

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 via electronic means only

on

TUESDAY, 14 JUNE 2022
at 6.00pm

Terry Buss PSM
Chief Executive Officer

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 Acknowledgement of Country

At the opening of the Audit General Committee Meeting, the Presiding Member will state:

"West Torrens City Council acknowledges that we are meeting on the traditional Country of the Kurna people of the Adelaide Plains and pays respect to Elders past, present, and emerging.

We recognise and respect their cultural heritage, beliefs and spiritual relationship with the land, sea, waterways and sky.

We acknowledge that they are of continuing importance to the Kurna people living today."

1.2 Evacuation Procedures

1.3 Electronic Platform Meeting

The Presiding Member will advise that:

"This meeting is being conducted via virtual means and the recording of this meeting will be available for playback via a link on Council's website."

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 12 April 2022 be confirmed as a true and correct record.

6 COMMUNICATION BY THE CHAIRPERSON

7 PRESENTATIONS

Nil

8 OUTSTANDING REPORTS/ACTIONS

8.1 Audit General Committee Work Plan Update

Brief

This report presents the April 2021 to October 2022 Annual Work Plan Update of the Audit General Committee.

RECOMMENDATION

It is recommended to the Committee that the *Audit General Committee Work Plan Update* report be received.

Introduction

This report presents an update on the Audit General Committee Work Plan, which is presented to each meeting of the Committee.

Discussion

The Work Plan identifies the actions and time lines of the work of the Committee for the period April 2021 to October 2022, being the conclusion of the current term of the Committee. It is included as a standing report in each of the Committee's agenda at the request of the Committee.

The actions detailed on the Work Plan are those contained within the Audit General Committee's Terms of Reference and are aligned with the UK Financial Reporting Council Corporate Governance Code (FRC Code).

It is important to note that the actions and timeframes contained in the Work Plan are indicative only given the various changes and unexpected events that occur throughout each year.

In addition to this report, and as per the Committee Work Plan, the following items are included in this Agenda:

- Audit General Committee Work Plan Update
- Open Actions Update
- Financial Reporting
- 2021-2022 Internal Audit Program Update

Climate Impact Considerations

(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)

There is no direct environmental impact in relation to this report.

Conclusion

This report presents an Audit General Committee Work Plan 2021-2022.

Attachments

1. Audit General Committee Work Plan

Audit General Committee Work Plan 2021-2022

Action	Meetings												Frequency	ToR Reference	
	Apr-21	Jun-21	Aug-21	Oct-21	Feb-22	Apr-22	Jun-22	Aug-22	Oct-22						
External Audit														Annually	Obj. 2
External Auditors present external audit findings															
Financial Reporting															
Receive an overview of Draft Annual Business and Budget Plan (10 year Financial Plan)														Annually	Obj. 2
Review Statutory Financial Statements														Annually	Obj. 2
Receive Financial Reports Summary														Each meeting	NA
Review the adequacy of the accounting, internal control, reporting and other financial management systems and practices														As required	Obj. 2
Internal Audit															
Internal audit reports														As required	Obj. 2
Status update of Internal Audit Plan 2021														As required	Obj. 2
Progress on outstanding Audit Recommendations														Biannually	Obj. 2
Risk Management															
Receive Strategic Risk Reviews														Biannually	Obj. 2
Other															
Review Committee's Annual Work Plan														Each meeting	NA
Open Actions Update														Each meeting	NA

8.2 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

It is recommended to the Committee that it notes the status of the six (6) actions arising from previous Committee meetings, as detailed in this report.

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

Of the current six (6) agreed actions, three (3) of these actions are complete and relate to minor amendments to reports.

Three (3) actions are in progress with one relating to financial statements, one (1) regarding the review of phishing attacks via private purchases and the other two (2) relating to the 2021 - 2022 Mid-Year Strategic Risk Review.

The action relating to financial statements will be completed as part of the end of 2021/2022 financial year processes, which will conclude in October 2022. Reviewing the use of Council email addresses by employees for private purchases will be undertaken as part of a policy review, expected to be completed in 2022. This review will consider cyber security risks and integrity issues. The action related to the 2021/2022 Mid-Year Strategic Risk Review will form part of a comprehensive strategic risk review which will be presented to the October 2022 Audit General Committee, which will be the last meeting of the current Committee.

Below summarises the status of these six (6) open actions:

Meeting Date	No. of Actions	Not Started	In Progress	Complete
13 October 2020	1	0	0	1
12 October 2021	2	0	1	1
12 April 2022	3	0	2	1
Totals	6	0	3	3

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

Climate Impact Considerations

(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)

There is no direct environmental impact in relation to this report.

