

CITY OF WEST TORRENS



## **Notice of Committee Meeting**

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

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

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

of the

### **CITY OF WEST TORRENS**

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

on

**WEDNESDAY, 20 JULY 2016**  
**at 6.00 PM**

**Terry Buss**  
**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 recommendations may be altered or changed by the Council in the process of making the formal Council decision.

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**1. MEETING OPENED**

**1.1 Evacuation Procedure**

**2. PRESENT**

**In attendance:**

Mr Michael Kelledy	KelledyJones Lawyers
Ms Sue Curran	Manager Business Services (substantive position - currently Manager Community Services
Mr Tim Mulhauser	Galpins

**3. APOLOGIES**

**4. PRESENTATIONS**

**4.1 Role of Committee - Michael Kelledy, KelledyJones Lawyers**

**4.2 Procurement Roadmap Update - Sue Curran, Manager Business Services**

**5. DISCLOSURE STATEMENTS**

Committee Members are required to:

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

**6. CONFIRMATION OF MINUTES**

**RECOMMENDATION**

That the Minutes of the meeting of the Audit and Risk Committee held on 12 April 2016 be confirmed as a true and correct record.

**7. COMMUNICATIONS BY THE CHAIRPERSON**

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

### **8.1 Open Actions**

#### **Brief**

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

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

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

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#### **Introduction**

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

#### **Discussion**

This report provides an update on the current status of open actions resulting from previous Committee meetings (**Attachment 1**). Of the six (6) outstanding actions, two (2) are complete, two (2) are in progress and two (2) are not required to commence until later this year.

#### **Conclusion**

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



ATTACHMENT 1

**Audit and Risk Committee  
Open actions**

June 2016

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

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
OPEN ACTIONS					
1	<b>Self-Assessment</b> Self-assessment of the Committee to be undertaken each year. Self-assessment sheets to be provided to the Committee members in Sept 2016.	Oct 2016	GMB& CS/ PLIA& R		Annual requirement
2	<b>Presentation of Annual Report</b> The Audit and Risk Committee to present an Annual Report to Council that details the activities and achievements of the Committee.	Sep 2016	GMB& CS/ PLIA& R	Draft Annual Report presented in this agenda.	Annual requirement
3	<b>Legal Advice - Role of the Audit and Risk Committee.</b> Kelledy-Jones Lawyers present to the Committee at its next meeting in relation to the role of the Committee and the application of the conflict of interest provision, particularly in relation to the role being that of advisory and review.	Jul 2016	CEO	Kelledy-Jones Lawyers scheduled to present to the Committee at its 20 July 2016 meeting.	April 2016

## Audit and Risk Committee Open actions

June 2016

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

		Target date	RO	Status		Meeting/s where item originally raised/reported
				Actions taken	Status	
4	<b>LGAWCS KPI Evaluation</b> The Administration to present to the August 2016 meeting of the Committee an internal analysis on the gaps in the Work Health Safety and Injury Management Plan 2014-2017 in relation to training.	Aug 2016	GMCR		Not Started	
<b>COMPLETED ACTIONS</b>						
5	<b>Key Asset Viewing</b> The Chief Executive Officer arrange a viewing of Council's key assets and current projects for interested Committee Members at a mutually agreeable time prior to its 14 June 2016 meeting.	Jun 2016	CEO	Viewing occurred18 June 2016.	Complete	February 2016
6	<b>Budget Assumptions</b> The CEO agreed to include the Budget Assumptions in the minute, as provided via email to the Committee by the GMC&R.	Apr 2016	CEO	Assumptions distributed with the 12 April 2016 minutes.	Complete	April 2016

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

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

#### **9.1.1 Financial Reporting**

##### **Brief**

This report lists those finance related reports which were considered by Council between 06 April 2016 and 19 July 2016

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

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

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##### **Introduction**

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

##### **Discussion**

The following reports were considered by Council/Council Committee between 06 April 2016 and 19 July 2016.

##### **19 April 2016**

- Proposed NRM Levies for 2016/17
- Property Leases
- Council Budget Report - Nine months to March 31 2016
- Mendelson Financial Report March 2016
- Creditor Payments

##### **05 May 2016**

- Adelaide Cobras - Forgiveness of Debt
- Membership to the Australian Coastal Councils Association

##### **17 May 2016**

- Property Leases
- Budget Review - March 2016
- Elected Members Telephones
- Register of Allowances and Benefits - 9 Months to 31 March 2016
- Council Budget Report - Ten months to 30 April 2016
- Taxi Voucher Usage
- Creditor Payments

##### **21 June 2016**

- Investment of St Martins' Sale Proceeds
- Property Leases
- Council Budget Report - Eleven months to May 31 2016
- Creditor Payments
- Public Consultation on the Draft Budget and Annual Business Plan for 2016/17

**05 July 2016**

- Adoption of the Budget and Annual Business Plan and Declaration of the Rates for 2016/17
- Creditor Payments
- Mendelson Financial Report June 2016 Interim

**19 July 2016** (in the Council agenda but not yet considered at the time of finalising this report)

- Creditor Payments
- Mendelson Financial Report June 2016 Interim

**Conclusion**

This report lists those finance related reports which were considered by Council between 06 April 2016 and 19 July 2016.

## 9.2 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

Nil

## 9.3 INTERNAL AUDIT

### 9.3.1 Internal Audit Program Update

#### Brief

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

#### RECOMMENDATION(S)

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

#### Introduction

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

#### Discussion

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

Audit Status	Number
Complete	6
In Progress	5
Due to Commence between Q3-Q4	0
Deferred / Rolled Over	2
<b>Total Audits Programmed (excluding staged audits)</b>	<b>13</b>
Cancelled	2

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

#### Audits Completed

Six (6) of the thirteen (13) programmed audits, which do not include the four (4) staged/facilitative audits, have been completed since July 2015:

No.	Audit Description	Meeting Presented
1.	Roads (Opening and Closing Act) 1991.	August 2015
2.	Local Government Act 1999 - Procedures at Meetings and Access to Meetings and Documents.	August 2015
3.	Third party audit - Vic Roads	Not Applicable
4.	Delegations and Register of Interests	February 2016
5.	Comprehensive - SA Public Health Act 2011 internal	July 2016
6.	Lease Royalties	

*\*The Lease Royalties audit has been completed and will be presented to the October 2016 meeting of the Committee.*

### **Compliance Audits in Progress**

1. The *Lease Management Review of Non-Compliance* internal audit commenced during May 2016.
2. The *Elected Member Payment and Expenses* internal audit commenced during June 2016.
3. *Event Management* internal audit has been scoped to be undertaken by the contract internal auditor commencing in July 2016.

### **Facilitative Audits Underway**

A facilitative audit aims to add value by assisting the stakeholder(s) 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.

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

1. *Debtor Management* - This facilitative audit is in progress, a gap analysis has been undertaken
2. The *Maintenance of Plant and Equipment - City Works* - stage one is currently underway and an update is provided within this agenda.

The Gap Analysis for both facilitative audits is complete and contained in this agenda.

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

A continuous audit is a larger audit with many interrelated components, that may be segmented into key test stages, to track and record assurance/completion and to add value throughout the project/activity over time.

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

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

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

### **Audits Not Started (rolled over into the 2016-17 Annual Audit Program)**

The following two (2) audits are yet to commence and have been rolled over into the 2016-17 Internal Audit Program:

1. Thebarton Community Centre - Conditions of Use and Debtor Receipting
2. Staff Health and Safety - Internal Controls from the Operational Risk Register

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

### **Audits Cancelled**

1. *Turf and Irrigation Audit* - as reported previously to the Committee.
2. *Network Drives Records Management* - Refer to **Attachment 1**.

### ***Audit Plan Progress***

Eleven (11) of the thirteen (13) planned audits are either complete or in progress i.e. 85%. This is the final update for the 2015/-6 Internal Audit Program. It is expected that the three compliance audit in progress will be complete by the first quarter of 2016-2017. The remaining two compliance audits will be carried over to the 2016-17 Internal Audit Program.

### **Conclusion**

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

ATTACHMENT 1

Report as at 30 June 2016

2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
<b>Status of 2014/15 Internal Audits Carried Forward</b>					
1	Roads Opening and Closing Act	To assess the level of compliance with the: <ul style="list-style-type: none"> <li>Roads (Opening and Closing) Act 1991</li> <li>Roads (Opening and Closing) Regulations 2006; and</li> <li>Roads (Opening and Closing) (fees) Regulations 2006</li> <li>Identified opportunities for the introduction of better practices and process improvement</li> </ul>	1	Complete	The Audit, undertaken by the Contract Legal Auditor, is complete and the final report was presented to the August 2015 meeting of the Committee.
2	Local Government Act - Procedures at Meetings and Access to Meetings and Documents.	To assess the level of compliance with the: <ul style="list-style-type: none"> <li>Local Government Act 1999</li> <li>Local Government (Procedures and Meetings) Regulations 2013</li> <li>CWT Statutory Code: <ul style="list-style-type: none"> <li>Code of Practice - Procedures at Meetings</li> <li>Code of Practice - Access to Meetings and Documents</li> </ul> </li> <li>To Identify opportunities for the introduction of better practices and process improvement</li> </ul>	1	Complete	The Audit, undertaken by the Contract Legal Auditor, is complete and the final report was presented to the August 2015 meeting of the Committee.
3	Event Management	<ul style="list-style-type: none"> <li>The review of two significant and one minor event across the organisation since July 2015.</li> <li>Design, undertake and present the results of a stakeholder survey to measure current performance, strengths, weakness and opportunities to improve efficiency.</li> </ul>	3	In Progress	The audit scope is approved to be undertaken by the Contract Internal Auditor. The audit will commence during July 2016.

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

2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		<ul style="list-style-type: none"> <li>Identified opportunities for the introduction of better practices and process improvement.</li> </ul>			
<b>Status of 2015/16 Internal Audits</b>					
4	Delegations and Register of Interests	<p>To assess the:</p> <ul style="list-style-type: none"> <li>Controls to ensure people are not operating outside of delegations.</li> <li>Existence, completeness and accuracy of delegations register and process.</li> <li>Compliance with obligations under: <ul style="list-style-type: none"> <li>Local Government Act 1999</li> <li>Development Act 1993</li> <li>Council Policy: Delegation Process</li> <li>Administration Policy: Sub-delegation Process</li> </ul> </li> <li>Controls to ensure that Elected Members and prescribed officers submit their primary and ordinary returns within the required timeframe.</li> <li>Existence of controls and accuracy of the risk rating for the operational risk 'Failure to declare an interest or conflict of interest by officers, elected members and/or independent members resulting in external agency investigation'.</li> </ul>	1	Complete	The Audit, undertaken as a co-source audit between the Program Leader Internal Audit and Risk and the Contract Auditor is complete. The final report was presented to the February 2016 meeting of the Committee.

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

2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
<b>Assurance Audits</b>					
5	Elected Member Payments and Expenses	<ul style="list-style-type: none"> <li>• Accuracy and completeness of expense reimbursements made to Elected Members.</li> <li>• Appropriateness of expenses incurred by Elected Members which have been reimbursed by CWT.</li> <li>• Submission of appropriate forms and supporting documentation (i.e. tax invoices, expense reimbursement forms) by Elected Members required for the payment of allowances and reimbursement of expenses.</li> <li>• Review of the Register of Allowances and Benefits to ensure all allowances and expense reimbursements reviewed during the course of the internal audit have been completely and accurately captured within the Register.</li> <li>• Agreed actions from the 2012 Elected Member Payment and Expenses Internal Audit have been implemented.</li> </ul>	1	In Progress	<p>An Elected Member Payment and Expenses audit was undertaken by the Contract Internal Auditor during 2012. This audit presented a good level of compliance, offering only two internal audit better practice (zero risk) findings.</p> <p>As a result, this audit is a small desk-top audit based on a modified scope to the 2012 audit. The audit objectives are outlined within this report.</p> <p>It is expected that a brief summary report of audit findings will be presented to the October 2016 meeting of the Committee.</p>
6	Network Drives Records Management	To be defined	4	Cancelled	<p>During the scoping process audit became aware a major project was underway to replace the current records management platform (ECM) with a new platform Objective. By doing so any findings against the current system would immediately become obsolete.</p> <p>As a result approval was granted to replace this</p>

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

## 2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
					audit with an independent Security Services audit to review the organisations information vulnerability. This is a yearlong audit by CQR consulting. The audit scope is attached (Attachment 2) and progress will be reported as part of the 2016/17 Internal Audit Program.
7	Maintenance Plant and Equipment - Operational Sites	<p><b>Stage 1 - Develop Solution Action Plan</b> An objectives and agreed outcomes report will replace the traditional audit findings report. This report will use internal resources to investigate those gaps previously identified and use a 'cause and effect' approach to identify and document:</p> <p><b>Gap Analysis (Internal Work Group)</b></p> <ul style="list-style-type: none"> <li>• What should be done;</li> <li>• What is currently being done;</li> <li>• Significant differences between 'what should' and 'what is' being done;</li> <li>• Assess the current residual risk in respect of continuing to operate in the current state.</li> </ul> <p><b>Outcomes (Internal Work Group)</b> The Audit objectives will be the benchmark from which to develop outcomes (solutions). The work group will design a project plan for management approval which identifies:</p> <ul style="list-style-type: none"> <li>• Proposed solutions against the relevant</li> </ul>	2	In Progress	Phase 1 is in progress. The gap-analysis is presented to the August 2016 meeting of the Committee.

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

2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		<p>audit objective(s);</p> <ul style="list-style-type: none"> <li>An implementation plan which assigns roles, responsibilities, deliverables and timeframes;</li> <li>A future risk assessment reflective of the proposed solution.</li> </ul>			
8	Lease Management Review of Non-Compliances	<p>The review will include, but not be limited to, the following:</p> <ul style="list-style-type: none"> <li>Completeness and accuracy of the property lease and licence register.</li> <li>Process and controls surrounding the management of lease and licences, new lease agreements and lease renewal (including determining terms and conditions of lease agreements).</li> <li>Controls to ensure leases and licences are current and in existence for all eligible properties.</li> <li>Lease and licence fee collection.</li> <li>Sufficiency and adequacy of information flow between City Assets and Financial Services regarding lease terms and conditions, fees payable and debt recovery.</li> <li>Progress/compliance against previous audit findings which were approved by management for implementation.</li> </ul>	3	In Progress	The audit scope is approved to be undertaken by the Contract Internal Auditor. The audit commenced during May 2016.

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

2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
<b>Legislative Audits</b>					
9	Comprehensive - SA Public Health Act, 2011	<p>The objectives of the review are to evaluate and report on the level of compliance with the:</p> <ul style="list-style-type: none"> <li>• South Australian Public Health Act 2011</li> <li>• South Australian Public Health (General) Regulations 2013</li> <li>• South Australian Public Health (Legionella) Regulations 2013</li> <li>• South Australian Public Health (Wastewater) Regulations 2013; and</li> <li>• Opportunities for the introduction of better practices and process improvement</li> </ul>	4	Complete	The Audit, undertaken by the Contract Legal Auditor, is complete and the final report is presented to the August 2016 meeting of the Committee.
<b>Spot Audits</b>					
10	Thebarton Community Centre - Conditions of use and debtor receipting	To be defined	2	Rolled-Over	This audit is deferred to the 2016/17 internal audit plan.
<b>Third Party Audits</b>					
11	Vic Roads Annual Audit	Self-assessment mandated as part of the agreement with Vic Roads	1	Complete	Program Leader Internal Audit and Risk has completed this audit and the report was submitted to Vic Roads on 31 July 2015.
12	Lease royalties	<p>To assess:</p> <ul style="list-style-type: none"> <li>• Third party compliance with maintenance and repair responsibilities under the relevant lease agreements.</li> <li>• The accuracy of royalty payments made during the 2014/15 financial year.</li> <li>• Insurance and Indemnity cover complies</li> </ul>	1	In Progress	The Audit, undertaken by the Contract Auditor, is complete (pending Executive review). The final report will be presented to the August 2016 meeting of the Committee.

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

2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		with the lease agreement.			
<b>WHS Audits</b>					
13	Staff Health and Safety - Internal Controls from the Operational Risk Register	To be defined	4	Deferred	This audit is deferred to the 2016/17 internal audit plan. The WHS team has implemented departmental hazard registers and WHS risks are largely captured within this register. This audit is planned for re-scoping in order to assess the veracity of internal controls within each departments hazard register.
<b>Facilitative Audits</b>					
14	Debtor Management	<p>Stage 1: The objectives of the audit are to work with stakeholders to:</p> <ul style="list-style-type: none"> <li>Undertake a risk assessment against the process of debt management in its current state.</li> <li>Undertake high level benchmarking of debt management policies and debt ratios within the local government sector to propose methodologies which are effective and efficient in managing debt.</li> <li>To assess the current state of debt management and document a risk-based gap analysis which proposes findings for implementation.</li> </ul> <p>Stage 2: The objectives of the audit are to work with stakeholders to:</p> <ul style="list-style-type: none"> <li>Develop debt management policy/methodology content including documenting the processes for debt</li> </ul>	3	Not Started	The audit scope is approved to be undertaken by the Contract Internal Auditor. The audit commenced during May 2016.

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

## 2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		<ul style="list-style-type: none"> <li>escalation, recovery, waiver or write off.</li> <li>Develop a technical specification to quote for services with reference to correcting those gaps and/or control weaknesses identified and/or review options available through pre-existing purchasing panels.</li> </ul>			
<b>Staged Audits</b>					
15	Continuous Audit - Procurement Roadmap (Stage 2).	<p>Stage 2 objectives seek to assess the completeness of delivering procurement information, defining roles and responsibilities and the provision of procurement training. In addition, progress against the agreed actions identified in Stage 1 and the overall progress against the Roadmap will be assessed.</p> <p><b>Intranet/Information availability - the audit will determine the:</b></p> <ul style="list-style-type: none"> <li>level of consultation</li> <li>ease of obtaining relevant procurement / contractor management information</li> <li>sufficient evidence of probity of process (documentation and reporting)</li> <li>availability of contracts documents and templates</li> </ul> <p><b>Roles and responsibilities - the audit will assess the:</b></p> <ul style="list-style-type: none"> <li>Roles and responsibilities are available and understood</li> <li>Sufficiency of training to undertake</li> </ul>	Staged Audit	Stage 2 Not Started	

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

## 2015/16 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		procurement activity in accordance with the procurement policy and using the procurement processes, contracts and templates.			
16	Internal Controls Self-Assessment	Stage one - propose a risk based approach to the financial internal control self-assessment for the approval of the Executive and subsequently negotiation with the external auditors. Stage one aims to reduce the number of controls requiring self-assessment and review.	Staged	In Progress	<p>The Program Leader Internal Audit and Risk is working collaboratively with the Manager Financial Services and Galpins to review the Internal Controls Self-Assessment methodology.</p> <p>It is proposed that by promoting a risk based approach to the self-assessment that a significant reduction in the control self-assessment library can be achieved. Galpins has demonstrated successful outcomes for another metropolitan Council.</p> <p>This methodology will be presented to the Executive for approval and reported through the committee.</p>

	Not Started	In Progress	Complete	Deferred	Cancelled
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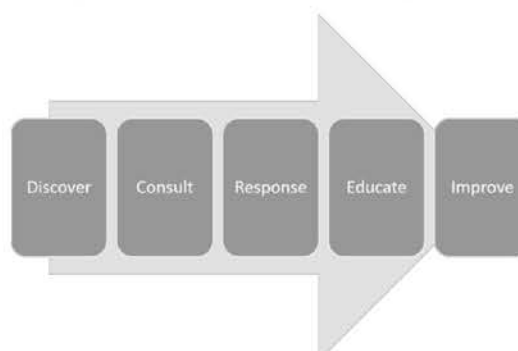
ATTACHMENT 2



Short-form Proposal

Project Overview			
Client:	City of West Torrens	Project Title:	SME Security Services
Client Contact:	Christopher James	Proposal Date:	04/06/2015
Project Code	ADL-CWT-15-2957	Contract Period:	12 months
Account Manager:	Grant Hughes	Proposal Version:	1.1
Project Cost:			

Project Detail					
Background and Objectives:	<p>For over a decade, larger organisations have been investing significant resources to securing their information. As a consequence they have made it much harder for criminals to obtain their information.</p> <p>Smaller organisations hold much of the same valuable information as large organisations, and are now a much more attractive target for these criminals.</p> <table> <tr> <th>What is your information?</th><th>Who is impacted?</th></tr> <tr> <td> <ul style="list-style-type: none"> <li>Intellectual property</li> <li>Strategic planning</li> <li>Financial information</li> <li>Marketing material</li> <li>Competitor analysis</li> <li>Internal budgets/finances</li> <li>Price lists/Margins</li> <li>Customer information</li> <li>Other confidential information</li> </ul> </td><td> <ul style="list-style-type: none"> <li>Your customers/clients</li> <li>Your employees</li> <li>Your ex-employees</li> <li>Your partners</li> <li>Statutory bodies</li> <li>Government</li> <li>Media</li> <li>Your competitors</li> <li>You</li> </ul> </td></tr> </table> <p>This program will assist City of West Torrens to identify and manage risk and will help to increase the organisation's security posture. The SME Security Services program is an annual service designed to cover the following five categories;</p>	What is your information?	Who is impacted?	<ul style="list-style-type: none"> <li>Intellectual property</li> <li>Strategic planning</li> <li>Financial information</li> <li>Marketing material</li> <li>Competitor analysis</li> <li>Internal budgets/finances</li> <li>Price lists/Margins</li> <li>Customer information</li> <li>Other confidential information</li> </ul>	<ul style="list-style-type: none"> <li>Your customers/clients</li> <li>Your employees</li> <li>Your ex-employees</li> <li>Your partners</li> <li>Statutory bodies</li> <li>Government</li> <li>Media</li> <li>Your competitors</li> <li>You</li> </ul>
What is your information?	Who is impacted?				
<ul style="list-style-type: none"> <li>Intellectual property</li> <li>Strategic planning</li> <li>Financial information</li> <li>Marketing material</li> <li>Competitor analysis</li> <li>Internal budgets/finances</li> <li>Price lists/Margins</li> <li>Customer information</li> <li>Other confidential information</li> </ul>	<ul style="list-style-type: none"> <li>Your customers/clients</li> <li>Your employees</li> <li>Your ex-employees</li> <li>Your partners</li> <li>Statutory bodies</li> <li>Government</li> <li>Media</li> <li>Your competitors</li> <li>You</li> </ul>				





#### Project Detail

**Project Scope & Methodology:**

The scope of the program is to provide the following services over the length of the contract period, beginning from the delivery of the first Vulnerability Discovery assessment. The program includes:

**Vulnerability Discovery**

Perform an initial vulnerability assessment by scanning your external facing environment to identify any vulnerability.

