

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 Mayor's Reception Room, Civic Centre
165 Sir Donald Bradman Drive, Hilton

on

TUESDAY, 28 FEBRUARY 2023
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 Meeting Livestream

The Presiding Member will advise that:

"This meeting is being audio livestreamed for the benefit of members of the public who wish to listen to proceedings and the recording of this meeting will be available for playback via a link on Council's website."

2 PRESENT

3 APOLOGIES

Apologies

Committee Members:

Cr Daniel Huggett

4 DISCLOSURE STATEMENTS

Committee Members are required to:

1. Consider Section 74, 75 and 75A 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 75B and 75C of the *Local Government Act 1999*.

5 CONFIRMATION OF MINUTES

RECOMMENDATION

That the Minutes of the meeting of the Audit General Committee held on 11 October 2022 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

It is recommended to the Committee that it notes the status of five (5) actions arising from previous Committee meetings, as detailed in the 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 five (5) agreed actions, two (2) of these actions are complete and three (3) are currently in progress.

The 'Complete' open actions include:

- The review of the use of Council email addresses by employees for private purchases to minimise the likelihood of successful phishing or spear fishing attacks
- A report to be provided on the progress of the CyberCX Cyber Security Program - Essential 8

The 'In Progress' open actions include:

- A report to the Committee, including actions in the Audit General Committee Work Plan
- Provision of the Auditor-General's Kerbside Waste Management Services examination report, (from the October 2022 Audit Committee Meeting) to the newly elected Council in 2023

The 'Not Started' actions include:

- Provision of the Annual Strategic Risk Review report, to be brought to the newly elected Council in 2023

Below summarises the status of these five (5) open actions:

Meeting Date	No. of Actions	Not Started	In Progress	Complete
12 April 2022	1			1
9 August 2022	1		1	
11 October 2022	3	1	1	1
Totals	5	1	2	2

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 five (5) open actions of which two (2) actions have now been completed and two (2) in progress.

Attachments**1. Audit General Committee Open Actions - February 2023**

**Audit General Committee
Open Actions**

February 2023

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
 DCEO = Deputy Chief Executive Officer

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
OPEN ACTIONS					
1	Review the use of Council email addresses by employees for private purchases to minimise the likelihood of successful phishing or spear fishing attacks.	February 2023	GMCR	This has been reviewed and considered as part of the 'Information and Cyber Security Action Plan' as provided to Executive and the Audit Committee in October 2022.	Complete April 2022
2	Administration to present a report to the Audit General Committee to include the following actions in the Audit General Committee Work Plan: 1. Review of Draft Annual Business Plan and Budget; 2. Review of financial policy reviews; 3. Review of budget reviews; 4. Review of results of review of internal financial controls	February 2023	GMBCS	Actions proposed for the Audit General Committee Work Plan are currently under development	In Progress August 2022
3	A 'Timeframe' report to be provided on the progress of the CyberCX Cyber Security Program - Essential 8	October 2022	GMCR	A report and 'Information and Cyber Security Action Plan' was provided to the October 2022 Audit General Committee Meeting.	Complete October 2022
4	Administration to present the findings of the Auditor-General's Kerbside Waste Management Services examination report, to the newly elected Council in 2023.	February 2023	MLRI	Findings from the Auditor-General's Kerbside Waste Management Services examination report, to be presented at the February 2023 Council Meeting.	In Progress October 2022

**Audit General Committee
Open Actions
February 2023**

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
 DCEO = Deputy Chief Executive Officer

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
5	Administration to present the 'Annual Strategic Risk Review report' to the newly elected Council in 2023.	MLRI	Annual Strategic Risk Review report to be presented at an appropriate 2023 Council Meeting, following the conclusion of the Strategic Risk report.	Not Started	October 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 October 2022 and 1 February 2023.

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

18 October 2022 - City Finance and Governance Standing Committee Meeting

- Creditor Payments
- Mendelson Financial Report September 2022
- Council Budget Report - Three Months to 30 September 2022

1 November 2022 - Council Meeting

- Financial Statements - Year Ending 30 June 2022
- Budget versus Actual - Year Ended 30 June 2022

13 December 2022 - Council Meeting

- Budget Review - September 2022
- Creditor Payments
- Credit Card Purchases - July to September 2022
- Register of Allowances and Benefits - 3 Months to 30 September 2022

17 January 2023 - Council Meeting

- Creditor Payments
- Mendelson Financial Report December 2022
- Council Budget Report - Six Months to 31 December 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 are no direct environmental impacts in relation to this report.

Conclusion

This report lists those finance related reports which were considered by Council between 2 October 2022 and 1 February 2023.

Attachments

Nil

9.2 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

Nil

9.3 INTERNAL AUDIT

9.3.1 Audit General Committee Work Plan Update

Brief

This report presents the February to October 2023 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 February to October 2023, 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, the following reports are presented in respect of the Work Plan:

- Audit General Committee Work Plan Update
- Open Actions Update
- Financial Reporting
- Planning, Development and Infrastructure Act (PDI Act) Audit - Stage One Audit Report
- Partnership Agreements - Community Centres Audit
- Internal Audit Program Update 2023 - 2024
- Audit General Committee Work Plan 2023
- 2023 - 2026 Internal Audit Plan

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 the Audit General Committee Work Plan February to October 2023.

Attachments

1. Audit Committee Work Plan February - October 2023

Audit General Committee Work Plan 2023

Action	Meetings						ToR Reference
	Feb-23	Apr-23	Jun-23	Aug-23	Oct-23	Frequency	
External Audit							
External Auditors present external audit findings						Annually	Obj. 2
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

9.3.2 Planning, Development and Infrastructure Act (PDI Act) Audit - Stage One Audit Report

Brief

This Report presents the results of the *Planning, Development and Infrastructure Act 2016* (PDI) Audit - Stage One Audit Report.

RECOMMENDATION

It is recommended to the Committee that the *Planning, Development and Infrastructure Act (PDI Act) Audit - Stage One Audit Report* be noted.

Introduction

The *City of West Torrens Audit Program 2018-2022*, provides for an internal audit of the implementation of the *Planning, Development and Infrastructure Act 2016* (PDI Act). The *Planning, Development and Infrastructure Audit* (Audit) is conducted over two stages. Stage 1 was to review Council's legislative compliance and stage two, which encompasses the operational processes of development assessment, is to commence at a future date.

The Audit was undertaken by Council's contract Auditor Galpins (Auditor), in accordance with the approved audit scope, to assess Council's transition and implementation of the PDI Act and identify improvement opportunities. The Audit was guided by best practice industry information using relevant PDI Act guidelines.

The Auditors liaised with all relevant internal stakeholders via an interview process, including management and staff from the City Development and Strategic Planning Team. Evidence was provided to the Auditors, who then presented a set of four (4) recommendations.

Overall, the audit was positive, with controls identified as 'majorly effective'.

Following completion of the Audit, a draft internal Audit Report (Report) and individual risk assessment was issued to the Executive, relevant managers and officers for comment. This was followed by a closing meeting to provide an opportunity to clarify findings with the Auditor. The final Report was provided to Executive in December 2022.

Discussion

Four (4) recommendations were provided by the Auditor, which aimed at further strengthening current processes in place. All were rated within tolerance levels, including two (2) rated as moderate risk, one (1) rated as low risk and one (1) rated as better practice. The Administration has agreed to these findings and made comment regarding the associated recommendations (**Attachment 1**).

The Auditor observed that compliance was demonstrated through strong controls, policies and procedures that referenced the PDI Act and adhered to relevant regulations and legislation. It was additionally noted that relevant staff were well informed and had taken proactive measures to provide quality community engagement during the transition period.

Audit recommendations have since been considered to further improve Council's internal processes and subsequently assist the community in understanding the new PDI Act legislation. As a result, all recommendations will be actioned. However, all Audit findings are within CWT's risk tolerance levels and are minor in nature and therefore progress updates of each specific finding will not be reported to the 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

The *Planning, Development and Infrastructure Act 2016* Internal Audit, undertaken by Council's contract auditor has been completed. All Audit recommendations are within risk tolerance levels and recommendations are minor in nature.

Attachments

- 1. Final Report - Planning Development and Infrastructure Audit Stage 1**



Galpins

Accountants, Auditors & Business Consultants

City of West Torrens

Internal Audit Report - Planning, Development and Infrastructure Act 2016
and associated Regulations Implementation

September 2022





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Document Control

Date	Revision Number	Revision Details	Author	Reviewer
7/9/2022	V1.0	Draft Report	Alexandra Beaton	Janna Burnham

Entry meeting	10/6/2022
Fieldwork commenced and completed	14/6/2022-2/9/2022 ¹
Draft report issued	7/9/2022
Exit meeting	30/11/2022
Final report issued	1/12/2022

¹ The audit was paused for a period during July - August due to the high workload of the City Development team, especially after the departure of the Team Leader Planning on 11 July 2022.

1. Executive Summary

1.1 Background

Infill development, planning reform and the evolving urban form are key considerations for the City of West Torrens (CWT) and its community. The *Planning, Development and Infrastructure Act 2016* (PDI Act), which commenced in various stages, established a new planning and development scheme and replaced the previous scheme operating under the *Development Act 1993*. The PDI Act also provides for infrastructure planning, implementation and funding. The PDI Act is supported by a suite of subordinate Regulations, as well as practice directions and guidelines.

The PDI Act has included a new framework for strategic planning and policy planning within South Australia. A number of new statutory instruments and processes have been implemented. The Councils' role in strategic planning and policy planning has changed with the introduction of the PDI Act, however Council retains a role in advocating for its community to ensure planning policy meets the needs of the local community.

Development assessment is the responsibility of City Development, although various departments across Council are engaged throughout the assessment process depending on the complexity of the application. The effective management of development assessment plays a role in allowing the CWT to achieve objectives, maintain a strong reputation, and provide enhanced and supportive services to community. Thus, it is essential that development assessment process is managed in a consistent, compliant and appropriate manner to ensure the most beneficial outcomes for the organisation and the customer.

The approved Audit Program 2019-22 provides for an internal audit of the implementation of the *Planning, Development and Infrastructure Act 2016* and associated Regulations that allows for an opportunity to perform a health check on current processes and to identify, develop and implement improvement opportunities. This staged 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.

1.2 Objectives

The objectives of this audit were to consider the effective transition to and implementation of the PDI Act by the CWT and to identify opportunities for improvement. This included determining whether there are effective controls (both in design and operation) in place to manage the statutory planning processes under the PDI Act.

The audit also aimed to ensure that these controls effectively manage and meet legislative requirements. Procedures and processes as well as the infrastructure and mechanisms that are in place across the organisation were also reviewed, including adherence to policies, legislation and better practice across the sector.

This is a two stage audit and the full scope of stage one is included at **Appendix 1**.



1.3 Methodology

This stage of the audit used the following approach:

- Desktop review of the CWT's existing development policies and procedures, controls and delegations.
- Discussions with relevant members of the management team and selected staff where appropriate.

The audit was informed by relevant best industry documentation, better practice models and guidelines in relation to the PDI Act.

1.4 Relevant Strategic Risks

This audit aligned with CWT's strategic risk: *1. Business Practices*, which links to Operational Risk: *Failure to comply with current and changes to Legislation and Policy including PDI Act and case law authority.*

1.5 Good Practices Observed

- ✓ Strong policy and procedure documentation in place, referring to relevant sections of the PDI Act and other relevant legislation
- ✓ Enthusiasm and expertise of Team Leaders evident during interviews discussing the transition to PDI Act requirements, with a positive attitude to implementing the associated procedures and systems
- ✓ The Strategic Planning team took a proactive approach to community engagement with policy planning during transition period, providing resources and information to the community to assist with understanding the implications and changes under the PDI Act
- ✓ All actions from 2020 Swimming Pools audit, which included PDI Act related actions, have been implemented by the City Development (Building) team.



1.6 Key Findings and Recommendations

This internal audit project aimed to assess the controls established to address strategic risk: *1. Business Practices*, which links to Operational Risk: *Failure to comply with current and changes to Legislation and Policy including PDI Act and case law authority*. Based on the work undertaken, and when considering the design and/or effectiveness of controls collectively, we conclude that the control environment is: **Majority Effective**.²

Overall, Audit found CWT to be compliant with legislative requirements, indicating an effective transition from the *Development Act 1993* to the PDI Act. The CWT's governance structures in place to implement the PDI Act particularly demonstrated a strong understanding and adherence to statutory planning procedures and requirements.

Audit identified three findings to further strengthen CWT's implementation of the PDI Act:

- There is opportunity to consider whether the capacity of the Strategic Planning team is sufficient to enable proactive planning policy/code amendments that are aligned with the Community Plan 2030. With current resourcing, the team focus more on responding/reacting to externally-driven code amendments. See **section 2.1**.
- Cross-skilling the City Development team, where possible, could assist with the current single-person reliance in relation to compliance processes and help to ensure business continuity provisions where there are staff absences. See **section 2.2**.
- There is scope to reference complaints made against the Assessment Manager in CWT's Complaints Policy. The policy was last reviewed in 2018, and the PDI Act specifies that complaints made against an Assessment Manager should be made to the CEO of the Council. See **section 2.3**.

Also included is a better practice opportunity identified in relation to the Building Fire Safety Committee (BFSC). Currently, the BFSC fire safety inspection schedule is managed via meeting agenda and minutes, which could be formalised to assist with forward planning/prioritising workload. See **section 2.4**.

Testing of the introduction and establishment of CWT's new authorities pursuant to the PDI Act, and their related policies and procedures, found overall adherence to legislative requirements. Four minor updates to policy/strategy documents to include reference to the PDI Act in transition from the *Development Act 1993* were identified, and these have been noted in the testing results rather than through formal recommendations in the report.³ Testing results are included at **Appendix 6**.

Findings are summarised in the table over page.

² Please refer to **Appendix 2**, Overall Control Effectiveness Ratings for further information.

³ This is due to two relevant policies being under scheduled review at the time of audit, and two strategy-related documents referencing Regulated and Significant Tree information which has changed in section numbering from the Development Act but not changed in content/nature under the PDI Act.



