

CITY OF WEST TORRENS



# Notice of Committee Meeting

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

## **AUDIT GENERAL COMMITTEE**

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

of the

**CITY OF WEST TORRENS**

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

on

**TUESDAY, 12 APRIL 2022**  
**at 6.00pm**

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

**Terry Buss PSM**  
**Chief Executive Officer**

### **City of West Torrens Disclaimer**

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

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## **1 MEETING OPENED**

### **1.1 Acknowledgement of Country**

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

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

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

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

### **1.2 Evacuation Procedures**

### **1.3 Electronic Platform Meeting**

The Presiding Member will advise that:

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

## **2 PRESENT**

## **3 APOLOGIES**

## **4 DISCLOSURE STATEMENTS**

Committee Members are required to:

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

## **5 CONFIRMATION OF MINUTES**

### **RECOMMENDATION**

That the Minutes of the meeting of the Audit General Committee held on 8 February 2022 be confirmed as a true and correct record.

## **6 COMMUNICATION BY THE CHAIRPERSON**

## **7 PRESENTATIONS**

### **7.1 CyberCX Cyber Security Risk Program**

The Manager Information Services, Mr Chris James, has been invited to present on the CyberCX Cyber Security Risk Program.

## **8 OUTSTANDING REPORTS/ACTIONS**

### **8.1 Audit General Committee Work Plan Update**

#### **Brief**

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

#### **RECOMMENDATION**

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

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#### **Introduction**

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

#### **Discussion**

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

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

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

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

- Open Actions Update
- Bi-Annual Internal Audit Recommendations and Actions Progress Report
- Financial Reporting
- 2021 - 2022 Mid-Year Strategic Risk Review
- Internal Financial Controls Monitoring Risk Based Methodology Review
- 2021 - 2022 Internal Audit Program Update
- VicRoads Information Protection Agreement Audit

#### **Climate Impact Considerations**

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

There is no direct environmental impact in relation to this report. However, the Mid-Year Strategic Risk report does consider climate risks and the consequences of climate change to Council generally.

#### **Conclusion**

This report presents an Audit General Committee Work Plan.

#### **Attachments**

##### **1. Audit General Committee Workplan**

# Audit General Committee Work Plan 2021-2022

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

## 8.2 Open Actions Update

### Brief

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

### RECOMMENDATION

It is recommended to the Committee that it notes the status of the five (5) actions arising from previous Committee meetings, as detailed in this report.

### Introduction

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

### Discussion

Of the current five (5) agreed actions, two (2) of these actions are complete and relate to minor amendments to reports.

Three (3) actions are in progress with one relating to WHS statistics, one regarding financial statements and the other relating to cyber security frameworks. The cyber security related action will form a component of two reviews or audits in 2022. The action relating to financial statements will be completed during the end of financial year processes, which will conclude mid-year. The final action relating to WHS statistics will be completed by 12 April 2022, which will leave only the above two (2) open actions in progress by the time this report is presented to the Committee.

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

Meeting Date	No. of Actions	Not Started	In Progress	Complete
13 October 2020	1	0	1	0
12 October 2021	3	0	2	1
8 February 2022	1	0	0	1
<b>Totals</b>	<b>5</b>	<b>0</b>	<b>3</b>	<b>2</b>

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

### Climate Impact Considerations

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

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

### Conclusion

This report advises of the status of the current five (5) open actions including two (2) actions that have now been completed.

### Attachments

#### 1. Open Actions Update

**Audit General Committee  
Open Actions**

**April 2022**

**EMT** = Executive Management Team  
**CEO** = Chief Executive Officer  
**GMB&CS** = General Manager Business & Community Services  
**GMCR** = General Manager Corporate & Regulatory  
**GMUS** = General Manager Urban Services  
**MLRI** = Management Lead - LG Reform and Integrity