**Vulnerability Consultation**

An executive summary of the Vulnerability assessment will be provided to your organisation. This will be accompanied by a phone consultation with one of our information security specialists to discuss the results and outcomes.

**Security Incident Response**

If a Security incident occurs, support will be provided over the telephone during normal business hours (9am-5pm) for the duration of the contract

- First 15 minutes with consultant advice: No charge.
- Subsequent 15 minutes intervals: \$60.00

**Information Security Awareness**

A subscription for our 'BeSecuritySmart' information security awareness videos will be included for your employees for the contract period. The CQR BeSecuritySmart program consists of a suite of videos covering a broad range of issues that confront organisations and users every day. The videos feature animation and talking head visuals. The topics covered in the awareness videos are:

Video	Topic
1	Introduction to Information Security
2	Protecting Your Digital Identity
3	Passwords
4	Bring Your Own Device
5	Safe Internet Use
6	Email Security
7	Scams and Social Engineering
8	Workplace Security
9	Information Security at Home
10	Handling Sensitive Information
11	Mobile Phone and Tablets
12	Laptop Security
13	Security Incidents
14	Social Media

These videos have regular updates to incorporate new security practices and changes to the threat landscape. Each video comes with Q&A document for use in staff assessments and all videos include a subtitled version.





## Project Detail

### Audit and Continuous Improvement

Enable your organisation to understand the improvements that have been made during the year.

- | Conduct a second vulnerability assessment scan of your external facing environment;
- | The executive summary letter will be updated to reflect the changes; and
- | Conduct a one hour phone consultation with one of our information security specialists to discuss the results of the vulnerability assessment.

The following is not in the scope of this project:

- | Support for the remediation of identified vulnerabilities is not within the scope of this proposal however recommendations are made in the scan results.

### Project Assumptions:

The following project assumptions have been made:

- | City of West Torrens will provide its external IP addresses and associated FQDN (Fully Qualified Domain Name) prior to the first scan;
- | All work is remote and via email and telephone etc. (unless otherwise agreed); and
- | The information security awareness videos will be provided on a USB drive to City of West Torrens. It is the responsibility of City of West Torrens to distribute to end users in a manner suitable to its environment.
- | The initial point of contact for the security incident response services is your CQR account manager.
- | Onsite incident response will be provided with a "best effort" SLA at a rate of \$350 per hour, minimum of 2 hours. Should ongoing support extend beyond normal business hours then rates are subject to 50% uplift for the period of after-hours work.

### Project Constraints:

The following project constraints have been identified:

- | All services including the information security awareness video licencing expire after the contract period and can be separately renewed to continue after this period;
- | These services only apply to organisations with up to 200 full time employees;
- | The vulnerability scans are for up to 10 external facing (public) IP / FQDN combinations (there can be multiple FQDNs associated with a single IP);
- | City of West Torrens (and any applicable 3<sup>rd</sup> party hosting providers) must complete a Vulnerability Assessment Authorisation (VAA) form prior to the vulnerability assessment scan commencing; and
- | City of West Torrens must sign the information security awareness video licencing terms and conditions prior to taking delivery of the videos.
- | Incident Response calls will be completed by nominated contacts and not for the general purpose of employees.





### Project Detail

**Project Risks:** Where a 3<sup>rd</sup> party hosting provider exists, they may refuse to agree to a vulnerability assessment.

**Deliverables:** The following lists the core deliverables over the over the contract period.

- Two reports per year detailing the detected vulnerabilities from each vulnerability assessment;
- Two executive summary letters per year documenting the key findings from each vulnerability assessment;
- Phone consultation with one of our information security specialists to discuss the results of each vulnerability assessment, up to one hour;
- All of the BeSecuritySmart information security awareness videos; and
- Telephone incident response, first 15 minutes complimentary

**Invoicing Conditions:** The following invoicing options are available:

- Monthly instalments via a scheduled direct debit, with the first instalment payable on proposal acceptance; or
- \$5,000 excl. GST upfront on proposal acceptance.

### Project Approval Signoff

**Client:** City of West Torrens

**Project Title:** SME Security Services

**Project Code:** ADL-CWT-15-2957

**Proposal Version:** 1.0

**Client Sponsor Signature:**

**Client Sponsor Name:**

**Date:**



### 9.3.2 Progress Report - Internal Audit Recommendations and Actions

#### Brief

This report presents progress against those internal audit recommendations that have been approved for actioning, as at 30 June 2016.

#### RECOMMENDATION(S)

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

#### Introduction

The Internal Audit Recommendation and Action Progress Report (Report) is presented on a six-monthly basis to the Audit and Risk Committee (the Committee). This Report details the status of all internal audit recommendations that have been assessed as being within residual risk tolerance level of moderate or below and that have been approved by the relevant manager for non-priority actioning (Actions).

#### Discussion

The Report for the period 1 Jan 2016 to 30 June 2016 is attached (**Attachment 1**).

At the commencement of this review period, there were a total of (38) actions approved for non-priority actioning. The status of these actions is summarised in the table below:

Status	Number
Not Started	12
In Progress	18
Complete	8
<b>Total Actions</b>	<b>38</b>
<b>Outstanding Actions</b>	<b>30</b>

Completed Actions are shown as bronze in **Attachment 1** with those actions in-progress not shaded and those not started shown in yellow.

Eight (8) of the total actions were completed with good progress being made against the (18) eighteen identified as 'in progress'. Of the (12) twelve actions not started, all are long term actions which are aligned to the next policy review date (which could be within the next four/five years). Of the (18) eighteen actions in progress, (16) sixteen have exceeded/extended the original target date by greater than twelve months however, it is important to note that all of these actions are within the City of West Torrens' tolerance level and therefore non-completion of these actions results in no material impact on the risk exposure of the organisation.

#### Conclusion

The six monthly Internal Audit Recommendation Action Progress Report details the status of those thirty-eight (38) internal audit recommendations that were approved for non-priority actioning of which 26 (68%) are either complete or in progress.

ATTACHMENT 1

Internal Audit Recommendation and Action Progress Report

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
<b>Asset Management</b>							
1.	<u>Updating of Unit Rates in Conquest</u> Request from Conquest the functionality to automatically upload in bulk Conquest "knowledge base" master file details such as unit rates, useful lives, etc.	Agree	Manager City Assets	Better Practice	Better Practice	Jun 2014 Mar 2016 Dec 2016	In Progress Still awaiting further advice from Conquest Solutions. To be looked at during next software upgrade. Timing yet to be advised.
<b>Building Inspection Agreed Action Report</b>							
2.	<u>Inspection follow ups</u> An inspection register for swimming pools is created and maintained. Details in the register should be sufficient to manage and monitor the inspection of swimming pools within statutory time frames, monitor timing and progress of follow up inspections, and facilitate the follow up of notifications not received (see finding 2.6).	With the next upgrade of Pathway we will be able to add a component to the inspections workflow that upon recording an "unsatisfactory" inspection, Pathway will automatically program a future inspection and then send email reminders that it is due	Manager City Development	Moderate	Moderate	2015 Dec 2016	In Progress This workflow is in the process of being built in partnership with the Information Services Department.
3.	<u>Monitoring - owner-builder</u> inspections Targets and statistics related to inspections of building work not being undertaken by a licensed building work	This information is currently generated, reviewed and reported six monthly. The Manager will communicate with the Information	Manager City Development	Better Practice	Better Practice	Feb 2015 Dec 2016	In Progress On-going

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	contractor are communicated to building inspectors.	Technology Team to facilitate a monthly report, in-line with the timing of other inspection reports.					
4.	<u>Inspection requirements</u> Remove this inspection requirement from the policy (i.e. remove from part 11 "Appendix - Inspection Requirements Summary Table").  Include this risk factor as a selection criteria in part 6.6.2 of the Building Inspection Policy.	Agree with recommendation, will include the recommendation at time of next Building Inspection Policy review	Manager City Development	Better Practice	Better Practice	Mar 2018	Not Started  Policy scheduled for review March 2018
5.	<u>Inconsistencies between policy and practice</u> These inconsistencies between policy and actual practice are reviewed with a view to either amending the policy, or confirming that the policy reads as intended and amending practice.	The annual report, reports on the financial year, will include a recommendation to change the definition of year to financial year at time of next Building Inspection Policy review  The second dot point is incorrect, re-inspections are recorded in the Pathway system but are not "counted" in the inspection statistics	Manager City Development	Better Practice	Better Practice	Mar 2018	Not Started  Policy scheduled for review March 2018

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
6.	<b><u>Recording Inspection Results</u></b> Consideration is given to the use of tablet technology to record inspection results in real time.  The cost-benefit of this technology would need to be carefully considered.	Currently trialling the use of tablets to enter inspection results directly into Pathway whilst performing inspections	Manager City Development	Better Practice	Better Practice	Dec 2015  Dec 2016	In Progress  On-going
7.	<b><u>Credit Cards</u></b> <b><u>Issuing of Credit Cards</u></b>  This is monitored to ensure sufficient time to receive, read and understand the Bank (Credit) Card Conditions of Use occurs.  Or  The Bank (Credit) Card Conditions of Use requirement is modified to remove the requirement to 'read' and 'understand'. This requirement could be captured in a new bullet point to mandate an agreement to comply with the requirements of the Bank Card Conditions of Use.	Consider modifying the requirement at next policy review.  Assessed as Better Practice because ultimately the employee will be issued with the credit card terms and conditions when the card is presented.  This is assessed as a low risk therefore tolerable with the recommendations being better practice in nature Actions. Consequently, the recommended actions are not	Manager Financial Services	Low	Better Practice	Oct 2017	Not Started  No action considered necessary. To be considered at next policy review.

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	subject to priority actioning.					
<p><b>8. <u>Reconciliation of cardholder agreements with the Credit Card Register</u></b></p> <p>1. The special conditions listed on the Credit Card Register are reconciled against the individual card holder agreements and CEO approvals</p> <p>2. Where the conditions are incorrect the credit card register should be updated.</p> <p>Cardholder agreements are completed if substantial change to the Policy otherwise a 5 year cycle and when subsequent (up dated) authorisation is given to alter card conditions and or limits.</p>	<p>Consider implementing a new agreement each time a credit card expires and a new card is issued i.e. every 3 years. This will ensure reconciliation and currency of the credit card register.</p> <p>This is assessed as a low risk therefore tolerable with the recommendations being better practice in nature Actions. Consequently, the recommended actions are not subject to priority actioning.</p>	Manager Financial Services	Low	Low	Ongoing	<p><b>Not Started</b></p> <p>To consider at next Policy review.</p>

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
<b>9. <u>Management of Information</u></b> Consider improving the link between the Policy and the cardholder register by prescribing what information should be recorded.  To facilitate s5.1.3 the register should include the DWX ID of, at a minimum, the current cardholder agreements. (Note - This information is largely available as part of the internal audit evidence).  A consistent manner of ECM registration be applied with links to: Subject Index - Banking Matters (or consistent with recommendation 2.1) HR Employee Index - (Name of employee). Customer - CBA Credit Cards.	1. Consider modifying the requirement at next policy review.  2. Successful implementation of recommendation 3 would eliminate the need to record DWX ID numbers.  3. Roll-out a consistent approach to registration as new credit card agreements are entered into.	Manager Financial Services	Better Practice	Better Practice	1. Oct 2017  2. N/A  3. Ongoing	<b>Not Started</b>  To consider at next Policy review.

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
<b>10. <u>Cardholder Expenditure Summary (Distribution and Return).</u></b> 1. The Cardholder Expenditure Summary is modified to record, at a minimum, the date of authorisation. If this deadline is fundamental to good governance, then consideration is given to capturing all dates required to reconcile distribution/returns against Policy. 2. Policy is either enforced to ensure compliance with the Policy or and perhaps more appropriately, this requirement is amended to a more achievable deadline. For example replacing the specific day measures with the term 'reasonable' and defining reasonable within the Policy.	Consider modifying the requirement at next policy review.	Manager Financial Services	Better Practice	Better Practice	Oct 2017	Not Started  To consider at next Policy review.

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
11.	<b><u>Better Practice Recommendation Related to Policy</u></b> Various Better Practice Recommendations as outlined in the better practice table	Consider modifying the requirement at next policy review.	Manager Financial Services	Better Practice	Better Practice	Oct 2017	<b>Not Started</b>  To consider at next Policy review.
12.	<b><u>Debtors</u></b> <b><u>Lack of verification to ensure completeness and accuracy of fees and charges applied</u></b> It is recommended that City Assets that a process be implemented by the Manager City Assets (in consultation with Financial Services) for the review and reconciliation of amounts charged for event and function bookings to ensure fees and charges applied are in accordance with the approved schedule.	A process will be developed and implemented for the review and reconciliation of amounts charged for event and function bookings to ensure fees and charges applied are in accordance with the approved schedule.	Manager City Assets			<del>Sep 2013</del> <del>March 2013</del> June 2016	<b>Complete</b>  Cummins House booking module has been developed and is being used effectively.
13.	<b><u>Delegations and Register of Interests</u></b> <b><u>Develop a cost-benefit analysis to confirm CWT's preferred approach to administering delegations. This</u></b>	An automated electronic system licence purchased for the creation and update of	Team Leader Governance	Low	Low	<del>Jan 2016</del>	<b>Complete</b>  New system implemented.

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	<p>should determine whether CWT will:</p> <ul style="list-style-type: none"> <li>continue with the current approach of using the Governance team to develop and update the delegations frameworks (with some process efficiencies discussed in the following recommendation), and/or</li> <li>consider implementation of a system aimed at automating the delegations and sub-delegations process.</li> </ul>	delegations and sub-delegations to ensure better accuracy and reduce the risk of errors.				June 2016	Review presented to 7 June 2016 Council Meeting
14.	Update the delegations framework to ensure that errors identified in audit testing (relating to the Development Act and Public Health Act) are rectified.	<p>Risk assessed as low and errors to be amended at next delegations review. However, new external delegations system being implemented as per 2.1 above. System has 'track changes' function so amendments are clearly traceable.</p> <p>CEO delegations report to council to provide mention of</p>	Team Leader Governance	Low	Low	Jan 2016 June 2016	<p><b>Complete</b></p> <p>New system implemented. Review presented to 7 June 2016 Council Meeting. Errors corrected.</p>

Not Started	In Progress	Complete
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Internal Audit Recommendation and Action Progress Report

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
		any legislation that is available for delegated but has not been delegated (or removed from CEO delegations) to CEO to provide complete review of all delegations.					
15.	<u>Update the sub-delegations framework to ensure that errors identified in audit testing are rectified.</u> In addition, ensure that the errors identified in letters sent to sub-delegates are addressed. <i>(Note: Audit considers that if any of the issues identified are of a minor or inconsequential nature, it is sufficient to document that no further action is needed in these instances).</i>	While no further action is required, the implementation of an automated electronic system has commenced which ensures a higher level of accuracy and reduces the risk of future errors.	Team Leader Governance	Low	Low	<del>Mar</del> 2016 June 2016	<b>Complete</b> New system implemented. Review presented to 7 June 2016 Council Meeting. Errors corrected.
16.	<u>To shorten the delay in enacting sub-delegations. Governance should consider:</u> • shortening the timeframe for return	New automated system renders this recommendation obsolete. Process amendments to be	Team Leader Governance	Moderate	Moderate	<del>Mar</del> 2016 June 2016	<b>Complete</b> New system implemented resulting in minimal delay in process.

Not Started	In Progress	Complete
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Internal Audit Recommendation and Action Progress Report

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
<p>of signed letter, or</p> <ul style="list-style-type: none"> <li>changing the letter to advise staff that the new delegations are effective from a defined date, eliminating the need for signed acceptance of each letter.</li> </ul> <p>In addition, to improve the efficiency/ reduce the risk of error when manually creating letters, consider streamlining this process by:</p> <ul style="list-style-type: none"> <li>Sending generalist letters or emails that direct staff to view their sub-delegations on the approved sub-delegation framework. This would eliminate the need to tailor letters, or</li> </ul> <p>Sending letters to each sub-delegate, but attaching a filtered list from the sub-delegations framework relevant to each person. This would reduce the need to manually transcribe details between the framework and letter.</p>	considered in next Delegations review.					

Not Started	In Progress	Complete
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## Internal Audit Recommendation and Action Progress Report

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	<b>Expiation of Offences Act 1996</b>						
17.	That Council amend the following <u>Polices and Standard Operating Guidelines to reflect relevant changes to the EO Act.</u>	Change policy as part of review	Manager Regulatory Services	Moderate	Moderate	Sep 2015 Mar 2016	Complete Endorsed by Council 15 March 2016
	<u>Expiation Notice Review Policy</u>						Complete
	<ul style="list-style-type: none"> <li>Paragraph 5.3.4 – references to the Fines Payment Unit of the Courts Administration Authority and the Registrar of the Magistrates Court or Youth Court must be updated to refer to the Fines Enforcement and Recovery Officer.</li> <li>Paragraphs 5.4.1, 5.4.2, 5.5.1 and 5.5.2 – references to the court must be updated to refer to the Fines Enforcement and Recovery Officer and updated to reflect the new legislative process.</li> </ul>						
	<u>Standard Operating Guideline 3</u>	Change SOGs as per recommendation					Complete
	<ul style="list-style-type: none"> <li>Paragraph 5.2 – Table must be updated to refer to the new legislative provisions.</li> </ul>						

Not Started				
In Progress				
Complete				



**Internal Audit Recommendation and Action Progress Report**

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
<ul style="list-style-type: none"> <li>Paragraph 6.4 – paragraph and flow-chart must be updated to refer to new legislative provisions and the referral to the Fines Enforcement and Recovery Officer.</li> <li>Paragraph 6.6 – paragraph must be updated to refer to new legislative provisions and the referral to the Fines Enforcement and Recovery Officer.</li> <li>Template Expiation Notices, Reminder Notices, Enforcement Warning Notices, Final Notice and court forms are outdated and must be replaced to reflect documents currently in use (as recommended to be amended by this Report).</li> </ul>	Change SOGs as per recommendation					Complete
<u>Standard Operating Guideline 5</u>						
<ul style="list-style-type: none"> <li>Paragraph 4.2 – Table must be updated to refer to the new legislative provisions.</li> <li>Paragraph 6.6 – paragraph must be updated to refer to new legislative provisions and the referral to the Fines Enforcement and Recovery</li> </ul>						

Not Started	In Progress	Complete
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Internal Audit Recommendation and Action Progress Report

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	<p>Officer.</p> <ul style="list-style-type: none"> <li>Template Expiration Notices, Reminder Notices, Enforcement Warning Notices, Final Notice and court forms are outdated and must be replaced to reflect documents currently in use (as recommended to be amended by this Report).</li> </ul>						
18.	<p><u>That Council amend the following Standard Operating Guideline to reflect relevant changes to legislation:</u></p> <p><u>Standard Operating Guideline 1</u></p> <p>Paragraph 4.1.6 should be updated to refer to the new Employee Code of Conduct and the mandatory reporting requirements related to misconduct, maladministration and corruption arising under the Guidelines issued under <i>Independent Commissioner Against Corruption Act 2012</i>.</p>	Change SOGs as per recommendation	Manager Regulatory Services	Low	Low	<del>Jan</del> 2015 Mar 2016	Complete
19.	<p><u>Council amends the Expiration Notice Review Policy to include reference to the:</u></p>	Change Policy as per recommendation	Manager Regulatory Services	Low	Low	May 2015	Complete

Not Started	In Progress	Complete
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Internal Audit Recommendation and Action Progress Report

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	<ul style="list-style-type: none"> <li>Australian Road Rules; and</li> <li>Private Parking Areas Act 1986.</li> </ul>					Mar 2016	Endorsed by Council 15 March 2016
	Liquor Licence Act 1997						
20.	<p><u>Intervention by Council in proceedings before the licensing authority under Section 76 of the LL Act.</u></p> <p>The Council amend its Liquor Licensing Policy to clarify:</p> <ul style="list-style-type: none"> <li>the broad nature of its power of intervention under Section 76A of the LL Act;</li> <li>the circumstances under which it will be exercised; and</li> <li>the situations where the Council will seek to gather and adduce evidence or make representations in respect of questions before the authority.</li> </ul> <p>Such amendments should:</p> <ul style="list-style-type: none"> <li>have regard to the requirements</li> </ul>	At the time of the next Liquor Licensing Policy review, we will ensure that the recommendations are factored in.	Manager City Development	Moderate	Moderate	Nov 2016	Not Started Policy Review is scheduled for November 2016

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
<p>that the licensing authority must be satisfied of before granting a licence provided for in Sections 57, 60, 68 and 68 of the LL Act respectively;</p> <ul style="list-style-type: none"> <li>indicate the circumstances under which the Council will undertake internal consultation (i.e. with the Mayor, relevant Elected Members and Senior Staff) in respect of applications other than Limited Licence Applications;</li> <li>indicate the triggers that would require a report to be prepared for consideration by full Council;</li> <li>indicate the circumstances under which the Council will undertake external consultation with the community or other stakeholders in order to inform itself as to the matters listed in Sections 57, 60, 68 and 68 of the LL Act (where relevant) and the types of consultation that may be considered;</li> </ul>						

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	<ul style="list-style-type: none"> <li>detail any external/internal evidence/record gathering activity that can/shoud be undertaken in respect of applications including review of the Council's development approval database and Local Government Act permit/approval database or attendance at premises for on-site inspections;</li> <li>confirm the Council's role in maintaining and pursuing objections before the licensing authority where appropriate planning, local government or its landlord consent is not provided with reference to the matters listed in Sections 57, 60, 68 and 68 of the LL Act;</li> <li>provide guidance to the Council's delegate as to when applications can be conciliated, or where applications must be pursued to full hearing/appeal.</li> </ul> <p>Council could also develop a procedure and/or flow-chart to document its intervention processes under Section</p>						

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
21.	<p>76A of the LL Act instead of, or in addition to, making the suggested amendments to its Policy.</p> <p><b><u>Complaints about noise etc emanating from licensed premises.</u></b></p> <p>The Council amend its Liquor Licensing Policy to clarify:</p> <ul style="list-style-type: none"> <li>the broad nature of its power of complaint under Section 106 of the LL Act;</li> <li>the circumstances under which it will be exercised.</li> </ul> <p>Such amendments should:</p> <ul style="list-style-type: none"> <li>have regard to the circumstances provided for in Section 106(1)(a) and (b) that activate the Council's power to make a complaint;</li> <li>provide for thresholds or indicia to assist in the determination as to whether a complaint should be made under the Section;</li> </ul>	At the time of the next Liquor Licencing Policy review, we will ensure that the recommendations are factored in.	Manager City Development	Moderate	Moderate	Nov 2016	Not Started  Policy Review is scheduled for November 2016