City of West Torrens

Finding	Recommendation	Audit Risk Rating	Council Risk Rating	Expected Completion Date
<p>2.1 Review Strategic Planning team's capacity to lead CWT code amendments for proactive city planning</p>	<p>Recommendation 1: Review whether the Strategic Planning team have sufficient capacity to lead Council-initiated code amendments that ensure Council can be proactive in city planning.</p>	Moderate	Moderate	30 January 2023
<p>2.2 Cross-skilling of City Development team for Compliance and Monitoring coverage desirable</p>	<p>Recommendation 2: Consider whether any additional City Development team members could be cross-skilled in Compliance and Monitoring procedures in order to assist with service coverage, especially during periods of prolonged or unexpected staff absence.</p>	Moderate	Moderate	30 April 2023
<p>2.3 Scope to include PDI Act requirements in Customer Complaints Policy</p>	<p>Recommendation 3: Include a clause around complaints against the Assessment Manager/ under the PDI Act in the 2023 review of Council's <i>Customer Complaints</i> Policy.</p>	Low	Low	30 November 2023
<p>2.4 Opportunity to strengthen forward planning of Building Fire Safety Committee</p>	<p>Recommendation 4: To strengthen the Building Fire Safety Committee's protocols, consider developing a formal fire safety inspection schedule to guide the prioritisation of buildings for assessment.</p>	Better Practice	Better Practice	30 June 2023

Planning, Development and Infrastructure Act 2016 and associated Regulations Implementation
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City of West Torrens

2. Internal Audit Findings and Recommendations

Risk Rating: Moderate		Likelihood
Auditor	Descriptor	Consequence
Galpins	Organisational/ People	Minor
Manager	Organisational	Moderate
Recommendation/s		Management Response
<p>Recommendation 1 Review whether the Strategic Planning team have sufficient capacity to lead Council-initiated code amendments that ensure Council can be proactive in city planning.</p>		<p>Agree with the recommendation. The Strategy team is currently recruiting for the position of Policy Planner. Whilst the skills and capability exist in the team to lead Council initiated code amendments, this resource will increase the capacity.</p>
<p>2.1 Review Strategic Planning team’s capacity to lead CWT code amendments for proactive city planning</p>		<p>30 January 2023</p>
Issues and Impact	<p>Under the PDI Act, Planning and Design Code amendments can be initiated by the State, private entities or Council. As a result, CWT has less control over these reforms, however there is still capacity for CWT to be proactive in driving reforms.</p> <p>Audit found that CWT is currently responsive to policy reforms. At the time of audit, Strategic Planning had a Team Leader and were recruiting an officer. Budget allowance for engaging consultants is in place, with two consultants engaged to assist with delivery of two in-progress code amendments: one due to workload, and one for heritage expertise.</p> <p>Three interviewees indicated the Strategic Planning team could manage externally-initiated code amendments, but reportedly have less capacity to initiate code amendments. This may impact CWT’s ability to drive reform to achieve the <i>Community Plan</i>.</p> <p>In order for CWT to proactively drive and influence planning reform under the PDI Act, there is scope to review the capacity of the Strategic Planning team to ensure they are able to pursue policy reform in line with the community’s expectations.</p> <p>Risk: If the Strategic Planning team do not have the capacity to lead Council-initiated code amendments, CWT might not be able to influence planning reforms to meet community expectations and achieve strategic objectives.</p>	

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City of West Torrens

Risk Rating: Moderate				Likelihood
Auditor	Descriptor	Consequence	Target Date	Moderate
Galpins	People	Moderate		
Manager	Organisational	Management Response		
Recommendation/s				
<p>2.2 Cross-skilling of City Development team for Compliance and Monitoring coverage desirable</p> <p>Issues and Impact</p> <p>Currently, the Compliance and Monitoring team consists of a Team Leader who responds to community/stakeholder complaints around unlawful building/development, and an officer with key responsibility for Section 7 Certificates under the <i>Land and Business (Sale and Conveyancing) Act</i>.</p> <p>Transition from the <i>Development Act 1993</i> to the PDI Act was managed effectively due to compliance requirements largely remaining the same, however the workload reportedly increased during Covid lockdown periods.</p> <p>The Team Leader Compliance and Monitoring has sole responsibility for managing compliance processes, and feedback to Audit was that work builds up when on leave. This presents a risk to business continuity and ability to achieve compliance requirements. There is a need to consider ways to achieve ongoing business continuity. For example, the cross-skilling of City Development team members into Compliance and Monitoring procedures could assist during periods of staff absence. A background in Council-specific and development policies and procedures is required to cover this role, making temporary contractors a less desirable option.</p> <p>Risk: A lack of back-up staff to conduct compliance and monitoring procedures may create be insufficient service coverage during periods of staff absence and/or risk of staff burnout and/or turnover.</p>		<p>Recommendation 2</p> <p>Consider whether any additional City Development team members could be cross-skilled in Compliance and Monitoring procedures in order to assist with service coverage, especially during periods of prolonged or unexpected staff absence.</p>	<p>Management agree with the recommendation. A Compliance Officer has been recruited (fixed term contract). Management will give consideration to resourcing options for increased consistency of service coverage and reduced core person dependency.</p>	<p>30 April 2023</p>

Planning, Development and Infrastructure Act 2016 and associated Regulations Implementation
 Liability limited by a scheme approved under Professional Standards Legislation



City of West Torrens

Risk Rating: Low			
Auditor Galpins	Descriptor Reputation /Relationships /Damage	Consequence Minor	Likelihood Rare
<p>2.3 Scope to include PDI Act requirements in Customer Complaints Policy</p>		Minor	Rare
<p>Issues and Impact</p> <p>PlanSA's <i>How to make a complaint about a decision maker</i> webpage outlines that "Complaints about an Assessment Manager must be lodged with the Chief Executive of the council that appointed them."⁴</p> <p>Audit reviewed CWT's <i>Customer Complaints Policy</i>, which was last updated in 2018 prior to the introduction of the PDI Act. Whilst no issues were noted with the Policy, there is currently no reference to complaints against an Assessment Manager. Audit note that the scheduled review of the policy is set for 2023.</p> <p>Given the introduction of the PDI Act, CWT may wish to consider including provisions for customer complaints relating to the Assessment Manager in the <i>Customer Complaints Policy</i>.</p> <p>Risk: Where the customer complaints procedure for complaints against the Assessment Manager is not articulated in Council policy, the roles and responsibilities in line with legislative requirements of the PDI Act may not be clearly understood.</p>		Minor	Rare
<p>Recommendation/s</p> <p>Recommendation 3 Include a clause around the complaints against the Assessment Manager/ under the PDI Act in the 2023 review of Council's <i>Customer Complaints Policy</i>.</p>		<p>Management Response</p> <p>The <i>Customer Complaints process</i> is currently being reviewed as part of a <i>Continuous Improvement initiative</i>. This review will consider the <i>Council Policy - Customer Complaints</i>. This recommendation will be considered at this time.</p> <p>The Policy review may also consider identifying additional avenues of complaint eg. non-compliance with the Accredited Professional Code of Conduct should be directed to the Accreditation Authority in accordance with Regulation 28 of the PDI (Accredited Professional) Regulations.</p>	<p>Target Date</p> <p>30 November 2023</p>

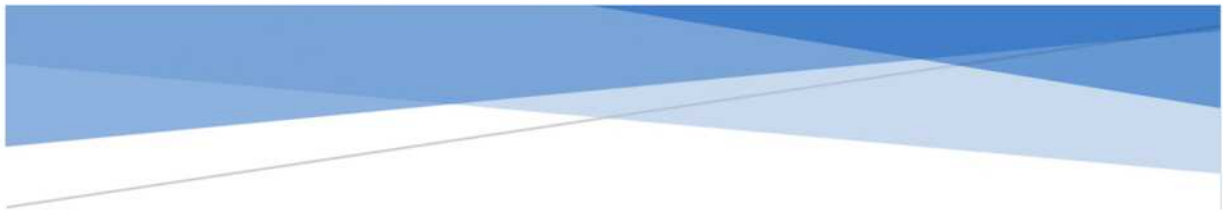
⁴ URL: https://plan.sa.gov.au/have_your_say/make_a_complaint/how_to_make_a_complaint_about_a_decision_maker (Accessed 30.6.22)



City of West Torrens

Risk Rating: Better Practice		Likelihood
Auditor	Descriptor	Consequence
Galpins	N/A	N/A
Manager	Recommendation/s	Management Response
N/A		
<p>2.4 Opportunity to strengthen forward planning of Building Fire Safety Committee</p> <p>Issues and Impact</p> <p>Audit reviewed the Building Fire Safety Committee’s Terms of Reference, in line with the audit scope.</p> <p>The Terms of Reference <i>Section 9. Operational Matters</i> outlines that "9.1. The Committee shall develop and implement a fire safety inspection schedule [...]"</p> <p>An interviewee advised Audit that the Committee doesn’t currently have a formalised schedule in place, but rather keeps a tally of current buildings of interest and actions in the agenda and minutes. An internal risk review document outlines the basis for prioritising assessments, in conjunction with a master list of higher risk buildings.</p> <p>In order to strengthen the efficiency and effectiveness of the Committee’s efforts, Internal Audit consider it would be better practice to develop a formal schedule to guide the prioritisation and planning of assessments across council.</p> <p><u>Risk:</u> Potential gaps may arise in the fire safety inspection schedule if the forward planning and workload prioritisation around these inspections is not systematically planned.</p>		<p>Target Date</p> <p>30 June 2023</p>
<p>Recommendation 4</p> <p>To strengthen the Building Fire Safety Committee’s protocols, consider developing a formal fire safety inspection schedule to guide the prioritisation of buildings for assessment.</p>		<p>Management agree with the recommendation and will consider the development of a formal fire safety inspection schedule. Proposed building fire safety inspection schedule to be approved by the Building Fire Safety Committee.</p>

Planning, Development and Infrastructure Act 2016 and associated Regulations Implementation
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Accountants, Auditors & Business Consultants

Appendices

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Appendix 1. Scope of the audit engagement



Internal Audit Scope

Planning, Development and Infrastructure Act 2016 and associated Regulations Implementation

Introduction

Infill development, planning reform and the evolving urban design are key considerations for the City of West Torrens (CWT) and its community. The *Planning, Development and Infrastructure Act 2016* (PDI Act), which commenced in various stages, established a new planning and development scheme and replaced the previous scheme operating under the *Development Act 1993*. The PDI Act also provides for infrastructure planning, implementation and funding. The PDI Act is supported by a suite of subordinate Regulations, as well as practice directions and guidelines.

The PDI Act has included a new framework for strategic planning and policy planning within South Australia. A number of new statutory instruments and processes have been implemented. The Councils' role in strategic planning and policy planning has changed with the introduction of the PDI Act, however Council retains a role in advocating for its community to ensure planning policy meets the needs of the local community.

Development assessment is the responsibility of City Development, although various departments across Council are engaged throughout the assessment process depending on the complexity of the application. The effective management of development assessment plays a role in allowing the CWT to achieve objectives, maintain a strong reputation, and provide enhanced and supportive services to community. Thus, it is essential that development assessment process is managed in a consistent, compliant and appropriate manner to ensure the most beneficial outcomes for the organisation and the customer.

The approved Audit Program 2019-22 provides for an internal audit of the implementation of the *Planning, Development and Infrastructure Act 2016* and associated Regulations that allows for an opportunity to perform a health check on current processes and to identify, develop and implement improvement opportunities. This staged 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.



Audit Scope and Objectives

The objectives of the audit are to consider the effective transition to and implementation of the PDI Act by the CWT and to identify opportunities for improvement. This will include determining whether there are effective controls (both in design and operation) in place to manage the statutory planning processes under the PDI Act. The audit also aims to ensure that these controls effectively manage and meet legislative requirements. Procedures and processes as well as the infrastructure and mechanisms that are in place across the organisation will also be reviewed, including adherence to policies, legislation and better practice across the sector.

This is a two stage audit and the scope of stage one is below. The scope and commencement date of stage two will be informed by a number of factors including but not limited to the outcomes of stage one, future potential legislative reform, any benchmarking studied conducted by the CWT and the availability of data.

Stage One	Commencement Date: July 2022
<p>This stage will consider the transition from the <i>Development Act 1993</i> to the PDI Act with a specific focus on and evaluation of the CWT's governance structures in place to implement the PDI Act.</p> <p>This evaluation will specifically consider the following:</p> <ul style="list-style-type: none"> • The capacity of the CWT to manage possible further reform to the Planning and Design Code. • Introduction and establishment of the new authorities relevant to the CWT pursuant to the PDI Act. These authorities include the Council Assessment Panel (CAP) and the Assessment Manager as relevant authorities, the Building Fire Safety Committee (BFSC) as an appropriate authority and Council as both a relevant authority and designated authority. The analysis should include: <ul style="list-style-type: none"> ○ Terms of Reference documentation; ○ Determine whether officers and authorities have appropriate delegations for their roles. ○ Administrative decisions made regarding appointments to the authorities relevant to the CWT including appointments as authorised officers; and ○ A review of the policies and procedure documentation including consideration as to whether current policies are relevant to the PDI Act system. • Accreditation of officers and CAP members pursuant to their roles and the PDI Act. • The expertise of BFSC members and consideration as to whether this expertise aligns with the PDI Act requirements. • CWT processes, documentation and procedures for development enforcement and compliance actions and their compliance with the relevant provisions of the PDI Act. This excludes analysis of a sample of operational examples. • Compliance of CWT Strategic Management Plans (Community Plan 2030, Annual Budget and Annual Business Plan) insofar as they are compliant with development related provisions of the PDI Act and <i>Local Government Act 1999</i>. • Transition of the Urban Tree Fund arrangements from the <i>Development Act 1993</i> to the PDI Act as well as an analysis regarding the effectiveness of the implementation of these arrangements. 	



Approach
<p>This stage of the audit will use the following approach:</p> <ul style="list-style-type: none"> • Desktop review of the CWT's existing development policies and procedures, controls and delegations. • Discussions with relevant members of the management team and selected staff if appropriate. • Development of recommendations based a gap analysis which can be reviewed and implemented by the CWT prior to the continuation of the audit to stage 2.. • Discussion of findings with relevant members of the management team and subsequent provision of a draft internal audit report, for feedback and finalisation.

