation Ratings**

### *Compliance Rating*

*Findings are classified as having a good level of compliance, a partial level of compliance, a substantial level of compliance or as being not compliant.*

*Recommended actions are classified as corrective where they relate directly to legislative, policy or procedural requirements and/or present an unacceptable level of risk to Council and improvement where they are in response to generally accepted industry standards or better practice.*

*Definitions are as classified in the table below.*

<i>Non-compliant</i>	<i>There is no evidence of compliance with legislation, policy, procedure and/or internal controls.</i>
<i>Partial level of compliance</i>	<i>There is partial evidence of compliance with legislation, policy, procedure and/or internal controls.</i>
<i>Substantial level of compliance</i>	<i>There is a substantial level of compliance with legislation, policy, procedure and/or internal controls.</i>
<i>Good level of compliance</i>	<i>There is a good level of compliance with legislation, policy, procedure and internal controls.</i>

#### *Control Risk Rating*

*Findings/issues are classified in accordance with a risk rating consistent with Council's Risk Management Framework so that recommendations are reported as:*

- *Extreme risk recommendations*
- *High risk recommendations*
- *Moderate risk recommendations*
- *Low risk recommendations*
- *Better practice or improvement recommendations*

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#### **Sign Off**

I have read the above Internal Audit Scope and I am satisfied the objectives and approach meet the expectations for this audit.

Signed



General Manager Business and  
Community Services

Date 29/3/16.



## 9.4 EXTERNAL AUDIT

### 9.4.1 2015 LGAWCS KPI Evaluation

#### Brief

This report presents the outcome of the Local Government Association Workers Compensation Scheme KPI Evaluation undertaken in November 2015

#### RECOMMENDATION(S)

It is recommended to the Audit and Risk Prescribed General Committee that this report be received.

#### Introduction

The Local Government Association Workers Compensation Scheme (LGAWCS) conducted an evaluation on the City of West Torrens' (CWT) work health safety (WHS) management system on 26 and 27 November 2015.

#### Discussion

As the holder of the self-insurers licence for the Local Government Association, the LGAWCS undertakes an annual evaluation of all councils to assess compliance against all sub-elements contained in the WorkCover Performance Standards for Self Insurers (PSSI).

In previous years, the LGAWCS have evaluated all 56 sub-elements contained within the five main standards of the PSSI. Since 2014, the scope of the KPI Evaluation has reduced to 11 key elements identified by the LGAWCS each year. The elements evaluated are not known to councils until early October.

The 2015 KPI Evaluation focussed on 11 sub-elements across Standards 1, 2, 3 and 4, with two elements from Standard 4 being introduced in the evaluation process for the first time since 2012.

The organisation received four conformances, three observations and four non-conformances in the 2015 evaluation. Below is a summary of the outcomes from the 2015 and the comparisons to previous years:

Sub Elements Assessed	2012	2013	2014	2015
1.2.1 - Supporting policies and procedures are in place	NC	Audit By-pass Granted by LGAWCS	C	O
2.1.1 - Legislative compliance is addressed as part of the system	O		O	C
2.1.2 - The organisation's system must ensure employees or their representatives directly affected by the implementation of WHS plans are consulted when the plans are being formulated	C		C	N/A
2.1.3 - The organisation's system must ensure programs have objectives, targets and performance indicators where relevant	NC		C	N/A
2.3.1 - The organisation must ensure appropriate training requirements have been identified	NC		NC	N/A
2.3.2 - The organisation must ensure training plan(s) (training needs analysis, schedule, policies, procedures records etc) have been developed	NC		NC	N/A