Not Started	In Progress	Complete
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Internal Audit Recommendation and Action Progress Report

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
<ul style="list-style-type: none"> <li>provide for consultation with South Australia Police, as another authority with power to lay such a complaint;</li> <li>indicate the circumstances under which the Council will undertake internal consultation with senior staff or refer the matter to full Council before commencement;</li> <li>detail any external/internal evidence/record gathering activity that can/should be undertaken before a complaint is made;</li> <li>provide guidance to the Council's delegate as to when applications can be conciliated, or where applications must be pursued to full hearing/appeal;</li> <li>indicate the types of orders or additional conditions that could be sought by the Council in order to resolve any conciliation or upon the finalisation of any hearing</li> </ul> <p>Council could also develop a procedure</p>						

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	and/or flow-chart to document its processes under Section 106 of the LL Act and the grounds under which complaints may be made.						
22.	<p><b><u>Disciplinary action before the Court.</u></b></p> <p>The Council amend its Liquor Licensing Policy to clarify:</p> <ul style="list-style-type: none"> <li>the nature of its power of complaint under Section 120 of the LL Act;</li> <li>the circumstances under which it will be exercised.</li> </ul> <p>Such amendments should:</p> <ul style="list-style-type: none"> <li>have regard to the relevant circumstances provided for in Section 119(1) (b)(ii), (b)(iii), (b)(iv), (b)(v), (b)(viii), (d)(ii), (d)(iv), (d)(v) or (e) that activate the Council's power to make a complaint;</li> <li>provide for thresholds or indicia to assist in the determination as to</li> </ul>	At the time of the next Liquor Licensing Policy review, we will ensure that the recommendations are factored in.	Manager City Development	Moderate	Moderate	Nov 2016	Not Started Policy Review is scheduled for November 2016

Not Started	In Progress	Complete
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Internal Audit Recommendation and Action Progress Report

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
<p>whether a complaint should be made under the Section;</p> <ul style="list-style-type: none"> <li>provide for consultation with South Australia Police or the Commissioner, as other authorities with power to lay such a complaint;</li> <li>indicate the circumstances under which the Council will undertake internal consultation with senior staff or refer the matter to full Council before commencement;</li> <li>detail any external/internal evidence/record gathering activity that can/should be undertaken before a complaint is made;</li> <li>indicate the types of orders or additional conditions that could be sought by the Council under Section 121 of the LL Act upon the finalisation of any hearing.</li> </ul> <p>Council could also develop a procedure and/or flow-chart to document its</p>						

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	processes under Section 120 of the LL Act and the grounds under which complaints may be made.						
	<b>Procurement Roadmap - Continuous Audit (Stage 1)</b>						
23.	<b><u>Draft Procurement Policy</u></b> Consider including a requirement in the draft procurement policy for acquisition plans to be developed prior to conducting a procurement exercise, for example for high risk and/or high value procurement. This may assist in ensuring that procurement is transparent, rigorously planned, scoped and approved prior to market approach.  Inclusion of this requirement must be balanced against efficiency considerations and CWT's other existing methods for approving procurement.	Agree with the recommendation, Acquisition strategies to be developed for high value procurements. It is anticipated a position will be implemented within 12 months.	Senior Strategic Procurement Officer	Moderate	Moderate	Feb 2016 Oct 2020	Not Started  Moderate risk. The recommendation will be considered during the next scheduled Policy review.
24.	<b><u>Draft Procurement Policy</u></b> Clarify or strengthen requirements in the draft procurement policy around documentation and approval	Agree with the recommendation. Need to determine appropriate mechanism for implementing so as to minimise the	Senior Strategic Procurement Officer	Moderate	Moderate	Sept 2015 Dec 2016	In Progress  Procurement has developed a form which documents exception to

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	<p>requirements when exemptions from the policy are required in approaching the market. For example, what approval (if any) is required when officers wish to:</p> <ul style="list-style-type: none"> <li>enter into direct negotiation with a supplier instead of releasing a Request for Tender</li> <li>obtain a reduced number of quotes than the standard</li> <li>use an alternative procurement method than that identified in the policy</li> <li>etc.</li> </ul> <p>This will assist in demonstrating probity in line with ICAC requirements.</p>	administrative effort.					<p>policy requests and approvals at the commencement of the procurement process.</p> <p>Prior to implementation feedback will be sought from key stakeholders.</p>
25.	<p><b><u>Purchase Orders</u></b></p> <p>Publish the CWT's terms and conditions for low value purchases on an internet site. Include a link to this site on all Purchase Orders.</p> <p>Remind staff of the importance of providing suppliers with a complete</p>	Agree with the recommendation, this is low risk when assessed against the CWT Risk Matrix (likelihood & consequence) and will be actioned within twelve months.	Senior Strategic Procurement Officer	Moderate	Low	<p>Mar 2016</p> <p>Dec 2016</p>	<p><b>In Progress</b></p> <p>The procurement pages on the website are currently under review with a focus on promoting supplier information. Terms of conditions and standard contract</p>

Not Started	In Progress	Complete
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Internal Audit Recommendation and Action Progress Report

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	listing of terms and conditions.						documents will be uploaded to the CWT webpage by December 2016.
	<b>Property Lease and Licence Management</b>						
26.	<p><u>Absence of documented policy and procedure for the management of property leases and licences.</u></p> <p>It is recommended that the council documents the process and controls in relation to property lease and licence management including, but not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Entering into new lease or licence agreements</li> <li>• Renewing lease or licence agreements</li> <li>• Recording leases and licences</li> <li>• Resolving disputes in relation to lease or licence</li> </ul>	<p>Draft policy and documents to be presented to Council for approval</p> <p>Initial meeting convened with Senior Property Assets Advisor, Manager City Assets and General Manager City Assets to consider fundamental outcomes/principles being sought from the leasing and licensing of properties owned by CWT.</p>	Manager City Assets			<p>Aug 2013</p> <p>Feb 2016</p> <p>Dec 2016</p>	<p><b>In Progress</b></p> <p>Interim processes and proforma have been developed and agreed with Manager Finance where finance will independently verify calculations made by City Assets staff prior to adjusting rentals and advising tenants.</p> <p>Interim Processes to become embedded and enhanced within new</p>

Not Started	In Progress	Complete
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Internal Audit Recommendation and Action Progress Report

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	<ul style="list-style-type: none"> <li>Invoicing lease and licence holders</li> <li>Reporting of information between City Assets, Financial Services and Management. Managing the Lease and licence register.</li> <li>Providing templates for the preparation of agreements</li> </ul> <p>Storing lease and licence agreements in a secure location.</p>						Pathway licensing Module.
27.	<p><u>Absence of policy and procedure and supporting documentation to ensure the compliance of lessees with leases</u></p> <p>The council documents the process and controls in relation to ensuring compliance by lessees with lease agreements and maintains a register of supporting documentation to support the follow up of lessees.</p>	<p>Policy and documentation (if applicable) to be presented to Council for approval</p> <p>Initial meeting convened with Senior Property Assets Advisor, Manager City Assets and General Manager Urban Services to consider fundamental outcomes/principles being sought from the leasing and licensing of properties owned by CWT.</p> <p>Much of the initial work undertaken by the new incumbent involved gaining an</p>	Manager City Assets			<p>Aug 2013</p> <p><del>Jun 2016</del></p> <p>Dec 2016</p>	<p>In Progress</p> <p>Reconciliation completed. Interim processes and proforma have been developed and agreed with Manager Finance where finance will independently verify calculations made by City Assets staff prior to adjusting rentals and advising tenants.</p> <p>Interim processes to become embedded and enhanced within new Pathway licensing Module.</p>

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	<p>appreciation of the various leases, terms and conditions, tenure etc, and development of a temporary lease/licence register to enable reconciliation with the existing debtor system held in pathway and confirm lease/licence commencement and expiry dates, responsibility for outgoings etc. Administration is still in the process of evaluating a number of options for a long term property register and is seeking to develop linkages between this document and other corporate information portals/products (e.g. Community land Register, Asset Register, finance system, GIS etc)</p> <p>At a recent training session it was noted that a property (lease/licence) module is contained within the Pathway suite that Council has purchased.</p>					

Not Started	In Progress	Complete
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Internal Audit Recommendation and Action Progress Report

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	<p>A familiarisation session is to be requested with the product vendor to enable evaluation of the module and to determine whether it may be suitable for use with Council's corporate lease/property system</p> <p>Against this background also bear in mind that, as indicated, specific software packages which have been developed /are being used for specific tasks and will continue to be used to address those tasks e.g. Conquest (asset management). The "challenge" may be functional/effective integration of those various packages.</p>					

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
<p><b>28. <u>Multiple property lease and licence registers</u></b></p> <p>Council implements a strategy for the maintenance of a single lease and licence register. Importantly, whilst this register may pull data from multiple integrated systems (e.g. Pathway and Conquest) each piece of data should be entered into only one database.</p>	<p>Much of the initial work undertaken by the new incumbent involved gaining an appreciation of the various leases, terms and conditions, tenure etc, and development of a temporary lease/licence register to enable reconciliation with the existing debtor system held in pathway and confirm lease/licence commencement and expiry dates, responsibility for outgoings etc. Council is still in the process of evaluating a number of options for a long term property register and is seeking to develop linkages between this document and other corporate information portals/products (e.g. Community Land Register, Asset Register, finance system, GIS etc)</p> <p>Council has satisfied its legislative requirements in identifying and reporting those parcels of land that are leased</p>	<p>Manager City Assets &amp; Manager Financial Services</p>			<p>Mar 2016</p> <p>Dec 2016</p>	<p>In Progress</p> <p>Reconciliation completed. Interim processes and proforma have been developed and agreed with Manager Finance.</p> <p>Finance will independently verify calculations made by City Assets staff prior to adjusting rentals and advising tenants.</p> <p>Interim Processes to become embedded and enhanced within new Pathway Licensing Module.</p>

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	<p>and held on the community land register.</p> <p>At a recent Pathway training session it was noted that a property (lease/licence) module is contained within the Pathway suite that Council has purchased.</p> <p>A familiarisation session is to be requested with the product vendor to enable evaluation of the module and to determine whether it may be suitable for use with Council's corporate lease/property system. Against this background also bear in mind that, as indicated, specific software packages which have been developed /are being used for specific tasks and will continue to be used to address those tasks e.g. Conquest (asset management). The "challenge may be functional/effective integration of those various packages.</p>					

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	It was always Councils intention to undertake a reconciliation of the systems that were being utilised/developed with some reconciliations having already occurred.					
<b>Property Maintenance</b>						
<b>29. <u>Planning and Prioritisation of Maintenance Work</u></b>	Agree with recommendation, Moderate risk so implement prior to 01 July 2015.  This gives 12 months of data to be analysed and incorporated into a preventative and reactive maintenance plan.	Manager City Works	Moderate	Moderate	Jul-2015	In Progress
A prioritised, proactive maintenance plan should be developed and documented, including methodology and reasoning for prioritisations.					Ongoing from August 2015	The Procurement Panel for Minor Building Works and Trades Panel is complete and has resulted in new contractor contracts and inductions.
The GHD report is a suitable starting point for developing this plan.					Feb 2017	Planned maintenance has occurred in stages following completion of the procurement process.
Consideration should be given to the need for additional short term resources to assist the Property Services team/Assets team to develop this plan.						Preventative Maintenance programs for Air Conditioning, Automatic doors, Test and Tag complete with final program Fire Service
The use of technology to assist in the development of a maintenance plan, such as the 'Advanced Asset Management System' forecast in the						

Not Started	In Progress	Complete
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Internal Audit Recommendation and Action Progress Report

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	Buildings Infrastructure Asset Management Plan 2012 should also be investigated.						Equipment underway. Programs include service agreements with contractors.  Once final item in program complete (Dec 2016) data to be analysed and incorporated into ongoing preventative and reactive maintenance plan.
30.	<u>Tracking and Monitoring of Maintenance Work Performed</u>  To ensure that all requested maintenance is actioned, a process to review and action any outstanding requests in the Pathways system is implemented.  Consideration should be given to utilising new technologies to track maintenance, as envisaged by the Buildings Infrastructure Asset Management Plan 2012.	To be implemented at approximately six months after recommendation one 'planning and prioritising' works are complete.	Manager City Works	Moderate	Moderate	Ongoing from August 2015  Jan-2016  Dec 2016	In Progress  Pathway dashboard is now being used to monitor and control overdue property requests.  Formalised process to be fully documented and implemented once key data from "planning and prioritising" works is analysed.

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
31.	<u>Policies and Procedures</u> Procedural documentation to guide the Property Services team in ongoing property maintenance work is developed.	Agree with recommendation, Moderate risk so implement prior to 01 July 2015.  Policies and procedures should feed into the preventative and reactive maintenance planning.	Manager City Works	Moderate	Moderate	Jul 2015  Dec 2015  Sept 2016	In Progress  City Works Manager/Property team meetings held monthly with discussion of ongoing property maintenance work documented and recorded in ECM.  Procedural documentation to be developed to feed into preventative and reactive maintenance planning
32.	<u>Policies and Procedures (sub-finding)</u> Review the Asset Management Policy.	Agree with recommendation, Moderate risk so implement prior to 01 July 2015.	Manager City Works	Moderate	Moderate	Mar 2019	Not Started  Finding is within risk tolerance therefore review at next scheduled policy review in March 2019.
33.	<u>Checks of Contractors' Work</u> Implement a sample-based approach for checking whether contractors have done the work that they have been	Property Service staff will participate in the planned 'reference group' of the Procurement Road Map. Stage 1 - improved monitoring	Manager City Works	Moderate	Moderate	Dec 2014  Jun 2016	In Progress  The Procurement Panel for Minor Building Works and Trades Panel is

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	<p>requested to do to an acceptable standard.</p> <p>This check is not intended to be onerous, but rather a small number of regular checks to provide assurance that contractors are fulfilling their obligations. As an indication, it could include 3-5 checks of each major contractor per quarter, with further checking if issues are identified. Results of the checks should be formally, but briefly, documented.</p>	<p>and inductions to occur by Dec 2014 and ensure usage of any new documents and templates.</p> <p>Stage 2 - performance monitoring to coincide with recommendation 2.2.</p>				Sept 2016	<p>complete and has resulted in new contractor contracts and inductions.</p> <p>Checks currently performed on presentation of invoice and completion of works.</p> <p>The procurement monitoring process is to be followed with all new contractors including use of procurement monitoring documentation.</p>
	<b>Stormwater</b>						
34.	<p><b><u>Risk Assessment and Prioritisation</u></b></p> <p>Council works towards a risk-based model for the prioritisation of maintenance, inspection and capital stormwater projects based on the model described in IPWEA Practice Note 5, supported by completion of the Catchment Management Plan.</p>	Agree with recommendation	Manager City Assets	Moderate	Moderate	June 2016 June 2017	<p><b>In Progress</b></p> <p>City Wide Stormwater Catchment Plan consultancy has been awarded and is now underway.</p>

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
35.	<b><u>Asset Management Plan</u></b> Future iterations of the Stormwater Asset Management Plan are improved utilising the Catchment Management Plan and risk-based prioritisation methodologies.	Agree with recommendation	Manager City Assets	Moderate	Moderate	<del>Nov 2014</del> <del>June 2016</del> June 2017	In Progress City Wide Stormwater Catchment Plan consultancy has been awarded and is now underway.
36.	<b><u>Maintenance Schedule</u></b> The maintenance schedule is documented. At a minimum, this should include documentation of: <ul style="list-style-type: none"> <li>• Key principals e.g. "all side entry pits are cleared annually";</li> <li>• Locations of all known problem areas, and the maintenance response to these.</li> </ul> Consideration should be given to utilising new technologies to track maintenance. For example, scheduled maintenance locations could be mapped into GIS. Hand-held devices could then be used by maintenance staff to confirm completion of a maintenance task in real time, which would then be updated automatically	Agree- this will be developed as a maintenance schedule/policy.	Manager City Works	Better Practice	Better Practice	<del>June 2014</del> <del>June 2016</del> Dec 2016	In Progress Side entry pit documentation is recorded in Graphical Information System (GIS).  Discussions to be held with IS and City Assets to develop inspection functionality within Conquest Asset Management System.

Not Started	In Progress	Complete
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**Internal Audit Recommendation and Action Progress Report**

	Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
	onto the GIS map.						
	<b>Unclaimed Goods</b>						
37.	<u>There is no current written policy or SOG to clarify the procedures to be observed by Council staff in relation to managing dead animals on roads.</u>  A formal policy document be prepared that addresses the process to be followed where notification is received of a dead animal on a road. The document should specify the circumstances where an animal is 'bagged and tagged' and the steps to be taken to identify and notify the owner of the animal (wherever possible). If Council staff are not expected to search for a microchip (on the basis that this in undertaken by AVL staff upon collection of the carcass) this should also be stipulated in the document. The existence of this policy document will ensure a consistent approach by all staff and will assist in 'up-skilling' new depot employees.	Agree - Policy will be developed	Manager City Works	Better Practice	Better Practice	<p>Sep 2013</p> <p>Feb 2014</p> <p>Oct 2015</p> <p>Jun 2016</p> <p>Dec 2016</p>	<p>In Progress</p> <p>This is a better practice opportunity and as such other operational works take priority. Further work on a draft policy is to be undertaken following completion of trial process for updating animal register information in Pathway.</p> <p>Re-visit in Dec 2016.</p>
38.	<u>The Council does not maintain a register of dead animals that are 'bagged and tagged'.</u>	City Works will review its record keeping and discuss process of possible electronic	Manager City Works	Better Practice	Better Practice	30/09/2013	<p>In Progress</p> <p>New process to be trialled</p>

Not Started	In Progress	Complete
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Internal Audit Recommendation and Action Progress Report

Recommendation	Management Response	Responsible Officer	Internal Audit Risk	CWT Risk	Target/ Review Date	Status Update 30 June 2016
Whilst it is recognised that records are kept of each animal 'bagged and tagged' by way of a copy of the duplicate tag, it is recommended the Council maintains an electronic register in its record keeping system, of these animals. Doing so will assist staff (whether it be staff from the depot or CSD) to more efficiently respond to requests from members of the public who may be searching for a lost pet.	copy.				Feb 2014 Oct 2015 Jun 2016 Sept 2016	with City Works admin staff uploading information from hard copy register into Pathway including description of animals.  This will include creating a new request where none exists.

Not Started	In Progress	Complete
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### 9.3.3 Annual Internal Audit Program 2016 - 2017

#### Brief

This report presents the Draft Internal Audit Program 2016-2017.

#### RECOMMENDATION(S)

It is recommended to the Audit and Risk Prescribed General Committee that it receives the Internal Audit Program for 2016-2017.

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#### Introduction

The 2015-2018 Internal Audit Plan (Plan) was received by the Audit and Risk Committee (the Committee) in April 2015.

The Plan was prepared using risk based methodology, in accordance with the *Administration Policy - Risk Management Framework* and is reviewed on an annual basis. This review results in the development of an annual **Internal Audit Program**.

The Plan has been subject to its annual review and the 2016/17 Internal Audit Program (Program) is presented to the Committee for its information (**Attachment 1**).

#### Discussion

##### Proposed 2016/17 Internal Audit Program

The co-sourced distribution of the internal audit function between the Program Leader Internal Audit and Risk and Council's contract internal auditor's will remain with 2016-17 audit budget/resources allocated as follows:

- 0.5FTE Program Leader Internal Audit and Risk
- \$60,000 - contract internal assurance audits
- \$12,000 - legislative compliance audits

In addition to the use of risk based methodology, the Program has been developed with these resources in mind. The previous 2015-16 Internal Audit Program provided for a minimum of 6 (six) contract internal auditor - assurance based reviews and a minimum of 2 (two) contract legal auditor - legislative compliance audits and spot audits completed by the Program Leader Internal Audit and Risk as required.

Two of those audits were not started and have been rolled into the Program as have three that are currently in progress.

The two that have not started are below

#### 1. **Thebarton Community Centre - Conditions of Use and Debtor Receipting**

An audit to determine the adequacy of processes to ensure compliance with Thebarton Community Centre's Terms and Conditions of Hire and accuracy of debtor receipting (classification of hire, transactions and deposits) and the appropriateness of fees and charges to ensure cost minimisation.

#### 2. **Staff Health and Safety - Internal Controls from the Operational Risk Register**

This audit will be re-focussed to determine the veracity of internal controls against departmental hazard registers.

The three that are in progress are detailed below:

3. **Elected Member Payments and Expenses**
4. **Lease Management Review of Non-Compliances**
5. **Community Services Event Management**

The audit objectives are presented in **Attachment 1**:

The following audits are in the Plan, scheduled for 2016-17, and so have been included in the Program.

6. **Business Continuity Plan - Review and Exercise Event**  
A surprise mock event or scenario to test the effectiveness of the Business Continuity Plan (BCP) when dealing with the event/scenario.
7. **Accounts Payable**  
An audit designed to test compliance with legislation, policies, and procedures and to provide assurance on the accuracy of records, payments and creditor details.
8. **PDP Program, Corporate and Business Unit Training Plans**  
Training needs analysis and corporate training plan has been regularly identified as a non-conformance in the external WHS-KPI audits. This audit will review the development and progress against the training plans developed as part of the PDP process.
9. **Section 7 Statements**  
Significant changes occurred to the *Land Sales and Conveyancing Act during 2014* (the Act), this audit will review legislative compliance with the Act.
10. **Food Act 2001**  
A comprehensive legislative compliance audit against the *Food Act 2001*.
11. **Immunisation Service**  
A small spot audit designed to test compliance with the Standard Operating Guideline/procedure to test whether the controls for staff/patient safety are existent.
12. **VicRoads Audit**  
Annual compliance audit mandated by the VicRoads agreement.
13. **Safety Data Sheets (SDS Management)**  
Spot audit across various departments to review chemicals listed in Chem-Alert (or alternate register) are appropriately purchased, stored and managed in accordance with the relevant WHS policy.

The following audit has been included in the Program:

14. **Information Services Security Audit**  
This audit takes place over twelve months undertaking two vulnerability assessments. The audit also adds value with the inclusion of 12 month access to CQR's security awareness video's which may be used for self-assessment.