Stage one of this audit specifically excludes:

- Consideration of the adequacy of the Plan SA portal and its reporting functionality.
- Inspection requirements pursuant to the PDI Act.
- Sampling or evidentiary scrutiny of operational decisions or completed processes unless agreed otherwise.
- 'Merits' in the planning assessment process.

The Audit is to be informed by relevant best industry documentation, better practice models and guidelines in relation to the PDI Act.

General Administration

Stage one of this audit will be performed by Galpins.

Opening meeting	TBA
Commence fieldwork	TBA
Draft report to Management	TBA
Closing meeting and final report	TBA

The audit is to be assessed and findings/issues must be clarified in accordance with a risk rating consistent with CWT's Enterprise 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

Given the current impacts and potential restrictions imposed as a result of the COVID-19 Pandemic it may be necessary for aspects of this audit to be conducted via non-traditional or electronic means, Zoom is preferred.



Appendix 2. Overall Control Environment Conclusion Rating Definitions

This internal audit project aimed to assess the controls established to address a key strategic risk or risks as documented in the Executive Summary. Based on the work undertaken, and when considering the design and/or effectiveness of controls collectively, we conclude that the control environment is one of the following ratings:

Rating	Effective	Majority Effective	Partially Effective	Requires Significant Improvement	Ineffective
Definition	Controls assessed were effective in mitigating the key strategic risk or risks	Controls assessed were largely effective in mitigating the key strategic risk or risks	Controls assessed were partially effective in mitigating the key strategic risk or risks	Controls assessed require significant improvement to mitigate the key strategic risk or risks	Controls assessed were ineffective in mitigating the key strategic risk or risks



Appendix 3. City of West Torrens Risk Matrix

This section outlines the CWT's risk assessment matrix.

Likelihood Descriptors

RATING	% Chance of Occurring	DESCRIPTION OF LIKELIHOOD
Almost Certain	>95%	Will almost certainly occur
Likely	75-95%	Very likely to occur
Moderate	25-75%	Medium chance of occurring
Unlikely	5-25%	Possible, though unlikely, to occur
Rare	<5%	Remote possibility of occurring



Consequences Descriptors Matrix

Rating	Financial	Organisational/ Customer Impact	Reputation/ Relationships Damage	People	WHS
Insignificant	<p>≤ 5% reduction in revenue</p> <p>Theft or loss of up to \$2,000</p>	<p>Lack of response to customer request 3 days later than deadline</p> <p>Inability to provide service/s for 1 day</p> <p>External enquiry agency request for information</p>	<p>Letters of complaint to general managers or managers</p>	<p>≥ 10% staff turnover per year</p> <p>≤ 10% non-availability or capability of staff at any one time</p>	<p>Bump, minor bruise, removal of splinters etc. requiring no treatment (report only) to staff members</p> <p>Or</p> <p>To members of the public due to the actions/omissions of work undertaken by CWT</p>
Minor	<p>Between 6 and 10% variation in expenditure/revenue</p> <p>Theft or loss between \$2001 to \$30,000</p>	<p>Lack of response to customer request 5 week later than deadline</p> <p>Inability to provide a service for 2 working days</p> <p>Ombudsman/Ministerial investigation commenced.</p>	<p>Letters of complaint to CEO/Mayor or letters to Messenger/Advertiser</p>	<p>≥ 15% staff turnover per year</p> <p>≥ 15% non-availability or capability of staff at any one time</p>	<p>First aid treatment including: Hot cold treatment, removal of splinters, covering wounds, removal of foreign bodies in the eye using eye wash or cotton swab, administering non-prescription medication to staff members</p> <p>Or</p> <p>To members of the public due to the actions/omissions of work undertaken by CWT</p> <p>Or</p> <p>Incident where potential for minor injury may occur</p>
Moderate	<p>Between 11 and 15% variation in expenditure/revenue</p> <p>Theft or loss of between \$30,001 and \$100,000</p>	<p>Lack of response to customer request 10 working days later than deadline</p> <p>Inability to provide all services for more than 24 hours</p> <p>Inability to provide one service for ≥ 5 -days</p> <p>Ombudsman/Ministerial investigation finds systemic weaknesses in organisational processes</p> <p>ICAC investigation commenced</p>	<p>Negative article in Messenger/Advertiser.</p>	<p>≥ 20% permanent staff turnover per year</p> <p>≥ 20% non-availability or capability of staff at any one time</p>	<p>Medically treated injury requiring clinic or hospital treatment less than 24 hours duration, installing a drip or iv, physiotherapy as a cure, applying a cast, surgery, prescription drugs, stitching a wound to staff members</p> <p>Or</p> <p>To members of the public due to the actions/omissions of work undertaken by CWT</p> <p>Incident where potential for moderate injury may occur</p> <p>Notifiable incident to SafeWork SA or Office of the Technical Regulator (OTR)</p> <p>Category 1 - Breach of Duty for reckless conduct</p>
Major	<p>Between 16 and 40% variation in expenditure/revenue</p> <p>Theft or loss of between \$100,001 and \$1m</p>	<p>Lack of response to customer request 20 working days later than deadline</p> <p>Inability to provide one service for ≥ 20 working days</p> <p>Inability to provide all services for ≥ 48 hours.</p> <p>Ombudsman/Ministerial</p>	<p>Negative front page story in Messenger/Advertiser.</p>	<p>≥ 40% permanent staff turnover per year</p> <p>≥ 40% non-availability or capability of staff at any one time</p>	<p>Major injury resulting in limb loss, electrocution, permanently disability, blindness to staff members</p> <p>Or</p> <p>To members of the public due to the actions/omissions of work undertaken by CWT</p> <p>Incident where potential for major injury may occur</p>
		<p>review results in termination of staff/major changes to systems and processes</p> <p>Employee(s)/Elected Members charged with corruption and referred to DPP for prosecution</p>			<p>Notifiable incident to SafeWork SA or Office of the Technical Regulator (OTR)</p> <p>Category 2 Breach of Duty</p>
Catastrophic	<p>≥ 40% variation in expenditure/revenue.</p> <p>Theft or loss of >\$1m.</p>	<p>Inability to provide critical Council services (Waste, HACC, St Martins, dog attack response) for ≥ 5 working days</p> <p>Ministerial abolition of Council</p> <p>Employee(s)/Elected Member(s) found guilty of corruption</p>	<p>Follow up stories in any media that extend the scope of concern.</p>	<p>≥ 50% permanent staff turnover per year</p> <p>≥ 50% non-availability or capability of staff at any one time</p>	<p>The work related death of an employee</p> <p>The death of a person due to CWT negligence</p> <p>Notifiable incident to SafeWork SA or OTR)</p> <p>Category 3 Breach of Duty</p>



Risk Analysis Matrix – Level of Risk

When assessing risk, the likelihood and consequence are correlated using the risk matrix detailed below.

Prevent/Reduce/Manage Negative Consequences					LIKELIHOOD	Enhance/Promote/Facilitate Positive Consequences				
E	E	H	M	M	Almost Certain > 95% chance of occurring Likely 75% - 95% chance of occurring Moderate 25% - 75% chance of occurring Unlikely 5% - 25% chance of occurring Rare < 5% chance of occurring	M	M	H	E	E
E	E	H	M	L		L	M	H	E	E
H	H	M	M	L		L	M	M	H	H
H	M	M	L	L		L	L	M	M	H
M	M	L	L	L		L	L	L	M	M
Catastrophic	Major	Moderate	Minor	Insignificant	Scale	Insignificant	Minor	Moderate	Major	Outstanding



Appendix 4. Staff members interviewed

We extend our appreciation to the following individuals who provided information and participated in this review:

Position
Manager City Development
Team Leader Building
Team Leader Compliance and Monitoring
Manager Strategy and Business
Team Leader Strategic Planning
Manager Financial Services
Finance Co-ordinator
Management Lead – LG Reform and Integrity
Organisational Resilience Officer

Appendix 5. Documents reviewed

The documents reviewed include the following:

Legislation and PlanSA documents

- Planning, Development and Infrastructure Act 2016
- Planning, Development and Infrastructure (General) Regulations 2017
- Planning, Development and Infrastructure (Accredited Professionals) Regulations 2019
- Local Government Act 1999
- Role of relevant authorities in Development Assessment
- Guide to Council Building Fire Safety Committees
- How to make a complaint about a decision maker, PlanSA page (7 April 2022)
- Fact Sheet: Identifying and managing significant trees
- Fact Sheet: Protecting regulated and significant trees

City of West Torrens documents

- Council Assessment Panel Terms of Reference
- Code of Conduct: Assessment Panel Members
- Procedures at Council Assessment Panel Meetings
- Building Fire Safety Committee (BFSC) Terms of Reference
- Operating Procedures at Building Fire Safety Committee
- BFSC Operating Procedures – December 2021
- Appointment of Assessment Manager Instrument
- CWT Delegations and sub-delegations framework
- CWT PDI Delegations – April 2022
- Section 83 Notice of Appointment Forms for CAP members
- Letter of Appointment for BFSC members
- Community Plan 2030
- Annual Budget and Annual Business Plan 2021-22
- Customer Complaints Policy
- Enforcement Policy
- Building and Swimming Pool Inspection Policy
- Tree Management Policy
- Tree Strategy 2018-2025
- 2022/23 Significant and Regulated Tree Assistance Rebate Guidelines
- 2022/23 Tree Incentive Rebate Guidelines

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Appendix 6. Testing results

The following table provides a big-picture overview of the status of CWT’s performance against scope elements tested. Where minor updates have been identified, they have been noted in the table below, rather than through formal recommendations.

KEY: - in line with legislative requirements, - Minor update required

Scope element tested	Status at CWT	Audit Observation
Consider whether current policies and procedures are relevant to the PDI Act system	 	8/9 reviewed in line with PDI Act 1/9 (Customer Complaints) due for scheduled review 2023: Policy to be updated to reflect PDI Act requirements. See Recommendation 3 .
Establishment of authorities required under the PDI Act		In line with legislative requirements (Council Assessment Panel (CAP) and the Assessment Manager as relevant authorities, the Building Fire Safety Committee (BFSC) as an appropriate authority and Council as both a relevant authority and designated authority)
Determine whether officers and authorities have appropriate delegations for their roles.		Appear to be in line and appropriate to roles for officers and authorities. Appropriate accreditation requirements met for Assessment Manager and officers, where appropriate.
Appointment of authorities and officers		Delegations of authorised officers approved by CEO through delegation instruments
CAP Members meet accreditation requirements		Reviewed CAP Terms of Reference (ToR) and PDI Act requirements CAP has 5 Members, 1 Deputy Independent Member and 1 Deputy Council Member - membership size complies with Act and ToR Presiding Member and all Independent Members meet the accreditation requirements CAP structure complies with ToR and PDI Act
Expertise of BFSC members and consideration as to whether this expertise aligns with the PDI Act requirements		Reviewed BFSC ToR and PDI Act requirements BFSC has 4 members - CWT Manager City Development, Independent Building Surveyor, Independent Fire Safety Expert, and SA Metropolitan Fire Service representative Meet accreditation and skills required by PDI Act

Scope element tested	Status at CWT	Audit Observation
<p>Review of enforcement and compliance policies, procedures for compliance with the relevant provisions of the PDI Act:</p>	<p></p> <p></p> <p></p>	<p>3 relevant policies reviewed:</p> <ul style="list-style-type: none"> <i>Enforcement Policy</i> in line with relevant PDI Act provisions <i>Building and Swimming Pool Inspection Policy & Building and Swimming Pool Administration Policy</i> – scheduled review in progress at time of audit. Minor update identified: ensure legislation updated to reflect PDI Act. <p>Reviewed relevant compliance procedures: BFSC ToR, 2 related Notices issued by BFSC, Building Team Procedures, 2 template letters and 1 notice issued by Compliance (in lieu of procedures being documented).</p>
<p>Compliance of CWT Strategic Management Plans (Community Plan 2030, Annual Budget and Annual Business Plan) insofar as they are compliant with development related provisions of the PDI Act and <i>Local Government Act 1999</i></p>	<p></p> <p></p>	<p><i>Annual Budget and Business Plan 2021-22</i> compliant</p> <p><i>Community Plan 2030</i> – Minor update identified: The associated corporate plan <i>Tree Strategy 2018-2025</i> to be updated to reference PDI Act.</p>
<p>Transition of the Urban Tree Fund arrangements from the <i>Development Act 1993</i> to the PDI Act, and an analysis regarding the effectiveness of the implementation of these arrangements.</p>	<p></p> <p></p> <p></p>	<p>Establishment in line with legislative requirements, generating of fees and discounts all now managed via PlanSA portal.</p> <p>CWT's Green Initiatives Program - in May 2022 Council approved two new rebates to promote Urban Greening: <i>The Tree Incentive Rebate Program</i>, and the <i>Significant and Regulated Tree Assistance Rebate</i>, commencing from July 2022. Established in line with PDI Act to maintain and plant trees in Council's designated area.</p> <p>Reviewed the associated <i>Tree Management Policy</i> (scheduled review due 2023)– Minor update identified: to be updated to reference PDI Act.</p>



Disclaimers

Inherent limitations

This report has been prepared for the information and internal use of the City of West Torrens in accordance with the scope and objectives outlined in the Executive Summary of this report. The services provided in connection with this engagement comprise an advisory engagement which is not subject to the Australian Auditing Standards or the Australian Standards on Review and Assurance Engagements. Consequently, no express opinions or conclusions have been drawn or intended to convey assurance. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected.

Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures were on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the City of West Torrens's management and personnel. We have not sought to independently verify those sources. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the City of West Torrens. The internal audit findings expressed in this report have been formed on the above basis.

Third party reliance

This report is solely for the purpose set out in the Executive Summary of this report and for the City of West Torrens's information, and is not to be used for any other purpose or distributed to any other party without Galpins' prior written consent. This internal audit report has been prepared at the request of the City of West Torrens or its delegate in connection with our engagement to perform internal audit services. Other than our responsibility to City of West Torrens, neither Galpins nor any member or employee of Galpins undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the City of West Torrens's external auditor, on this internal audit report. Any reliance placed is that party's sole responsibility.

9.3.3 Partnership Agreements - Community Centres Audit

Brief

This report presents the results of the *Partnership Agreements - Community Centres Internal Audit*.