Conclusion

This report advises of the status of the current six (6) open actions of which three (3) actions have now been completed.

Attachments

1. Open Actions for Audit General Committee - June 2022

**Audit General Committee
Open Actions**

June 2022

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
 MLRI = Management Lead - LG Reform and Integrity

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
OPEN ACTIONS					
1	April 2022	GMCR	The 2021 LGA ML/S/WCS Risk Evaluation Report was presented in the October 2021 agenda. An email was sent to Members on 12 April 2022 providing the WHS key statistics.	Complete	October 2020
2	October 2022	GMCR	To be reviewed at the end of the 21/22 financial year. Manager Financial Services has been in discussions with the CWT external auditors regarding this review.	In Progress	October 2021
3	June 2022	GMCR	A review has been conducted and will be presented to Executive Team.	Complete	October 2021
4	February 2023	GMCR	A review of the IT and Use Policy will be conducted in 2022 with security clauses revised to include the use of Council email for personal use. Staff have recently undertaken phishing training which further strengthens information and cyber security controls.	In Progress	April 2022

**Audit General Committee
Open Actions**

June 2022

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
MLRI = Management Lead - LG Reform and Integrity

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
5	Administration to include the risk assessment of increased cost pressures from the 2022/23 Strategic Risk Review.	MLRI	The inclusion of a risk assessment related to increased cost pressures will be considered as part of the 2022-2023 Comprehensive Strategic Risk Review.	In progress	April 2022
6	Financial Services to distribute outcomes of the Review with Council's External Auditor BDO.	GMCR	Internal controls have been completed by BDO. Outcomes and recommendations of the review have been sent to the auditor.	Complete	April 2022

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 2 April and 1 June 2022.

RECOMMENDATION

It is recommended to the Committee 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 at www.westtorrens.sa.gov.au.

Discussion

19 April 2022 - City Finance and Governance Standing Committee

- Creditor Payments
- Property Leases
- Mendelson Financial Report March 2022
- Council Budget Report - NINE months to 31 March 2022

3 May 2022 - Special City Finance and Governance Standing Committee

- Budget and Annual Business Plan 2022/23

10 May 2022 - Special City Finance and Governance Standing Committee

- Budget and Annual Business Plan 2022/23

17 May 2022 - City Finance and Governance Standing Committee

- Creditor Payments
- Credit Card - January to March 2022
- Register of Allowances and Benefits - 9 Months to 31 March 2022
- Council Budget Report - TEN Months to 30 April 2022
- Budget Review - March 2022

Climate Impact Considerations

(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)

There is no direct environmental impact in relation to this report.

Conclusion

This report lists those finance related reports which were considered by Council between 2 April 2022 and 1 June 2022.

Attachments

Nil

9.2 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

Nil

9.3 INTERNAL AUDIT

9.3.1 2021 - 2022 Internal Audit Program Update

Brief

This report presents the 2021 - 2022 Internal Audit Program Update.

RECOMMENDATION

It is recommended to the Committee that the *2021 - 2022 Internal Audit Program Update* report be noted.

Introduction

At its 17 April 2019 meeting, the Audit General Committee (Committee) noted the approved 2018 - 2022 Internal Audit Plan (Plan).

Each year, the Plan is extrapolated into an annual Internal Audit Program (Program) with an update on the current status of the Program presented to each meeting of the Committee.

Discussion

Below is a summary of the current status of all planned audits contained in the 2021 - 2022 Program, as at 1 June 2022. However, the full Program update is attached for further information (**Attachment 1**).

Audit Status	19/20 Carry Overs	20/21 Carry Overs	21/22 Audits	Total
In Progress			3	3
Completed			3	3
Not yet commenced			2	2
Cancelled				0
New Audits Added				0
Total Audits Programmed (excluding staged audits)	0	0	8	8
Audit Status (Staged Audits)	19/20 Carry Overs	20/21 Carry Overs	21/22 Audits	Total
Staged Audits Complete				0
Staged Audits in Progress or Next Stage Not Started	1			1
Not yet commenced		1		1
Total Staged Audits	1	1		2
Total Audits	1	1	8	10

Although the COVID-19 major emergency declaration has been revoked, the ongoing COVID-19 pandemic continues to impact the ability to coordinate and undertake audits given the audit function is also jointly responsible for business continuity and emergency management, with the ongoing need for resources to be directed to the ongoing response and associated recovery efforts of COVID-19 across the organisation.

As a result of these delays, the outstanding audits from 2019/2020 and 2020/2021 were carried over to the 2021/2022 Internal Audit Program which extends to the conclusion of the Committee term. Therefore, the 2021/2022 Internal Audit Program will operate for almost 15 months, being from 1 July 2021 to 31 October 2022 at which point it is expected that all audits will be completed.