The following audits are staged/facilitative audits which span over multiple audit programs and so are included in the Program:

15. **Facilitative Audit - Maintenance of Plant and Equipment**  
A facilitative audit which spanning multiple audit programs, this audit is currently in progress.



**16. Facilitative Audit - Debtor Management**

A facilitative audit which spanning multiple audit programs, this audit is currently in progress.

**17. Procurement Roadmap (Continuous Audit)**

An internal audit aligned to the Procurement Roadmap program (the program) to track, test and record assurance at key stages of the program. This is considered important to ensure delivery and compliance/key outcomes of the program are met.

**18. Internal Controls Self-Assessment**

A facilitative process is underway between the Manager Financial Services, Contract Internal Auditor Galpins and the Project Leader Internal Audit and Risk to propose a risk based methodology be attached to the Internal Financial Controls Self-Assessment. If successful, this project will deliver resource savings and clarity for future audit programs.

The following two audits have been recommended for removal from the Program:

**1. Accommodation Bond Compliance**

This legislative audit related to the accommodation bond holdings at St Martins Aged Care Facility. The City of West Torrens no longer owns or manages this facility.

**2. Work Health Safety Document Management**

Council's corporate records management system (ECM DataWorks) is being replaced by a new system during 2016-17. As a result, this audit will be removed from the Program.

**Conclusion**

This report presents the 2016-2017 Internal Audit Program. This is an extensive list of audits given the allocated resources, however three (3) of the five (5) audits rolled-over are currently in progress and five (5) audits are facilities or continuous which may span multiple audit programs and so, while extensive, the Program is achievable.

ATTACHMENT 1

Report as at 01 July 2016

2016/17 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
<b>Status of 2015/16 Internal Audits Carried Forward</b>					
1	Thebarton Community Centre - Conditions of use and debtor receipting	To be defined	1	Not Started	
2	Staff Health and Safety - Internal Controls from the Operational Risk Register	To be defined	2	Not Started	
3	Elected Member Payments and Expenses	<ul style="list-style-type: none"> <li>• Accuracy and completeness of expense reimbursements made to Elected Members.</li> <li>• Appropriateness of expenses incurred by Elected Members which have been reimbursed by CWT.</li> <li>• Submission of appropriate forms and supporting documentation (i.e. tax invoices, expense reimbursement forms) by Elected Members required for the payment of allowances and reimbursement of expenses.</li> <li>• Review of the Register of Allowances and Benefits to ensure all allowances and expense reimbursements reviewed during the course of the internal audit have been completely and accurately captured within the Register.</li> <li>• Agreed actions from the 2012 Elected Member Payment and Expenses Internal Audit have been implemented.</li> </ul>	1	In Progress	<p>An Elected Member Payment and Expenses audit was undertaken by the Contract Internal Auditor during 2012. This audit presented a good level of compliance, offering only two internal audit better practice (zero risk) findings.</p> <p>As a result, this audit is a small desk-top audit based on a modified scope to the 2012 audit. The audit objectives are outlined within this report.</p> <p>It is expected that a brief summary report of audit findings will be presented to the October 2016 meeting of the Committee.</p>

	Not Started	In Progress	Complete	Deferred	Cancelled
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Report as at 01 July 2016

2016/17 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
4	Lease Management Review of Non-Compliances	<p>The review will include, but not be limited to, the following:</p> <ul style="list-style-type: none"> <li>• Completeness and accuracy of the property lease and licence register.</li> <li>• Process and controls surrounding the management of lease and licences, new lease agreements and lease renewal (including determining terms and conditions of lease agreements).</li> <li>• Controls to ensure leases and licences are current and in existence for all eligible properties.</li> <li>• Lease and licence fee collection.</li> <li>• Sufficiency and adequacy of information flow between City Assets and Financial Services regarding lease terms and conditions, fees payable and debt recovery.</li> <li>• Progress/compliance against previous audit findings which were approved by management for implementation.</li> </ul>	1	In Progress	The audit scope is approved to be undertaken by the Contract Internal Auditor. The audit will commence during May 2016.
5	Event Management	<ul style="list-style-type: none"> <li>• The review of two significant and one minor event across the organisation since July 2015.</li> <li>• Design, undertake and present the results of a stakeholder survey to measure current performance, strengths, weakness and opportunities to improve</li> </ul>	1	In Progress	The audit scope is approved to be undertaken by the Contract Internal Auditor ( <b>Attachment 2</b> ). The audit will commence during July 2016.

Not Started	In Progress	Complete	Deferred	Cancelled
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## Report as at 01 July 2016

## 2016/17 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		efficiency. • Identified opportunities for the introduction of better practices and process improvement			
<b>Status of 2016/17 Internal Audits</b>					
<b>Assurance Audits</b>					
6	Business Continuity Plan - Review and Exercise Event.	To assess the level of compliance with the: • A surprise mock event or scenario designed to test the effectiveness of the Business Continuity Plan (BCP) when dealing with the event/scenario.	1	Not Started	
7	Accounts Payable	• An audit to test compliance with legislation, policies, procedures and to provide assurance over the accuracy of records, payments and creditor details.	2	Not Started	
8	PDP Program, Corporate and Business Unit Training Plans.	• To be defined	2	Not Started	
<b>Legislative Audits</b>					
9	Section 7 Statements	• To be defined	4		
10	Food Act 2001.	• To be defined	4		
<b>Spot Audits</b>					
11	Immunisation Service	A small spot audit designed to test compliance with the Standard Operating Guideline/Procedure to test whether the controls for staff/patient safety are in place.	3	Not Started	
<b>Third Party Audits</b>					
12	Vic Roads Annual Audit	Self-assessment mandated as part of the agreement with Vic Roads	1	In Progress	Program Leader Internal Audit and Risk commenced this audit during June 2016.
<b>WHS Audits</b>					

	Not Started	In Progress	Complete	Deferred	Cancelled
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Report as at 01 July 2016

2016/17 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
13	Safety Data Sheets (SDS) Management	<ul style="list-style-type: none"> <li>To be defined</li> </ul>	3	Not Started	
<b>Facilitative Audits (Long term duration).</b>					
14	Security Audit	<p>A twelve month audit designed to:</p> <ul style="list-style-type: none"> <li>Undertake security vulnerability assessment</li> <li>Consult on results/outcomes</li> <li>12 month access to 'BeSecuritySmart' security awareness videos</li> <li>Audit and continuous improvement - conduct a secondary vulnerability assessment.</li> </ul>	12 months	In Progress	
15	Maintenance Plant and Equipment - Operational Sites	<p><b>Stage 1 - Develop Solution Action Plan</b></p> <p>An objectives and agreed outcomes report will replace the traditional audit findings report. This report will use internal resources to investigate those gaps previously identified and use a 'cause and effect' approach to identify and document:</p> <p><b>Gap Analysis (Internal Work Group)</b></p> <ul style="list-style-type: none"> <li>What should be done;</li> <li>What is currently being done;</li> <li>Significant differences between 'what should' and 'what is' being done;</li> <li>Assess the current residual risk in respect of continuing to operate in the current state.</li> </ul>		In Progress	Phase 1 is in progress. The gap-analysis is presented to the August 2016 meeting of the Committee.

	Not Started	In Progress	Complete	Deferred	Cancelled
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Report as at 01 July 2016

2016/17 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		<b>Outcomes (Internal Work Group)</b> The Audit objectives will be the benchmark from which to develop outcomes (solutions). The work group will design a project plan for management approval which identifies: <ul style="list-style-type: none"> <li>Proposed solutions against the relevant audit objective(s);</li> <li>An implementation plan which assigns roles, responsibilities, deliverables and timeframes;</li> <li>A future risk assessment reflective of the proposed solution.</li> </ul>			
16	Debtor Management	Stage 1: The objectives of the audit are to work with stakeholders to: <ul style="list-style-type: none"> <li>Undertake a risk assessment against the process of debt management in its current state.</li> <li>Undertake high level benchmarking of debt management policies and debt ratios within the local government sector to propose methodologies which are effective and efficient in managing debt.</li> <li>To assess the current state of debt management and document a risk-based gap analysis which proposes findings for implementation.</li> </ul> Stage 2: The objectives of the audit are to work with stakeholders to:		In Progress	Scoping meeting initiated for April 2016.

	Not Started	In Progress	Complete	Deferred	Cancelled
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Report as at 01 July 2016

2016/17 Internal Audit Program

Audit Number	Internal Audit	Audit Objectives	Quarter	Status	Comments
		<ul style="list-style-type: none"> <li>Develop debt management policy/methodology content including documenting the processes for debt escalation, recovery, waiver or write off.</li> <li>Develop a technical specification to quote for services with reference to correcting those gaps and/or control weaknesses identified and/or review options available through pre-existing purchasing panels.</li> </ul>			
<b>Staged Audits (Long Term Audits)</b>					
17	Continuous Audit - Procurement Roadmap (Stage 2).	<p>Stage 2 objectives seek to assess the completeness of delivering procurement information, defining roles and responsibilities and the provision of procurement training. In addition, progress against the agreed actions identified in Stage 1 and the overall progress against the Roadmap will be assessed.</p> <p><b>Intranet/Information availability - the audit will determine the:</b></p> <ul style="list-style-type: none"> <li>level of consultation</li> <li>ease of obtaining relevant procurement / contractor management information</li> <li>sufficient evidence of probity of process (documentation and reporting)</li> <li>availability of contracts documents and templates</li> </ul> <p><b>Roles and responsibilities - the audit will assess the:</b></p>	Staged Audit	<b>Stage 2 Not Started</b>	

	Not Started	In Progress	Complete	Deferred	Cancelled
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# 2016/17 Internal Audit Program

Report as at 01 July 2016

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

	Not Started	In Progress	Complete	Deferred	Cancelled
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ATTACHMENT 2



## Internal Audit Scope

# Event Management

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### Introduction

The approved Audit Program 2014-15 provides for an internal audit of Event Management. Until recently the City of West Torrens (CWT) operated Civic and Community events in isolation with the responsibility for planning and executing events resting with individual departments/officers. CWT recognised that event management expertise was largely unavailable throughout the organisation and sort to improve corporate resources. Consequently, the Media and Events Department established a Promotion and Events Officer (PEO) position whose expertise event planners may use. As a result, significant traction in assisting stakeholders with event promotion and delivery has been achieved.

CWT has not documented a corporate policy on event management or approved any specific methodology, therefore audit is unable to assess compliance. Instead, the purpose of this audit is to review some of the 2015-16 event management processes that occurred with a view to providing opportunities for better practice and risk mitigation. The audit will survey stakeholders to measure the organisation's current event management performance and to recommend opportunities to improve efficiency.

### Audit Objectives

The objectives of the audit are to evaluate and report on:

- The review of two significant and one minor event across the organisation since July 2015.
- Design, undertake and present the results of a stakeholder survey to measure current performance, strengths, weakness and opportunities to improve efficiency.
- Identified opportunities for the introduction of better practices and process improvement.

### Approach

A key component of the audit is to conduct interviews with relevant managers/supervisors, staff and stakeholders to establish any issues, concerns or potential improvements. The Program Leader Internal Audit and Risk will discuss the scope and overview of the work to be performed with the Manager Business Services prior to the commencement of testing.

A review of available documentation such as legislation, policies, budgets, event plans or risk assessments, council/performance reports etc. will be undertaken. This is critical in supporting review comments and providing evidence to support audit conclusions. Field-testing may be undertaken to establish whether or not controls are in place and are effective in addressing extreme or high risks.

The audit is to be assessed using CWT approved Risk Management Framework and tools.

## **Risks**

Potential risks associated with Event Management include as identified by Internal Audit include, but is not limited to:

- Failure to deliver quality events on time and within budget
- Failure to manage event risks or hazards resulting in:
  - An injury to staff or public; or
  - Exposure of CWT to litigation/financial damages; or
  - Reputation damage; or
  - Poor participation levels

## **General Administration**

This audit will be performed by **Insert Name**.

Initial planning, interview and scoping commenced on **Insert Date** with fieldwork and reporting to be conducted between **Month & Year** and **Month & Year**.

A draft report is required to:

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

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

The draft report for management consideration should be completed by the end of June 2016.

## **Audit Findings and Recommendation Ratings**

### *Compliance Rating*

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



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

*Definitions are as classified in the table below.*

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

#### *Control Risk Rating*

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

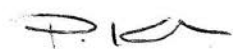
- *Extreme risk recommendations*
- *High risk recommendations*
- *Moderate risk recommendations*
- *Low risk recommendations*
- *Better practice or improvement recommendations*

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#### **Sign Off**

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

Signed



General Manager Business and  
Community Services

Date 26/4/16.

### 9.3.4 Maintenance of Plant and Equipment (Stage 1 - Gap Analysis) Facilitative Audit

#### Brief

This report presents the outcomes of Stage 1 of the *Facilitative Audit - Maintenance of Plant and Equipment (Gap Analysis)*.

#### RECOMMENDATION(S)

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

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#### Introduction

This report presents a progress update of Stage 1 of the *Facilitative Audit - Maintenance of Plant and Equipment (Audit)*. The full audit scope was presented to the February 2016 meeting of the Audit and Risk Committee (the Committee).

#### Discussion

Stage 1 of this Audit required the audit team to undertake a 'walk through' of current processes and document a 'Gap Analysis'.

The Gap Analysis (**Attachment 1**) presents the current state of compliance against the *Administration Policy - WHS Plant Safety and applicable WHS legislation*. The Audit has comprised the following processes:

- Opening meeting held 31 March 2016 with the audit team comprising:
  - Tim Muhlhausler, Contract Internal Auditor, (Galpins)
  - Wayne Wilson, Adelaide OHS Consultants (via Galpins).
  - Darryl Whicker, Program Leader Internal Audit and Risk
  - Lio D'Amico, Coordinator Fleet, Cleansing and Support Services
  - Marco Pietrobon, Asset Officer Engineering
- Walk-through of current process with City Works staff (mechanics and the Coordinator Fleet, Cleansing and Support Services) - April 2016
- Draft Gap Analysis issued - April 2016
- Interview with WHS Coordinator - April 2016
- Presentation of final Gap-Analysis - June 2016

The next step and subsequent stages of the Facilitative Audit are outlined below:

#### Stage 1 - continued - Solutions and Project Plan

The Gap Analysis will be used to inform the next part of the Audit requiring the audit team to devise a project plan that proposes solutions, assigns roles and responsibilities, deliverables and timeframes. The draft project plan will be distributed to both the Manager City Works and Manager HR and Service Centre for comment. Galpins will review the action plan to provide assurance that it addresses the current gaps, when measured against applicable Work Health and Safety legislation and supporting codes of practice, prior to its presentation to the Executive.

City Works/Information Services departments are considering an IT solution using Conquest so a meeting will be held with these stakeholders to help inform the process by supplying the gaps identified, resource availability, data collected etc.

### Stage 2 - Implementation

The approved project plan will be used by the Administration to guide the implementation of works in accordance with the roles and responsibilities identified. Galpins will be removed from this process to enable them to review the overall compliance against the identified deliverables/outcomes in Stage 3.

### Stage 3 - Compliance Audit

Galpins will undertake a compliance audit against the project outcomes to determine whether the solution has been fully implemented. In addition, Galpins will review the City of West Torrens fleet management processes to determine compliance with policy and determine whether the CWT fleet strategy is optimal in terms of physical/financial needs.

### **Conclusion**

The *Facilitative Audit - Maintenance of Plant and Equipment* is underway with the current state of compliance documented in the attached Gap Analysis. This report will be used by the audit team as the basis to design and implement a solution which supports long term compliance against the *Administration Policy - WHS Plant Safety* and applicable Work Health and Safety legislation.

ATTACHMENT 1

City of West Torrens  
Administration Policy: WHS Plant and Equipment Safety  
Gap Analysis April 2016

**KEY**  
as described ✓  
not done ✗  
partially done / alternative !

Policy ref.	Policy requirement	Summary of existing practice		
		Level of compliance with policy	Comments - per discussions with depot staff and walkthrough of documentation	Comments - per discussions with/input from WHS Co-ordinator
Installation and commissioning of fixed plant				
6.1.1	Plant that requires installation, erection or commissioning must be provided with a commissioning plan by the supplier prior to the work commencing on the build and given to the manager / coordinator responsible for ordering the plant.	✓		
6.1.2	During the installation, erection or commissioning of plant the manager/co-ordinator must ensure that:			
	a. a competent person undertakes any installation, erection or commissioning, and is provided with such information as is necessary to enable the plant or equipment to be installed and commissioned so as to minimise any risk to health or safety;	✓	Supplier installs.	
	b. plant or equipment is installed or erected in a location that is suitable for the operation being undertaken and the type of plant or equipment in use;	✓		
	c. there is sufficient space around the plant and equipment to allow the plant or equipment to be used and repaired so as to minimise any risk to health or safety;	✓		
	d. an appropriate layout of the workplace, and safe access and egress, is provided;	✓		
	e. if the final means of safeguarding is not in place during any testing or start-up, that an interim safeguard is used;	✓		
	f. as far as can be determined by commissioning, the plant or equipment is in an appropriate state to be transferred into active service.	✓	Supplier does handover.	
Introduction of plant (excluding fleet vehicles) or equipment to the workplace				
6.2.1	When an item of plant or equipment is to be purchased, the pre-purchase process will include:			
	a. identifying if the equipment presents a risk;	!	No documented risk assessment - discussed at pre-purchase meetings for complex/high risk/high value items.	WHS Co-ordinator has developed a plant and equipment pre-purchase checklist, which is currently in draft.
	b. completing a pre-purchase plant/equipment checklist;	!	Not done routinely. Completed for complex/high risk/high value items.	See above
	c. the manager/coordinator consulting with key stakeholders and consider all aspects of work health and safety of the workers likely to be operating or working with that item of plant/equipment;	!	Pre-purchase meetings for complex/high risk/high value items. Formal minutes not taken, diary notes made and meeting later referenced in Risk Assessments.	See above
	d. the manager/coordinator completing the purchase documentation in accordance with the Procurement Policy and specifically:			
	i. Any specific requirements identified during the pre-purchase plant/equipment checklist must be captured in the purchase documentation;	!	Specs determined through meetings and included in purchase docs.	
	ii. All purchases of plant and equipment will have manufacturer's instructions supplied.	✓		Captured in the pre-purchase checklist (currently in draft).

City of West Torrens  
Administration Policy: WHS Plant and Equipment Safety  
Gap Analysis April 2016

KEY  
as described  
not done  
partially done / alternative

Policy ref.	Policy requirement	Summary of existing practice		
		Level of compliance with policy	Comments - per discussions with depot staff and walkthrough of documentation	Comments - per discussions with input from WHS Coordinator
6.2.2	Once an item of plant or equipment has been purchased the manager/coordinator will ensure that the following is undertaken:			
a.	a copy of the plant/equipment risk assessment is provided by the supplier;	!	Generally supplied, with some exceptions e.g. body of truck supplied, supplier will not provide. NOTE: need to consider the requirements of WHS legislation - should require from all suppliers.	Captured in the pre-purchase checklist (currently in draft).
b.	a plant / equipment risk assessment is completed by the CWT workers involved in its operation;	!	WHS rep may also be involved. Paper based, audit sighted some out-of-date risk assessments.	
c.	corrective actions are identified, recorded and closed out on the WHS Organisational Corrective Action Register (CAR) before the plant/equipment is introduced to the workplace;	!	Responsible person no longer works at Depot - unsure of future plans. CAR exists, but currently cannot reconcile corrective actions to the related risk assessment.	No evidence - The WHS organisational corrective action register has been operational for 12 months. There is no record of any identified corrective actions being entered during that period although plant/equipment has been purchased.
d.	a safe operating procedure (SOP) and/or safe work procedure (SWP) are developed (or reviewed if one exists) in consultation with CWT workers involved in the operation of the plant/equipment;	✓	Review of a sample of SOPs showed: >Staff at Depot could not readily access electronic SOPs - could access some, these were often out of date; >Printed SOPs (e.g. kept in trucks) were not up to date, and were not signed by persons using the equipment to certify they have read them.	Council is currently improving the document management process. Previously SOPs/SWPs were created and there is little information to support they have gone through the consultative process. A register has been developed (which is an online program) that records creation date, review dates, next review date and version number. The register also provides information of the location of hard copies e.g. trucks etc. This register also records who has been included in the consultation process and the electronic record system number.
e.	registerable items of plant are registered as required by WHS legislation;	!		The pre-purchase checklist directs the purchaser to actioning this.
f.	potential emergency situations associated with the plant or equipment are identified and an emergency response is developed including an emergency rescue (if required);	!		The pre-purchase checklist considers this as part of the process.
g.	workers operating the plant/ equipment are properly instructed, trained and adequately supervised, with documented evidence captured in accordance with the WHS Induction and Training Policy;	!		This needs to be formalised ensuring that additional in-house competency standards are set, this is currently not documented.
h.	licence and competency/training details are captured in the WHS Organisational ITN Register.	!		Depot licences and competency tickets are currently recorded in Excel with conditional formatting to alert when tickets/licences are overdue. This information is being moved into Chris 21.
6.2.3	In some situations, specialised expertise may be required to assist in completing the plant and equipment risk assessment process. These situations include those when:			
a.	there is uncertainty about the degree of risk;	✓		
b.	there is a significant risk, for example, exposure to sustained noise, requires complex guarding, etc.;	✓		



City of West Torrens  
Administration Policy: WHS Plant and Equipment Safety  
Gap Analysis April 2016

