

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 GENERAL COMMITTEE

Members: Councillor J Woodward (Presiding Member),
Councillor D Huggett
Independent Members: E Moran, A Rushbrook

of the

CITY OF WEST TORRENS

will be held in the Civic Centre
165 Sir Donald Bradman Drive, Hilton

on

**TUESDAY, 9 FEBRUARY 2021
at 6.00pm**

Public access to the meeting will be livestreamed audio only at the following internet address: <https://www.westtorrens.sa.gov.au/livestream>

**Angelo Catinari
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 Committee 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 Procedures****1.2 Electronic Platform Meeting****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*.

5 CONFIRMATION OF MINUTES**RECOMMENDATION**

That the Minutes of the meeting of the Audit General Committee held on 13 October 2020 be confirmed as a true and correct record.

6 COMMUNICATION BY THE CHAIRPERSON**7 PRESENTATIONS**

Nil

8 OUTSTANDING REPORTS/ACTIONS

8.1 Open Actions Update

Brief

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

RECOMMENDATION

The Committee recommends to Council that it notes nine (9) open actions which are currently in progress.

Introduction

A report is presented to each ordinary meeting of the Audit General Committee (Committee) detailing the status of open actions from previous Committee meetings.

Discussion

Two (2) actions arose from the August 2020 meeting. One (1) of these actions was completed and is presented as an item in this agenda, while the other is in progress with the status being reported to future Committee meetings.

Seven (7) actions arose from the October 2020 meeting. Four (4) actions refer to amendments to the Comprehensive Strategic Risk Review process which is due, as per the Enterprise Risk Management Framework, to be presented to the Committee at the October 2021 meeting. The remaining three (3) actions are planned for action with developments to be reported to the April 2021 meeting.

Further information regarding these actions is provided as an attachment to this report (**Attachment 1**).

Conclusion

This report advises that there are nine (9) open actions including one (1) action marked as complete.

Attachments

1. Open Actions as at 20 January 2021

Audit General Committee Open Actions

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
 PLSR = Program Leader Strategic Resilience

February 2020

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
OPEN ACTIONS					
1	Review the process of involving the Audit General Committee in the preparation of future budgets and annual business plans	GMCRCR	Process to be reviewed by General Manager Corporate and Regulatory leading into the next budget and annual business plan cycle	In Progress	August 2020
2	Review the Audit Plan in the early part of 2021 with a view to including an audit(s) relating to determine the effectiveness of any new operational processes that have been implemented as part of the Covid-19 response	PLSR	Audit Plan reviewed by PLSR January 2021. Due to budgetary constraints there is no capacity within the existing Audit Plan to accommodate new audits. Audits are also be fully risk assessed prior to approval on the Plan. Pandemic has been added to the descriptor of the appropriate strategic risk and will be reviewed for additional audit requirements during the development of the next Audit Plan.	Complete	August 2020
3	The inclusion of the inherent risk rating in the summary table contained in the Annual Strategic Risk Review report	PLSR	Inherent Risk Rating will be added to the Mid-year and Annual Strategic Risk Review	In Progress	October 2020
4	Detailing in future Strategic Risk Reviews how the effectiveness of the strategic risk controls is determined and who assesses the effectiveness of controls	PLSR	Information regarding how the effectiveness of the strategic risk controls is determined and who assesses the effectiveness of controls will be added to the Mid-year and Annual Strategic Risk Review	In Progress	October 2020

EMT = Executive Management Team
 CEO = Chief Executive Officer
 GMB&CS = General Manager Business & Community Services
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**Audit General Committee
 Open Actions**

