

CITY OF WEST TORRENS



Notice of Committee Meeting

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

AUDIT GENERAL COMMITTEE

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

of the

CITY OF WEST TORRENS

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

on

TUESDAY, 11 JUNE 2019
at 6.00pm

Terry Buss PSM
Chief Executive Officer

City of West Torrens Disclaimer

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

INDEX

1	Meeting Opened.....	1
1.1	Evacuation Procedures	
2	Present	1
3	Apologies	1
4	Disclosure Statements	1
5	Confirmation of Minutes.....	1
6	Communication by the Chairperson.....	1
7	Presentations	1
	Nil	
8	Outstanding Reports/Actions	2
8.1	Open Actions Update	2
9	Reports of the Chief Executive Officer.....	4
9.1	Financial Reporting and Sustainability.....	4
9.1.1	Financial Reporting	4
9.2	Internal Controls and Risk Management Systems.....	6
	Nil	
9.3	Internal Audit	7
9.3.1	2018-2019 Internal Audit Program Update.....	7
9.4	External Audit.....	15
	Nil	
9.5	Committee Performance and Reporting	15
	Nil	
10	Other Business	15
11	Confidential	15
	Nil	
12	Next Meeting	15
13	Meeting Close	15

1 MEETING OPENED**1.1 Evacuation Procedures****2 PRESENT****3 APOLOGIES****Apologies****Committee Members:**

Ms Elizabeth Moran

4 DISCLOSURE STATEMENTS

Committee Members are required to:

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

5 CONFIRMATION OF MINUTES**RECOMMENDATION**

That the Minutes of the meeting of the Audit General Committee held on 17 April 2019 be confirmed as a true and correct record.

6 COMMUNICATION BY THE CHAIRPERSON**7 PRESENTATIONS**

Nil

8 OUTSTANDING REPORTS/ACTIONS

8.1 Open Actions Update

Brief

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

RECOMMENDATION

It is recommended to the Committee that it notes two open actions which are currently in progress.

Introduction

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

Discussion

Two (2) actions arose from the 17 April 2019 meeting (**Attachment 1**). These actions are in progress and developments will be reported to future Committee meetings.

Conclusion

This report advises that there are two (2) open actions still in progress.

Attachments

1. Open Actions as at 31 May 2019

Audit General Committee Open Actions

June 2019

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
 PLSR = Program Leader Strategic Resilience

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
OPEN ACTIONS					
1	Arrange for the Manager Information Services to provide a presentation at a future meeting of the Audit General Committee on the current cyber security arrangements at the City of West Torrens.	GMCR	A presentation will be provided by the Manager Information Services to the August 2019 Committee meeting.	In progress	April 2019
2	Consider bringing the planned Cyber Security Audit forward in the 2018-2022 Internal Audit Plan.	PLSR	Rescheduling is under consideration. To be finalised after presentation from Manager Information Services to August 2019 Committee meeting.	In progress	April 2019

9 REPORTS OF THE CHIEF EXECUTIVE OFFICER

9.1 FINANCIAL REPORTING AND SUSTAINABILITY

9.1.1 Financial Reporting

Brief

This report lists those finance related reports which were considered by Council between 23 March 2019 and 5 June 2019.

RECOMMENDATION

It is recommended to the Committee that the Financial Reporting report be received.

Introduction

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

Discussion

The following reports were considered by Council/Council Committee between 23 March 2019 and 5 June 2019:

02 April 2019

- Budget and Annual Business Plan 2019/20

16 April 2019

- Proposed NRM Levies for 2019/20
- Creditor Payments
- Property Leases
- Mendelson Financial Report March 2019
- Council Budget Report - NINE Months to 31 March 2019

23 April 2019

- Community Grants March to April 2019
- Environment Grant Recommendation Report
- Update of Guidelines for City of West Torrens Grants and Sponsorships

7 May 2019

- Nil

21 May 2019

- Creditor Payments
- Credit Card Purchases - January to March 2019
- Register of Allowances and Benefits - 9 Months to 31 March 2019
- Council Budget Report - TEN months to 30 April 2019
- Budget Review - March 2019

4 June 2019

- Max and Bette Mendelson Scholarship Awards - 2019

Conclusion

This report lists finance related reports which were considered by Council between 23 March 2019 and 5 June 2019

Attachments

Nil

9.2 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

Nil

9.3 INTERNAL AUDIT

9.3.1 2018-2019 Internal Audit Program Update

Brief

This report presents the 2018-2019 Internal Audit Program Update.

RECOMMENDATION

It is recommended to the Committee that the 2018-2019 Internal Audit Program Update report be received.

Introduction

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

Discussion

This report summarises the status of all planned audits contained in the 2018-19 *Internal Audit Program* (Program) as at 4 June 2019. The full internal audit program update is attached (**Attachment 1**).