**KEY**  
✓ as described  
✗ not done  
! partially done / alternative

Policy ref.	Policy requirement	Summary of existing practice		
		Level of compliance with policy	Comments - per discussions with depot staff and walkthrough of documentation	Comments - per discussions with Input from WHS Coordinator
c.	plant or equipment is of such a nature that specialist knowledge is required to complete the plant/equipment risk assessment effectively.	✓		
6.2.4	A plant/equipment risk assessment needs to be completed for each individual item of plant or equipment. The exception to this is when:			
a.	multiple items of plant or equipment of the same design are purchased and/or are installed and used under conditions which are the same for all practical purposes, the process only needs to be undertaken on one item of plant or equipment and applied to all referencing the original risk assessment electronic record number;	✓		
b.	the level of risk may vary from operator to operator due to lack of experience, qualification and / or knowledge, an additional risk assessment should be completed and further instruction added to the supporting SOP / SWP.	✓		
<b>Competency and/or Licences</b>				
6.3.1	The manager will ensure, so far as is reasonably practicable, that any item of plant or equipment is not operated at the workplace, unless the operator has been provided with adequate instruction and training and hold and provide to CWT all necessary licences or competency tickets.	!	Instruction given, but not adequately documented/not documented at all (i.e. instructor bases their assessment on their judgement, no formal checklist etc.).	
a.	The instruction and training must be appropriate for any of the risks to health or safety that have been identified through the plant and equipment risk assessment process, and be recorded within the CWT in-house competency training record sheet.	✗	"in-house competency training record sheet" does not yet exist.	
b.	A current licence or competency ticket (including any High Risk Licences) for plant or equipment must be recorded within the WHS Organisational Licences and Competency Register. It is the workers responsibility to ensure that current copies of licences and competency tickets are provided to their manager once they have been renewed.	✓	Currently maintained in Excel, working towards incorporating into Chris 21.	
6.3.2	In instances when contractors use CWT equipment, those contractors must provide evidence of training and licensing (as required). The manager / coordinator is responsible for keeping a records of those licences / competencies as outlined in the WHS Contractor Management Policy.	!	Contractors rarely use CWT equipment (use their own). If they do, contractors are pre-approved - pre-approval process includes provision of licences/competencies. Agency staff are required to present licences, etc - manual copies kept.	
<b>Plant/Equipment Register</b>				
6.4.1	The Manager: City Works will ensure an organisational plant (excluding light fleet vehicles) and equipment (excluding manually powered hand held tools, household appliances and PPE) register is maintained that includes:			
a.	all plant and equipment owned by the CWT used in work activities;	✓		Spreadsheet maintained by Depot (Lo) - stored in Dataworks. Also register in Conquest, and plant numbers recorded in Finance 1 (can track all costings, inc maintenance)

City of West Torrens  
Administration Policy: WHS Plant and Equipment Safety  
Gap Analysis April 2016

KEY  
as described ✓  
not done ✗  
partially done / alternative ⚡

Policy ref.	Policy requirement	Summary of existing practice		
		Level of compliance with policy	Comments - per discussions with depot staff and walkthrough of documentation	Comments - per discussions with input from WHS Coordinator
b.	notation of the current plant risk assessment including the next review date;	✗	Details not included in register.	Not currently available.
c.	ensuring plant risk assessments are reviewed at least every five years;	✗	Details not included in register.	Not currently available.
d.	any registration requirements and renewal dates;	✗	Details not included in register.	Not currently available.
e.	all information relating to the individual items of plant and equipment with risk, including the date of purchase, description, make, plant identification number, model/serial number, risk assessment electronic record number, risk assessment review date, and frequency of inspection.	⚡	Risk assessment electronic record number, risk assessment review date, and frequency of inspection not included in register. Other details are included.	Not currently available.
6.4.2	Each time plant and equipment is introduced or if disposal occurs, the Plant and Equipment Register must be updated to reflect this.	✓		
<b>Plant or Equipment Use</b>				
6.5.1	Prior to the introduction of the plant or equipment into the workplace the manager/coordinator must ensure that:			
a.	workers are provided with any information, instruction, training and supervision necessary to ensure their health and safety at work;	⚡	Supplier training, SOPs. SOPs available to Depot are often not up-to-date, and are not signed to confirm staff have read them. Instruction given, but not adequately documented/not documented at all.	
b.	a SOP / SWP is available and the worker can demonstrate they are able to use the plant or equipment and a record retained in the corporate electronic records management system which demonstrates this;	⚡	SOPs/SWPs available to Depot are often not up-to-date, and are not signed to confirm staff have read them.	
c.	the required pre-start checklist is undertaken prior to the use of any item of plant or equipment in line with the identified frequency inspection captured within the organisational Plant and Equipment Register;	⚡	Frequency of inspection is not captured within the organisational Plant and Equipment Register. Manual pre-start book used, frequency of pre-start assessment varies (may be daily, weekly) - should review compliance with WHS legislation - compliance uncertain	The pre-start checklist is inadequate and it is difficult to establish how the frequency of inspection has been determined. WHS Coordinator has also been informed that some heavy vehicles are inspected by the operators monthly and some never.
d.	plant and equipment records are retained in the corporate electronic records management system;	✓	Spreadsheet maintained by Depot (Uo) - stored in Dataworks. Also register in Conquest, and plant numbers recorded in Finance 1 (can track all costings, inc maintenance)	
e.	measures are in place to prevent unauthorised interference, alteration or use;	✓	When inspected, vehicles and plant checked for modification. MV policy prohibits unauthorised modifications	
f.	plant or equipment that is identified as requiring a licence to perform high risk work, e.g. an elevated work platform or forklift, will have additional records to maintain and must also be completed.	⚡	Identified in SOP / Risk assessment	Currently the SOPs and risk assessments do not direct workers / coordinators to high risk licensing requirements etc. WHS Coordinator has included this in the pre-purchase checklist.



City of West Torrens  
Administration Policy: WHS Plant and Equipment Safety  
Gap Analysis April 2016

**KEY**  
✓ as described  
✗ not done  
⚡ partially done / alternative

Policy ref.	Policy requirement	Summary of existing practice		
		Level of compliance with policy	Comments - per discussions with depot staff and walkthrough of documentation	Comments - per discussions with/input from WHS Co-ordinator
Testing, Maintenance and Repairs				
6.6.1	The Manager City Works will ensure the inspection, testing, maintenance and repair of plant and equipment is coordinated and undertaken.	⚡	Servicing schedules maintained (Paper) - filed in folders for each item of plant/equipment. Motorised plant kept in trucks is looked at at the same time as the truck.	Entirely paper based.
6.6.2	A maintenance schedule is developed and maintained by City Works detailing the inspection, testing and or maintenance requirements for each item of plant and equipment (including registration or certification requirements).	✗	Note: uniform registration dates for all vehicles, reducing the risk of unregistered vehicles.	
6.6.3	The maintenance schedule will include the testing and maintenance requirements for all safety features and/or warning devices as per the operator instructions and records retained.	✗		
6.6.4	Inspections, maintenance and cleaning will be conducted in accordance with procedures recommended by the designer or manufacturer, or those developed by a competent person and records retained in the corporate electronic records management system.	✓		
6.6.5	If a hazard is identified during the use or maintenance of plant or equipment:			
	a. the requirements of the WHS Hazard Management Policy will be followed;	✓		
	b. the plant or equipment will be immediately withdrawn from use if the function or condition of plant or equipment is impaired or damaged to an extent that gives rise to an immediate risk to health or safety;	✓		
	c. the operating controls will be isolated and/or tagged out of service as outlined in the WHS Isolation, Lock Out and Tag Out Policy and the item of plant or equipment must be withdrawn, when practicable, from the usual operating environment.	✓		
6.6.6	Only competent persons will undertake inspection, testing, maintenance and repair activities.	✓	Mechanics / Managers / WHS reps as appropriate only.	
	a. repairs will be carried out so as to retain the plant or equipment within its design limits.	✓		
	b. records of repair, inspection, testing and maintenance activities will be retained.	✓	Servicing schedules maintained (Paper) - filed in folders for each item of plant/equipment.	
Alterations and Modifications				
6.7.1	No item of plant or equipment is to be altered or modified unless it has been undertaken by a suitably qualified designer/technician.	⚡	Supplier generally engaged to do any modifications.	The generally bit makes the WHS Co-ordinator nervous.
6.7.2	When alterations are undertaken to the design of any plant or equipment, it must be documented as evidence that the relevant design and technical specification have been checked by a competent person. Prior to the re-introducing of the plant or equipment into the workplace, all alterations and or modifications to the plant/equipment must be communicated to the workers using it and the supporting SOP / SWP updated to reflect changes if necessary.	⚡	Supplier generally engaged to do any modifications.	WHS Co-ordinator has not been able to find any evidence that this has occurred.

City of West Torrens  
Administration Policy: WHS Plant and Equipment Safety  
Gap Analysis April 2016

**KEY**  
as described ✓  
not done ✗  
partially done / alternative !

Policy ref.	Policy requirement	Summary of existing practice		
		Level of compliance with policy	Comments - per discussions with depot staff and walkthrough of documentation	Comments - per discussions with/ input from WHS Coordinator
6.7.3	The manager/coordinator will undertake a plant/equipment risk assessment when movement of fixed plant or equipment between sites occurs as outlined in the WHS Hazard Management Policy.	✓	Has not yet occurred	
<b>Decommissioning, dismantling and disposing of plant and equipment</b>				
6.8.1	The Manager City Works will coordinate the decommissioning, dismantling and disposal of any plant/equipment and ensure that:			
a.	Disposal or salvage complies with the requirements described in the WHS Regulations;	✓		
b.	The plant and equipment is dismantled in accordance with the designer's and manufacturer's instructions;	✓		
c.	The plant and equipment is safe to load, transport, unload and store;	✓		
d.	The person who is being supplied with the plant or equipment is given any relevant health or safety information prepared by the designer or manufacturer of the plant or equipment, which the CWT holds;	✓	Hand over given to purchaser, all paperwork provided to purchaser.	
e.	The person who is being supplied with the plant or equipment is provided with the relevant CWT records such as risk assessments, safe operating procedures, inspection, testing and maintenance history, any alterations and or modifications, related incident reports and improvement notices if it applies etc.;	✓	Hand over given to purchaser, all paperwork provided to purchaser.	
f.	If the plant or equipment for disposal contains materials which are likely to present a risk to the health and safety of individuals or the environment, additional advice must be sort from the subject experts e.g. EPA;	✓		
g.	If the plant is to be used for scrap or spare parts, you must inform the person you are supplying the plant to that the plant is being supplied as scrap or spare parts and that the plant in its current form is not to be used as plant. This must be done in writing or by marking the item of plant;	✓		
h.	The Plant/Equipment Register is updated.	✓		
<b>Personal Protective Equipment</b>				
6.9.1	CWT are required to provide personal protective equipment (PPE) to workers at the workplace unless the worker is employed through another agency.	✓		
6.9.2	The selection process for choosing the right PPE must involve consultation with workers and their representatives and should also include a detailed evaluation of the performance requirements of the PPE and be fit for the purpose it is intended.	!	WHS sub-committee involved in selection of protective clothing, etc	Currently a formal process for the provision of PPE has not been developed.
6.9.3	The PPE selected must be able to minimise the risk to work health and safety and be suitable for the nature of the work and any hazard associated with the work undertaken.	!		Unable to provide evidence of how this is occurring.
6.9.4	The size and fit of the PPE must be suitable and comfortable to wear.	!		Unable to provide evidence of how this is occurring.

City of West Torrens  
Administration Policy: WHS Plant and Equipment Safety  
Gap Analysis April 2016

KEY  
✓ as described  
✗ not done  
! partially done / alternative

Policy ref.	Policy requirement	Summary of existing practice		
		Level of compliance with policy	Comments - per discussions with depot staff and walkthrough of documentation	Comments - per discussions with/input from WHS Coordinator
6.9.5	PPE must be properly maintained, repaired or replaced to minimise the worker's health and safety risks and be used or worn by the worker, so far as is reasonably practicable.	!		Unable to provide evidence of how this is occurring.
6.9.6	A record must be maintained of the supply and replacement of PPE to workers, including any training and/or instruction on use and maintenance.	!	2 fitouts of clothing per year (inc staff measurements taken) - record of purchases maintained (each staff member has annual spending allowance). Manual book maintained for collection of clothing by staff member.	Unable to provide evidence of instruction, use and maintenance of PPE.
<b>Hired/Leased Plant and Equipment</b>				
6.10.1	Plant that is hired/leased for a single activity, or on an infrequent basis, is not subject to this policy however must be subjected to a documented risk assessment (as outlined in the WHS Hazard Management Policy) and include records of inspection/certification and be operated by a competent person.	✓	Will generally get a contractor to do the job	
6.10.2	Where an item of plant is leased / hired, the CWT has management or control of that plant for the period that it is leased / hired and has the responsibility for ensuring health and safety of workers who use the item, together with the business the plant/equipment has been hired or leased from.	✓		
<b>Training</b>				
7.1	Managers will identify the training and licensing needs of all workers who work with plant or equipment with risk and ensure the training is captured on the WHS Organisational Identified Training Needs Register and programmable training captured within the WHS Organisational Training Plan.	!	WHS Organisational Training Plan is in development	The pre-purchase checklist contains a field asking what training or competency is required to operate/work on the plant.
7.2	Relevant workers will have the WHS Plant and Equipment Safety Policy explained to them during the induction process and a record retained.	✓		
7.3	Managers to notify the WHS Coordinator if any additional training is to be included in the WHS Organisational Identified Training Needs Register.	✓		see 7.1
<b>Review</b>				
9.1	The WHS Plant and Equipment Safety Policy will be reviewed every five years or more frequently if legislation or business needs change that may impact upon this policy.	✓		Captured in the Policy Review Schedule



### 9.3.5 SA Public Health Act 2011 Internal Audit

#### Brief

This report presents the results of the *Public Health Act 2011 internal audit*.

#### RECOMMENDATION(S)

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

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#### Introduction

In accordance with the approved Internal Audit Program 2015-2016 and scope, a *Public Health Act 2011 legislative compliance audit* (the audit) was undertaken by Council's Contract Legal Auditor (the Auditor). The objective of the audit was to report on the level of compliance with the:

- *South Australian Public Health Act 2011 (SAPH Act)*;
- *South Australian Public Health (General) Regulations 2013 (General Regulations)*;
- *South Australian Public Health (Legionella) Regulations 2013 (Legionella Regulations)*;
- *South Australian Public Health (Wastewater) Regulations 2013 (Wastewater Regulations)*;

and to identify opportunities for the introduction of better practices and process improvement.

#### Discussion

The audit scope focussed on compliance of the City of West Torrens (CWT) with the identified legislation. Following completion of the audit, a draft Audit Report (the Report) was issued to the Manager Regulatory Services for comment and individual risk assessment during July 2014. The final report is attached for review (**Attachment 1**).

#### Internal Audit Findings and Compliance Rating

The audit concluded that the CWT has a good level of compliance with identified legislation with all findings within risk tolerance levels and the recommendations minor in nature.

Ten (10) audit findings were made, three (3) internal audit findings were assessed by the auditor as attracting a low level of risk while seven (7) audit findings were reported as better practice opportunities. While the organisation tolerates moderate and low risks, the proposed recommendations add value to the process. Consequently, actioning of all low risk findings was agreed and four of the seven (4/7) better practice opportunities will be pursued.

Given the level of residual risk is within tolerance and the findings are of a minor nature, they are not subject to priority actioning and will form part of the program to be as part of relevant review cycles ranging from September 2016 to December 2017.

#### Conclusion

The Public Health Act 2011 internal audit, undertaken by Council's contract legal auditor, found a **good level of compliance** with the identified legislation. As the audit findings are within risk tolerance levels and the recommendations minor in nature, progress updates will not be reported to each meeting of the Committee, rather, they will be reported along with other agreed actions that are within tolerance levels, on a six monthly basis.

ATTACHMENT 1

Draft 2: 7 June 2016



City of West Torrens  
Internal legislative audit: Public Health Act 2011  
[7 June 2016]

Draft 2: 7 June 2016



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<b>2. Objective .....</b>	<b>3</b>
<b>3. Scope .....</b>	<b>3</b>
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## Audit report

### 1. Context

- 1.1 We are engaged by the City of West Torrens (**Council**) to undertake a legislative audit in respect of the *Public Health Act 2011* (**Audit**).
- 1.2 This report sets out the scope of the Audit and methodology utilised by us to undertake the Audit.

### 2. Objective

- 2.1 The objectives of the Audit are to:

- (a) evaluate and report on the Council's compliance with the:
  - (i) *South Australian Public Health Act 2011* (**SAPH Act**)
  - (ii) *South Australian Public Health (General) Regulations 2013* (**General Regulations**)
  - (iii) *South Australian Public Health (Legionella) Regulations 2013* (**Legionella Regulations**)
  - (iv) *South Australian Public Health (Wastewater) Regulations 2013* (**Wastewater Regulations**)(**Audit Legislation**); and
- (b) identify opportunities for the introduction of better practices and process improvement.

### 3. Scope

- 3.1 The Audit considered compliance of the Council with the Audit Legislation.

- 3.2 Materials considered during the Audit were:

- (a) the Audit Legislation; and
- (b) the documents listed in Attachment A.

- 3.3 Officers interviewed during the Audit were:

- Darren Isgar – Team Leader Environmental Health
- Chris Bengier – Community Health Nurse
- Anthony Jennings – Environmental Health Officer
- Deepti Sethi – Environmental Health Officer
- Susan Bourne – Environmental Health Officer.

#### 4. Methodology

- 4.1 The Audit has been undertaken on the basis of reporting on exceptions to compliance, although some observations as to evident good practice are set out in Attachment B.
- 4.2 We identified the Council's legislative obligations by reviewing the Audit Legislation.
- 4.3 An initial meeting with Darryl Whicker (Program Leader Internal Audit), Darren Isgar (Team Leader Environmental Health) and Robyn Butterfield (Manager Regulatory Services) to commence the audit process was held at the Council on 21 April 2016. The timetable for the audit was discussed including timing for receipt and review of documents, interviewing of Council officers and completion of the final report. A list of relevant documents was identified. Key Council staff to be interviewed were confirmed.
- 4.4 The Council's compliance with the Audit Legislation was ascertained from the documents listed Attachment A and the information obtained during the interviews with officers.
- 4.5 The Council's Risk Management Framework (**Framework**) has been applied to assess non-compliances. The risk descriptors, impact descriptors and categories for reporting risk set out in the Framework are utilised for the assessment of non-compliances recorded in Attachment C.
- 4.6 Opportunities for improved practices and processes were also identified during the Audit. These are described in Attachment D.
- 4.7 A draft report was provided to Council's management on 3 June 2016.
- 4.8 A [revised] draft was provided to the Council's risk and audit committee on [insert date].

#### 5. Summary

- 5.1 The Audit concluded that the Council has a good level of compliance with the Audit Legislation.
- 5.2 **Regional public health plan:** Section 51(9)(a) of the SAPH Act requires the Council to include in the Council's regional public health plan information about issues identified in any plan, policy or strategy specified by the Minister. The SA Health, *South Australia: A better place to live 2013 (State Public Health Plan)* sets out a list of plans, policies and strategies determined to be appropriate by the Minister at pages 100-101. The Council's regional public health plan includes information relating to some but not all of the plans, policies or strategies listed. There is a low risk to Council of being criticised in relation to the matters omitted from its regional public health plan.
- 5.3 **Register of high risk manufactured water systems:** Regulation 6 of the Legionella Regulations requires the Council to keep a register of high risk manufactured water systems registered by the Council under regulation 5. Not all details required to be maintained are currently recorded on the register. There is a low risk to Council of being criticised in relation to the information omitted or recorded inconsistently in the register.



- 5.4 **Register of wastewater works approvals:** The Council does not maintain a register of wastewater works approvals as required by regulation 27 of the Wastewater Regulations. There are risks associated with the Council not being able to access information about the wastewater works if the information was required. The risk to the Council is currently low as only one application for wastewater works approval and one consequent approval has been provided under the Wastewater Regulations.

## 6. Recommendations

- 6.1 **Regional public health plan:** The Council is required to review its regional public health plan once in every five years. We recommend that Council ensures that the next revision of the regional public health plan includes information about each of the plans, policies and strategies determined to be appropriate by the Minister.
- 6.2 **Register of high risk manufactured water systems:** The register should be updated so that it contains the information required by the Legionella Regulations. The Council could provide training to officers on maintaining the register in accordance with the requirements of regulation 6 of the Legionella Regulations.
- 6.3 **Register of wastewater works approvals:** Establish a register of wastewater works approvals in accordance with regulation 27 of the Wastewater Regulations.

## 7. Opportunities for improved practices

- 7.1 The Audit identified some aspects of the administration of the SAPH Act where practice improvements could be implemented.
- 7.2 Practice improvements could be considered in respect of:
- (a) instruments of appointment of local authorised officers
  - (b) the Council's *Standard Operating Guideline: Receipt of Complaints and routine inspection of swimming pools, spas and hydrotherapy facilities*, 2015 with respect to immediate closure of public swimming pools to the public
  - (c) the application of the SA Health, *Standard for the Operation of Swimming Pools and Spa Pools in South Australia*, 2013 (Pools Operating Standard) with respect to public swimming pool inspections
  - (d) application of the SA Health, *Guideline for Inspection and Maintenance of Swimming Pools and Spa Pools in South Australia*, 2013 (Pools Inspection Guideline) with respect to public swimming pool inspections
  - (e) responses to Legionella detection outlined in the Council's *Standard Operating Guidelines: Registration and inspection of High Risk Manufactured Water Systems*, 2015 and
  - (f) Council's template notices regarding shut down or decontamination of cooling and warm water systems if Legionella is detected.
- 7.3 We have provided further details with respect to the issues identified and recommendations for improved practices in Attachment D.

**8. Auditors**

The Audit was undertaken by Sallie Harrington Downie (Senior Associate) and Carolyn Vigar (Partner).

DRAFT

## **Attachment A: Audit documents**

### **Council documents**

#### ***Policy***

- *Administration Policy – Risk Management Framework, March 2009*

#### ***Guidelines, plans and procedures***

- *Environmental Health Procedure - Immunisation cold chain, undated*
- *Environment Health Procedure - Immunisation ordering and receipting of vaccines, undated*
- *Environmental Health Procedure – Immunisation vaccination clinics, undated*
- *Environmental Health Procedure – Immunisation vaccination clinics school, undated*
- *Public Health Plan, September 2014*
- *Standard Operating Guideline: Receipt of complaints and routine inspection of swimming pools, spas and hydrotherapy facilities, 2015*
- *Standard Operating Guidelines: Registration and inspection of High Risk Manufactured Water Systems, 2015*

#### ***Reports***

- *report to SA Health on the Public Health Plan, 5 September 2014*

#### ***Instruments of appointment***

- *instruments appointing Anthony Jennings, Darren Isgar, Deepti Sethi, and Susan Borne as local authorised officers, 15 July 2013*
- *instruments appointing local authorised officers: Anthony Jennings, 8 December 2015; Darren Isgar, 4 December 2015; Deepti Sethi, 4 December 2015; Susan Borne, 5 January 2016 and Al Ioakim, 3 February 2015*

#### ***Notices and correspondence***

- *templates for notices regarding annual inspection and microbiological testing of registered High Risk Manufactured Water, undated*
- *templates for notices regarding shut down or decontamination of cooling and warm water systems if Legionella detected, undated*
- *email from SA Health requesting report regarding administration of Act, 1 July 2015*
- *notices to the Chief Public Health Officer on appointment of local authorised officers Anthony Jennings, Darren Isgar, Deepti Sethi and Susan Borne, 15 July 2013 and Al Ioakim, 12 February 2015*

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- notice to Chief Public Health Officer of revocation of appointment of Al Ioakim as a local authorised officer, 31 December 2015

**Files**

- file relating to incident of severe domestic squalor, September 2013
- file relating to incident of cryptosporidiosis in swimming pools, April 2016
- file relating to inspection of High Risk Manufactured Water System – cooling water system located at World Park, September/October 2015
- file relating to inspection of High Risk Manufactured Water System – warm water system located at West Beach Residential Care, April 2016
- file relating to approval of on-site wastewater works, September 2015 – April 2016.