February 2020

	Target date	RO	Status		Meeting/s where item originally raised/reported
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OPEN ACTIONS					
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2	Review the Audit Plan in the early part of 2021 with a view to including an audit(s) relating to determine the effectiveness of any new operational processes that have been implemented as part of the Covid-19 response	PLSR	Audit Plan reviewed by PLSR January 2021. Due to budgetary constraints there is no capacity within the existing Audit Plan to accommodate new audits. Audits are also be fully risk assessed prior to approval on the Plan. Pandemic has been added to the descriptor of the appropriate strategic risk and will be reviewed for additional audit requirements during the development of the next Audit Plan.	Complete	August 2020
3	The inclusion of the inherent risk rating in the summary table contained in the Annual Strategic Risk Review report	PLSR	Inherent Risk Rating will be added to the Mid-year and Annual Strategic Risk Review	In Progress	October 2020
4	Detailing in future Strategic Risk Reviews how the effectiveness of the strategic risk controls is determined and who assesses the effectiveness of controls	PLSR	Information regarding how the effectiveness of the strategic risk controls is determined and who assesses the effectiveness of controls will be added to the Mid-year and Annual Strategic Risk Review	In Progress	October 2020

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Audit General Committee Open Actions

February 2020

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
5	October 2021	PLSR	Additional controls to mitigate the financial impact of an increasing waste levy in Strategic Risk Review Report Item 12 - Waste Management will be added as part of the Comprehensive Strategic Risk Review	In Progress	October 2020
6	October 2021	PLSR	Additional controls to mitigate the impact of urban densification in Strategic Risk Review Report Item 11 - Urban Densification	In Progress	October 2020
7	April 2021	GMCR	Consider the presentation of a report to the Committee, in addition to the WHS audit outcome reports currently presented to the Committee, detailing the organisation's WHS statistics	In Progress	October 2020
8	April 2021	GMB&CS	Present a pre-brief to Council on COVID-19 learnings and strategies	In Progress	October 2020
9	April 2021	GMB&CS	Present the COVID-19 Learnings from Strategies Implemented - September 2020 report directly to Council for its information following the pre-brief presentation.	In Progress	October 2020

9 REPORTS OF THE 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 1 October 2020 and 20 January 2021.

RECOMMENDATION

The Committee recommends to Council that the Financial Reporting report be received.

Introduction

The Audit General Committee (Committee) is presented with a list, at each of its ordinary meetings, 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.

Discussion

6 October 2020 - Council and Committee Meeting

- Brown Hill and Keswick Creeks Stormwater Board - Annual Report and Financial Statements for the year Ended 30 June 2020

20 October 2020 - Council and Committee Meeting

- Creditor Payments
- Property Leases
- Mendelson Financial Report September 2020
- Council Budget Report - Three Months to 30 September 2020

27 October 2020 - City Advancement and Prosperity General Committee Meeting

- Amendment to Council Policy: COVID-19 Rates Financial Hardship

3 November 2020 - Council and Committee Meeting

- Financial Statements - Year Ending 30 June 2020
- Mendelson Foundation - Financial Statements for the Year Ended 30 June 2020
- Budget versus Actual Year Ended 30 June 2020

17 November 2020 - Council and Committee Meeting

- Extension of COVID-19 Support measures to West Torrens' Leaseholders and Residents
- Creditor Payments
- Credit Card Purchases - July to September 2020
- Register of Allowances and Benefits - 3 Months to 30 September 2020
- Council Budget Report - Four Months to 31 October 2020
- Budget Review - September 2020

8 December 2020 - Council and Committee Meeting

- Funding Agreement for the Bridges Renewal Program and Heavy Vehicles Safety and Productivity Program
- Grant Funding Submission Report
- Creditor Payments
- Form of the Budget and Annual Business Plan 2012/22

19 January 2021 - Council and Committee Meeting

- Council Budget Report - Six Months to 31 December 2020
- Mendelson Financial Report December 2020
- Creditor Payments
- Property Leases

Conclusion

This report lists those finance related reports which were considered by Council between 1 October 2020 and 20 January 2021.

Attachments

Nil

9.2 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

Nil

9.3 INTERNAL AUDIT

9.3.1 2020-2021 Internal Audit Plan Update

Brief

This report presents the 2020-2021 Internal Audit Program Update

RECOMMENDATION

The Committee recommends to Council that *2020-2021 Internal Audit Program Update* report be received.