RECOMMENDATION

It is recommended to the Committee that the *Partnership Agreements - Community Centres Internal Audit* report be received.

Introduction

The City of West Torrens entered into Partnership Agreements (Agreements) with the management committees/boards of three (3) community centres within West Torrens, Fulham Community Centre, Western Youth Centre and Camden Community Centre. Each of these Agreements is for the provision of services to the community on behalf of Council. All Agreements expired in 2019 and have been re-negotiated until 2024.

Council expends approximately \$150,000 over three (3) years, per each of the three centre partnership agreements paid in quarterly instalments. This equates to a total of \$450,000 across all three centres over a three (3) year period.

As part of better risk based practices, the Agreements all provide Council with the authority to conduct an audit, of each centre's financial sustainability along with an assessment of the achievement of the objectives and expected outcomes contained in the Agreement. The Audits were conducted by Council's contract internal auditor, Galpins.

As such, the required Audits were undertaken in November 2022 with the full co-operation of the centres who facilitated the on-site component of the Audit, making all relevant documentation available and providing Galpins with read access to processes, bank statements and other requested information. The Audits sought to review:

- The financial position (assets and liabilities) of the Centres as at 30 June 2022; and of the financial performance of the Centre for the period 1 July 2019 to 30 June 2022;
- How Council funding has been expended and on what goods and services has it been expended;
- The accuracy of the financial information and associated projections of the Centres;
- The service levels required of the partnership agreements and assess the Centres achievement of these outcomes and ability to achieve future agreed outcomes;
- The overall future viability and sustainability of the Centres;
- Whether the Centres are indebted to the ATO; and
- The capacity of the Centres to meet the terms and conditions detailed in any applicable loan agreements, including its capacity to turn its financial performance.

Following completion of the Audits, a draft internal audit report (Report) for each Centre was issued to the Executive. The final Report was provided to the Executive in December 2022. (**Attachments 1, 2 and 3**).

Internal Audit Findings

Overall, the Auditors found that each Centre's approach to managing their operations was suitable for an organisation of its size and nature. The Audits have indicated that the financial positions and sustainability of the Centres are sound, though strongly contingent on ongoing support from Council.

Although these audits were not conducted using the City of West Torrens Enterprise Risk Framework to determine risk levels, the Administration has determined residual risk ratings for each Centre. All residual risk ratings are within tolerance levels and, as such, no additional actions are required to mitigate the risk further. The audits have provided additional recommendations for the Centre's to consider which will be reviewed at the next audit conducted in 2025 as per the Internal Audit Plan 2023-2026.

Fulham Community Centre (Attachment 1)

There were no recommendations related to Fulham Community Centre as a result of this Audit.

Consequence	Moderate	Low
Likelihood	Rare	

Western Youth Centre (Attachment 2)

There were two (2) recommendations associated with Western Youth Centre. These are:

- to include additional work health and safety clauses within contracts with lessees; and
- to quantify annual leave and long service leave liabilities for inclusion in financial reports (noting that there is ample cash-backing of potential liability balances).

However, the Auditor noted significant improvement in the financial operations of this Centre.

Consequence	Moderate	Moderate
Likelihood	Unlikely	

Camden Community Centre (Attachment 3)

The Auditors determined that the tests performed indicate that the Camden Community Centre's financial position and sustainability are reasonable and improving, though strongly contingent on ongoing support from Council and Greek Orthodox Community of SA Inc. However, service outcomes can be achieved.

At the time of the Audit conducted on the Centre in 2018, the Centre was struggling financially. The Commonwealth Home Support Program (CHSP) was operating at a significant deficit, propped up by other programs which were experiencing diminishing margins. There were significant unfunded staff entitlement liabilities, and a number of other liabilities including unpaid Australian Tax Office (ATO) debt were also unfunded and not recognised in the financial records. The Audit reported a number of financial risks that needed to be addressed, requiring some strong leadership and often difficult decisions, particularly related to staffing.

This Audit has identified a significant improvement in the financial and governance operations of the Centre. Whilst there remain some financial challenges, financial results have been improving and operations expanding even during tough economic and COVID-19 conditions, providing reason to feel positive about the future of the Centre. To remain financially viable, the Centre is reliant on ongoing support from not only Council, but also the Greek Orthodox Community of SA Inc.

The Greek Orthodox Community has tangibly demonstrated a strong commitment to the Centre through investment in the buildings (sighted by audit), providing complimentary administrative support, taking strong action to restructure the CHSP program so that it is self-sustaining and likely to yield a small surplus, expanding program offerings and developing plans to further expand existing offerings such as the Men’s Woodwork *Shed*. *Anecdotally, Audit also observed noticeably engaged and passionate staff and volunteers whilst touring the facility.*

Consequence	Moderate	Moderate
Likelihood	Unlikely	

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

The Audit of each community centre has determined that each Centres financial position and sustainability are sound, though strongly contingent on ongoing support from Council, and service outcomes can be achieved.

Attachments

1. **Fulham Community Centre Partnership Agreement Internal Audit Report**
2. **Western Youth Centre Partnership Agreement Internal Audit Report**
3. **Camden Community Centre Partnership Agreement Internal Audit Report**



City of West Torrens Fulham Community Centre Review

Internal Audit Report

Prepared By: Galpins

Draft Report Issued: 30/11/2022

Final Report Presented: 31/01/2023

Final Report Executive Management Approval:

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1. Executive Summary

1.1 Background

Fulham Community Centre is an independently operated, not for profit community centre located in the City of West Torrens. Built in 1971, the Fulham Community Centre offers an increasing variety of activities for the local community. The Centre provides a range of community services and programs and is a popular venue for groups to hire, providing an active and social meeting place.

The City of West Torrens (council) owns the building from which the Centre operates and provide a range of support such as financial assistance and maintenance of building and grounds through partnership agreements inclusive of service outcomes.

1.2 Objectives and Scope

Given the City of West Torrens provides financial and in-kind assistance to the Centre, there is a need to ensure the appropriate allocation and use of public funds and appropriateness of governance structures are in place.

Under the terms of the partnership agreement, Council can perform audits of the financial status and service outcomes of the Centre to ensure the Centre's financial position and sustainability are sound and that service outcomes are achievable.

Galpins undertook a review as detailed below.

- Undertook a review of the financial position (assets and liabilities) of the Centre as at 30 June 2022; and of the financial performance of the Centre for the period 1 July 2019 to 30 June 2022.
- Determined how Council funding has been expended and on what goods and services has it been expended.
- Determined the accuracy of the financial information and associated projections of the Centre.
- Considered the service levels required of the partnership agreements and assessed the Centre's achievement of these outcomes and ability to achieve future agreed outcomes.
- Considered the overall future viability and sustainability of the Centre.
- Determined if the Centre is indebted to the ATO.
- Determined the capacity of the Centre to meet the terms and conditions detailed in any applicable loan agreements, including its capacity to turn its financial performance.

1.3 Methodology

The following elements were tested as a part of this review program, to form conclusions on the objectives.

The procedures performed do not constitute an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements and, consequently, no assurance is expressed.

Key ratio analysis (for the past three years)

- Quick ratio
- Current Ratio
- Gross Profit margin
- Percentage of reliance on different revenue sources, to ensuring no over-reliance on unreliable sources.

Budgeting

Reviewed whether:

- A budget has been prepared.
- The budget indicates an expected surplus.
- The budget is monitored.
- Different income streams and/or service offerings are budgeted and monitored separately (where appropriate).

Cash

Reviewed whether:

- Bank accounts are regularly reconciled.
- Processes for invoicing, cash collection and banking are reasonable.

Grant income security

Reviewed whether:

- Signed funding agreements are in place for all major sources of grant income.
- Expiry dates for agreements extend beyond 12 months.

Rental income

Reviewed whether:

- Signed "use-of-centre" agreements exist with all customers.
- Customers are required, where relevant, to hold their own Public Liability Insurance.
- Customers are required to comply with WHS requirements.
- Reviewed average term/ expiry dates of agreements to assess reliability of income.

Asset ownership

- Understood fixed asset ownership at the Community Centre (i.e. land, buildings).

Accounts receivable

- Reviewed the average aging of accounts receivable to assess collectability.

Accounts payable

- Reviewed the ageing of accounts payable to ensure accounts are paid within payments terms.

Tax liabilities

Reviewed whether:

- PAYG payment is up to date.
- BAS lodgements are up to date (where applicable).
- Any outstanding Australian Tax Office liabilities are reflected in financial records.

Loans/ finance leases (if applicable)

Reviewed whether:

- All loans/ finance leases are recorded as liabilities in the financial records.
- Loan repayments are being made as and when they fall due.
- Loan/ finance lease agreements/ repayment schedules are maintained.

Employee entitlement management.

Reviewed whether:

- Appropriate records of employee entitlement balances are maintained, up-to-date and recorded as liabilities in financial records.
- Employee entitlement liabilities are cash-backed or supported by a liquidity management strategy.

Staff management

Reviewed whether:

- Appropriate timekeeping records are maintained for all staff.
- A signed contract is in place for all staff.
- All staff are paid in line with relevant Award rates.
- Superannuation is being paid correctly.

Volunteers

- Understood level of reliance on volunteers.

Service outcomes

Confirmed whether:

- Financial audits are undertaken.
- Board meetings are held, and minutes are maintained.
- An Annual Report is prepared.
- Reports and minutes exchanged with, or related to activities undertaken with, other Community Centres operating within the City of West Torrens are maintained.

2. Summary of Findings

Test	Conclusion	Detail of reportable findings / comments	Recommendation
Key Ratio Analysis	No reportable findings.	All key ratios have been met.	
Budgeting	No reportable findings.	Budget formalised in 2022/23, including proper reporting of Actual vs Budget through finance system, with results presented to the Committee.	
Cash	No reportable findings.		
Grant Income Security	No reportable findings.		
Rental Income	No reportable findings.	Site inductions, including WHS considerations, are conducted and evidenced via a signed checklist.	
Other Income	No reportable findings.		
Asset Ownership	No reportable findings.		
Accounts Receivable	No reportable findings.	No long outstanding receivables.	
Accounts Payable	No reportable findings.	No long outstanding payables.	
Tax Liabilities	No reportable findings.	No outstanding ATO debts.	
Loans/ Finance Leases	Not applicable.		
Employee Entitlement Management	No reportable findings.		
Staff Management	No reportable findings.	Staff are being paid at the correct award rates.	
Volunteers	No reportable findings.		
Service Outcomes	No reportable findings.		

3. Conclusion

Results of the tests performed, as detailed in section 1.3, indicate that the Fulham Community Centre’s financial position and sustainability are sound, though strongly contingent on ongoing support from Council, and service outcomes can be achieved.

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4. Service Outcomes

4.1 Expenditure of Council Funds

Whilst the funds received as per the partnership agreement with the City of West Torrens are not explicitly allocated to specific expenditure items, the bulk of expenditure relates to salaries and wages and it is understood that Council funds are largely utilised to support salaries and wages for the four staff members who are employed by the Fulham Community Centre. These four staff members are a Coordinator, Assistant Coordinator, Bookkeeper and Cleaner.

If the partnership agreement is terminated by the Council, the operations at the Fulham Community Centre may cease, as they will have insufficient funds to employ staff.

4.2 Achievement of Outcomes in the Service Agreement

The following table outlines the Service Outcomes required by the Service Agreement between Fulham Community Centre and the City of West Torrens.

Service Outcome	Evidence	Evidence present?	Comments
Fully audited financial statement(s) relating to the expenditure of Council's financial Contribution	Copy of latest audit report	✓	Fulham Community Centre undertakes a financial audit annually. Unqualified audit opinion received for 30 June 2022.
Copies of the relevant sections of the Board of Management's minutes and reports etc that refer specifically to the expenditure of Council's financial contribution	Copies of the board minutes for the last 12 months	✓	Board meetings are held, and minutes are taken. Funds provided by the Council are used to contribute to general operating costs, largely related to salaries and wages.
A Copy of the Centre's Annual Report	Copy of the latest annual report	✓	Fulham Community Centre prepares an annual report which includes the audited financial statements and audit report, Chairperson's report, Manager's report, and a specific thank you to City of West Torrens. The annual report is presented to the committee at the AGM.
Copies of reports and minutes exchanged with, or related to activities undertaken with, other community centres operating within the City of West Torrens.	Copies of meeting minutes and reports with activities undertaken with other community centres	Not applicable	This is not applicable because Fulham Community Centre did not perform any activities with other community centres within the City of West Torrens within the period reviewed.

Conclusion:

The Fulham Community Centre is currently meeting all the service outcomes outlined in their Service Agreement with the City of West Torrens.



City of West Torrens Western Youth Community Centre Review

Internal Audit Report

Prepared By: Galpins

Draft Report Issued: 14/11/2022

Final Report Presented: 31/01/2023

Final Report Executive Management Approval:

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1. Executive Summary

1.1 Background

The Western Youth Centre commenced operations in 1956 when a group of local citizens became concerned at the lack of sporting, cultural and recreational facilities for youth in the West Torrens area. The Centre now hosts a range of sporting disciplines including gymnastics, judo, table tennis and cricket.

The City of West Torrens (council) owns the building from which the Centre operates and provide a range of support such as financial assistance and maintenance of building and grounds through partnership agreements inclusive of service outcomes.

1.2 Objectives and Scope

Given the City of West Torrens provides financial and in-kind assistance to the Centre, there is a need to ensure the appropriate allocation and use of public funds and appropriateness of governance structures are in place.

Under the terms of the partnership agreement, Council can perform audits of the financial status and service outcomes of the Centre to ensure the Centre's financial position and sustainability are sound and that service outcomes are achievable.

Galpins undertook a review as detailed below.

- Undertook a review of the Statement of Receipts and Payments for of the Centre during the periods of 1 July 2019 to 30 June 2022.
- Determined how Council funding has been expended and on what goods and services has it been expended.
- Determined the accuracy of the financial information and associated projections of the Centre.
- Considered the service levels required of the partnership agreements and assessed the Centre's achievement of these outcomes and ability to achieve future agreed outcomes.
- Considered the overall future viability and sustainability of the Centre.
- Determined if the Centre is indebted to the ATO.
- Determined the capacity of the Centre to meet the terms and conditions detailed in any applicable loan agreements.