**Registers and records**

- record of disinfectant and monitoring of public swimming pools, undated
- Public Swimming Pool and Spa Assessment forms; 22 May 2015, 10 February 2015, 5 November 2014
- print out from register of High Risk Manufactured Water Systems, 31 May 2016

**Other documents**

**Legislation**

- *South Australian Public Health (Notifiable and Controlled Notifiable Conditions) Regulations 2012*

**Policy**

- *South Australian Public Health (Severe Domestic Squalor) Policy 2014*

**Guidelines, plans and procedures**

- SA Health, *Guidelines for the Control of Legionella in Manufactured Water Systems in South Australia*, 2013
- SA Health, *Standard for the Operation of Swimming Pools and Spa Pools in South Australia*, 2013
- SA Health, *Guideline for Inspection and Maintenance of Swimming Pools and Spa Pools in South Australia*, 2013
- SA Health, *On-site Wastewater Systems Code*, 2013
- South Australian Health Commission, *Code of Practice for the Provision of Facilities for Sanitation and Personal Hygiene*, 1991

***Reports***

- Department of Health and Ageing, *Approved Qualifications for Appointment as Local Authorised Officer Under SA Public Health Act 2011*, 2015
- Office of the Chief Public Health Officer, *Interim Guideline for Provision of Reporting on Regional Public Health Plans 2014*, 2014
- SA Health, *A Foot in the Door: Stepping towards solutions to resolve incidents of severe domestic squalor in SA*, 2013
- SA Health, *South Australia: A better place to live 2013*



**Attachment B: Audit findings – good practice**

The Audit has been undertaken on the basis of reporting exceptions to compliance. However, general observations made in respect of good practice adopted by the Council are set out below.

Subject matter		Good practice
<b>1: Activities to reduce risks and promote public health.</b>		The Audit found that the Council is engaged in a range of activities to preserve, protect and promote public health. For example, the Council provides a comprehensive immunisation service which is responsive to the needs of people in the Council area. The Council conducts inspections of public swimming pools and High Risk Manufactured Water Systems. The Council cooperates with the Department of Environment and Water Resources in managing risks associated with blue green algae in the River Torrens. The Council's Public Health Plan outlines a broad variety of activities that support public health.
<b>2: Familiarity with Audit Legislation and associated standards and guidelines.</b>		Officers interviewed were familiar with the Audit Legislation and associated standards and guidelines.

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## Attachment C: Audit findings – non-compliances

1: Regional public health plan		Risk Rating: Low			
<i>Auditor</i> Low	<i>Descriptor</i> Reputation Relationships	<i>Consequence</i> Insignificant	<i>Likelihood</i> Rare	<i>Summary</i> Low	
<i>Manager</i>	<i>Reputation</i>	<i>Insignificant</i>	<i>Rare</i>	<i>Low</i>	

Issues and Impact	Recommendation	Management, Response and Responsibility	Target Date
<p>The Council is required by section 51 of the SAPH Act to prepare and maintain a regional public health plan for the purposes of the operations of the Council under the SAPH Act. Detailed requirements for the regional public health plan are set out in section 51 of the SAPH Act. Under section 51(9) of the SAPH Act a regional public health plan must include information relating to all of the plans, policies or strategies determined to be appropriate by the Minister.</p> <p>The Council's regional public health plan does not include information relating to all of the plans, policies or strategies determined to be appropriate by the Minister.</p> <p>The State Public Health Plan sets out a list of plans, policies and strategies determined to be appropriate by the Minister at pages 100 and 101. The Council's regional public health plan includes information relating to some but not all of the plans, policies or strategies listed.</p> <p>Pages 14 and 15 of the Council's Plan include direct reference to <i>South Australia's Strategic Plan</i>,</p>	<p>Ensure that the next revision of the Public Health Plan includes information about all plans, policies and strategies determined to be appropriate by the Minister.</p>	<p>Manager City Strategy</p> <p>The next review will consider and included reference to all the plans, policies and strategies determined to be appropriate by the Minister at pages 100-101 of the State Public Health Act.</p>	<p>Dec 2016</p>

<p>the South Australian Government's seven strategic priorities and associated action plans and the <i>Planning Strategy for South Australia: 30 Year Plan for Greater Adelaide</i>. Other plans, policies and strategies determined to be appropriate by the Minister are not directly referred to in the Council's plan.</p> <p>While it may be possible to identify links between the content of most of those documents and the content of the Council's Plan, there is, for example, no apparent reference in the Council's Plan to South Australia's Oral Health Plan 2010-2017. We were informed during interviews with officers that the Council's regional public health plan may not have taken all the documents listed in pages 100 and 101 of the State Public Health Plan into account.</p> <p>The omission of aspects of the plans, policies and strategies determined to be appropriate by the Minister from the Council's regional public health plan may lead to the Council overlooking aspects of public health which should be addressed in their area or developing policies which are inconsistent with those developed and implemented by State government.</p> <p>The Council's regional public health plan was submitted to the Minister and the Chief Public Health Officer in accordance with sections 51(11) and 51(13) of the SAPH Act. Comments received during consultation were taken into consideration prior to the plan coming into operation in September 2014. In these circumstances, the risk to the Council being criticised in relation to the Council's regional public health plan appears to be low.</p>			
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2: Register of high risk manufactured water systems	Risk Rating: Low				
	Auditor Low	Descriptor Organisational/ customer impact Reputation Relationships	Consequence Minor	Likelihood Rare	Summary Low
	Manager	Organisational/Customer Impact	Minor	Rare	Low

Issues and Impact	Recommendation	Management, Response and Responsibility	Target Date
<p>The Council is required to maintain a register of high risk manufactured water systems in accordance with regulation 6 of the Legionella Regulations.</p> <p>Regulation 6(3) requires that the register include the full name and business address of the owner of the premises and the full name, residential and business address, residential and business phone numbers of the person nominated by the owner of the premises as being responsible for the operation and maintenance of the system.</p> <p>The Council's High Risk Manufactured Water System Register contains details for contacts associated with each of the systems registered. However, the Council's register does not consistently record the details required by the regulations for each registered system.</p> <p>There are a number of entries in the register where the full name and contact details for the responsible person have not been included. Details of the</p>	<p>The register should be updated so that it contains the information required by the Legionella Regulations. The Council could provide training to officers on information to be recorded on registration of High Risk Manufactured Water Systems and keeping the register.</p>	<p>Manager Regulatory Services</p> <p>The register will be updated in line with the recommendation at then registration period commencing October 2016.</p>	<p>March 2017</p>

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owners of premises on which the systems are located are included in the register but are not consistently and accurately identified. For instance, the owner of premises is in some cases incorrectly identified as a licence holder. The omission of required information or incorrectly identifying contacts in the register may result in the Council being unable to identify the correct person to direct inspection results, statutory notices or concerns regarding risks associated with high risk manufactured water systems. This could cause a delay in a threat to public health being addressed. Officers interviewed reported working closely with occupiers of the premises where the systems are located and professional maintenance contractors engaged to manage the systems. The likelihood of criticism or receiving a complaint arising as a consequence of the information omitted or recorded inconsistently in the register is low.			
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3: Register of wastewater works approvals	Risk Rating: Low				
	Auditor Low	Descriptor Organisational/customer impact Reputation Relationships	Consequence Insignificant	Likelihood Unlikely	Summary Low
	Manager	Reputational			Best Practice

Issues and Impact	Recommendation	Management, Response and Responsibility	Target Date
<p>The Council does not maintain a register of wastewater works approvals as required by regulation 27 of the wastewater regulations.</p> <p>The Council may be at risk of criticism if it is unable to monitor compliance with conditions imposed on the wastewater works approval or respond to issues raised with respect to the works in the future.</p> <p>The risk of the Council receiving criticism in respect of failing to maintain a wastewater works approval register is currently low. Only one wastewater works approval has been applied for and granted under the Wastewater Regulations.</p>	<p>Establish a register of wastewater works approvals.</p>	<p>Manager Regulatory Services</p> <p>City of West Torrens has one (1) waste water approval. A register will be developed in the most practical format.</p>	<p>September 2016</p>

## Attachment D: Audit findings – opportunities for improved practices

During the Audit opportunities for improved practice were identified. These are summarised in the following table for the consideration of the Council.

1: <i>Hiatus in appointment of local authorised officers</i>	Risk Rating: Better Practice				
	<i>Auditor</i> Better practice	Descriptor	Consequence	Likelihood	Summary
	<i>Manager</i> Better practice				

Issues and Impact	Recommendation	Management, Response and Responsibility	Target Date
<p>Prior to commencement of the SAPH Act, authorised officers of the Council performed functions with respect to the protection of public health under the <i>Public and Environmental Health Act 1987 (PEH Act)</i>. Authorisation of officers under the PEH Act ceased to have effect when the Act was repealed on 16 June 2013.</p> <p>Section 44 of the SAPH Act which provides for the appointment of local authorised officers, came into operation on 16 June 2013 so that a hiatus in the appointment of authorised officers could be avoided.</p> <p>There was, however, a hiatus between the repeal of the PEH Act and the Council's authorisation of officers under the SAPH Act. Local authorised officers were appointed by the Council under section 44 of the SAPH Act on 15 July 2013.</p>	<p>The Council could review its processes for appointing local authorised officers.</p>	<p>Acting Manager Business Services</p> <p>This hiatus occurred in 2013 and since then there has been no further occurrence. The process for reviewing authorised officers was reviewed in 2016 and the new process and subsequent succession planning ensures that no further Hiatus will occur.</p>	<p>No Action Required</p>

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A contravention of the SAPH Act would have occurred if officers purported to exercise powers under either the repealed PEH Act or the SAPH Act prior to their appointment as local authorised officers. We are unaware that there was a purported exercise of statutory powers.			
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2: Instrument appointing local authorised officers	Risk Rating: Better Practice				
	Auditor Better practice	Descriptor	Consequence	Likelihood	Summary
	Manager Better practice				

Issues and Impact	Recommendation	Management, Response and Responsibility	Target Date
Sections 44(1) and 45(1) of SAPH Act provide for a council to appoint a person who holds qualifications approved by the Minister as local authorised officers. The Council's instruments appointing local authorised officers under section 44(1) of the SAPH Act are not expressed clearly. Amending the instrument could ensure the intention of the Chief Executive Officer making the appointment is expressed clearly and improve the readability of the document.	The template instrument for appointment of local authorised officers could be amended to improve clarity.	Acting Manager Business Services  The instrument for appointing Authorised officers under the SAPH Act is based on the LGA model template. This is industry best practice.	No Required  Action

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Risk Rating: Better Practice				
3: Immediate closure of a pool to the public	Auditor	Descriptor	Consequence	Likelihood
	Better practice			
	Manager			
	Better Practice			
				Summary

Issues and Impact	Recommendation	Management, Response and Responsibility	Target Date
<p>The Council manages and reduces risks to public health through inspection and monitoring of public swimming pools. The Council has power to require action be taken to comply with the General Regulations or reduce risks to public health under section 92(1) of the SAPH Act.</p> <p>Regulation 8(4) of the General Regulations requires pool owners and managers to immediately close a pool to the public if the filtration system ceases to operate or a reading taken under regulation 8 indicates that the total chlorine level in the pool exceeds 10mg/L.</p> <p>The Council's Standard Operating Guideline: Receipt of complaints and routine inspection of swimming pools, spas and hydrotherapy facilities reflects the power of the Council to issue a notice under section 92(1)(b) requiring immediate closure of pool where there is a risk to public health. However, officers interviewed were not familiar with the obligation on pool owners and operators to close a pool in the circumstances specified in regulation 8(4) or the power to issue a notice securing compliance under section 92(1)(a).</p>	<p>Officers' awareness of circumstances in which pools should be closed to the public could be raised by amending the Council's Standard Operating Guideline: Receipt of complaints and routine inspection of swimming pools, spas and hydrotherapy facilities to include reference to the Council's power to issue a notice securing compliance with the General Regulations and the circumstances in which a pool owner or operator must immediately close a pool to the public.</p>	<p>Manager Regulatory Services</p> <p>SOG will be updated in line with the recommendation.</p>	<p>September 2016</p>



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<p>The Council could be exposed to risk of criticism and damage to reputation if officers conducting pool inspections do not recognise circumstances in which pool owners should immediately close a pool or take appropriate enforcement action under the SAPH Act.</p>			
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Issues and Impact	Recommendation	Management, Response and Responsibility	Target Date
<p>The Pools Operating Standard is a prescribed standard adopted under regulations 8(1) and 9(1) of the General Regulations. Section 109(6) of the SAPH Act has the effect that non-compliance with the standards applicable to pool disinfection by an owner, operator or manager of a pool is a breach of the regulations.</p> <p>Immanuel College uses a combination of chlorine and ultraviolet light (<b>UV</b>) to disinfect its swimming pools. This is not a method of disinfection recognised in the Pools Operating Standard. We were informed by officers that Immanuel College maintains disinfection of their pool with chlorine in accordance with regulation 8(1) of the General Regulations. UV disinfection is a supplementary method of disinfection. Consequently, the use of the UV disinfection method does not contravene the General Regulations.</p> <p>The Immanuel College pool was implicated in an incidence of cryptosporidiosis on 1 April 2016. Cryptosporidiosis is a notifiable condition pursuant to the <i>South Australian Public Health (Notifiable and Controlled Notifiable Conditions) Regulations</i></p>	<p>Improvement in pool inspection practices could include checking that records kept by pool operators, owners and occupiers are consistent with the Pools Operating Standard and that records made by officers' inspecting pools are also consistent with the Pools Operating Standard.</p>	<p>Manager Regulatory Services</p> <p>This relates to supplementary methods only and City of West Torrens is not required to monitor this. The two known pool operators who use supplementary methods of hygiene control have been made aware of the benefits of keeping up to date records. We will continue to educate swimming pool operators if or when the need arises.</p>	No action required

<p>2012. The Council received notification of the incidence of cryptosporidiosis from SA Health and took action to prevent spread of the disease by liaising with SA Health and Immanuel College. Council officers confirmed that Immanuel College was able to provide SA Health with sufficient information to confirm that the UV system had been operating effectively at the relevant time so that it was unnecessary to undertake decontamination of the pool.</p> <p>Neither Immanuel College nor the Council when monitoring the pool had recorded the UV dosage applied to the pool as set out in the Pools Operating Standard. Although the UV system was used in addition to disinfectant with chlorine as required by regulation 8(1), a record of the UV system's operation in accordance with the Pools Operating Standard during the period when cryptosporidiosis may have been contracted would have enabled the Council and the pool operator to readily establish that the system was working effectively and provided greater certainty that the pool did not present a risk to public health.</p>			
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5: Application of the Pools Inspection Guideline	Risk Rating: Better Practice				
	Auditor	Descriptor	Consequence	Likelihood	Summary
	Better practice				
	Manager				
	Better practice				

Issues and Impact	Recommendation	Management, Response and Responsibility	Target Date
<p>The Pools Inspection Guideline is a prescribed guideline to assist in the administration of the SAPH Act pursuant to section 109(2)(o).</p> <p>Fields within the Council's Swimming Pool Assessment Form, which reflect the Pools Inspection Guideline, have in some cases been left incomplete by officers carrying out inspections. Interviews with officers revealed that officers do not consistently refer to the Pools Inspection Guideline when carrying out inspections of public swimming pools. Some officers indicated a tendency to trust the expertise and reliability of equipment of operators and managers, particularly of large pools, over their own testing and observations. Conducting independent inspections consistently in accordance with the Pools Inspection Guideline is an important means of monitoring and reducing risks to public health in the Council's area. The Council is at greater risk of criticism if inspecting officers have not consistently adhered to the guidelines and harm to public health occurs.</p>	<p>Process improvements could be achieved by ensuring that officers conducting pools inspections receive refresher training on the Pools Inspection Guideline if required and refer the guideline when conducting inspections.</p>	<p>Manager Regulatory Services</p> <p>Training will occur as part of the next SOG review. The introduction of mobile technology now requires all fields to be completed as mandatory.</p>	<p>September 2016.</p>

6: Responses to Legionella detection	Risk Rating: Better Practice				
	Auditor Better practice	Descriptor	Consequence	Likelihood	Summary
	Manager Better practice				

Issues and Impact	Recommendation	Management, Response and Responsibility	Target Date
<p>The owner of the premises on which a high risk manufactured water system is located is responsible for implementing response strategies if Legionella is detected in the system. The Council carries out inspections under the Legionella Regulations and has the power to require action be taken to comply with the regulations or avert or reduce risk to public health pursuant to section 92(1) of the SAPH Act. The SA Health Guidelines for Control of Legionella in High Risk Manufactured Water Systems in South Australia, 2013 (<b>Legionella Guidelines</b>) are prescribed guidelines to assist in the administration of the SAPH Act pursuant to section 109(2).</p> <p>The Council's Standard Operating Guidelines: Registration and inspection of High Risk Manufactured Water Systems does not clearly reflect Legionella control strategies for cooling water systems and control strategies for warm water systems.</p> <p>Regulation 17(1) of the Legionella Regulations requires that a cooling water system must be immediately shut down or decontaminated if</p>	<p>Improvement in Council's process documentation could include amending the Standard Operating Guidelines: Registration and inspection of High Risk Manufactured Water Systems to reflect the control strategies for cooling and warm water systems set out the Legionella Regulations and Legionella Guidelines.</p>	<p>Manager Regulatory Services</p> <p>Better practice opportunity only, the SOG will be reviewed for clarity at its next scheduled review.</p>	<p>December 2017.</p>



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<p>microbiological testing indicates the presence of 1000 or more colony forming units of Legionella per millilitre of water. The Legionella Guidelines include a control strategy which specifies three levels of response required when Legionella is detected in a cooling water system according to the level of colony forming units of Legionella present in the system.</p> <p>Regulation 17(2) requires that a warm water system must be immediately shut down or decontaminated if microbiological testing indicates the presence of 10 or more colony forming units of Legionella per millilitre of water.</p> <p>When interviewed, officers understood that different control strategies apply to warm water and cooling water systems when Legionella is detected and had an awareness of the Legionella Guidelines. However, clear operational guidelines may give the Council greater certainty that officers are confident in carrying out their functions under the SAPH Act and assist in avoiding any potential criticism in the event of a Legionella outbreak.</p>			
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7: <i>Legionella</i> notice templates	Risk Rating: Better Practice			
	<b>Auditor</b> Better practice	<b>Descriptor</b>	<b>Consequence</b>	<b>Likelihood</b>
	<b>Manager</b> Better practice			

<b>Issues and Impact</b>	<b>Recommendation</b>	<b>Management, Response and Responsibility</b>	<b>Target Date</b>
<p>The Council's template notices regarding shut down or decontamination of cooling and warm water systems if Legionella is detected do not reflect the Legionella Regulations in that:</p> <ul style="list-style-type: none"> <li>the notices are purportedly issued pursuant to regulation 17(1) and regulation 17(2) of the regulations however there is no power for the Council to issue notices under regulation 17, and</li> <li>a note attached to the template refers to penalties for non-compliance with a notice issued pursuant to regulation 16 however regulations 16 and 17 have distinct applications.</li> </ul> <p>We are informed by Council officers that the templates have not yet been used.</p>	<p>If the Council receives a report of the results of microbiological testing which indicates the presence of Legionella in excess of the limits prescribed in regulation 17(1) and 17(2), rather than issuing a notice in the form of the Council's template, the Council should provide a report of the results to the owner of the premises on which the cooling or warm water system is located. Council may wish to develop a standard form or letter accompanying the report setting out the steps the owner is required to take under regulation 17 and the penalty for failing to comply with that regulation.</p>	<p>Manager Regulatory Services</p> <p>The form will be reviewed/amended prior to the next round of cooling tower audits.</p>	<p>October 2016</p>

### 9.3.6 Facilitative Audit - Debtor Management (Stage 1 - Gap Analysis)

#### Brief

This report presents the result of the Gap Analysis component of Stage 1 of the *Facilitative Audit - Debtor Management (Stage 1 - Gap Analysis)*.

#### RECOMMENDATION(S)

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

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#### Introduction

This report presents a progress update of Stage 1 of the *Facilitative Audit - Debtor Management* (the audit). The audit scope was approved during April 2016 to be undertaken by the contract internal auditor and is attached (**Attachment 1**).

#### Discussion

The purpose of the first stage of this audit is to work collaboratively with stakeholders to undertake high level benchmarking of debt management and to assess the current state of debt management documented in a gap analysis. The 'Gap Analysis' is attached (**Attachment 2**) which documents the current state of debtor management measured against the *Local Government Act 1999* and the better practice model.

The audit comprised the following processes:

- Opening meeting held May 2016 with the audit team comprising:
- Walk-through of current process with Manager Finance and the Rates Officer - June 2016
- Draft Gap Analysis issued - July 2016
- Review by the General Manager Corporate and Regulatory - July 2016
- Final Gap-Analysis presented - July 2016

The audit found that CWT's debt collection processes follow many good practice principles and have a strong level of compliance with legislative requirements. The development of a policy/procedure provides the opportunity to clarify the organisation's position on some areas of debt collection, including:

- guidelines around the application of s184 of the *Local Government Act 1999* (sale of land for non-payment of rates);
- formalising CWT's position on the use of discounts and other incentives to encourage prompt payment, and application of penalties for late payment;
- the nature and frequency of reporting of debtor data;
- guidelines for debt collection action for sundry debtors (currently at the discretion of responsible managers);
- the use of payment plans / other flexible payment options; and
- remission and postponement of payment for sundry receivables.

Next Steps: Stage 2 - continued - Solutions and Project Plan

The Gap Analysis will be used to inform the next part of the audit which requires Galpins to assist with the development of a draft policy/methodology including documenting the process for debt escalation, recover, waiver or write off. A technical specification will also be developed by the Administration to quote for debt management services with reference to correcting those gaps and/or control weakness identified.