	Target date	RO	Status		Meeting/s where item originally reported
			Actions taken	Status	
<b>OPEN ACTIONS</b>					
<b>1</b>	Consider the presentation of a report to the Committee, in addition to the WHS audit outcome reports currently presented to the Committee, detailing the organisation's WHS statistics	GMCR	April 2022	The 2021 LGA MLS/WCS Risk Evaluation Report was presented in the October 2021 agenda. An email will be provided to the Members by 12 April 2022 providing the WHS statistics.	In Progress October 2020
<b>2</b>	Review the treatment and recognition of the Local Roads and Community Infrastructure Program Funding grants in next year's financial statements	GMCR	October 2022	To be reviewed at the end of the 21/22 financial year. Manager Financial Services has been in discussions with the CWT external auditors regarding this review.	In Progress October 2021
<b>3</b>	Review the IT Management and Cyber Security Framework based on the report published on 8 June 2021 by the Auditor-General entitled <i>ICT vulnerability in South Australia public sector entities</i> to ensure consistency across state government and the local government sector.	GMCR	June 2022	CWT has been approved to undertake the LGRS Cyber Security Risk Uplift Program. This action is to be reviewed as part of CyberCX Program currently being undertaken as well as in the upcoming Cyber Security Internal Audit Presentation will be made by the Manager Information Services to the 12 April 2022 Audit Committee to update the Committee regarding this Program.	In progress October 2021
<b>4</b>	Amend the Bi-Annual Audit Recommendations and Actions Progress Report to include on track/ off track information	MLRI	April 2022	Report updated.	Complete October 2021

**Audit General Committee  
Open Actions**

**April 2022**

**EMT** = Executive Management Team  
**CEO** = Chief Executive Officer  
**GMB&CS** = General Manager Business & Community Services  
**GMCR** = General Manager Corporate & Regulatory  
**GMUS** = General Manager Urban Services  
**MLRI** = Management Lead - LG Reform and Integrity

	Target date	RO	Status		Meeting/s where item originally raised/reported
			Actions taken	Status	
5	April 2022	MLRI	Updated Item 2 above	<b>Complete</b>	February 2022



### 8.3 Bi-Annual Internal Audit Recommendations and Actions Progress Report

#### Brief

This report presents the progress status of internal audit recommendations that have been approved for actioning, as at 24 March 2022.

#### RECOMMENDATION

It is recommended to the Committee that the *Bi-Annual Internal Audit Recommendations and Actions Progress Report* be noted.

#### Introduction

The *Internal Audit Recommendation and Action Progress Report* (Report) is presented to the Committee bi-annually, pursuant to the Audit General Committee's (Committee) Workplan and subject to the Committee's meeting schedule. This Report details the status of all internal audit recommendations that have been assessed and approved for actioning by the Executive.

*\*\*Please note that, at its 8 August 2017 meeting, the Committee resolved that a summary table format only, as depicted below, be provided to it twice yearly rather than a full detailed report.*

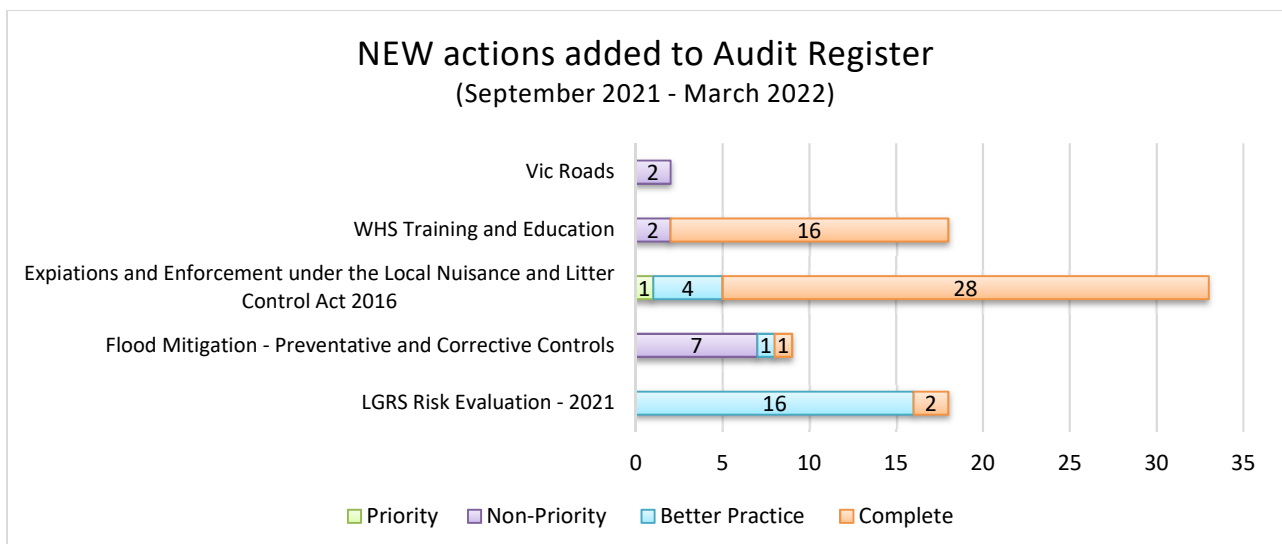
Audit actions that fall outside of the CWT tolerance level (those findings noted as High or Extreme) are considered priority actions and must be actioned.