Introduction

An update report is provided to each ordinary meeting of Committee on the status of the current Internal Audit Program.

Discussion

Below is a summary of the current status of all planned audits contained in the *2020-2021 Internal Audit Program* (Program), as at 20 January 2021. However, the full Program update is attached for further information (**Attachment 1**).

Audit Status	Number
In Progress	5
Completed	0
Not yet commenced	3
Cancelled	1
New Audits Added	0
Total Audits Programmed (excluding staged audits)	9
Audit Status (Staged Audits)	Number
Staged Audits Complete	0
Staged Audits in Progress or Next Stage Not Started	0
Not yet commenced	2
Total Staged Audits	2
Total Audits	11

The impacts of the COVID-19 pandemic have continued to impact Council with the ongoing need for significant resources to be provided to the ongoing response and associated recovery efforts.

COVID-19 has also impacted the commencement of new legislation such as the *Planning, Design and Infrastructure Act 2016*, which has delayed the start of the first stage of the *Planning, Design and Infrastructure Act 2016* legislative compliance audit.

Conclusion

Overall five (5) of the eleven (11) planned audits (45%) are in progress or have been completed as at the conclusion of the second quarter of the 2020/21 financial year.

Attachments

1. **Internal Audit Program Update as at 20 January 2021**

2020/21 Internal Audit Program

Report as at 20 January 2021

Audit No.	Internal Audit	Audit Objectives	Due Date	Status	Comments
Status of 2019/20 Internal Audits (Carry Overs)					
Staged Audits					
1	PDI Act and Regulations Implementation (Stage 1)	This audit will review the legislative compliance of the CWT development processes as well as provide an assurance audit on the supporting frameworks in place such as delegations, authorisation, policies, procedures and plans.	April 2021	Not Started	<ul style="list-style-type: none"> Delay in the implementation of the PDI Act and associated regulations and documents mean that the timing of this audit has been reviewed to ensure maximum value. At this stage it is programmed to commence in the second half of the 2020-2021 year Phase 3 Planning Code implementation has been deferred again and the relative legislation is still in its infancy with elements not yet fully 'switched on' until next year, date to yet be announced
Spot Audits					
2	Work Zone Traffic Management	A spot audit to assess whether City Operations work zone traffic management activities occur in line with legislation to ensure the safe movement of people throughout the city.	April 2021	In Progress	<ul style="list-style-type: none"> Audit Scope drafted and presented to the October 2019 Committee meeting. Opening meeting held February 2020 Audit was placed on hold due to Covid-19 impacts restricting ability of key staff to review draft or attend further/closing meetings but has now recommenced Closing Meeting held November 2021 Draft report received and currently working through report with key stakeholders
Status of 2020/2021 Internal Audits					
Staged Audits					
1	PDI Act and Regulations Implementation (Stage 2)	This audit will review the legislative compliance of the CWT development processes as well as provide an assurance audit on the supporting frameworks in place such as delegations, authorisation, policies, procedures and plans.	June 2021	Not Started	<ul style="list-style-type: none"> Phase 3 Planning Code implementation has been deferred again and the relative legislation is still in its infancy with elements not yet fully 'switched on'. Delay in the implementation of the PDI Act and associated regulations and documents means the timing of this audit will need to be reviewed to ensure maximum value. At

<input type="checkbox"/>	Not Started	<input type="checkbox"/>	In Progress	<input type="checkbox"/>	Complete	<input type="checkbox"/>	Deferred	<input type="checkbox"/>	Cancelled
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2020/21 Internal Audit Program