The Continuous Improvement team is currently undertaking a 'Lean' process to improve efficiency around the debt management process. It is envisaged that audit meet with these stakeholders to help inform the development of the policy and technical specification.

### **Conclusion**

The *Facilitative Audit - Debtor Management* is underway with the current state of compliance documented in the attached Gap Analysis. This report will be used by the audit team as the basis to design policy/process documents which corrects those gaps identified and which reflect the business needs, legislative requirements and best practices. These process improvements will be reflected in a technical specification to be used for future tender/quotation purposes.

ATTACHMENT 1



## Facilitative Audit

# Debt Management

---

### Introduction

The approved Internal Audit Program 2015-16 provides for a facilitative internal audit of Debt Management. The City of West Torrens (CWT) has not documented a debt management policy or debt methodology. At the same time long standing debt recovery outsourcing arrangements do not comply with Procurement Policies because of the absence of a competitive process and formal contract document.

However, debt management and collection is occurring and it should be acknowledged that CWT's outstanding rates as at 30 June 2015 is low at around 1.3% of total rates. The absence a broader debt methodology provides that for auditing purposes the debt management practices are immature and therefore a facilitative audit is the preferred audit approach.

### Audit Objectives

Facilitative audits aim to quickly assess the current state of immature practices and to work with stakeholders through facilitation, advice and consultation to identify process gaps and to establish risk based objectives and agreed outcomes which comply with internal policies, relevant legislation and ensures risk is managed to an acceptable level.

### Audit Scope

Stage 1: The objectives of the audit are to work with stakeholders to:

- Undertake a risk assessment against the process of debt management in its current state.
- Undertake high level benchmarking of debt management policies and debt ratios within the local government sector to propose methodologies which are effective and efficient in managing debt.
- To assess the current state of debt management and document a risk-based gap analysis which proposes findings for implementation.

Stage 2: The objectives of the audit are to work with stakeholders to:

- Develop debt management policy/methodology content including documenting the processes for debt escalation, recovery, waiver or write off.
- Develop a technical specification to quote for services with reference to correcting those gaps and/or control weaknesses identified and/or review options available through pre-existing purchasing panels.



## Approach

A key component of the audit is to conduct interviews with key managers/supervisors, staff and stakeholders to establish any issues, concerns and potential improvements. The Program Leader Internal Audit and Risk will discuss the scope and overview of work to be performed with the Manager Financial Services prior to the commencement of testing.

A review of available documentation such as legislation, policies, agreements, procedure manuals, performance reports etc will be undertaken. This is critical in supporting review comments and providing evidence to support audit conclusions. Field-testing may be undertaken to establish whether or not controls are in place and are effective in addressing extreme or high risks.

The audit is to be assessed using CWT approved Risk Management Framework and tools.

## Proposed Audit Team

Internal Work Group	
Finance Department	Manager Financial Services
Finance Department	Rates Coordinator and/or Rates and Recovery Officer
Procurement	Procurement Officer
Independent Assurance Auditor	
Galpins	Partner and/or Senior Associate

## Risks

Potential risks associated with Debt Management include as identified by Internal Audit include, but is not limited to:

- Council does not raise the correct level of rate income.
- Inconsistent approach to debt management resulting in:
  - Letters of complaint
  - External investigations
  - Council decisions being overturned and/or;
  - Media coverage resulting in reputation damage.
- Procurement policies are not adhered to resulting in reduced opportunity for cost savings and better practice opportunities

## General Administration

This audit will be performed by Galpins.

Initial planning, interview and scoping commenced on April 2016 with fieldwork and reporting to be conducted between April and June 2016.

A draft report will be issued at each stage for comment and to allow for corrections of fact and management comments to be incorporated. The final report will be issued to the Executive Management Team for approval.

The final approved report at each stage will also be tabled at the Audit and Risk Committee meeting for review.

The draft report for management consideration should be completed by the end of June 2016.

## Audit Findings and Recommendation Ratings

### *Compliance Rating*

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

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

*Definitions are as classified in the table below.*

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

### *Control Risk Rating*

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

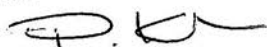
- *Extreme risk recommendations*
- *High risk recommendations*
- *Moderate risk recommendations*
- *Low risk recommendations*
- *Better practice or improvement recommendations*

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**Sign Off**

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

Signed

A handwritten signature in black ink, appearing to be 'P. K.' followed by a stylized flourish.

General Manager Business and  
Community Services

Date 21/4/16

ATTACHMENT 2



Accountants, Auditors & Business Consultants

City of West Torrens  
Debt Collection Process  
Gap Analysis May 2016 - Overview

The Council does not currently have a debt collection policy. Whilst the existence of a debt collection policy is included in the *Better Practice Model – Financial Internal Control for SA Councils* as a “core control”, it is not a mandatory or legislative requirement to have one. Administration is of the view that a debt collection policy is not necessary, and instead that introducing an internal documented debt collection procedure to assist with knowledge transfer and succession planning for the future will be of benefit to Council.

Galpins has performed a gap analysis of existing debt collection processes used by Council against legislative requirements and general principles of good practice, including consideration of the debt collection policies / procedures of other SA Councils. This gap analysis forms an important input into the development of a new documented procedure.




The gap analysis indicates that Council’s existing debt collection processes follow many good practice principals, and have a strong level of compliance with legislative requirements.





The development of a documented procedure provides the opportunity to clarify Council’s position on some areas of debt collection, including:

- guidelines around the application of s184 (sale of land for non-payment of rates);
- formalising Council’s position on the use of discounts and other incentives to encourage prompt payment, and application of penalties for late payment;
- the nature and frequency of reporting of debtor data;
- guidelines for debt collection action for sundry debtors (currently at the discretion of responsible managers);
- the use of payment plans / other flexible payment options; and
- remission and postponement of payment for sundry receivables.

**Full details of the Gap Analysis are provided in the attached table.**

City of West Torrens  
Debt Collection Review  
Gap Analysis May 2016

**KEY**  
 as described  
 not done  
 partially done / alternative

Policy ref.	Legislative requirement / Better Practice	Summary of existing practice		Include in New Procedure?
		Level of compliance with legislation / good practice	Comments - per discussions with finance manager / rates manager	
<b>Rates &amp; Sundry Receivables</b>				
Better Practice Model	Defined frequency of, and responsibility for, review of "Aged Debtors" reports. <i>Note: should be at least monthly.</i>		Rates = See 'collection action' below - Pathway report used. Sundry = for the last 2 years or so, monthly report ("Aged Trial Balance by Debtor Type") automatically generated and emailed out of Pathway (each debt flagged to a department), sent to Department Manager for review. The Manager can either a) send to Accounts Receivable Officer in Finance (either follow up themselves, send to CEO for Write-off, or send to Rates Officer who sends to debt collector) or b) follow up themselves.	Yes
Good Practice	Defined initiation point for collection action. <i>Note: should be debt outstanding somewhere in the range of 30-60 days past due.</i>		Rates = See 'collection action' below - Approx. 1 week past due. Sundry = See above, monthly reports sent to Managers, may vary between Managers.	Yes
Good Practice	Defined collection action (nature and form) at defined increments (e.g. at 30/60/90+ days past due). Example: => 30 days statement sent, friendly payment reminder (phone/email/post) => 60 days statement sent, overdue payment reminder (phone/email/post) => 90 days statement sent, final notice - advise use of debt collection service and adding of associated costs to debt (phone/email/post) => 97 days - sent to debt collection service =>120 days - consider legal action / debt write-off		For Rates: Approx. 1 week past due date = Add interest, produce final notices (file generated automatically out of Pathway, sent to the printers). Gives 14 days to pay. => no editing, other than excluding amounts <\$5.  After 14 days + 7 days = Run report out of Pathway - load into Excel. Filter to determine which ones to send to debt collector to produce "letter of demand". Filter = remove if payment arrangements in place (indicated on the report) .  14 days after "letter of demand" sent - drill down into the assessment in ECM Dataworks notices to determine reasons, exceptions e.g. selling property, deceased estate (not captured in the system), in liquidation (not captured in the system), final development applications (i.e. may be changing property address). This may involve making phone calls, etc. but - there may be approx. 2000 o/s rates - don't have the resources to do (investigating automated text messages). Those remaining properties after filtering = if <\$250, no action (close file - reopen next quarter), if >\$250 if no circumstances, go for a summons through the debt collector.  For Sundry Debtors: Not defined.	Yes
Good Practice, Better Practice Model	Detail of evidence/documentation required to record action taken to follow up debts.		Memos in Pathway attached to rates assessments. Each new action taken (e.g. letter of demand, summons, phone calls, etc.) - records date sent to debt collector, amount. Debt collector summons actions.	Yes



City of West Torrens  
Debt Collection Review  
Gap Analysis May 2016

**KEY**  
✓ as described  
✗ not done  
! partially done / alternative

Policy ref.	Legislative requirement / Better Practice	Summary of existing practice		Include in New Procedure?
		Level of compliance with legislation / good practice	Comments - per discussions with finance manager / rates manager	
Good Practice	Defined position re. under what circumstances Debt Collectors will be used for both Rates Receivable and Sundry Receivables, and any approval requirements. <i>Note: consider cross-reference to procurement policy.</i>	✓	As above.	Yes
Local Gov Act s143, Better Practice Model	Defined rules for writing off bad debts, inc: > defined process for assessing "no reasonable prospect of recovering the debts" or "costs of recovery are likely to equal or exceed the amount to be recovered" > requirement for CEO certification of the above; and > approval of bad debts i.e. Council or delegation <i>Note: if a council delegates the power to write off debts under this section, the council must set an amount above which the delegation will not apply.</i>	✓	The Rates Officer, Rates Coordinator and Manager - Financial Services have delegation to write off fines. No delegation to write off anything else. Not done with rates. CEO has delegation from Council up to \$5,000. Over \$5,000 goes to Council. No policy in place, rely on the delegations.	Yes
Local Gov Act s144	Defined position re. use of court action for amounts that are recoverable as a debt by action in a court per s144-Recovery of amounts due to council i.e. where LGA provision or another Act provides that fees, charges, expenses or other amounts may be recovered by a council from a person).	✓	Council will go to court if needed. Summons issued by debt collection agency. If disputed, will be taken to court. The Rates Officer presents in court as needed - approx. 3 or 4 times a year.	Yes
Good Practice, Better Practice Model	Frequency of, and responsibility for, reporting of debtors data to Executive. E.g. listing of debtors outstanding >90 days, with commentary i.e. action taken, likelihood of recovery.	!	National Credit (debt collector) reports go to Finance. Exec quarterly review shows total debtors balance, but not ageing. <i>Note: Council has low outstanding debt levels relative to other councils.</i>	Yes
Good Practice	Defined position on use of payment plans / other flexible payment options.	!	Phone call or face-to-face meeting between Rates Officer and Debtor. Ask the amount the debtor can pay, agree amount and enter in Pathway. Send letter and payment schedule to confirm. Not approved by anyone else. General agreement is to accept the arrangement, as long as the debtor will not get deeper into debt with Council.	Yes
Good Practice	Details of methodology for calculation of Doubtful Debts Provision are recorded.	✓	Provision not raised. Rates = always collectable, do not write off. Sundry = not material, or all bad debts written off prior to 30 June. Not common, but do sometimes write off (e.g. 2016 WAFC wrote off 50% of lights contribution in accordance with Council motion).	No - provisions not used
Good Practice	Definitions section, e.g: => "in arrears" E.g. per LGA s181 an instalment of rates not paid on or before the date on which it falls due is regarded as in arrears => write-off => provision for doubtful debts => debtor	✗	Not documented.	Yes



City of West Torrens  
Debt Collection Review  
Gap Analysis May 2016

**KEY**  
as described ✓  
not done ✗  
partially done / alternative |

Policy ref.	Legislative requirement / Better Practice	Summary of existing practice		Include in New Procedure?
		Level of compliance with legislation / good practice	Comments - per discussions with finance manager / rates manager	
Rates Receivable Only				
Local Gov Act s181 (9)	Defined position regarding remittance of penalties under LGA i.e. fine of 2% of the amount of the instalment and interest payable on amount in arrears. <i>Note: may be in separate rates policy - if so, consider cross reference.</i>	✓	Apply both - automatically done by Pathway system. Included in rates policy.	No - included in rates policy
Local Gov Act s181 (11)	Defined position on the use of discounts or other incentives in order to encourage the payment of instalments of rates in advance or prompt payment of rates. <i>Note: may be in separate rates policy - if so, consider cross reference.</i>	✓	Not used (stopped discounts 3 - 4 years ago). If rates paid in full in first quarter, go in the draw for prizes (\$500 travel voucher). Included in rates policy.	No - included in rates policy
Local Gov Act s182 (11)	Defined position on remission and postponement of payment of rates (inc. for seniors) due to hardship, including approval process / reference to delegations. <i>Note: may be in separate rates policy - if so, consider cross reference.</i>	✓	Onus is on ratepayer to apply (detail on back of rates notice). Included in rates policy.	No - included in rates policy
Local Gov Act s184	Defined position re sale of land for non-payment of rates, including circumstances which trigger the use of this provision, factors to consider in choosing whether or not to apply this provision, and approval process required. <i>Note: may be in separate rates policy - if so, consider cross reference.</i>	⚠	No policy. Decided on a case-by-case basis (ad-hoc). Have only been using s184 for the last 3 years or so (used for 26 rate payers over this time). <i>Rates Officer</i> starts the process (flags potential ones) - discussed with <i>Manager - Financial Services</i> , the <i>General Manager - Corporate and Regulatory</i> approves to go to Council, presented to Council for final decision. Lawyers then involved to implement. <i>Note: if s184 used, this is flagged in the Pathway system so that cashier cannot process it (as cannot accept part payment during this time).</i>	Yes - include guiding principals e.g. how many years overdue?, dollar value?
Sundry Receivables Only				
Good Practice	Defined position on the use of penalties, including nature, amounts, timing and ability to remit.	⚠	No policy. Only use for leases, if specified in the lease. Parking fines (managed in-house) - parking ticket overdue = overdue notice sent (adds fine), if still not paid goes to external State Government "Fines Enforcement and Recovery Unit".	Yes
Good Practice	Defined position on the use of discounts or other incentives in order to encourage the prompt payment of sundry debts.	✓	No policy. Do not use discounts or other incentives.	Yes
Good Practice	Defined policy on remission and postponement of payment of sundry receivables e.g. due to hardship, including approval process / reference to delegations.	✗	No policy.	Yes

## **9.4 EXTERNAL AUDIT**

### **9.4.1 BDO Audit 2015/16 - Annual Audit Plan and Interim Management Letter**

#### **Brief**

This report provides the Audit and Risk Prescribed General Committee with BDO's Annual Audit Plan and Interim Management Letter in relation to the 2015/16 external audit.

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

It is recommended to the Audit and Risk Prescribed General Committee that BDO's correspondence be received.

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#### **Discussion**

Council's appointed external auditor, BDO, has submitted its 2015/16 Annual Audit Plan (**Attachment 1**) and Interim Management Letter (**Attachment 2**) in relation to their external audit at the City of West Torrens.

ATTACHMENT 1

# CITY OF WEST TORRENS

Annual Audit Plan  
Year ended 30 June 2016



Executive summary

Audit objectives and approach

Risks of material misstatement

Engagement team

Appendices

Other communications

Timetable

Fees

New developments

1

2

3

4

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PREVIOUS ▶

## EXECUTIVE SUMMARY



Page 3






# EXECUTIVE SUMMARY

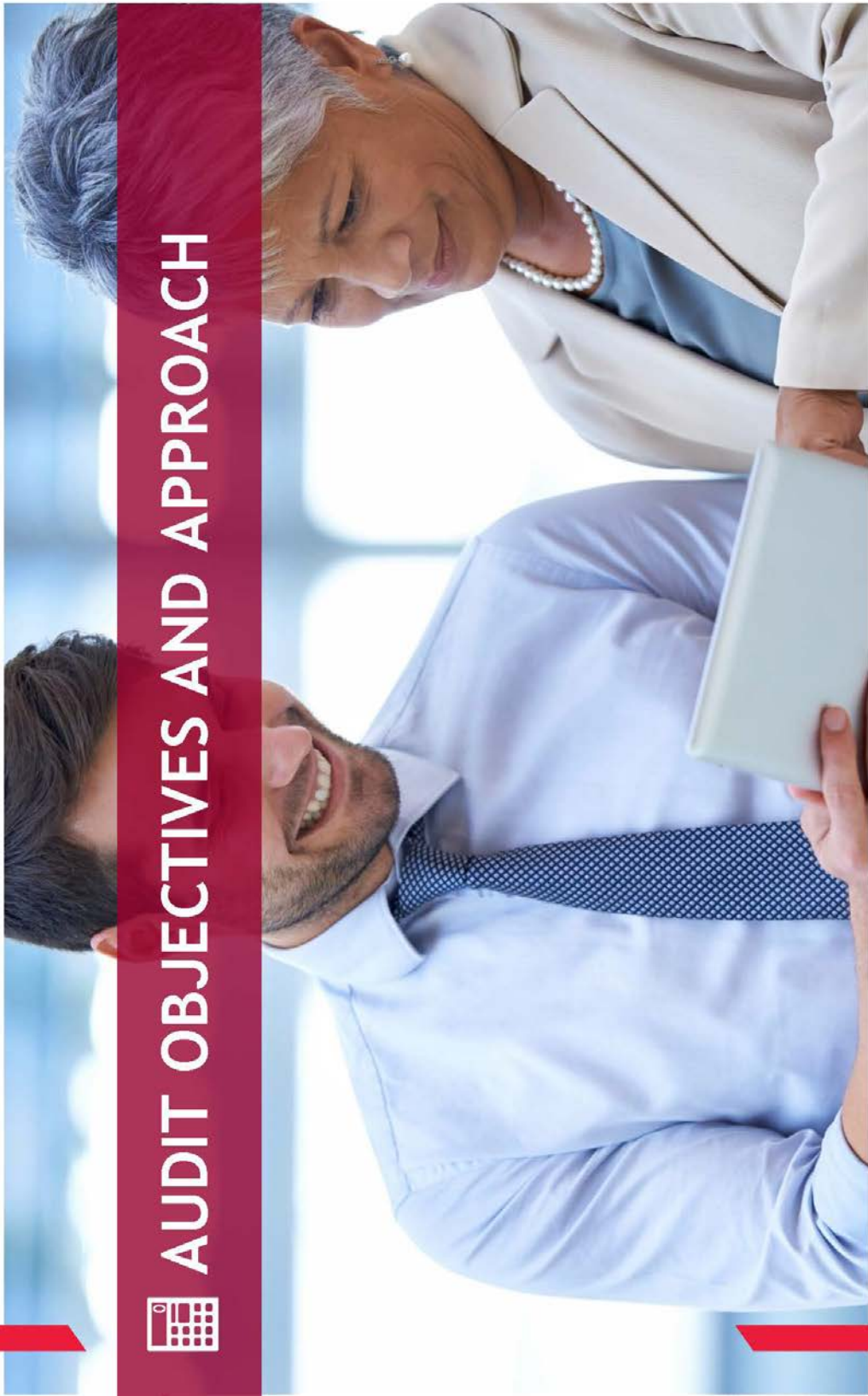
Introduction	We have set out in this document the key considerations in relation to our audit of City of West Torrens for the year ended 30 June 2016. This summary covers those matters we believe to be material in the context of our work.
Scope of engagement	The scope of our work is as follows: <ol style="list-style-type: none"><li>1. Audit of the financial report of the City of West Torrens, which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information; and</li><li>2. Audit of the controls exercised by the City of West Torrens in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.</li></ol>
Audit objectives and approach	The objectives of the audit and key information on our audit approach are set out in section 2.
Risks of material misstatement	The risks of material misstatement identified in our planning are set out in section 3.
Engagement team	The key members of the engagement team are detailed in section 4.
Independence	We confirm that we have complied with the ethical requirements regarding our independence as your auditor. Please refer to Appendix 1 for more details.
Timetable	A timetable has been prepared in accordance with your reporting requirements. This timetable covers our on-site visits, key meeting dates and reporting deadlines. Please refer to Appendix 2 for details.
Fees	Our fees for the scope of work set out in the engagement letter are \$23,841. Please refer to Appendix 3 for details.



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AUDIT OBJECTIVES AND APPROACH



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# AUDIT OBJECTIVES AND APPROACH

## Audit objectives

The objective of the audit is to enable us to express an opinion as to whether:

- The financial reports are prepared, in all material respects, in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011, and
- Controls exercised by the Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law based on criteria established in the Better Practice Model - Financial Internal Control for South Australian Councils issued by the Local Government Association of South Australia.

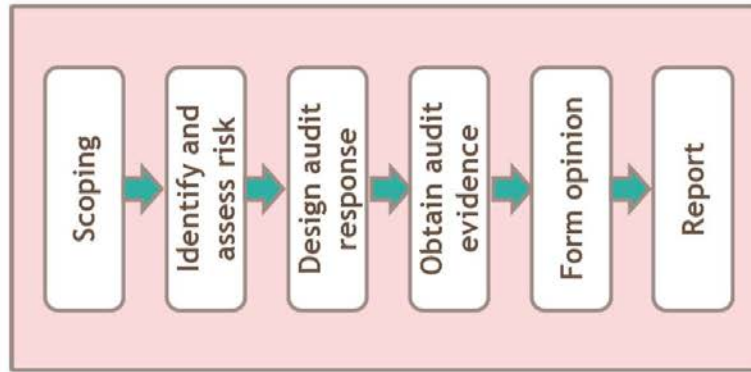
## Our approach

Our audit is performed in accordance with the BDO Audit Approach which consists of six phases and is documented using our global audit tool, APT.

The approach is centred around:

- Obtaining an understanding of the business being audited from an internal and external point of view
- Assessing the risk of material misstatements and the controls in place to address and prevent these risks
- Choosing appropriate procedures to obtain evidence, including the use of data analytics where appropriate
- Ensuring rigorous quality control over audit performance
- Providing constructive ideas for improving internal controls and business systems.

Other key aspects of the approach are set out on subsequent pages.



# AUDIT OBJECTIVES AND APPROACH

## Audit quality and professional scepticism

To support and promote audit quality at BDO, we have developed an Audit Quality Framework (AQF) that sets out the key drivers of audit quality, including the specific attributes that are important for audit quality to be maintained and enhanced. Refer to our [Transparency report](#) for further information.