Sub Elements Assessed	2012	2013	2014	2015
<b>3.2.1</b> - The organisation must ensure that a relevant training program is being implemented	NC	Audit By-pass Granted by LGAWCS	NC	NC
<b>3.3.1</b> - The organisation must ensure defined responsibilities are communicated to relevant employees	N/A		N/A	O
<b>3.3.2</b> - The organisation must ensure accountability mechanisms are being used when relevant.	N/A		N/A	C
<b>3.8.1</b> - The organisation must ensure a hazard management process that includes identification, evaluation and control is in place	NC		NC	NC
<b>3.8.6</b> - The organisation must ensure program(s) (in this context programs means policies and procedures) are in place to meet the organisation's duty of care for all persons in the workplace.	NC		NC	NC
<b>3.8.7</b> - The organisation must ensure programs (policies and procedures) are in place to ensure work related injury/illness and incidents are investigated and action taken when relevant	NC		C	O
<b>3.11.1</b> - The organisation must ensure the relevant level of reporting, records and/or documentation is maintained to support the system programs and legislative compliance	NC		C	C
<b>3.12.1</b> - The organisation must ensure program(s) of documentation control for identification and/or currency of essential documents are in place and maintained	O		O	N/A
<b>4.2.1</b> - The organisation must ensure programmed internal audits are performed objectively by competent personnel to ensure performance of systems and programs and employees directly affected by the results, or their representatives, are consulted.	N/A		N/A	NC
<b>5.1.1</b> - The organisation must ensure it reviews the scope and content of the policy statement and supporting policies/procedures in consultation with employees or their representatives to ensure continued suitability and effectiveness.	N/A		N/A	C

**C = Conformance**    **NC = Non-conformance**    **O = Observation**    **N/A = Not Assessed**

The results of the 2015 LGAWCS KPI Evaluation (**Attachment 1**) acknowledged that the organisation had continued to show good progress towards developing the WHS Management system and that a move to conformance in a number of areas in a short time . To close out the observations and non-conformances, the evaluator has provided the following suggested recommendations:

Sub-element(s)	O/NC	Recommendation(s)
1.2.1 <b>Policies and Procedures</b>	O	<b>1.2.1 Auditors comment:</b> Council has a number of documents which support the WHS System, these include Policies and Procedures, SOP/SWP. There are other documents which are aligned to their procedures, including inspections, accident and incident reports, etc. Some documents were not up to date, but these have been scheduled. While there is the WHS Organisational Hazard Profile, this needs to be aligned to the existing SOP's and SWP's to ensure all hazards have the appropriate controls. This may lead to uncontrolled risks, the NC is identified in Sub Element 3.8.1
3.2.1 <b>Training</b>	NC	<b>Auditor comment:</b> <i>An ITN has been developed and job requirements are identified. Training records are maintained. At the time of the audit a training plan based on the ITN had not been developed. It was also noted at the Depot that there is no records associated with ensuring a worker is competent in the use of equipment.</i>
3.3.1 <b>Responsibilities</b>	O	<b>3.3.1 Auditors comment:</b> <i>There is a number of areas which identify responsibility, these include Policies CAR, minutes of meetings, Calendar of Events, PD's and the Dash board. Training records were recorded at the depot, while this may be convenient for the depot a centralize recording process would be more appropriate.</i>
3.8.1 <b>Hazard Identification, Evaluation and Control</b>	NC	<b>Auditor comment:</b> <i>While there is a large amount of documents which support this process, workers are informed of changes and the development of SWP at work group meetings however there are some areas which require more work. Includes, Chemicals, risk assessments required for their use, The continuing development of JSEA/ SWP and SWMS, this area needs to planned and scheduled to move to a compliance.</i>
3.8.6 <b>Visitor, Volunteer and Contractor Management</b>	NC	<b>Auditor comment:</b> <i>There was good evidence of managing risk associated with Visitors and Volunteers. Contractor management was unclear, the procedure requires the council to identify hazards prior to commencing work, this was not completed. The procedure also requires the contract to be monitored, while there was some evidence, the process did not document the frequency of monitoring, which would assist in setting the frequency in line with the risk of the work or complexity of the project. A document was produce for an independent audit of a contract (MBC Consulting) for Camco. This did not align with council documents nor current WHS legislation, it was unclear what this audit was used for and how it would be incorporated into CWT WHS processes.</i>