Report as at 20 January 2021

Audit No.	Internal Audit	Audit Objectives	Due Date	Status	Comments
Assurance Audits					
2	Swimming Pool Inspections - Development Act 1993	The objectives of the audit are to determine whether the current processes (both in design and operation), relating to the programming and follow up of swimming pool inspections by the CWT, are robust and comply with the State Coroner's recommendations as well as the <i>Development Act 1993</i> and will meet the requirements of the <i>Planning, Development and Infrastructure Act 2016</i> and associated Regulations.	April 2021	In Progress	<ul style="list-style-type: none"> Audit Scope drafted and presented to the August 2020 Committee meeting. Opening Meeting held August 2020 Closing meeting held December 2020 Draft report received and currently working through report with key stakeholders
3	Flooding controls and prevention	This audit seeks to review the CWT Hazard Plan regarding flooding to assess the PPRR measures in place regarding flooding to ensure the city is appropriately prepared for flooding.	June 2021	In Progress	<ul style="list-style-type: none"> Scope in development
4	Elected member requests	The Office of the CEO and Mayor receive numerous requests from Elected Members but it is acknowledged that requests are provided to numerous departments directly. This audit seeks to review the process for ensuring elected member requests are dealt with in a timely, correct and appropriate manner given the risks identified regarding advice provision.	January 2021	Cancelled	<ul style="list-style-type: none"> Audit cancelled July 2020 due to budgetary constraints

Not Started	In Progress	Complete	Deferred	Cancelled
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2020/21 Internal Audit Program

Report as at 20 January 2021

Audit No.	Internal Audit	Audit Objectives	Due Date	Status	Comments
Legislative Compliance Audits					
5	Expiation, Fines and Enforcements - Collecting fines	A legislative compliance audit to be undertaken by a legal auditor reviewing CWT compliance with fine and expiation handling.	June 2021	In Progress	<ul style="list-style-type: none"> Scope drafted and provided for management comment
Third Party Audits (External)					
6	Vic Roads Annual Audit (Third Party Audit)	An annual Internal Audit which is mandated as part of the agreement with Vic Roads.	July 2021	Not Started	<ul style="list-style-type: none"> CWT will only be advised of this Audit in June of each year. Conclusion is generally 31 July of each year.
7	Dog and Cat Management Board	An annual Audit as required by the Dog and Cat Management Board.	TBA	Not Started	<ul style="list-style-type: none"> Have not yet been advised of start date
WHS Audits					
8	WHS/IM KPI Audit against PSSI	An annual audit mandated by the Scheme.	TBA	Not Started	<ul style="list-style-type: none"> Have not yet been advised of start date
9	WHS Training and Education	WHS training and education contribute to the overall WHS culture at the CWT. It has been highlighted in numerous WHS audits that this is an important factor in ensuring that WHS is an ongoing concern.	June 2021	In Progress	<ul style="list-style-type: none"> Scope in development

	Not Started	In Progress	Complete	Deferred	Cancelled
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9.3.2 Bi-Annual Internal Audit Recommendations and Actions Progress Report

Brief

This report presents progress against those internal audit recommendations that have been approved for actioning, as at 20 January 2021

RECOMMENDATION

The Committee recommends to Council that the Bi-Annual Internal Audit Recommendations and Actions Progress Report be noted.

Introduction

As a result of a resolution of the Committee, the *Internal Audit Recommendation and Action Progress Report* (Report) is now presented to the Committee bi-annually, subject to the Committee's meeting schedule. This Report details the status of all internal audit recommendations that have been assessed and that have been approved for actioning by the Executive. Those actions which were assessed as being within residual risk tolerance level of moderate or below are considered non-priority actions for monitoring purposes. Those actions which fall outside of the CWT tolerance level (those findings noted as High or Extreme) are considered priority actions

Discussion

The impacts of the COVID-19 pandemic have had a significant impact across the organisation with the need for significant resources to be dedicated to the response and associated recovery efforts. The impact of COVID-19, which occurred initially in February/March 2020, continued to impact the implementation throughout the remainder of 2020. This has meant that many recommendations that were expected to be completed during this half year period have been delayed with completion schedules for actions for significant numbers of recommendations completion dates extended as a consequence. These recommendations will continue to be monitored and completed as soon as practical but it is worth noting that there were no extreme risks that required actioning during this period and 4 (four) of the 7 (seven) high risk actions were completed during this period.

The summary table describing the status of approved actions is provided below.