1.3 Methodology

The following elements were tested as a part of this review program, to form conclusions on the objectives.

The procedures performed do not constitute an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements and, consequently, no assurance is expressed.

Key ratio analysis (for the past three years)

- Compared Assets and Liabilities of the Community Centre to determine if sufficient Assets are in place to pay debt when they fall due.

Budgeting

Reviewed whether:

- A budget has been prepared.
- The budget indicates an expected surplus.
- The budget is monitored.
- Different income streams and/or service offerings are budgeted and monitored separately (where appropriate).

Cash

Reviewed whether:

- Bank accounts are regularly reconciled.
- Processes for invoicing, cash collection and banking are reasonable.

Grant income security

Reviewed whether:

- Signed funding agreements are in place for all major sources of grant income.
- Expiry dates for agreements extend beyond 12 months.

Rental income

Reviewed whether:

- Signed "use-of-centre" agreements exist with all customers.
- Customers are required, where relevant, to hold their own Public Liability Insurance.
- Customers are required to comply with WHS requirements.
- Reviewed average term/ expiry dates of agreements to assess reliability of income.

Asset ownership

- Understood fixed asset ownership at the Community Centre (i.e. land, buildings).

Accounts receivable

- Reviewed the average aging of accounts receivable to assess collectability.

Accounts payable

- Reviewed the ageing of accounts payable to ensure accounts are paid within payments terms.

Tax liabilities

Reviewed whether:

- PAYG payment is up to date.
- BAS lodgements are up to date (where applicable).
- Any outstanding Australian Tax Office liabilities are reflected in financial records.

Loans/ finance leases (if applicable)

Reviewed whether:

- All loans/ finance leases are recorded as liabilities in the financial records.
- Loan repayments are being made as and when they fall due.
- Loan/ finance lease agreements/ repayment schedules are maintained.

Employee entitlement management.

Reviewed whether:

- Appropriate records of employee entitlement balances are maintained, up-to-date and recorded as liabilities in financial records.
- Employee entitlement liabilities are cash-backed or supported by a liquidity management strategy.

Staff management

Reviewed whether:

- Appropriate timekeeping records are maintained for all staff.
- A signed contract is in place for all staff.
- All staff are paid in line with relevant Award rates.
- Superannuation is being paid correctly.

Volunteers

- Understood level of reliance on volunteers.

Service outcomes

Confirmed whether:

- Financial audits are undertaken.
- Board meetings are held, and minutes are maintained.
- An Annual Report is prepared.
- Reports and minutes exchanged with, or related to activities undertaken with, other Community Centres operating within the City of West Torrens are maintained.

2. Summary of Findings

Test	Conclusion	Detail of reportable findings / comments	Recommendation
Key Ratio Analysis Budgeting	Satisfactory. No reportable findings.		
	Satisfactory. No reportable findings.	A budget has been introduced for first time in 2022/23, which has resulted in a surplus budgeted. Actual vs Budget results will be presented to Committee in the future.	
Cash	Satisfactory. No reportable findings.	Bank reconciliations are not approved by the preparer or a reviewer, but are prepared by an external accountant and audited.	
Grant Income Security	Satisfactory. No reportable findings.	Council funding accounts for more than a third of total income.	
Rental Income	Satisfactory. Reportable findings.	Agreements would benefit from some additional WHS clauses, e.g. requiring lessees to follow all WHS policies and directions, and comply with WHS law.	Incorporate additional WHS clauses into future agreements.
Other Income	Satisfactory. No reportable findings.		
Asset Ownership	Satisfactory. No reportable findings.	Centre does not own land / buildings. An estimated value used for plant and equipment is currently being used, with plans to develop an asset register in future.	
Accounts Receivable	Satisfactory. No reportable findings.		
Accounts Payable	Satisfactory. No reportable findings.		
Tax Liabilities	Satisfactory. No reportable findings.		
Loans/ Finance Leases	Not applicable.		
Employee Entitlement Management	Satisfactory. Reportable findings.	Annual Leave (AL) & Long Service Leave (LSL) liabilities are not reported in the financial statements. There is a need to estimate these liabilities, however the Centre has cash backing for LSL of \$22.5k which is considered ample to cover any likely liability.	Estimate the AL & LSL balances of employees, and include these values as liabilities in future financial reports.
Staff Management	Satisfactory. No reportable findings.		
Volunteers	Satisfactory. No reportable findings.		
Service Outcomes	Satisfactory. No reportable findings.		

3. Conclusion

Results of the tests performed, as detailed in section 1.3, indicate that the Western Youth Community Centre's financial position and sustainability are sound, though strongly contingent on ongoing support from Council, and service outcomes can be achieved.

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4. Service Outcomes

4.1 Expenditure of Council Funds

Whilst the funds received as per the partnership agreement with the City of West Torrens are not explicitly allocated to specific expenditure items, it is understood that Council funds are utilised to contribute to general operating costs, the largest portion of which relates to salaries and wages.

If the partnership agreement is terminated by the Council, the operations at the Western Youth Community Centre may cease, as they will have insufficient funds for the ongoing employment of staff.

4.2 Achievement of Outcomes in the Service Agreement

The following table outlines the Service Outcomes required by the Service Agreement between Western Youth Community Centre and the City of West Torrens.

Service Outcome	Evidence	Evidence present?	Comments
Fully audited financial statement(s) relating to the expenditure of Council's financial Contribution	Copy of latest audit report	✓	Western Youth Community Centre undertakes a financial audit annually.
Copies of the relevant sections of the Board of Management's minutes and reports etc that refer specifically to the expenditure of Council's financial contribution	Copies of the board minutes for the last 12 months	✓	Board meetings are held, and minutes are taken. Funds provided by the Council are used to contribute to general operating costs.
A Copy of the Centre's Annual Report	Copy of the latest annual report	✓	Western Youth Community Centre prepares an annual report which includes the President's and Treasurer's reports, Statement of Receipts and Payments for Western Youth Community Centre and all unincorporated club's reports.
Copies of reports and minutes exchanged with, or related to activities undertaken with, other community centres operating within the City of West Torrens.	Copies of meeting minutes and reports with activities undertaken with other community centres	Not applicable	This is not applicable because Western Youth Community Centre did not perform any activities with other community centres within the City of West Torrens within the period reviewed.

Conclusion:

The Western Youth Community Centre is currently meeting all the service outcomes outlined in their Service Agreement with the City of West Torrens.



City of West Torrens Camden Community Centre Review

Internal Audit Report

Prepared By: Galpins

Draft Report Issued: 17/11/2022

Final Report Presented: 31/1/2023

Final Report Executive Management Approval:

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1. Executive Summary

1.1 Background

Camden Community Centre is one of the largest Community Centres in Adelaide's Western Region. It is a not-for-profit organisation operating for over 40 years. The Centre assists an average of 200 - 250 people per week and runs a number of programs include a food bank, providing hot meals to those in need, Centre based social programs, Op Shop and Men's Woodwork Shed.

The City of West Torrens has entered into a partnership agreement with the centre, and provides annual funding.

1.2 Objectives and Scope

Given the City of West Torrens provides financial and in-kind assistance to the centre, there is a need to ensure the appropriate allocation and use of public funds and appropriateness of governance structures are in place.

Under the terms of the partnership agreement, Council can perform audits of the financial status and service outcomes of the Centre to ensure the Centre's financial position and sustainability are sound and that service outcomes are achievable.

Galpins undertook a review as detailed below.

- Undertook a review of the Statement of Receipts and Payments for of the Centre during the periods of 1 July 2019 to 30 June 2022.
- Determined how Council funding has been expended and on what goods and services has it been expended.
- Determined the accuracy of the financial information and associated projections of the Centre.
- Considered the service levels required of the partnership agreements and assessed the Centre's achievement of these outcomes and ability to achieve future agreed outcomes.
- Considered the overall future viability and sustainability of the Centre.
- Determined if the Centre is indebted to the ATO.
- Determined the capacity of the Centre to meet the terms and conditions detailed in any applicable loan agreements, including its capacity to turn its financial performance.

1.3 Methodology

The following elements were tested as a part of this review program, to form conclusions on the objectives.

The procedures performed do not constitute an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements and, consequently, no assurance is expressed.

Key ratio analysis (for the past three years)

- Compared Assets and Liabilities of the Community Centre to determine if sufficient Assets are in place to pay debt when they fall due.

Budgeting

Reviewed whether:

- A budget has been prepared.
- The budget indicates an expected surplus.
- The budget is monitored.
- Different income streams and/or service offerings are budgeted and monitored separately (where appropriate).

Cash

Reviewed whether:

- Bank accounts are regularly reconciled.
- Processes for invoicing, cash collection and banking are reasonable.

Grant income security

Reviewed whether:

- Signed funding agreements are in place for all major sources of grant income.
- Expiry dates for agreements extend beyond 12 months.

Rental income

Reviewed whether:

- Signed "use-of-centre" agreements exist with all customers.
- Customers are required, where relevant, to hold their own Public Liability Insurance.
- Customers are required to comply with WHS requirements.
- Reviewed average term/ expiry dates of agreements to assess reliability of income.

Asset ownership

- Understood fixed asset ownership at the Community Centre (i.e. land, buildings).

Accounts receivable

- Reviewed the average aging of accounts receivable to assess collectability.

Accounts payable

- Reviewed the ageing of accounts payable to ensure accounts are paid within payments terms.

Tax liabilities

Reviewed whether:

- PAYG payment is up to date.
- BAS lodgements are up to date (where applicable).
- Any outstanding Australian Tax Office liabilities are reflected in financial records.

Loans/ finance leases (if applicable)

Reviewed whether:

- All loans/ finance leases are recorded as liabilities in the financial records.
- Loan repayments are being made as and when they fall due.
- Loan/ finance lease agreements/ repayment schedules are maintained.

Employee entitlement management.

Reviewed whether:

- Appropriate records of employee entitlement balances are maintained, up-to-date and recorded as liabilities in financial records.
- Employee entitlement liabilities are cash-backed or supported by a liquidity management strategy.

Staff management

Reviewed whether:

- Appropriate timekeeping records are maintained for all staff.
- A signed contract is in place for all staff.
- All staff are paid in line with relevant Award rates.
- Superannuation is being paid correctly.

Volunteers

- Understood level of reliance on volunteers.

Service outcomes

Confirmed whether:

- Financial audits are undertaken.
- Board meetings are held, and minutes are maintained.
- An Annual Report is prepared.
- Reports and minutes exchanged with, or related to activities undertaken with, other Community Centres operating within the City of West Torrens are maintained.

2. Summary of Findings

Test	Conclusion	Detail of reportable findings / comments	Recommendation																					
Key Ratio Analysis	Reportable findings.	<p>Ratios did not meet desired targets. The 'quick ratio' (cash / current liabilities) was 0.62 at 30 June 2022 (target = greater than 1), and the current ratio (current assets / current liabilities) was 0.87 at 30 June 2022 (target = greater than 2). However, it is important to note the the majority of current liabilities relate to provisions for annual and long service leave, which are required for accounting purposes to be recorded as current, but in reality are not actually expected to be paid out in full in the next 12 months.</p> <p>It is also noteworthy and positive that these ratios have been improving over the last 3 years as shown in the below table:</p> <table border="1"> <thead> <tr> <th rowspan="2">Ratios to be Calculated</th> <th rowspan="2">Target</th> <th rowspan="2">Formula</th> <th colspan="3">Financial Year</th> </tr> <tr> <th>2021-22</th> <th>2020-21</th> <th>2019-20</th> </tr> </thead> <tbody> <tr> <td>Quick Ratio</td> <td>>1</td> <td>Cash/CL</td> <td>0.62</td> <td>0.36</td> <td>0.16</td> </tr> <tr> <td>Current Ratio</td> <td>>2</td> <td>CA/CL</td> <td>0.87</td> <td>0.41</td> <td>0.16</td> </tr> </tbody> </table>	Ratios to be Calculated	Target	Formula	Financial Year			2021-22	2020-21	2019-20	Quick Ratio	>1	Cash/CL	0.62	0.36	0.16	Current Ratio	>2	CA/CL	0.87	0.41	0.16	Continue to monitor liquidity and aim to grow cash reserves over time to ensure all liabilities can be funded.
Ratios to be Calculated	Target	Formula				Financial Year																		
			2021-22	2020-21	2019-20																			
Quick Ratio	>1	Cash/CL	0.62	0.36	0.16																			
Current Ratio	>2	CA/CL	0.87	0.41	0.16																			
Budgeting	No reportable findings.																							
Cash	No reportable findings.																							
Grant Income Security	No reportable findings.	Reasonable security over funding. CHSP program highly likely to continue, with strong support from grantor, noting if it were to fold all costs related to the program would also cease, with little to no impact on financial sustainability of the Centre.																						
Rental Income	No reportable findings.																							
Other Income	No reportable findings.	Receipting controls are appropriate for the nature of the organisation.																						
Asset Ownership	No reportable findings.																							
Accounts Receivable	No reportable findings.	Receivables are monitored with long outstanding debtors being followed up.																						
Accounts Payable	No reportable findings.																							

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Tax Liabilities	No reportable findings.	
Loans/ Finance Leases	No reportable findings.	
Employee Entitlement Management	No reportable findings.	Not entirely cash backed, but expected to have sufficient liquidity to pay as and when they fall due.
Staff Management	No reportable findings.	
Volunteers	No reportable findings.	Approximately 100 volunteers assisting with programs including op shop, men's shed and food bank servicing approximately 290 families.
Service Outcomes	No reportable findings.	2022 audit still in progress. 2021 audit report is labelled 'qualified', but this appears to be an error on behalf of the auditor as despite the labelling of the report the stated opinion is unmodified ie a clean opinion.

3. Conclusion

Results of the tests performed, as detailed in section 1.3, indicate that the Camden Community Centre's financial position and sustainability are reasonable and improving, though strongly contingent on ongoing support from Council and Greek Orthodox Community of SA Inc., and service outcomes can be achieved.

When we last audited Camden Community Centre in 2018, the Centre was struggling financially. The CHSP program was operating at a significant deficit, propped up by other programs which were experiencing diminishing margins. There were significant unfunded staff entitlement liabilities, and a number of other liabilities including unpaid ATO debt were also unfunded and not recognised in the financial records. The audit reported a number of financial risks that needed to be addressed, requiring some strong leadership and often difficult decisions, particularly related to staffing.