Sub-element(s)	O/NC	Recommendation(s)
3.8.7 <b>Incident Investigations</b>	○	<b>3.8.7 Auditors comment:</b> <i>There is a policy in place and the Injury/incident form is appropriate for suitable investigation. A number of incident and accident forms were viewed and these showed improvement in their investigation, while this area is conforming with limited evidence council will need to be diligent in monitoring this process to ensure investigations are appropriate for the incident. The rating of each accident/incident may allow for investigations at different levels.</i>
4.2.1 <b>Internal WHS Auditing Program</b>	NC	<b>Auditor comment:</b> <i>The internal Auditing has not been implemented at this time</i>

The findings from the evaluation were presented to the Executive Management Team and work has commenced to capture the suggested recommendations identified in the evaluation report in the organisation's Work Health Safety and Injury Management Plan 2014-2017.

### Conclusion

Details on the 2015 LGAWCS KPI Evaluation on the organisation's WHS management system are provided in this report for the information of committee members

**ATTACHMENT 1**



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Review Date September 2016

**2015**  
**Local Government Association Workers Compensation Scheme**  
**KPI Audit Summary Report**

**Client: LGAWCS**  
**Auditee: City of West Torrens**

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**Audit Objective/s:**

To complete an annual audit of LGAWCS membership Councils and test conformance against the ReturnToWorkSA Code of Conduct for Self Insured Employers and specifically nominated elements within the Performance Standards for Self Insurers.

Also, to provide recommendations to the audited Councils with regard to closing out identified non-conformances, with the aim of assisting those Councils to continuously improve their WHS management systems.

**Audit Scope:**

The audit scope was agreed to cover the following locations/departments:

Evidence in the form of documents which meet the requirements of the PSSi Sub Elements audited, as detailed below. Including evidence from various departments which are required to meet those sub elements.

The audit was completed over the following agreed time period:

26<sup>th</sup> and 27<sup>th</sup> of November 2015

**Name of Auditor/s: David Jaunay**

**Report Provided By: David Jaunay**

**RRC/WHSC Name : David Jaunay**  
**Position Title: Regional Risk Coordinator**  
**Region: Riverland**

**On: 02<sup>nd</sup> February 2016**

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## 2015 Local Government Association Workers Compensation Scheme KPI Audit Summary Report

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## 2015 Local Government Association Workers Compensation Scheme KPI Audit Summary Report

### 1. Introduction

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David Jaunay, RRC, Riverland and Adelaide Hills Councils, on behalf of the Local Government Association Workers Compensation Scheme, conducted an audit of City of West Torrens WHS Management Systems on 26<sup>th</sup> and 27<sup>th</sup> of November 2015.

The objective of the annual KPI Audit is:

**To complete an annual audit of LGAWCS Councils and test conformance against the ReturnToWorkSA Code of Conduct for Self Insured Employers and specifically nominated elements within the Performance Standards for Self Insurers.**

**Also, to provide recommendations to the audited Councils with regard to closing out identified non-conformances, with the aim of assisting those Councils to continuously improve their WHS management systems.**

The scope of the audit including site/s visited and the degree of testing and sampling that occurred is outlined below.

Town Hall, documentation

Depot, verification of activities

Staff interviews

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### 2. Methodology

The audit of WHS Management System included a review of existing documentation and meeting with Council employees. Comments and recommendations, including action items will provide management with some suggested ways to improve their WHS and Injury Management systems. It may be appropriate to implement an alternative action and this is at the discretion of each individual organisation and their management team.

#### Employee's involved in the audit process included:

- Tracey Ryan, WHS Coordinator
- Dean Ottanelli (Manager City Works)
- Rick Johnston (Coordinator Horticulture Services)
- Jeff Dinham (Work Group Leader)
- Tony Colbeck (Landscape Worker-injured worker)
- Velimir Roncevic (HSR)
- Sue Curran (Manager Business Services- Contracts/Procurement)

#### Documentation Review

The review included looking at policies, procedures and supporting documentation within the Council's WHS & IM Management System.