Audit Status	Number
In Progress	3
Completed	0
Not Started	1
Total Audits Programmed (excluding staged audits)	4
Audit Status (Staged Audits)	Number
Staged Audits Complete	0
Staged Audits in Progress or Next Stage Not Started	2
Total Staged Audits	2
Cancelled/Deferred	1
Total Audits	7

Audits in Progress

The following audits are in progress:

1. *Fraud and Corruption* audit is currently underway. An opening meeting was held in April 2019.
2. *Information Technology Disaster Recovery* audit is currently underway. A scope has been approved and attached to this report for information (**Attachment 2**).
3. *WHS/IM KPI Audit* has commenced. This year's evaluation will focus on hazards and return to work procedures.

Audits Not Started

1. *VIC Roads Annual Audit* has not yet commenced. The third party will inform us when this is due to commence

Facilitative/Staged Audits in Progress

The following facilitative and staged audit will continue to be progressed with activity spanning over multiple internal audit programs:

1. *Maintenance of Plant and Equipment* - Stage 1 complete. Stage 2 commenced in July 2018. A working party meeting was held in June 2018 and an action plan has been developed. Stage 3 of the audit will commence in 2019.
2. *Continuous Audit - Procurement Roadmap (CAPR)* - Stage 5 is currently underway. An opening meeting was held in April 2019.

Cancelled/ Deferred Audits

The following audit has been cancelled:

1. *Risk Management Program audit* was cancelled at the advice of the administration given the close proximity in time to the recently completed LGRS Risk Evaluation audit. The administration determined that the value of this audit would not outweigh the cost given the comprehensive review of the risk management program undertaken by the LGRS in late 2018. This cancellation does not preclude the *Risk Management Program* from being audited at a later date.

Conclusion

Overall five (5) of the six (6) remaining planned audits (83%) are in progress.

Attachments

1. **2018-2019 Internal Audit Program Update as at 4 June 2019**
2. **Information Technology Disaster Recovery Audit Scope**

2018/19 Internal Audit Program

Report as at 4 June 2019

Audit No.	Internal Audit	Audit Objectives	Quarter	Status	Comments
Status of 2018/19 Internal Audits					
Assurance Audits					
1	Fraud and Corruption	Fraud and/or corruption has been highlighted as an area of concern by multiple departments as well as being an ongoing concern in the community. This audit will review the adequacy and effectiveness of Council's control framework to prevent and detect fraud, the existence and effectiveness of methods for promoting awareness and educating employees and Elected Members on their duties to report any suspicions of fraud and corruption, the Identification of areas within CWT potentially exposed to a high or moderate risk of fraud and corruption, the organisation's compliance with CWT policies as well as the sufficiency and adequacy of information reporting to Management.	4	In progress	Scope has been drafted and was presented to the April 2019 Committee meeting. Opening meeting was held in April 2019.
2	Information technology disaster recovery plans	A surprise mock event to test whether the Information technology disaster recovery plans is an effective tool/control to mitigate the effects of an unknown event and/or disaster. The nature of the event and timing will be in consultation with the Executive. This review will also seek to review the plan and make continuous improvement recommendations.	4	In progress	Scope has been drafted and is presented to the June 2019 Committee meeting. Opening meeting to be scheduled.
Third Party Audits					
3	WHS/IM KPI Audit against PSSI	An annual audit mandated by the Scheme.	-4	In progress	To be completed with WHS
4	Vic Roads Annual Audit	An annual Internal Audit which is mandated as part of the agreement with Vic Roads.	-	Not started	Have not yet been advised of commencement by third party.

Not Started	In Progress	Complete	Deferred	Cancelled
-------------	-------------	----------	----------	-----------

Page 1 of 3

2018/19 Internal Audit Program

Report as at 4 June 2019

Audit No.	Internal Audit	Audit Objectives	Quarter	Status	Comments
Spot Audits					
5	Risk management program	To ensure a robust and effective risk management program, this audit seeks to review performance of the Resilience team against requirements of the CWT's risk framework and associated plans.	3	Cancelled	Cancelled at the advice of the administration given the close proximity in time to the recently completed LGRS Risk Evaluation audit. The administration conserved the value that this audit would add given a comprehensive review of the risk management program was completed in late 2018. This cancellation does not preclude the Risk Management Program from being audited at a later date.
Facilitative Audits (Long term duration).					
6	Maintenance Plant and Equipment - Operational Sites	<p>Stage 1 - Develop Solution Action Plan 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>Gap Analysis (Internal Work Group)</p> <ul style="list-style-type: none"> • What should be done; • What is currently being done; • Significant differences between 'what should' and 'what is' being done; • Assess the current residual risk in respect of continuing to operate in the current state. <p>Outcomes (Internal Work Group) The Audit objectives will be the benchmark from which to develop outcomes (solutions). The work</p>	3	<p>Stage 1 Complete</p> <p>Stage 2 Not Started</p>	<p>Stage 1 complete. The gap-analysis was presented to the July 2016 meeting of the Committee.</p> <p>Stage 2 of this Audit commenced in July 2018 and will need to be extensively re-scoped.</p>