Pleasingly, this audit has identified a significant improvement in the financial and governance operations of the Centre. Whilst there remain some financial challenges, financial results have been improving and operations expanding even during tough economic and COVID conditions, providing reason to feel positive about the future of the Centre. To remain financially viable, the Centre is reliant on ongoing support from not only Council, but also the Greek Orthodox Community of SA Inc. The Greek Orthodox Community has tangibly demonstrated a strong commitment to the Centre through investment in the buildings (sighted by audit), providing complimentary administrative support, taking strong action to restructure the CHSP program so that it is self-sustaining and likely to yield a small surplus, expanding program offerings and developing plans to further expand existing offerings such as the Men's Woodwork Shed. Anecdotally, audit also observed noticeably engaged and passionate staff and volunteers whilst touring the facility.

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4. Service Outcomes

4.1 Expenditure of Council Funds

Whilst the funds received as per the partnership agreement with the City of West Torrens are not explicitly allocated to specific expenditure items, it is understood that Council funds are utilised to contribute towards general operating costs of the Centre.

4.2 Achievement of Outcomes in the Service Agreement

The following table outlines the Service Outcomes required by the Service Agreement between Camden Community Centre and the City of West Torrens.

Service Outcome	Evidence	Evidence present?	Comments
Fully audited financial statement(s) relating to the expenditure of Council's financial Contribution	Copy of latest audit report	✓	2022 audit still in progress. 2021 audit report is labelled 'qualified', but this appears to be an error on behalf of the auditor as despite the labelling of the report the stated opinion is unmodified ie a clean opinion.
Copies of the relevant sections of the Board of Management's minutes and reports etc that refer specifically to the expenditure of Council's financial contribution	Copies of the board minutes for the last 12 months	✓	Minutes of meetings are kept. COWT funding used to fund operational costs.
A Copy of the Centre's Annual Report	Copy of the latest annual report	✓	Annual report provided.
Copies of reports and minutes exchanged with, or related to activities undertaken with, other community centres operating within the City of West Torrens.	Copies of meeting minutes and reports with activities undertaken with other community centres	Not applicable	No activities undertaken with other community centres operating within the City of West Torrens.

Conclusion:

The Camden Community Centre is currently meeting all the service outcomes outlined in their Service Agreement with the City of West Torrens.

9.4 EXTERNAL AUDIT

Nil

9.5 COMMITTEE PERFORMANCE AND REPORTING

9.5.1 Audit General Committee Work Plan 2023

Brief

This report provides the Audit General Committee Work Plan 2023.

RECOMMENDATION

It is recommended to the Committee that:

1. The proposed Work Plan 2023 remain in place until the commencement of the new legislative provisions applying to Audit Committee, as a result of the Local Government Reform; and
2. The Administration provides the independent members of the Audit General Committee with the Draft Annual Business Plan and Budget, Financial Policy Reviews and Budget Reviews at the same time they are provided to Elected Members so that there is an opportunity for them to provide relevant feedback to the Elected Members for their consideration.

Introduction

Annually the Administration outlines the Work Plan for the Audit General Committee.

In August 2022, the 'April 2021 to October 2022 Annual Work Plan Update' was presented to the Committee. At this meeting it was agreed that the Administration would present a report to a future Committee meeting that would include the following additions to the Audit General Committee Work Plan for the Committee to review:

- Draft Annual Business Plan and Budget;
- Financial Policy Reviews;
- Budget Reviews;
- Internal Financial Controls; and,
- External Auditors Management Reports.

Discussion

The Audit General Committee Work Plan 2023 (Work Plan 2023) (**Attachment 1**) outlines the meeting dates and associated reporting actions for the calendar year. However, the Administration has conducted a review of the agreed action and the Work Plan 2023 taking into consideration upcoming legislative reform and the expiration of the Committee term. It is recommended to the Committee that the proposed Work Plan 2023 remain in place until the commencement of the new legislative provisions applying to Audit Committee, as a result of the Local Government Reform.

However, amendments, as detailed below, have been made to the Work Plan 2023 to accommodate the agreed action as much as possible.

New Legislation related to the Committee

The *Statutes Amendment (Local Government Review) Act 2021* (Reform Act) contains the most significant reform to the Local Government system since parliament passed the *Local Government Act 1999* (Act) at the end of the last century (1999).

The four overarching reform areas contained within the Reform Act are:

- Stronger council member capacity and better conduct;
- Lower costs and enhanced financial accountability;
- Sufficient and transparent local government representation; and
- Simpler regulation.

Changes as a result of the Reform Act, impact on the operations and responsibilities of the Committee. These amendments implement responsibility for consideration of a number of points which form part of the agreed action from August 2022.

These amendments, which include amendments relating to the Committee role, composition and responsibilities, are expected to commence in November 2023. Whilst major changes for the Committee are unlikely, Administration will continue to keep Committee Members informed of any new updates through training and reports in preparation for implementation.

The key amendments to the Act which impact on the Committee are:

- Changes to the membership structure and meeting frequency of the Committee;
- Amendments to the functions of the Committee introducing new requirements for the Committee to:
 - Monitor the recommendations resulting from internal audits;
 - Liaise with Council's auditor;
 - Provide oversight of the internal audit plan;
 - Review the effectiveness of policies, systems and procedures related to risk management; and
 - Review any prudential reports required by Council.
- Report to the Council after each Committee meeting as well as an annual report.

Given the breadth of changes which will necessitate the development of a revised Work Plan for 2024, and the overlap between the agreed action and the amended provisions applicable to the Committee, it is proposed that the Work Plan for 2023 not be amended and a new Audit Plan for 2024 - 2026 be developed, inclusive of the agreed action requirements and the new legislative provisions.

Annual Business Plan

Council considers the Annual Business Plan and Budget in April to May of each year, generally at specific Council meetings. This budget process has numerous steps and the public consultation elements of this process are mandated by the Act. However, outside of the mandated requirements, and depending on the level of interest, feedback and scrutiny required by the community, the process can differ slightly from year to year in terms of the number of meetings and the timeframes required.

The independent committee members may then provide written comments/feedback on the business papers until the end of the public consultation period in terms of the Annual Business Plan and Budget or until the relevant Council Meeting in terms of budget reviews. Such feedback should be send to the OMC mailbox, copying in the Chair of the Audit General Committee and the Executive Officer of the Committee.

Of course, there is nothing preventing independent committee members from attending the Council and Committee meetings during Annual Business Plan and Budget and Budget Review deliberations. However, such attendance is solely at the discretion of the independent member(s) and no sitting or other fees will be paid for such attendance. Regardless, attendance may inform any comments and feedback should an independent member wish to make a submission.

Budget Reviews

Budget reviews are conducted quarterly by the Executive and provided to Council for its consideration and ratification. Given the Committee's interest in budget reviews, the Administration will provide the relevant agenda items to the independent committee members at the same time they are provided to Elected Members.

Financial policies

Financial Policies are reviewed by Administration and will be presented to the City Advancement and Prosperity Standing Committee recommending approval. The minutes of the City Advancement and Prosperity Standing Committee are then presented to the Council Meeting.

In order to provide further information as requested through the agreed action from August 2022, it is proposed that the policies be emailed to the independent committee members at the same time as they are distributed to the City Advancement and Prosperity Standing Committee.

The independent committee members may then provide written feedback on the Policy to the OMC mailbox prior to the scheduled meeting of the Committee, with a copy to the Chair of the Audit General Committee and the Executive Officer of the Audit General Committee.

There are three (3) finance related policies due for review in 2023 that the Committee will receive this year. The policies and their review dates are outlined as follows:

Financial Policies Review Schedule 2023		
Policy	Audit General Committee Meeting Date	City Advancement & Prosperity Standing Committee Date
Annual Budget Policy	11 April 2023	2 May 2023
Capitalisation of Assets Policy	10 October 2023	7 November 2023
Treasury (Debt Management) Policy	10 October 2023	7 November 2023

The schedule above is indicative of when policies are expected to be reviewed but is subject to change.

Internal Financial Controls/ External Auditors Management Reports

The Internal Financial Controls are presented each year to the October Audit General Committee Meeting. The External Auditor Management Reports are also provided to each October Audit General Committee Meeting, which is attended by the contracted External Auditors who are available for comment and questions.

Prudential Reporting

While there is currently no obligation on the Administration to provide prudential reports to the Audit Committee, this will be the case following the commencement of the November 2023 amendments to the *Local Government Act, 1999*. However, on reflection, there appears to be no barrier and some benefit in presenting prudential reports to the Committee, scheduling allowing. As such, this will commence from February 2023.

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 provides the Audit General Committee Work Plan 2023 which has been amended to include additional actions as a result of an agreed action from the August 2022 Committee meeting.

The Work Plan for 2024 will be further developed to take into account further actions from this agreed action as well as the incoming legislative reforms which affect Audit Committees across the State.

Attachments

- 1. Audit General Committee Work Plan 2023**

Audit General Committee Work Plan 2023

Action	Meetings												ToR Reference
	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Frequency	
External Audit External Auditors present external audit findings												Annually	Obj. 2
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
Non-compulsory Meetings for Financial Decisions													
For your information													
Budget Review - December 2022												As required	
Budget and Business Annual Plan 2023/24												As required	
Budget and Business Annual Plan 2023/24 - Part 2												As required	
Budget Review - March 2023/24												As required	
Adoption of Budget Meeting 2023/24												Annually	
End of Financial Year (Audit Committee)												Annually	
Carry Overs 2023/24												As required	
*Budget dates are yet to be confirmed for 2023													

9.5.2 Internal Audit Program Update 2023 - 2024

Brief

This report presents the 2023 - 2024 Internal Audit Program Update.

RECOMMENDATION

It is recommended to the Committee that the *2023 - 2024 Internal Audit Program Update* report be noted.

Introduction

A new Audit Plan for February 2023 - November 2026, has been developed and is included in this agenda for noting.

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 2023 - 2024 Program, as of 1 February 2023. However, the full Program update is attached for further information (**Attachment 1**).

Audit Status	21/22 Carry Overs	23/24 Audits	Total
In Progress		1	1
Completed	1		1
Not yet commenced		8	8
Deferred/ Cancelled			
New Audits Added			
Total Programmed Audits	1	9	10

Audit Status (Staged Audits)	20/21 Carry Overs	21/22 Audits	Total
Staged Audits Complete	1		1
Staged Audits			
Not yet commenced			
Removed from Plan			
Total Staged Audits	1	0	1

Total Audits	2	9	11
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The Internal Audit Plan typically aligns with the financial year calendar. Due to the 2018-2022 Internal Audit Plan concluding at the end of the November 2022 Local Government elections, the newly developed Internal Audit Plan for 2023 - 2026 captures the Internal Audit Program timeframe commencing February 2023 and concluding in June 2024.

Within this new Program, eleven (11) audits have been scheduled and two (2) Carry Over audits completed. One (1) audit is in progress - *Local Government Reform Internal Audit*, with the approved scope attached to this report for information (**Attachment 2**).

The eight new audits yet to commence include:

1. Cyber Security
2. Fraud and Corruption
3. Procurement
4. Vic Roads Audit
5. Service SA Audit
6. QLD Roads Audit
7. LGAMLS/ WCS Risk and WHS Evaluation
8. Working Alone and in Isolation

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

As of 1 February 2023, eleven (11) audits have been scheduled and two (2) Carry Over audits have been completed. One (1) audit is in progress and eight (8) new audits are yet to be commenced.

Attachments

1. **Internal Audit Program Update 2023 - 2024**
2. **Local Government Reform Internal Audit Scope 2023**

2023/24 Internal Audit Program

Report as at 1 February 2023

Audit No.	Internal Audit	Audit Objectives	Due Date	Status	Comments
Status of 2021/22 Internal Audits (Carry Overs)					
Staged Audits					
1	PDI Act and Regulations Implementation - Stage 2 (Planning reform)	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	Complete	<ul style="list-style-type: none"> The PDI Act Internal Audit (Stage 1) has been completed. A report is presented to the February 2023 Audit Committee Meeting. Stage 2 is to commence in due course.
Assurance Audits					
2	Community Centres Audit	This audit will review the due diligence process of three CWT community centres, with whom we have partnership agreements. The audit looks to ensure each Centre's financial position and sustainability are sound and that service outcomes are achievable.	February 2022	Complete	<ul style="list-style-type: none"> The Community Centres Audit has been completed. A report is presented to the February 2023 Audit Committee Meeting.
Status of 2023/2024 Internal Audits					
Assurance Audits					
1	Cyber Security	This audit seeks to review the implementation of controls and projects as a result of the Cyber CX Report presented to the Executive and Audit Committee in 2022.	May 2024	Not Started	
2	Fraud and Corruption	This audit will review the adequacy and effectiveness of Council's control framework to prevent and detect fraud, the existence and effectiveness of methods for promoting awareness and educating employees and Elected Members on their duties to report any suspicions of fraud and corruption	December 2023	Not Started	

	Not Started	In Progress	Complete	Deferred	Cancelled
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Report as at 1 February 2023

2023/24 Internal Audit Program

Audit No.	Internal Audit	Audit Objectives	Due Date	Status	Comments
Legislative Compliance					
3	Local Government Reform	With the largest reform to the local government sector in several years, this audit seeks to review the implementation of the LG Reform at the CWT.	June 2023	In Progress	This audit is currently in progress. Procurement process commenced to appoint legal provider as Auditor. An opening meeting will be scheduled upon appointment of the new Auditor.
Spot Audits					
4	Procurement	To ensure a strong and compliant procurement program, this spot audit seeks to review a sample of processes completed in 21/22 and evaluate compliance against the <i>Council Policy - Procurement</i> and the <i>Administration Policy - Procurement</i> .	February 2024	Not Started	
Third Party Audits					
5	Vic Roads Audit	An annual Internal Audit which is mandated as part of the agreement with Vic Roads.	July 2023	Not Started	
6	Service SA Audit	An annual Internal Audit which is mandated as part of the agreement with Service SA.	August 2023	Not Started	
7	QLD Roads Audit	An annual Internal Audit which is mandated as part of the agreement with QLD Roads.	September 2023	Not Started	
8	LGAMLS/ WCS Risk and WHS Evaluation	A risk evaluation is completed by the Scheme. The areas reviewed vary each evaluation.	September 2023	Not Started	
WHS Audits					
9	Working alone and in isolation	This audit seeks to review the procedures related to workers who are required to work in isolated circumstances.	April 2024	Not Started	

	Not Started		In Progress		Complete		Deferred		Cancelled
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Internal Audit Scope

Local Government Reform

Introduction

The *Statutes Amendment (Local Government Review) Act 2021* (Reform Act) contains the most significant reform to the local government system since parliament passed the *Local Government Act 1999* (Act) at the end of the last century (1999). The Reform Act has commenced in stages from September 2021.