It should be recognised that the findings of this report should be used for:

- Planning and continuous improvement by Council of their Work Health, Safety, and Injury Management Systems
- Conformance with the ReturnToWorkSA Performance Standards for Self Insurers

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### 3. Audit findings

Overall Council has continued to develop the WHS & IM systems and show good progress. While there are a number of Non Compliances across the audited Sub Elements, Council should move to conformance in a number of areas in a short time. Hazard management and Training are large areas of documentation and will still need further development,

The Sub Element Auditing is not developed at this stage and will need to be planned and implemented over a period of time to achieve compliance.

The Injury Management and Return to Work Audit was fully compliant, and council is congratulated on this result.

The final result sees Council achieve 4 areas of conformance, 3 Observation and 4 areas of non-conformance on the WHS question set and full compliance on the IM question set.

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### 4. Summary of Non-Conformances – ‘Auditor comments are from the work book’

Question 13,(Standard 3.2.1) The organisation must ensure a relevant training program (in this context program means documented process including policies, procedures, TNA, schedule, records, etc.) is being implemented.

Council has an appropriate TNA however this has not been used to develop a Training plan. Staff evaluations of training delivered is not consistent as outlined in the Training procedure.

**Auditor comment:** An ITN has been developed and job requirements are identified. Training records are maintained. At the time of the audit a training plan based on the ITN had not been developed. It was also noted at the Depot that there is no records associated with ensuring a worker is competent in the use of equipment.

Question 19,(Standard 3.8.1) The organisation must ensure a hazard management process that includes identification, evaluation and control is in place.

There is a large body of work in this area, while there is a large number of SWP's there is no evidence that these were developed from a risk assessment, Council needs to review these and ensure a risk assessment is conducted to capture all risks. Chemical risk assessments are limited to the Chemical and not its use, these need to be assessed to ensure any potential risks are identified and controlled.

**Auditor comment:** While there is a large amount of documents which support this process, workers are informed of changes and the development of SWP at work group meetings however there are some areas which require more work. Includes, Chemicals, risk assessments required for their use, The continuing development of JSEA/ SWP and SWMS, this area needs to planned and scheduled to move to a compliance.

Question 21 (Standard 3.8.6) The organisation must ensure program(s) (in this context programs means policies and procedures) are in place to meet the organisation's duty of care for all persons in the workplace.

While council has a procedure for managing Contractors. The requirement to monitor the contractor was not consistent; council should review this process to identify opportunities of making this appropriate for the contract based on its risk. There was also evidence that hazards were not identified by the council, this demonstrated that there is inconsistency in adoption and implementation of the Contract Management Procedure. External WHS Auditing was presented as evidence, it is unclear where this fits in the Contractor Management Procedure, as the document did not address the Council Procedure.

**Auditor comment:** There was good evidence of managing risk associated with Visitors and Volunteers. Contractor management was unclear, the procedure requires the council to identify hazards prior to commencing work, this was not completed. The procedure also requires the contract to be monitored, while there was some evidence, the process did not document the frequency of monitoring, which would assist in setting the frequency in line with the risk of the work or complexity of the project. A document was produce for an independent audit of a contract (MBC Consulting) for Camco. This did not align with council documents nor current WHS legislation, it was unclear what this audit was used for and how it would be incorporated into CWT WHS processes.



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Question 28 (Standard 4.2.1) The organisation must ensure programmed internal audits are performed objectively by competent personnel to ensure performance of systems and programs and employees directly affected by the results, or their representatives, are consulted.

At this time Council has not implemented the Auditing Procedure

**Auditor comment:** The internal Auditing has not been implemented at this time

### 5. Conclusion

I would like to thank all those involved in the 2015 KPI Audit. It has been a positive experience with all staff and management involved keen to put forward what they are doing in relation to WHS management systems.