Status	Number	Internal Audit Ratings - Level of Risk				
		Priority Actioning		Non Priority Actioning**		
		Extreme	High	Moderate	Low	Better Practice
Not Started	7	0	0	2	5	0
In Progress	35	0	3	12	10	10
Complete	20	0	4	4	9	3
Total Actions	62	0	7	18	24	13
Outstanding Actions	42	0	3	14	15	10

Within the review period, there were a total of 62 actions approved and considered with 55 of these actions deemed for non-priority actioning.

Non-priority actioning means the manager has considered those moderate, low and better practice recommendations and advised that they **may implement the recommendation at a later date subject to resources and budget. The discretion lies with the manager in terms of determining when, and if, the recommendations are actioned based on the defined criteria established for assessing the actioning of tolerated risks.

Of the 62 Internal Audit recommendations and actions:

- Twenty (20) were completed in the review period;
- Thirty Five (35) are in progress as at 20 January 2021; and
- Seven (7) actions were not started within the review period with some of those relating to long term actions being aligned to the next policy review date (which could be within the next five years), or are awaiting other dependent actions to be completed or appropriate resourcing to become available.

It is noted that the number of approved actions fluctuates across meeting cycles as the number of audits and associated recommendations presented to the Committee varies given the ongoing nature of the Internal Audit Plan. This may mean that although a significant number of recommendations are completed new recommendations continually replace them. This may lead to the overall number of recommendations presented to the committee each six months appearing to not show a decrease over time.

Priority Actions

As of 20 January 2021, there were three (3) findings across two (2) separate audits noted to be High Risk still to be completed. Three (3) High risk actions were completed during the review period.

Two (2) of these outstanding findings relate to the previous Work Zone Traffic Management (WZTM) Internal Audit recommendations which will be reviewed in tandem with recommendations from the updated WZTM Audit conducted in 2020. The WZTM High Risk recommendations are expected to be completed by May 2021.

The other outstanding recommendation relates to consultation and is awaiting passage of legislation that may impact on how the recommendation is addressed. The expected completion date is expected to be clarified on the passing of the Local Government Reform Bill.

It is expected though that all remaining High Risk recommendations will be completed prior to the next bi annual audit recommendations update report which will be presented to the Committee in August 2021.

A summary of the current progress against these findings is noted below. Although it is noted that actions associated with these high risk recommendations are overdue, these actions are currently underway and are nearing completion. The audit findings noted may also involve multiple recommendations, some parts of which may be complete, which cannot be closed off in their entirety at this time.

Community Consultation Internal Audit

Findings	Initial Due Date	Status/Update
2.7 Consultation on Asset Performance Standards	30/09/2019	In Progress - awaiting completion and approval of Consultation Framework - This was expected February 2020 but has been delayed due to COVID-19 impacts and potential passing of LG Reform Bill with associated potential mandated charter.

Workzone Traffic Management Internal Audit

Findings	Initial Due Date	Status/Update
2.1.3 Risk Management	31/10/2019	Completed
2.1.4 Reporting and Record Requirements	31/10/2019	Completed
2.2.1 Internal Site - Trees	31/10/2019	Completed
2.2.3 External Contractor - Contractor 1	31/10/2019	In Progress - Delayed due to COVID-19 impacts and WZTM 2020 Audit. Expected completion May 2021
2.2.4 External Contractor - Contractor 2	31/10/2019	In Progress - Delayed due to COVID-19 impacts and WZTM 2020 Audit. Expected completion April 2021

Conclusion

The bi-annual *Internal Audit Recommendation Action Progress Report* details the status of those sixty two (60) internal audit recommendations that were approved for actioning of which fifty five (89%) are either complete or in progress.

The information is presented in a summary table format as per the decision of the 8 August 2017 Audit Committee meeting.

Attachments

Nil

9.4 EXTERNAL AUDIT

Nil

9.5 COMMITTEE PERFORMANCE AND REPORTING

Nil

10 OTHER BUSINESS

11 CONFIDENTIAL

Nil

12 NEXT MEETING

13 April 2021, 6.00pm in the Civic Centre.

13 MEETING CLOSE