The four overarching reform areas contained within the Reform Act are:

- Stronger council member capacity and better conduct;
- Lower costs and enhanced financial accountability;
- Sufficient and transparent local government representation; and
- Simpler regulation.

Audit Scope and Objectives

This audit is to review the effectiveness and accuracy of the implementation of the local government reforms at the City of West Torrens.

The objectives of this audit are:

- Determine conformance with the Reform Act as it has applied to relevant Acts and associated Regulations;
- Evaluate whether existing controls exist to mitigate strategic and operational risks related to legislative compliance;
- Identify opportunities for better practice and process improvement; and
- Where relevant, consider and assess governance objectives including roles, responsibilities, delegations and records management.

The legislation and documentation to be considered includes, but is not limited to:

- *Local Government Act* (SA)
- *Local Government (Elections) Act 1999* (SA)
- *Local Government (General) Regulations 2013* (SA)
- *Local Government (Procedures at Meetings) Regulations 2013* (SA)
- *Local Government (Members Allowances and Benefits) Regulations 2010* (SA)
- *Local Government (Elections) Regulations 2010* (SA)
- *Local Government (Transitional Provisions) Regulations 2021* (SA)
- Council by-laws

- Any policies related to local government reform, which may be approved or in draft form.
- City of West Torrens Delegations Framework

This audit specifically excludes:

- Any provisions of the Reform Act which have not yet commenced without prior discussion and approval.

Approach

In performing this audit, the following will be undertaken:

1. An opening meeting will be held with relevant managers where the Auditor will discuss the scope and overview of work to be performed prior to the commencement of testing.
2. Interviews will be conducted with managers and staff responsible for local government reform to establish any issues, concerns or opportunities for improvements.
3. Sampling and testing for compliance with policies, procedures, plans, and other relevant documentation to ensure the effectiveness of the local government reform implementation and the associated controls.

The Audit is to be informed by relevant best industry documentation, better practice models and guidelines in relation to the local government reform including but not limited to the relevant ISO's and Standards.

The audit is to be assessed and findings/issues must be clarified in accordance with a risk rating consistent with Council's Enterprise 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

Risks

Potential risks associated with a failure to manage risk effectively as identified by Internal Audit include, but are not limited to:

- Non-compliance or adherence to legislative, or governance requirements
- Inadequate monitoring, follow-up, review and consultation
- Failure to implement better practice

General Administration

This audit will be performed by a legal provider to be appointed after the appropriate procurement process has been completed.


Opening meeting	TBA
Commence fieldwork	TBA
Draft report to Management	TBA

Closing meeting and final report	TBA
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Sign Off

I have read the above Internal Audit Assignment Plan and I am satisfied the objectives and scope meet the expectations for this audit.

Signed

DocuSigned by:

E0703A62E643428...

General Manager Business and
Community Services

Date 27-01-2023

9.5.3 2023 - 2026 Internal Audit Plan

Brief

This report presents the 2023 - 2026 Internal Audit Plan.

RECOMMENDATION

It is recommended to the Committee that the 2023 - 2026 Internal Audit Plan be noted.

Introduction

Since 2006, the City of West Torrens has benefitted from the establishment of a robust internal audit function. The draft 2023 - 2026 Internal Audit Plan (Plan) is a four-year plan, developed using risk-based methodology, which aligns to the term of the Council and the term of the Committee (**Attachment 1**).

The Plan also outlines the Annual Audit Program (Program) to be undertaken within each financial year throughout the life of the Plan and is presented to the Committee for its information.

Discussion

Planning Approach

The Plan was developed using a risk-based methodology supported by a holistic review of the internal and external environment, as well as past events in order to add the most value to the organisation.

The CWT's Strategic and Operational Risk Registers are used to inform and prioritise scheduling of the Plan. Risk ratings are determined in line with processes and procedures contained in Council's Enterprise Risk Management Framework. Risks which attract a 'catastrophic or major' revised level of consequence and which have a high or extreme reliance on controls form the highest level of risks documented and form the basis of this Plan.

The Plan also considers the input of stakeholders from across the organisation. This process ensures that all perspectives are considered and that uncovered risks or concerns are taken into account.

The external environment includes reviewing ICAC and Ombudsman investigation reports, Auditor-General's reports, examining various trend analysis articles from risk, assurance and consulting organisations and entities as well as considering changes to the local government sector.

The final consideration was a review of past statistical data or historical events, including past internal audits, within the organisation.

Internal audits were then scheduled based on these risks and taking into account capacity, budget and previous audit schedules. The Plan will be reviewed on an annual basis to consider changes to the internal or external environment as well as budgetary implications. As a result, the Plan is subject to regular change and updating.

It is acknowledged that some risks may not have been identified and/or appropriately assessed and changes to the Plan/Programs may be required from time to time to account for changes or risks that emerge within the organisation and/or to ensure the focus of internal audit is responsive to the organisation current and emergent risks. The Plan has been designed with inherent flexibility to accommodate changes to each year's Program.

The Plan and Programs have been developed with the active engagement and consultation of the Executive and Management teams.

Plan Content

The Plan contains eight (8) sections as follows:

Section 1 - Introduction

Section 2 - Internal Audit Type Descriptors

Section 3 - Organisational Risk Tolerance, Treatment and Responsibilities

Section 4 - Audit Planning

Section 5 - Internal Audit Program Schedule 2023 - 2026

Section 6 - Internal Audit Program for 1 February 2023 to 30 June 2024

Section 7 - Internal Audit Program for 1 July 2024 to 30 June 2025

Section 8 - Internal Audit Program for 1 July 2025 to 30 November 2026

Resourcing

The internal audit function is co-sourced with the allocation of a 1.5 FTE to the Resilience team that executes the Plan while also being responsible for risk management and emergency management. This is complemented via the engagement of expert contract internal auditors to undertake assurance and legislative audits. Budgets will be determined each year in line with the audits proposed in the Plan and presented to Council for approval.

While all 'moderate' risks with a revised risk rating of 'catastrophic' will be subject to audit over the life of the Plan, resourcing does not allow for all 'moderate' risks with a revised risk consequence of 'major' to be audited over the same timeframe. These audits will either be carried forward into subsequent Plans or may be used to substitute those planned audits that are not able to be undertaken.

Implementation

While the four (4) year Plan is aligned to the term of the Council, and subsequently the Committee, reporting will be aligned to the Program(s) contained within the Plan and updates will be provided to each future ordinary meeting of the Committee.

The Plan will be reviewed on an annual basis to ensure relevance, address scheduling issues and enable reprioritisation and/ or inclusion of any unforeseen risk activity or mandated audits.

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

The Internal Audit Plan 2023 - 2026 and the Annual Audit Programs have been developed based on approved risk based methodology supported by the active engagement and consultation with the Executive and management teams. It is also recognised that changes to the Plan or Programs may be required from time to time to account for changes within the organisation and to ensure the focus of internal audit addresses the organisation current and emergent risks.

Attachments

1. 2023 - 2026 Internal Audit Plan



Internal Audit Plan

2023 - 2026

Contents

1. Introduction 3

2. Internal Audit Type Descriptors 4

3. Organisational Risk Tolerance, Treatment and Responsibilities..... 5

4. Audit Planning..... 6

5. Internal Audit Program Schedule 2023-2026 7

6. Internal Audit Program for 1 February 2023 to 30 June 2024..... 8

7. Internal Audit Program for 1 July 2024 to 30 June 2025 12

8. Internal Audit Program for 1 July 2025 to 30 November 2026..... 15

Good level of compliance There is a good level of compliance with legislation, policy, procedure and/or internal controls.

In addition, internal audit aims to provide examples of good practice, to add value by recommending better practice opportunities and correct assessment of risk levels against the CWT Enterprise Risk Framework (likelihood and consequence descriptors). Risked based methodology has been used in the development of this Plan which is encapsulated in the following documents:

- CWT Enterprise Risk Management Policy
- CWT Enterprise Risk Management Framework
- Strategic Risk Register
- Operational Risk Register
- Emergency Risk Register
- WHS Organisational Hazard Profile Register
- Organisational Risk Tolerance, Treatment and Responsibilities (**Section 3**).

In addition, internal audit considers key triggers that may alter the risk attributed to a particular business function. Key triggers that may drive internal audits are outlined below:

- Change in internal controls/risk rating
- High dependence on internal controls
- Changes in legislation/key staff
- Past fraud/litigation or high risk of fraud/litigation
- Industry trends/benchmarking
- Results from previous audits/Requests for assurance
- Auditor General's investigations

Resilience has completed an 'Operational Risk and Internal Controls' review designed to verify the strength and existence of the internal controls that underpin operational risk management. This review found a good level of compliance, indicating that at the time of the audit the CWT does not have any residual risks (risks after controls applied) above a 'Moderate' level of risk.

1. Introduction

The Institute of Internal Auditors (IIA) defines Internal Auditing as an 'independent, objective assurance and consulting activity designed to add value and improve an organisation's operations'.

The City of West Torrens (CWT) operates a co-sourced internal audit function, allocating permanent internal resources to an Internal Auditor role, complemented with an annual budget used to engage expert contract internal auditors to undertake assurance and legislative audits. Internal audit is designed to help the organisation achieve its objectives by providing independent assurance on the effectiveness of risk management, internal control and governance processes. The Internal Audit Plan (the Plan) is a three (3) year audit plan aligned to the term of Council and the Audit Prescribed General Committee. The categories of audit undertaken at the CWT include:

- Assurance Audits
- Staged Audits
- Legislative Compliance Audits
- Spot Audits (Operational and Work Health and Safety).
- Facilitative Audits
- Third Party Audits

These are detailed further in **Section 2** of the Plan.

Audit Recommendations and Findings

Internal audits measure compliance with legislation, policy and/or internal controls by assigning an overall compliance rating (explained below). In addition, audits provide recommendations to improve/strengthen compliance which attach a level of risk consistent with the CWT Enterprise Risk Management Framework.

<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>

2. Internal Audit Type Descriptors

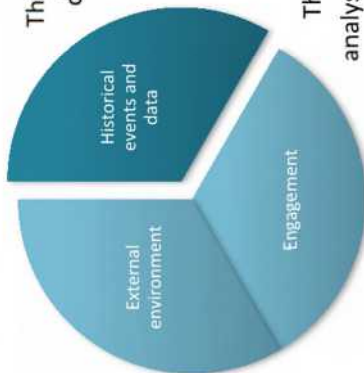
Types	Description	Format	Measure
Assurance Audit	When mature practices are present, comprehensive testing will occur to determine assurance of an objective being met and/or if risk is being mitigated.	• Traditional report	• Compliance Rating
Legislative Compliance	Determine compliance of a function against relevant legislation.	• Legislative Compliance Report	• Legislative Compliance
Facilitative Audits	When immature practices are present, a facilitative audit aims to add value by assisting the stakeholder to put governance mechanisms in place. An outcome driven audit working with the stakeholder through facilitation, advice and consultation to establish objectives and agreed outcomes.	• Summary report	• Agreed outcomes • KPI's • Improvements • Risk
Spot Audits	Small scale targeted audit to provide assurance on whether a particular objective/policy is being achieved.	• Summary Report	• Compliance Rating
WHS Audits	Assurance and/or compliance auditing targeted specifically at WHS policy.	• Traditional Report	• Compliance Rating
Staged Audits	A larger audit with many interrelated components that may be segmented into key test stages of a large project/activity, to track and record assurance/completion and to add value throughout the project/activity over time.	• Summary report at key stages	• Completion • Compliance Rating • Improvements
Third Party Audits	<ol style="list-style-type: none"> When the right to audit is established by contract or legislation, the third party service provider and/or sub-contractor may be audited against the contract for the provision of services comprising, cost, quality, safety and/or performance; or When the right to audit is established by contract or legislation, the third party may seek to audit the City of West Torrens in relation to the provision of services, cost, quality, safety and/or performance. Examples include WorkCover, LGAWCS, and Vic Roads audits. 	• Summary report • Compliance Report	• Compliance with: • Contract conditions • KPI's • Specification's • Price schedules • WHS performance

3. Organisational Risk Tolerance, Treatment and Responsibilities.

Level of Residual Risk	Organisational Tolerance for Strategic and Operational Risk's and/or Agreed Audit Actions	Responsible	Actions	Timeframe
Extreme Not Tolerated	Extreme level of risk is not tolerable. CWT will implement immediate measures to mitigate extreme risks using an ALARP (as low as reasonably practical) approach.	CEO/Executive	<ul style="list-style-type: none"> If risk cannot be immediately reduced within tolerance level, the risk issue and controls will be monitored by the Executive. Must be registered in the risk register. The risk and outstanding actions must be reported to the Audit Committee. 	<ul style="list-style-type: none"> Monthly updates to/by the Executive 30 days to implement priority audit actions/recommendations, if possible
	High level of risk is not tolerable; CWT will implement immediate measures to mitigate high risks using an ALARP approach.	Executive	<ul style="list-style-type: none"> Monitoring and reporting by the appropriate General Manager High risks must be registered in the risk register. High risks and outstanding actions must be reported to the Audit Committee. 	<ul style="list-style-type: none"> Quarterly updates to the Executive Team 90 days to implement priority audit actions/recommendations, if possible
Moderate Tolerated	Moderate and low level of risk is tolerable for both 'Strategic and Operational Risks'	Manager	CWT tolerates a moderate level of risk and as such: <ul style="list-style-type: none"> Action is not required to further mitigate risk unless: <ul style="list-style-type: none"> benefit exceeds the cost of resources allocated there is a specific need the Action is in the Public Interest Internal Audit will maintain a log of agreed actions to be updated six-monthly and if relevant, registered in the risk register. Internal monitoring by the relevant departmental manager 	<ul style="list-style-type: none"> Agreed actions are not subject to priority actioning Agreed actions are managed internally No timeframe for implementation
		Manager		
	Low Tolerated	Better Practice Opportunity (when assessed accurately against the CWT Enterprise Risk Management Framework) does not accord any risk rating	Manager	<ul style="list-style-type: none"> No risk attached, therefore no requirement to action Action is only required if benefit exceeds the cost of resources allocated

4. Audit Planning

The Internal Audit Plan is developed using a risk based methodology supported by a holistic review of the internal and external environment as well as past events in order to add the most value to the organisation.