A new Internal Audit Plan, for the period 2022/2026, will be developed and presented to the first meeting of the new Committee.

Climate Impact Considerations

(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by a changing climate.)

There is no direct environmental impact in relation to this report.

Conclusion

While COVID-19 continues to have some impact on the implementation of the *Internal Audit Program 2021-22*, overall, seven (7) of the ten (10) planned audits are in progress or have been completed or closed out as at 1 June 2022.

Attachments

1. 2021 to 2022 Internal Audit Program Update

Report as at 01 June 2022

2021/22 Internal Audit Program

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	In Progress	<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 Audit Scope drafted and presented to the April 2022 Committee meeting Internal audit interviews are currently underway
Status of 2020/2021 Internal Audits (Carry Overs)					
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"> 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 This is stage 2 of the two stage audit process Scope to be drafted upon conclusion of Stage one



2021/22 Internal Audit Program

Report as at 01 June 2022

Status of 2021/2022 Internal Audits				
Assurance Audits				
1	Insurances	A risk identified by Financial Services highlighted the need for the organisation to hold appropriate insurance policies to ensure appropriate coverage in the event of a claim. This audit seeks to review the coverage provided by each insurance policies and identify potential gaps.	June 2022	<p>In Progress</p> <ul style="list-style-type: none"> Scope currently being drafted
2	Cyber Security	With the level of hacking into corporate networks increasing at an alarming rate over the last decade, the security of information is an increasing risk to the CWT. The motivations of hackers can vary substantially. This audit seeks to identify gaps in the policies, procedures and practices within the CWT pertaining to information security and IT infrastructure as well as assessing the network architecture to evaluate whether the security supports risk tolerance levels and business objectives.	June 2022	<p>In Progress</p> <ul style="list-style-type: none"> CWT currently participating in a CyberCX Cyber Security Risk program which, in part will consider internal cyber security measures. This review will conclude shortly and a report will be presented by CyberCX to the Executive. It is not the intention of Internal Audit to duplicate reviews or actions which will be undertaken as a result of participation in this program. Scope currently being drafted.
Legislative Compliance Audits				
3	Local Nuisance and Litter Control Act 2016	A legislative compliance audit to be undertaken by a legal auditor reviewing CWT compliance relating to the <i>Local Nuisance and Litter Control Act 2016</i> .	October 2021	<p>Complete</p> <ul style="list-style-type: none"> Audit Scope drafted and presented to the April 2021 Committee meeting Scope merged with Expiation, Fines and Enforcements - Collecting fines legislative compliance audit planned for 2020/2021 to increase value to the organisation and ensure efficiency Audit has commenced and evidence provided to auditor in July 2021 Interviews delayed due to Level 4 and 5 COVID-19 restrictions Report presented as part of 12 October 2021 Agenda

Not Started	In Progress	Complete	Deferred	Cancelled	

2021/22 Internal Audit Program

Report as at 01 June 2022

4	Internal Financial Controls Monitoring Risk Based Methodology	To review the internal financial controls.	March 2022	Complete	<ul style="list-style-type: none"> Report presented as part of 12 April 2022 Agenda
Third Party Audits (External)					
5	Vic Roads Annual Audit (Third Party Audit)	An annual Internal Audit which is mandated as part of the agreement with Vic Roads.	July 2022	In Progress	<ul style="list-style-type: none"> Received request from VicRoads to complete audit Audit in progress, to be completed by 31 July 2022 as required
6	Vic Roads Information Protection Agreement Compliance Review	To review CWT compliance with the Information Protection Agreement.	March 2022	Complete	<ul style="list-style-type: none"> An additional unplanned external audit regarding information protection in regards to the Vic Roads systems
WHS Audits					
7	WHS/IM KPI Audit against PSSI	An annual audit mandated by the Scheme.	TBA	Not Started	
Facilitative Audit					
8	Corporate Planning Framework	The objectives of the audit are to evaluate and report on the adequacy and effectiveness of the CWT's alignment of strategic planning processes and budget planning processes. This includes the processes used in developing strategic, budget and business plans, how they are aligned through to action and service planning processes. In addition, the audit will determine compliance with relevant policies.	June 2022	Not Started	

	Not Started	In Progress	Complete	Deferred	Cancelled
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9.4 EXTERNAL AUDIT

Nil

9.5 COMMITTEE PERFORMANCE AND REPORTING

Nil

10 OTHER BUSINESS

11 CONFIDENTIAL

Nil

12 NEXT MEETING

9 August 2022, 6.00pm in the Mayor's Reception Room.

13 MEETING CLOSE