Not Started	In Progress	Complete	Deferred	Cancelled
-------------	-------------	----------	----------	-----------

2018/19 Internal Audit Program

Report as at 4 June 2019

Audit No.	Internal Audit	Audit Objectives	Quarter	Status	Comments
		<p>group will design a project plan for management approval which identifies:</p> <ul style="list-style-type: none"> Proposed solutions against the relevant audit objective(s); An implementation plan which assigns roles, responsibilities, deliverables and timeframes; A future risk assessment reflective of the proposed solution. 			
7	Procurement Roadmap (Stage 5)	<p>The CWT Procurement function was identified in 2013 by PMMS (now Arc Blue) as being 'Emergent' in being it operated a fragmented and decentralised procurement model in which many gaps were identified. Since then CWT has embarked on its Procurement Roadmap Program (The Program). A staged audit to track, test and record assurance and completion of key stages of the Program is considered important in ensuring full compliance with the Program. This Stage of the Audit seeks to review implementation of the previous audit recommendations as well as focus on the effectiveness of procurement processes throughout organisation.</p>	3	In progress	Scope has been drafted and was presented to the April 2019 Committee meeting. Opening meeting was held in April 2019.

Not Started	In Progress	Complete	Deferred	Cancelled
-------------	-------------	----------	----------	-----------

Page 3 of 3



Internal Audit Scope

Information Technology Disaster Recovery

Introduction

The reliable and continual access to Information Technology is an integral part of the day to day operations of any modern organisation. As a result IT systems and processes and the ability to quickly and seamlessly restore access to those systems is a core tenet of CWT business continuity and disaster recovery planning.

Effective Information Technology Disaster Recovery (ITDR) ensures that the recovery of important IT systems occurs within expected timeframes to avoid disruption to important organisational services, as well as financial loss or reputational risks.

CWT's ITDR Plan has been developed in accordance with ISO/IEC 27001:2013 - *Information Technology - Requirements*, which details the best practice requirements for establishing, implementing, maintaining and continually improving an information security management system.

The approved ITDR Plan (March 2019) identifies the minimum level of acceptable performance of the organisation and the IT infrastructure and resources that are required to achieve and sustain it.

The ITDR Plan underpins a number of strategic risks for the organisation and is strongly linked to Business Continuity, therefore it is important that the documentation cohesively responds/links to the associated risks and plans; whereby essential business processes (within the BCP) are captured within the IT services document (within the ITDR).

The approved Audit Program 2019-22 provides for an internal audit of ITDR that allows for an opportunity to perform a health check on current processes and to identify, develop and implement improvement opportunities.

Audit Objectives

The objectives of the audit are to evaluate and report on the adequacy and effectiveness of Council's approach to ITDR Plan

The scope of this audit will include:

Adequacy and effectiveness of CWT's ITDR Plan

- Effectiveness of the plan, and testing procedure
- Identification of key IT systems and services supporting critical functions
- Procedural awareness within the IT team in relation to ITDR

Alignment to peripheral influences

- Alignment of ITDR with identified business risks and processes
- Integration of ITDR Plans with the overall business continuity and emergency response planning

Scope Exclusions

This audit does not focus on Council's emergency management and associated planning documentation.

Approach

In performing this audit, the following will be undertaken:

1. An opening meeting will be held with relevant managers where the Auditor will discuss the scope and overview of work to be performed prior to the commencement of testing.
2. Interviews will be conducted with managers and staff with the responsibility of ITDR, to establish any issues, concerns or opportunities for improvements.
3. Testing of key controls related to ITDR activities to assess and validate the effectiveness via the examination of relevant policies, procedures and plans governing the ITDR processes.

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

The audit is to be assessed and findings/issues must be clarified in accordance with a risk rating consistent with Council's Enterprise Risk Management Framework so that recommendations are reported as:

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

Risks

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

- Inability for CWT's IT infrastructure to withstand an interruption
- Non-compliance or adherence to legislative, or governance requirements
- Inadequate monitoring, follow-up, review and consultation of the Plan
- Failure to incorporate essential business process requirements within the IT services document (and the ability to prioritise the IT service restoration)
- Failure to implement better practice

- Failure to capture the development / innovation opportunities resulting from exercising the IT Disaster Recovery Plan.

General Administration

This audit will be performed by Galpins.

Opening meeting	May 2019
Commence fieldwork	May 2019
Draft report to Management	June 2019
Closing meeting and final report	June 2019

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



General Manager Business and
Community Services

Date 31/05/2019

9.4 EXTERNAL AUDIT

Nil

9.5 COMMITTEE PERFORMANCE AND REPORTING

Nil

10 OTHER BUSINESS

11 CONFIDENTIAL

Nil

12 NEXT MEETING

13 August 2019, 6.00pm in the Mayor's Reception Room.

13 MEETING CLOSE