The AQF recognises that professional scepticism is essential to obtain audit evidence which is sufficient and appropriate to reduce the likelihood of a material misstatement to an acceptable level.

Professional scepticism is defined in the auditing standards as ‘an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.’

The application of professional scepticism by all members of the engagement team is central to BDO’s Audit Approach.

## Going concern

As part of our audit we will review management’s assessment of the ability of the City of West Torrens to continue as a going concern for the 12 months from the date of signing the financial report and therefore whether the going concern basis for the preparation of the financial report is appropriate.

As part of this process we require management to document their assessment of going concern (including cash flow projections for 12 months after the expected date of approval of the financial report), and we will be reviewing actual outcomes against previous estimates and representations made by management.





# AUDIT OBJECTIVES AND APPROACH

## Materiality

Materiality means, in the context of an audit, if financial information is omitted, misstated or not disclosed it has the potential to (adversely) affect the decisions of users of the financial report. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and for evaluating the effect of misstatements. Materiality is initially calculated at the planning stage and re assessed prior to providing our opinion. Materiality is not only based on a numeric quantification but is assessed qualitatively for some balances and disclosures.

During the course of our audit we may identify misstatements and these will be reported to you at the conclusion of our work based on our assessment of materiality at that stage (this may have been updated from the materiality calculated at the planning stage). It should be noted that the auditing standards do not require us to communicate misstatements that are considered 'clearly trivial' and as such, if we identify such misstatements we will not communicate these to you.

## Fraud

During the course of our audit we make enquiries of those charged with governance, management and others to identify any known instances of fraud. We also make enquiries to understand where you consider the risks are in relation to fraud and if you have any knowledge of actual or suspected fraud. This also includes considering the risk of management override of controls. It should be noted that our audit is not designed to detect fraud however, should instances of fraud come to our attention, we will report them to you.



# OUR APPROACH

## Internal control

In accordance with the auditing standards, we obtain an understanding of the system of internal control relevant to the audit to assist us with our risk assessment procedures. Our understanding covers the five areas listed below:

- The overall control environment
- The entity's risk assessment process
- The information system, including the related business processes, relevant to financial reporting, and communication
- Control activities relevant to the audit
- Activities the entity uses to monitor internal control relevant to financial reporting.

We communicate to the Audit Committee in writing any significant deficiencies that come to our attention during the audit on a timely basis.

In addition we communicate with management the significant deficiencies being reported to those charged with governance and any other deficiencies identified that in our judgement are of sufficient importance to merit management's attention.

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# AUDIT OBJECTIVES AND APPROACH

## Laws and regulations

We make enquiries in relation to any non-compliance with laws and regulations impacting the period under audit. Should we become aware of any instances of non-compliance with laws and regulations which would materially impact on the financial position or performance of the entity, then we will report them to you on a timely basis to consider the impact on the financial report.


## Confirmations

In accordance with auditing standards we will be sending the following confirmation requests:


- Bank confirmations
- Confirmation of balances with LGFA
- Confirmation of balances of Mendelson investment
- Solicitor representation letter

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RISKS OF MATERIAL MISSTATEMENT



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# RISKS OF MATERIAL MISSTATEMENT

In line with our audit approach, and based on our understanding of the City of West Torrens, we have identified and assessed the risks of material misstatement at both the engagement and assertion level.

Our audit procedures are focused on areas that are considered to represent risks of material misstatement to the financial report. We identified the risk areas as part of our risk assessment procedures during the planning phase and will continue to be alert for risks during the course of the audit. We set out below the risks, categorised between those that are considered to be significant risks and other risks identified, along with our planned response.

## Significant risks

Revaluation of the infrastructure assets	
Significant risk	Planned response
Council's infrastructure, property and plant and equipment are carried at valuation, largely based on information provided by independent valuers. There is a risk that these balances are misstated as a result of the application of inappropriate valuation methodologies, or incorrect underlying assumptions.	We will assess the qualifications and experience of external valuers and Council staff involved in the valuation process and the relevance and reasonableness of assumptions and the valuation methodology that they use.  We will consider compliance with relevant Australian Accounting Standards, and appropriate presentation in the financial statements.



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# RISKS OF MATERIAL MISSTATEMENT

Cut-off of grant funding	
Significant risk	Planned response
There is a risk of error in the calculation of grant income recognised and deferred at year end by reference to grant agreements and Australian Accounting Standards	We will select a sample of the grant agreements during the year for review to conclude if the revenue has been recognised in the correct accounting period. We will review and select a sample of deferred revenue for test of details to ensure the accuracy and appropriateness of the accounting treatment.
Sale of St Martins Aged Care Facility	
Significant risk	Planned response
There is a risk that the sale of St Martins is not correctly accounted for and appropriately disclosed in the annual financial statements	We will confirm the accounting treatment of the sale by reference to supporting documents including the sale contract and settlement statements, and the requirements of Accounting Standard AASB 5. We will also consider the requirements of this standard in relation to the completeness and accuracy of the associated disclosures in the financial statements.



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# RISKS OF MATERIAL MISSTATEMENT

Capital Work - In - Progress		
Significant risk	Planned response	
There is a risk of incorrect accounting treatment for items captured within Capital WIP.	We will obtain the WIP schedule and review in detail a sample of projects outstanding as at 30 June 2016 to ensure they are likely to generate assets. We will perform a sample testing of asset transfers out of Capital WIP to ensure that categorisation and value allocated to assets are appropriate.	
Management Override of Internal Controls		
Significant risk	Planned response	
Per Australian Auditing Standards there is a presumed risk that management has the ability to manipulate accounting records and prepare a fraudulent financial report by overriding controls that otherwise appear to be operating effectively.	BDO will place particular emphasis on areas involving management judgements, review controls the Council has in place to mitigate risk and review general journals posted throughout the year to assist in identifying potential override of controls.	



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ENGAGEMENT TEAM

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# ENGAGEMENT TEAM

The following staff members have been assigned to your engagement team. Any changes to key members of the engagement team will be communicated to you on a timely basis.

Role	Name	Telephone	Email address
Engagement partner	Geoff Edwards	+61 8 7324 6061	Geoff.Edwards@bdo.com.au
Engagement manager	Linh Dao	+61 8 7324 6147	Linh.Dao@bdo.com.au
Senior in charge	Azmer Ali	+61 8 7324 6139	Azmer.Ali@bdo.com.au





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# APPENDICES



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# APPENDIX 1

## Other communications

### Ethics and independence

In conducting our audit, we are required to comply with the independence requirements of the Local Government Act 1999 and s290 of APES 110 *Code of Ethics for Professional Accountants*.

We obtain independence declarations from all staff engaged in the audit. We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

Should any independence matters be raised, we will bring them to your immediate attention.

For the comfort of those charged with governance, we note that the following processes assist in maintaining our independence:

- Restrictions on BDO employees having financial interests in audit clients
- No other work is permitted to be undertaken by any BDO division or office without the express approval of the engagement director /partner
- Services including valuation and similar services are specifically prohibited to be provided by any other BDO office to you
- All services performed by any BDO division or office have been reported below.

BDO has not provided any other services during the year to the City of West Torrens.





# APPENDIX 1

## Communications with those charged with governance

City of West Torrens has an Audit committee. It is usual practice for the auditor to liaise with the Audit Committee. All our reporting will be to Chairman of Audit committee.

To enhance our communication and to reduce any potential expectation gaps with clients, BDO has adopted a structured reporting system. We will communicate with Audit committee and management via:

- This audit plan
- An interim management letter
- An audit completion report at the conclusion of the audit



# APPENDIX 1

## Communications with those charged with governance (continued)

Communications will include the following matters:

- Our response to identified risks of material misstatement
- Expected modifications to the audit report
- Corrected and uncorrected misstatements
- Significant deficiencies in internal control and any other deficiencies identified that in our judgement are of sufficient importance to merit management’s attention
- Views about the qualitative aspects of the entity’s accounting practices and financial reporting including the application of Accounting Standards by management
- Changes in significant accounting policies
- Material uncertainties relating to the entity’s ability to continue as a going concern
- Any matters of governance interest identified, including any specifically required by Auditing Standards
- New developments.



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## APPENDIX 2

### Timetable

We have set out below the timing of significant milestones to include on-site visits, key meeting dates and reporting deadlines with respect to the completion of the audit.

Milestone	Responsibility	Date
Initial planning meeting with management	BDO & City of West Torrens	Complete
Interim audit visit	BDO & City of West Torrens	Complete
Distribution of Annual audit plan and interim management letter to Audit & Risk Committee	BDO	By 8 <sup>th</sup> July 2016
Audit & Risk Committee meeting	BDO & City of West Torrens	20 <sup>th</sup> July 2016
Financial Statements ready for audit	City of West Torrens	12 <sup>th</sup> September 2016
Final audit visit commences	BDO & City of West Torrens	From 12 <sup>th</sup> September 2016 to 23 <sup>rd</sup> September 2016
Submission of Audit Completion Report	BDO	11 <sup>th</sup> October 2016
Financial statements presented to Audit & Risk Committee	BDO & City of West Torrens	11 <sup>th</sup> October 2016
Chief Executive Officer and Principal Member of the Council to approve and sign off Regulation 14 Certification of Financial statements, Certificate of Auditor Independence and management representation letter	City of West Torrens	25 <sup>th</sup> October 2016
Issue Independent Auditor's Reports and Statement by Auditor in relation to Independence	BDO	25 <sup>th</sup> October 2016



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## APPENDIX 3

### Fees

The proposed fee for all services provided for the year ending 30 June 2016 is \$23,841 (GST exclusive), \$26,225 (GST inclusive). This fee encompasses the audits of:

- Annual financial statements of the City of West Torrens
- Internal controls
- Roads to Recover Chief Executive Officer’s Financial Statement
- LGAWCS Actual Wages Declaration
- HACC Program Statement of Income and Expenditure
- Max & Bette Mendelson Foundation



## APPENDIX 3

### Estimates

Our proposed fee is based on our understanding of your current operations and the required scope of the audit. If these alter, the fee proposal will need to be revised.

Our proposed fees do not include any advice or assistance that may be given in respect of accounting issues. Whilst brief ad hoc information provided in the course of our audit is generally included in our proposed fee, formal advice, assistance with complex issues or meetings to discuss these issues falls outside the scope of our proposed fee. Fees for assistance provided will be negotiated prior to services being performed.

The proposed fees assume all engagement schedules and reports will be available as agreed in the timetable and the financial report is prepared by your staff. If not provided within the agreed timetable, additional costs could be incurred and charged to you.

Should these assumptions not remain valid BDO will inform you prior to the occurrence of additional costs.

### Assistance required

In order to keep our time and costs to a minimum, we appreciate your assistance with the following:

- Management providing all deliverables in line with the agreed timetable
- Assistance from your staff with supporting documentation and explanations during the audit process
- Disclosure by your staff of all information relevant to the engagement in a timely manner.

Prior to the commencement of our audit, we will provide you with an audit preparation package.



# APPENDIX 4

## New developments

### Audit reports are changing

In response to calls for the auditor’s report to be more informative and useful to the users of the financial report, we now have a clear view of what the changes are.

The Auditing and Assurance Standards Board (AUASB) has issued the revised suite of standards ‘Reporting on Audited Financial Reports - New and Revised Auditor Reporting Standards and Related Conforming Amendments’ which are effective for periods ending on or after 15 December 2016, i.e. 31 December 2016 year ends will be first time the new and revised standards will be implemented.

The release of these new standards will mean changes for all audit reports; however listed entities will be most affected with the inclusion of key audit matters.

The significant changes are:

- Key audit matters will be included for listed entities
- The audit opinion will be moved to the beginning of the audit report
- A revised approach to reporting on going concern Increased and enhanced information on the auditor’s responsibilities
- A new section to cover the auditor’s work in relation to other information in the annual report.



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## APPENDIX 4

### Disclosure initiative

The International Accounting Standards Board (IASB) currently has a Disclosure Initiative project which aims to make financial statements more relevant to investors, and to reduce the burden on preparers by allowing them to apply judgement when deciding which disclosures are relevant, and which are not. In line with this philosophy, ASIC has indicated in recent media releases that it will only pursue missing disclosures if they are material.

### Amendments to AASB 101 Presentation of Financial Statements

The first stage of the Disclosure Initiative project comprises amendments to AASB 101 (effective for 30 June 2017 year ends) as follows:

- Clarifying that materiality applies to all four financial statements and the notes, including specific minimum disclosures set out in Accounting Standards
- Line items in the Statement of Profit or Loss and Other Comprehensive Income' and 'Statement of Financial Position' can be disaggregated if relevant to a user's understanding
- Additional subtotals must comprise IFRS items only (e.g. 'EBITDA' acceptable but 'Earnings before abnormal items' is not) and not be displayed more prominently than IFRS totals
- Entities have flexibility in ordering the notes to give more prominence to relevant areas (e.g. larger item notes placed before smaller items, or particular items grouped together, e.g. all items measured at fair value)
- Accounting policies should be tailored to suit the operations of the company, should not be boilerplate and not include a 'washing list' of all possible accounting policies.

# APPENDIX 4

## Disclosure initiative (continued)

### Amendments to AASB 107 Statement of Cash Flows

The second stage of the Disclosure Initiative project involves a Exposure Draft to extend disclosures required by AASB 107 regarding an entity's financing activities and liquidity. At time of writing, these changes had not been approved as an amending standard.

### Things you can do now to improve the quality of financial statements

Even though these 'decluttering' amendments do not apply until 30 June 2017, there are several things you can work on beforehand to improve the quality of your financial statements. This includes:

- Changing the order of notes
- Streamlining accounting policies
- Removing boilerplate disclosures that do not apply to your circumstances
- Generally rewording the document in as much plain English as possible.

For further information on these changes and implementation issues, please visit the 'IASB Disclosure Initiative' section of our [Issues and Trends](#) page.

Please contact your BDO engagement partner to discuss implementation issues.





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We have prepared this report solely for the use of City of West Torrens. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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## ATTACHMENT 2



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Adelaide SA 5000  
GPO Box 2018, Adelaide SA 5001  
AUSTRALIA

Mr Arthur Mangos  
Presiding Member - Audit and Risk Committee  
City of West Torrens  
HILTON SA 5033

4 July 2016

Dear Arthur

### INTERIM REPORT ON THE 2016 EXTERNAL AUDIT

We are pleased to provide the members of the Audit and Risk Committee an update on the 2016 External Audit.

We have conducted our interim audit visit, in line with our audit plan distributed to the Audit and Risk Committee. Our work to date has covered:

- Our annual assessment of risk and potential implications for the audit of the financial report.
- Our annual assessment of risk and potential implication for the audit opinion on internal controls.
- A review of internal controls and determination of those which will be relied upon and tested as part of our audit strategy for the audit of the annual financial statements.
- Interim testing of internal controls for the audit opinion on internal controls
- Interim testing of a sample of transactions in revenue, operating expenditure and payroll functions.
- Review of interim results and analytical review to identify any unusual trends or items which might require additional audit attention.
- Review of interim testing to ensure that there are no underlying deficiencies in internal controls or matters which would require additional attention as part of our audit on the financial report.

We have also updated our knowledge in relation to key issues that were identified in our audit planning process, as follows:

- Revaluation of infrastructure assets including roads, kerbs and gutter.
- Cut-off of grant funding.
- Accounting of sale of St Martins Aged Care Facility.
- Accounting for items captured within Capital Work In Progress, and
- Management Override of Internal Controls

This list set out issues where there will be some form of financial reporting consideration and impact on the financial statements at 30 June 2016.





### **Revaluation of assets**

As noted above, we had identified revaluation of infrastructure assets with reference to Australian Accounting Standard AASB 13 *Fair Value Measurement* as a key issue in our audit planning process.

Council revalue all material asset classes on a regular basis such that the carrying values are not materially different from fair value. This revaluation is carried on a rotation basis. During financial year ending 30 June 2016, Council will revalue a large portion of infrastructure assets being roads, kerbs and gutter.

We have met with management and been updated as to the status of the revaluation progress and were informed that the work of the expert engaged by Council is drawing to a conclusion. Once this has been reviewed and confirmed by management the necessary adjustments will be made in the accounting records, prior to 30 June 2016.

### **Accounting of sales of Sale of St Martins Aged Care Facility**

We have been briefed by management on the progress in relation to the disposal of St Martins Aged Care Facility. It's of our understanding that the ownership of St Martins Aged Care Facility was officially transferred out of the Council on 1<sup>st</sup> July 2015 and the settlement was finalised in October 2015. As at the completion of the interim visit, no journal has been booked to account for the disposal of St Martins Aged Care Facility. We understand that this process is likely to commence in May 2016.

We have obtained the sale contract and settlement statements for an initial review, and have offered to assist management in their considerations regarding the accounting and disclosure implications. We note that AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations* will require the disclosure a single amount in the statement of comprehensive income comprising the total of the gain recognised on the disposal of the group of assets and liabilities comprising the discontinued operation.

We will obtain the journal and supporting documentation to review when this becomes available.

### **Capital Work In Progress**

We have also been briefed by management on the progress in relation to Capital WIP in particular the capitalisation and / or expense of items. It is expected that the underlying asset records will be updated as part of year end closing with reconciliations completed before the commencement of the audit on 12 September 2016.

### **Update on audit opinion in relation to internal controls**

We have commenced work planning for and testing internal controls for the purpose of providing an audit opinion on Council's internal controls, based on the criteria in the *Better Practice Model - Financial Internal Control for South Australian Councils* as issued by the Local Government Association of South Australia.

At the time of this report we have not completed testing of all the core controls identified in this document because some relate to an annual process and will not occur until year-end, or others are more closely aligned to testing we would normally conduct after year end. We do not currently have any material exceptions that we believe would lead to a qualification to the audit report on internal controls.



#### Reporting points arising from 2015 audit

We have also reviewed the status of points arising from the 2015 audit

Issue	Recommendation	Status
Segregation of duties	We recommend management should consider strategies to ensure that controls still operate and segregation of duties still occurs during periods of leave or absence of key staff.	We have not noted any instance of control failures due to the segregation of duties as a result of the interim audit procedures. We will revisit this during our year end visit and report the final status to you via our Completion Report.

#### Other reporting matters

Further from the new and emerging development that we have communicated to you in the Annual Audit Plan, the matter below will impact the Council in the next reporting period:

- AASB 124 amendment: This requires that not-for-profit sector entities provide related party disclosures in the same way as their “for-profit” counterparts. That will include details of remuneration of Key Management Personnel, and transaction with other related parties. This standard applies for reporting periods beginning on or after 1 July 2016, although early adoption is permitted. Though management is not seeking to early adopt this standard, we recommend that processes are put in place to collect the necessary data from 1 July 2015, for the purposes of comparative information in the financial statements for the year ending 30 June 2017.

Please contact me if you have any questions or need any further information.

Yours sincerely

**BDO Audit (SA) Pty Ltd**

A handwritten signature in blue ink, appearing to read 'G Edwards', written over a light blue horizontal line.

Geoff Edwards  
Director

## 9.5 COMMITTEE PERFORMANCE AND REPORTING

### 9.5.1 Audit and Risk Prescribed General Committee Annual Report 2015-2016

#### Brief

This report presents the Annual Report of the Audit and Risk Prescribed General Committee for the 2015/16 financial year.

#### RECOMMENDATION(S)

It is recommended to the Audit and Risk Prescribed General Committee that its 2015/16 Annual Report be approved for presentation to Council at its 6 September 2016 meeting.

#### Introduction

At its 26 June 2012 meeting, the Audit and Risk Committee (the Committee) recommended and Council subsequently resolved that:

1. *An Annual Report for the Audit and Risk Committee be presented to Council in September of each year, detailing the activities of the Committee during the preceding financial year.*
2. *The Independent Members of the Audit and Risk Committee be requested to attend the Council meeting at which the Committee's Annual Report is presented to respond to any questions or queries the Elected Council may have.*
3. *This draft Annual Report be presented to the Committee for adoption in August of each year prior to its presentation to Council.*

This report acts as the Annual Report of the Committee in line with this resolution.

#### Discussion

##### ***Audit and Risk Prescribed General Committee Membership***

Each Committee serves a four year term which is aligned to the term of the Council. The current Committee was established following the November 2014 Council Elections and during 2015/2016 comprised the following members:

- Cr A Mangos (Presiding Member)
- Cr J Woodward (Elected Member)
- Mr R Haslam (Independent member)
- Ms E Moran (Independent member)
- Mr S Spadavecchia (Independent member)

##### ***Meetings and Attendance***

This Committee met on four occasions during the 2015/16 financial year. Attendance at the Committee is detailed below:

Committee Member	Number of meetings attended
Cr A Mangos (Elected Member / Presiding Member)	2
Cr J Woodward (Elected Member)	4
Mr R Haslam (Independent member)	4
Ms E Moran (Independent member)	4
Mr S Spadavecchia (Independent member)	3

In accordance with s126(4)(a) of the *Local Government Act 1999*, a key function of the Committee is to review the annual financial statements of the Council. This occurred at the 20 July 2015 meeting of the Committee.

In addition, the other substantive issues dealt with by the Committee during the course of the year were:

- The review of the Council annual financial statements (Statements) for the year ended 30 June 2015 and subsequent recommendation to Council to approve the Statements.
- Review of the Auditor's internal control opinion
- Review and approval of the Internal Audit Program 2015-16 including its risk based methodology.
- The review of internal audit reports and the monitoring of the implementation, by management, of recommendations made.
- The review and subsequent recommendation to Council to approve the engagement of the external auditor ensuring that the appointment arrangements comply with legislation.
- The review of external audit findings and the monitoring of the implementation, by management, of recommendations made.
- The review of key assumptions and considerations as part of the 2015/16 Budget process.
- The annual review of the Council and Employee Register of Gifts, Benefits and Hospitality.
- The notation of the 2015-16 annual and mid-year review of the organisation's Strategic Risks.
- The Committee's annual self-evaluation.
- Review and subsequent recommendation to Council to approve the engagement of the external auditor ensuring that the re-appointment arrangements comply with legislation.
- Presentation of the Committee's Annual Report to Council to the 1 September 2015 meeting of Council by Mr Ross Haslam.

Members of the Committee also undertook conflict of interest and informal gatherings awareness training on 17 March 2016, following the commencement of the *Local Government (Governance and Accountability) Amendment Act 2015*.

## **Conclusion**

This report presents a summary of the activities of the Audit and Risk Prescribed General Committee for the 2015/16 financial year.

**10. OTHER BUSINESS**

**11. NEXT MEETING**

9 August 2016, 6.00pm in the Mayor's Reception Room.

**12. MEETING CLOSE**