Audit actions with a residual risk tolerance level of moderate or below are considered non-priority actions for monitoring purposes, and may or may not be actioned dependent on cost and/or resourcing requirements.

#### Discussion

Over the past two years, the impacts of the COVID-19 pandemic have had a significant impact across the organisation with considerable resources being dedicated to the response and recovery efforts. The ongoing impacts continue to affect the implementation throughout 2021 and into 2022 resulting in the delayed completion of recommendations. As a consequence of this, the completion schedules for a number of recommendations have needed to be extended. These recommendations will continue to be monitored and completed as soon as practical.

Since the last update (as at 20 September 2021), the following five (5) Audits have been completed and 79 audit actions have been added to the newly built Internal Audit Recommendation Register (Register).



The summary table, below, describes the status of audit actions during the review period:

Status	Total no. of Actions	Internal Audit Ratings / Level of Risk (as at 24 March 2022)				
		Priority Action		Non Priority Action**		
		Extreme	High	Moderate	Low	Better Practice
Not Started	0	-	-	-	-	-
In Progress (on Track)	46	-	1	12	6	27
In Progress (Delayed/Overdue) *	8	-	-	2	2	4
Complete / Closed	85	2	7	25	14	37
<b>Total</b>	<b>139</b>	<b>2</b>	<b>8</b>	<b>39</b>	<b>22</b>	<b>68</b>

Within the review period (September 2021 - March 2022), there were a total of 139 actions inclusive of ten (10) actions requiring priority actioning.

\* In Progress (Delayed / Overdue) identifies the audit action as having passed the implementation date proposed by management (inclusive of any approved extensions).

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

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

### Overdue Actions

As of 25 March 2022, eight (8) actions are identified as overdue. Although 'flagged', seven (7) actions will identify as complete at the finalisation of the recently reviewed *Administration Policy - Credit Cards* (April 2022), the finalisation of the Stormwater Management Plan (June 2022), while the final overdue action requires a newly created form to be socialised across the organisation. All flagged items will be completed by the next meeting of the Audit General Committee. No overdue action are identified as High or Extreme Risks findings as such, implementation of these actions are determined by the relevant manager dependent on the available resources and priorities.

### Climate Impact Considerations

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

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

### Conclusion

The bi-annual *Internal Audit Recommendation Action Progress Report* details the status of 139 internal audit recommendations that were approved for actioning by the Executive, of which all are either in progress or complete.

### Attachments

Nil

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

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

#### **9.1.1 Financial Reporting**

##### **Brief**

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

##### **RECOMMENDATION**

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

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##### **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](http://www.westtorrens.sa.gov.au).

##### **Discussion**

###### **15 February 2022 - Council and Committee Meeting**

- Fees and Charges 2022-23
- Budget Review - December 2021
- Council Budget Report - SEVEN months to 31 January 2022
- Creditor Payments
- Credit Card Purchases - October to December 2021
- Register of Allowances and Benefits - 3 Months to 31 December 2021

###### **22 February 2022 - City Advancement and Prosperity General Committee Meeting**

- Mendelson Foundation Investment Policy

###### **15 March 2022 - Council and Committee Meeting**

- Council Budget Report - EIGHT months to 28 February 2022
- Creditor Payments

##### **Climate Impact Considerations**

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

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

##### **Conclusion**

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

##### **Attachments**

Nil

## 9.2 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

### 9.2.1 2021 - 2022 Mid-Year Strategic Risk Review

#### Brief

This report presents the results of the mid-year strategic risk review for 2021 - 2022.

#### RECOMMENDATION

It is recommended to the Committee that the *2021 - 2022 Mid-Year Strategic Risk Review* report be noted.

#### Introduction

The approved City of West Torrens (CWT) Enterprise Risk Management Framework (Framework), implemented in 2009, subjects its strategic risks register to both a comprehensive annual review as well as a mid-year review. In accordance with the Framework, this report presents the mid-year strategic risk review for the Committee's information.

#### Discussion

Strategic risks impact on the whole organisation rather than an individual department and as such, are directly managed by the Executive.

The Framework sets out the schedule for comprehensive strategic risk identification, analysis and valuation to occur annually and for a further mid-year review to occur six-monthly. The six-monthly review is recognised as an important function in the identification, monitoring and controlling of current, new or emerging risks.