Please note that audit findings can only be provided against the evidence presented at the time and within the audit scope. As part of the audit scope, I conducted a desktop review of evidence provided against the KPI audit checklist, followed by some testing of implementation via staff and management interviews and a Depot site visit. The timeframe provided for on-site and document review is two days and hence this can only be a sampling process.

As you are aware, the KPI audit process changed in 2012, to encourage members to feel able to respond freely without the concern that it may impact on their penalty rebate bonus from the LGAWCS. The responses from the KPI audit should enable members to build an action plan to address the non-conformances and observations for the systematic close out of these actions. The close out of these actions within the agreed action plan, then form the basis of the WHS component of the penalty rebate (paid in 2016 for the 2014 KPI audit – enabling Councils to have nearly a year to close out their identified audit issues).

Whilst Council have a number of non-conformances and observations, I also recognise that significant system build has commenced, I am confident that should council continue this development in the coming months a number of Non Conformances will be addressed. However, in some instances not all of these will be finalized and council should carefully plan these activities to match their recourses.

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### 6. Comments and Recommendations

The audit confirms ReturnToWorkSA's findings and indicates that City of West Torrens Council is still in the process of developing their WHS system requirements. As such, focus should be on building basic system elements such as completing a planning process (in line with the OS planning and program development core component requirements) to identify priorities and programs relevant to the Council. Council is very reliant on Spread Sheets to manage the WHS System and while this is being achieved currently, there is a risk that if staff changes this system will fail. It is suggested that council investigate IT systems which may reduce this dependency.

In addition to the Non Compliant sub elements Observations were noted which council should consider to improve the WHS system

**1.2.1 Auditors comment:** Council has a number of documents which support the WHS System, these include Policies and Procedures, SOP/SWP. There are other documents which are aligned to their procedures, including inspections, accident and incident reports, etc. Some documents were not up to date, but these have been scheduled. While there is the WHS Organisational Hazard Profile, this needs to be aligned to the existing SOP's and SWP's to ensure all hazards have the appropriate controls. This may lead to uncontrolled risks, the NC is identified in Sub Element 3.8.1

**3.3.1 Auditors comment:** There is a number of areas which identify responsibility, these include Policies CAR, minutes of meetings, Calendar of Events, PD's and the Dash board. Training records were recorded at the depot, while this may be convenient for the depot a centralize recording process would be more appropriate.

**3.8.7 Auditors comment:** There is a policy in place and the Injury/incident form is appropriate for suitable investigation. A number of incident and accident forms were viewed and these showed improvement in their investigation, while this area is conforming with limited evidence council will need to be diligent in monitoring this process to ensure investigations are appropriate for the incident. The rating of each accident/incident may allow for investigations at different levels.

I would recommend that you work closely with your LGAWCS WHS consultant going forward to ensure that a systematic and prioritised approach is undertaken. This will enable you to plan out how you are going to move forward in a way that will give you the best approach for building your system in line with your resources. Also to ensure that you are able to achieve the best rebate return in line with corrective actions completed.

Please note that KPI action plans need to be submitted for review by the end of January 2016 to address the issues identified in the audit (in a systemic way). If you are unclear on how this is to be undertaken or need examples of formats and structures, please see your

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RRC/WHSC. It is recommended that you work with your RRC/WHSC in drafting these KPI action plans in order to meet the criteria that is required for approval of these plans and to ensure that the action plans are appropriate for closing out the identified issues in a prioritised, structured and systemic way.

**N.B THE ABOVE ARE RECOMMENDATIONS ONLY. THE RESPONSIBILITY SITS WITH COUNCIL TO IDENTIFY SYSTEMIC CORRECTIVE ACTIONS THAT ADDRESS THE NON-CONFORMANCE AND MEET THEIR BUSINESS NEEDS**

## **9.5 COMMITTEE PERFORMANCE AND REPORTING**

Nil

## **10. OTHER BUSINESS**

## **11. NEXT MEETING**

14 June 2016, 6.00pm in the Mayor's Reception Room.

## **12. MEETING CLOSE**