The CWT's Strategic and Operational Risk Registers are used to inform and prioritise scheduling of the Internal Audit Plan. Risk ratings are determined in line with processes and procedures in the Enterprise Risk Management Framework. Risks which attract a 'catastrophic or major' revised level of consequence and which have a high or extreme reliance on controls form the highest level of risks documented and form the basis of this Plan.

The Internal Audit Plan also considers the input of stakeholders from across the organisation. This process ensures that all perspectives are considered and ensure uncovered risks or concerns are taken into account.

The external environment includes reviewing ICAC and Ombudsman investigation reports, Auditor-General's reports examining various trend analysis articles from risk, assurance and consulting organisations as well as considering changes to the local government sector.

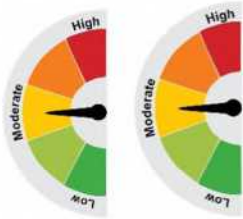
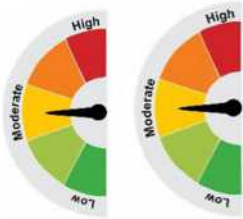
The final consideration is a review of past statistical data or historical events, including past internal audits, within the organisation.







Internal audits are then scheduled based on these risks taking into account capacity, budget and previous audit schedules. The Plan is reviewed on an annual basis to consider changes to the internal or external environment as well as budgetary implications. As a result the Plan is subject to regular change.



5. Internal Audit Program Schedule 2023-2026



6. Internal Audit Program for 1 February 2023 to 30 June 2024


Assurance Audits	
1	<p>Fraud and Corruption</p> <p>Fraud and/or corruption has been highlighted as an area of concern by multiple departments as well as being an ongoing concern in the community. This audit will review the adequacy and effectiveness of Council's control framework to prevent and detect fraud, the existence and effectiveness of methods for promoting awareness and educating employees and Elected Members on their duties to report any suspicions of fraud and corruption, the identification of areas within CWT potentially exposed to a high or moderate risk of fraud and corruption, the organisation's compliance with CWT policies as well as the sufficiency and adequacy of information reporting to Management.</p> <p>Key Department LG Reform and Integrity Key Strategic Risk 3. Fraud and Corruption</p> <p>Key Resource Contract internal auditor Key Operational Risk Unacceptable behaviour from staff or contractors resulting in external investigation or litigation.</p> 
2	<p>Cyber Security</p> <p>This audit seeks to review the implementation of controls and projects as a result of the Cyber CX Report presented to the Executive and Audit Committee in 2022.</p> <p>Key Department Information Services Key Strategic Risk 4. IT Management and Cyber Security</p> <p>Key Resource Contract internal auditor Key Operational Risk Interruption or loss of business systems/software including cloud and digital services</p> 





 <h3>Legislative Compliance</h3>	
<h4>Local Government Reform</h4> <p>With the largest reform to the local government sector in several years, this audit seeks to review the implementation of the LG Reform at the CWT.</p>	
3	<p>Key Department LG Reform and Integrity</p> <p>Key Strategic Risk 1. Business Performance</p> <p>Key Resource Legal provider</p> <p>Key Operational Risk Failure to comply with legislative requirements</p> <div style="display: flex; justify-content: space-around; margin-top: 20px;">   </div>
 <h4>Spot Audits</h4>	
<h4>Procurement</h4> <p>To ensure a strong and compliant procurement program, this spot audit seeks to review a sample of processes completed in 21/22 and evaluate compliance against the <i>Council Policy - Procurement</i> and the <i>Administration Policy - Procurement</i>.</p>	
4	<p>Key Department Strategy and Business</p> <p>Key Strategic Risk 1. Business Performance</p> <p>Key Resource Internal Resilience Team</p> <p>Key Operational Risk Failure to follow procurement processes and policy resulting in lack of probity, transparency and not achieving Council outcomes such as value for money</p> <div style="display: flex; justify-content: space-around; margin-top: 20px;">   </div>

WHS Audits	
Working alone or in isolation	
5	<p>This audit seeks to review the procedures related to workers who are required to work in isolated circumstances.</p> <p>Key Department People and Culture Key Strategic Risk 2. Workforce Management</p> <p>Key Resource WHS auditor Key Operational Risk Failure to provide an effective service to stakeholders or provide appropriate advice to Executive, Managers, Employees and Members of the Public</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>
Third Party Audits	
6	<p>Vic Roads Annual Audit</p> <p>An annual Internal Audit which is mandated as part of the agreement with Vic Roads.</p> <p>Key Department Regulatory Services Key Strategic Risk NA</p> <p>Key Resource Internal Resilience Team Key Operational Risk NA</p>
7	<p>Service SA Annual Audit</p> <p>An annual Internal Audit which is mandated as part of the agreement with Service SA.</p> <p>Key Department Regulatory Services Key Strategic Risk NA</p> <p>Key Resource Internal Resilience Team Key Operational Risk NA</p>

8	<p>QLD Roads</p> <p>An annual Internal Audit which is mandated as part of the agreement with QLD Roads.</p> <p>Key Department Regulatory Services Key Strategic Risk NA</p> <p>Key Resource Internal Resilience Team Key Operational Risk NA</p>
9	<p>LGAMLS/WCS Risk and WHS Evaluation</p> <p>A risk evaluation is completed by the Scheme. The areas reviewed vary each evaluation.</p> <p>Key Department LG Reform and Integrity People and Culture Key Strategic Risk NA</p> <p>Key Resource Internal Resilience Team Key Operational Risk NA</p>





7. Internal Audit Program for 1 July 2024 to 30 June 2025

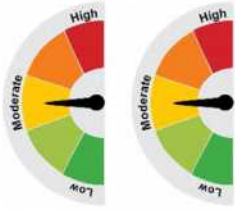
Staged Audits									
1	<p>PDI Act and Regulations Implementation</p> <p>Infill development and planning reform have been emerging strategic risks for the CWT for some time and legislative compliance with PDI regulation has been a priority for the organisation. This audit will review the legislative 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.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 25%;">Key Department</td> <td style="width: 25%;">City Development</td> <td style="width: 25%;">Key Strategic Risk</td> <td style="width: 25%;">1. Business Performance</td> </tr> <tr> <td>Key Resource</td> <td>Contract internal auditor</td> <td>Key Operational Risk</td> <td>Failure to comply with current legislation and policy including PDI Act and case law authority and react agilely to changes</td> </tr> </table> <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div>	Key Department	City Development	Key Strategic Risk	1. Business Performance	Key Resource	Contract internal auditor	Key Operational Risk	Failure to comply with current legislation and policy including PDI Act and case law authority and react agilely to changes
Key Department	City Development	Key Strategic Risk	1. Business Performance						
Key Resource	Contract internal auditor	Key Operational Risk	Failure to comply with current legislation and policy including PDI Act and case law authority and react agilely to changes						
Assurance Audits									
2	<p>Grants</p> <p>Grants revenue makes up 4.5% of CWT income (approx. \$3.2 million). It therefore important that grant income is managed responsibly, providing the best outcomes for the community whilst meeting the requirements of the funding agreements</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 25%;">Key Department</td> <td style="width: 25%;">Office of the Mayor and CEO City Assets City Property</td> <td style="width: 25%;">Key Strategic Risk</td> <td style="width: 25%;">6. Asset Management and Urban Form</td> </tr> <tr> <td>Key Resource</td> <td>Contract internal auditor</td> <td>Key Operational Risk</td> <td>Loss of services to community due to loss of external funding</td> </tr> </table> <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div>	Key Department	Office of the Mayor and CEO City Assets City Property	Key Strategic Risk	6. Asset Management and Urban Form	Key Resource	Contract internal auditor	Key Operational Risk	Loss of services to community due to loss of external funding
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Legislative Compliance	
	<p>Food safety standards</p> <p>As new Food Safety Standards are being introduced in late 2023, it is important to ensure the Environmental Health team's processes and procedures are compliant with both the Standards and the <i>Food Act 2001</i>.</p> <p>3 Key Department Regulatory Services Key Strategic Risk 1. Business Performance</p> <p>Key Resource Legal Provider Key Operational Risk Failure to conduct routine public health, community safety, local nuisance and food safety inspections within regulatory requirements resulting in harm or nuisance to the public.</p> <div style="display: flex; justify-content: space-around;">   </div>
WHS Audits	
	<p>Chemicals Management</p> <p>A chemical management audit is planned to examine chemical hazards and the control measures in place to bring the risk to an acceptable level.</p> <p>4 Key Department People and Culture Key Strategic Risk 2. Workforce Management</p> <p>Key Resource WHS auditor Key Operational Risk Failure to provide an effective service to stakeholders or provide appropriate advice to Executive, Managers, Employees and Members of the Public</p> <div style="display: flex; justify-content: space-around;">   </div>
Third Party Audits	
	<p>5 Vic Roads Annual Audit</p>

	<p>An annual Internal Audit which is mandated as part of the agreement with Vic Roads.</p> <p>Key Department Regulatory Services Key Strategic Risk NA</p> <p>Key Resource Internal Resilience Team Key Operational Risk NA</p>
6	<p>Service SA Annual Audit</p> <p>An annual Internal Audit which is mandated as part of the agreement with Service SA.</p> <p>Key Department Regulatory Services Key Strategic Risk NA</p> <p>Key Resource Internal Resilience Team Key Operational Risk NA</p>
7	<p>QLD Roads</p> <p>An annual Internal Audit which is mandated as part of the agreement with QLD Roads.</p> <p>Key Department Regulatory Services Key Strategic Risk NA</p> <p>Key Resource Internal Resilience Team Key Operational Risk NA</p>

8. Internal Audit Program for 1 July 2025 to 30 November 2026

Assurance Audits	
<p>1</p>	<p>Cyber Security</p> <p>Given the increased incidents of cyberattack in government, this audit seeks to review ITDR, cyberattack protocols and information security controls.</p> <p>Key Department Information Services Key Strategic Risk 4. IT Management and Cyber Security</p> <p>Key Resource Contract internal auditor Key Operational Risk Interruption or loss of business systems/software including cloud and digital services</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>
<p>2</p>	<p>Disability Access and Inclusion Plan</p> <p>The Disability Access and Inclusion Plan (DAIP) identifies and addresses barriers to inclusion and aim to identify and action improvements that will achieve accessible and inclusive communities, agencies and practices for people living with disability. This audit seeks to review the development, actions and implementation of the DAIP.</p> <p>Key Department Community Services Strategy and Business Key Strategic Risk 1. Business Performance</p> <p>Key Resource Contract internal auditor Key Operational Risk Developing strategic and corporate plans, projects, partnerships or policy positions that fail to meet community needs and aspirations</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>

Spot Audits	
Partnership Agreements (Community Centres)	
3	<p>The CWT has partnership agreements for three (3) community centres for their effective management. In order to ensure service levels are being upheld in these agreements, a spot audit is completed. These audits are reflected in the partnership agreements.</p> <p>Key Department Community Services Key Strategic Risk NA</p> <p>Key Resource Contract internal auditor Key Operational Risk NA</p>
WHS Audits	
WHS Contractor Management	
4	<p>The objectives of this audit are to evaluate and report on the level of compliance of the overall contractor management framework against the requirements of the Act as well as application of the policy in a sample in order to identify any existing gaps and to identify opportunities for the introduction of better practices and process improvement.</p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;"> <p>Key Department People and Culture</p> <p>Key Resource WHS auditor</p> </div> <div style="text-align: center;"> <p>Key Strategic Risk 2. Workforce Management</p> <p>Key Operational Risk Failure to provide an effective service to stakeholders or provide appropriate advice to Executive, Managers, Employees and Members of the Public</p> </div> </div> 
Third Party Audits	
5	<p>Vic Roads Annual Audit</p> <p>An annual Internal Audit which is mandated as part of the agreement with Vic Roads.</p> <p>Key Department Regulatory Services Key Strategic Risk NA</p>

	Key Resource	Internal Resilience Team	Key Operational Risk	NA
6	<p>Service SA Annual Audit</p> <p>An annual Internal Audit which is mandated as part of the agreement with Service SA.</p> <p>Key Department Regulatory Services</p> <p>Key Resource Internal Resilience Team</p>	<p>Key Strategic Risk NA</p> <p>Key Operational Risk NA</p>		
7	<p>QLD Roads</p> <p>An annual Internal Audit which is mandated as part of the agreement with QLD Roads.</p> <p>Key Department Regulatory Services</p> <p>Key Resource Internal Resilience Team</p>	<p>Key Strategic Risk NA</p> <p>Key Operational Risk NA</p>		

10 OTHER BUSINESS**11 CONFIDENTIAL****11.1 External Audit Tender Evaluation****Reason for Confidentiality****RECOMMENDATION**

It is recommended to Audit General Committee that:

1. Pursuant to Section 90(2) of the *Local Government Act 1999*, the Committee orders, that the public, with the exception of the Chief Executive Officer, members of the Executive and Management Teams in attendance at the meeting, and meeting secretariat staff, be excluded from attendance at so much of the meeting as is necessary to receive, discuss and consider in confidence, information contained within the confidential report Item 11.1 - External Audit Tender Evaluation, attachments and any associated documentation submitted by the Chief Executive Officer, specifically on the basis of the provisions of Section 90(3)(k) because the information to be received, discussed or considered in relation to this item is information relating to the tenders received for the provision of statutory audit services to the City of West Torrens.
2. At the completion of the confidential session the meeting be re-opened to the public.

12 NEXT MEETING

11 April 2023, 6.00pm in the Mayor's Reception Room.

13 MEETING CLOSE