The two scheduled reviews produce different outputs; the comprehensive review commences in July of each year (in order to account for end of financial year changes such as the new budget, annual reports, strategic plans and any resultant risk profile changes) and analyses all individual controls that assist to mitigate the identified risk. The second review commences in December/ January and is a less broad-reaching update that seeks to ensure that risk definitions meet their objective, considers the currency of the risk ratings, and reports on trends within the environment. Rarely does the mid-year review result in material change to the strategic risk profile.

#### Strategic Risk Review Process

The process undertaken for the mid-year review is mapped below:



## Strategic Risks

As a result of the process above, the Executive has reviewed the organisation's strategic risks and verified that no changes are required at this time. A Strategic Risk Summary is attached to this report (**Attachment 1**). This attachment provides a summary of the key considerations and environmental impacts for each strategic risk, regardless of whether a change is proposed.

An overview of the proposed amendments is below:

2021-2022 Strategic Risks		Proposed Amendments
1	Business Performance	No change
2	Workforce Management	
3	Fraud, Corruption, Misconduct and/or Maladministration	
4	IT Management and Cyber Security	
5	Emergency Management and Resilience	
6	Asset Management	
7	Change in Urban Form	
8	Waste Management	
9	Financial Sustainability	

## Risk Framework

The approved risk analysis matrix (Matrix), which forms part of the AS/NZ ISO 31000 Risk Management (Standard), allocates a risk rating correlated against the likelihood (%) of a risk occurring and the potential subsequent consequence level (**Attachment 2**).

To assist in the determination of the consequence level, risk consequence descriptors have been approved across a range of risk areas such as financial, reputation, people and WHS (**Attachment 3**).

No changes to the strategic risks overall residual risk ratings were identified during this review. An overview is presented below, and further discussion can be found in **Attachment 1**.

2021-2022 Strategic Risks		Likelihood x Consequence	Inherent Risk Rating	Revised Likelihood x Consequence	Revised Risk Rating
1	Business Performance	Likely x Moderate	High	Unlikely x Major	Moderate
2	Workforce Management	Likely x Major	Extreme	Unlikely x Major	Moderate
3	Fraud, Corruption, Misconduct and/or Maladministration	Almost Certain x Catastrophic	Extreme	Unlikely x Moderate	Moderate
4	IT Management and Cyber Security	Almost Certain x Major	Extreme	Unlikely x Major	Moderate
5	Emergency Management and Resilience	Likely x Major	Extreme	Moderate x Moderate	Moderate
6	Asset Management	Likely x Major	Extreme	Unlikely x Major	Moderate
7	Change in Urban Form	Likely x Major	Extreme	Moderate x Moderate	Moderate
8	Waste Management	Moderate x Major	High	Unlikely x Major	Moderate
9	Financial Sustainability	Likely x Catastrophic	Extreme	Unlikely x Major	Moderate

## Emerging Risks

As a result of the strategic risk process, Executive reviews 'emerging risks', being those risks or issues which are currently on the horizon which may or may not have an impact on Council and which may or may not be within the control of the CWT. These risks are not risk assessed at this point, generally because the risk is not concrete in nature, but are to be monitored and risk assessed if they eventuate and are within the organisation's control.

Although no formal emerging risk has been added to this document, consideration has been provided and ongoing monitoring will continue around issues such as Local Government reform.

It is also recognised that COVID-19 is still having an impact on the CWT, the community and some service provision however, with the ongoing changing environment regarding restrictions and isolation requirements; this is expected to decrease over time.

Importantly, the Administration is well prepared in the event that a subsequent wave of infections is realised. This situation is continually monitored as to its impacts across all strategic risks but particular attention is given to the impact on Strategic Risk 2 - Workforce Management, Strategic Risk 5 - Emergency Management and Resilience, and Strategic Risk 9 - Financial Sustainability.

## Risk Solutions/Actions

Residual risk ratings of 'High' or 'Extreme' are outside of the CWT's risk tolerance. In this situation, solutions will be identified that, when implemented, will assist to reduce the residual risk level to as low as reasonably practical.

There is currently no strategic risks with a residual risk level of high or extreme.

## Climate Impact Considerations

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

While the report in and of itself does not contain any direct environmental impacts, Strategic Risks 5, 6, 7, and 9 articulate some of the measures in place to build resilience and/or mitigate the likelihood and consequences of and/or adapt to the changing climate.

## Conclusion

This report presents the 2021-2022 Mid-Year Strategic Risk Review. No changes were proposed as part of this review cycle; however, environmental factors were highlighted which will be considered within the annual Comprehensive Strategic Risk Review commencing in July 2022.

## Attachments

1. **Mid Year Strategic Risk Review Risk Summary**
2. **CWT Risk Analysis Matrix**
3. **CWT Risk Consequences**

CWT Mid-Year Strategic Risk Review 2021/2022 - Summary

### EXECUTIVE SUMMARY

The table below summarises the individual profiles of the 2021/22 Strategic Risks. This mid-year review considers the currency of the risk (and associated descriptors) as well as change/s to the outlook.

City of West Torrens Strategic Risk Profile 2021-22;			
1		<p><b>BUSINESS PERFORMANCE</b></p> <p>This risk considers how CWT daily operation ensures its services and deliverables are efficient and effective. Overall this risk seeks to safeguard the continued business operation so that that CWT continues to speak to the notion of skilled workforce, consistency, innovation, good governance, strong relationships, collaboration, and community at the heart of its operation.</p>	Moderate Full Details - Page 2
2		<p><b>WORKFORCE MANAGEMENT</b></p> <p>This risk focuses on our human resources - specifically staffing and work, health and safety. It concentrates on the management of staff such as resource limitations; staff health, welfare or wellbeing programs; the systems and processes that address and/or manager WHS issues.</p>	Moderate Page 3
3		<p><b>FRAUD, CORRUPTION, MISCONDUCT AND/OR MALADMINISTRATION</b></p> <p>This risk considers the systems, procedures and internal control frameworks that seek to reduce and eliminate opportunities for fraud or corruption and/or serious and systemic misconduct or maladministration (by employees, contractors, volunteers or Elected Members).</p>	Moderate Page 4
4		<p><b>IT MANAGEMENT AND CYBER SECURITY</b></p> <p>This risk identifies with all things IT; focusing on IT damage, long-term interruption, losses of key business information/systems and/or associate stored data. It also represents Cyber Security and associated threats to Council information, resources and/or assets and the ability for the organisation to capitalising on technological capabilities or opportunities.</p>	Moderate Page 5
5		<p><b>EMERGENCY MANAGEMENT AND RESILIENCE</b></p> <p>This strategic risk looks at CWT's ability to plan, prepare or take adequate and appropriate action to prevent impacts as well as aid response and recovery for emergency events, business continuity, and /or Climate Change.</p>	Moderate Page 6
6		<p><b>ASSET MANAGEMENT</b></p> <p>This risk identifies with all CWT owned assets and infrastructure. It considers the ongoing upkeep and life-cycle of our asset, as well as projects, technology, innovation and community expectation.</p>	Moderate Page 7
7		<p><b>CHANGE IN URBAN FORM</b></p> <p>This risk unpacks ongoing changes in our urban environment/landscape and the factors impacted by such change. This risk identifies with trends and Government plans/strategies relating to the inner metropolitan urban form, and the need for effective stakeholder relationships.</p>	Moderate Page 8
8		<p><b>WASTE MANAGEMENT</b></p> <p>The continued management of waste involving collection and processing (including during emergency events), innovation in the market, and community expectation all fit within this strategic risk.</p>	Moderate Page 9
9		<p><b>FINANCIAL SUSTAINABILITY</b></p> <p>Variations in income and general cost management (or resulting increases in expenditure) caused through longer term societal/community trends, changes to State Government policy, or emergency events.</p>	Moderate Page 10

CWT Mid-Year Strategic Risk Review 2021/2022 - Summary


**STRATEGIC RISK 1 - BUSINESS PERFORMANCE**



**Description:**

- a) Inefficient/ineffective practices, procedures or processes that may lead to increased costs, missed opportunities, a breakdown in working relationship between Council/Administration and relevant stakeholders and/or community dissatisfaction with Council, breaches of legislation and/or adverse external agency investigation findings
- b) Inefficient/ineffective practices, procedures or processes including the failure to provide adequate, accurate and/or timely advice, that allows for, contributes to or ultimately leads to poor decisions or outcomes from Administration or Council that do not consider approved or established plans, and/or do not consider service delivery or reputation, and/or are based on political expediency
- c) Failure to produce service and performance outcomes or encourage continuous improvement and innovation leading to missed opportunities to provide increased services for or lower costs to the community.

Strategic Risk Status and Outlook	
Current	Outlook
<ul style="list-style-type: none"> <li>• Some COVID-19 unrest</li> <li>• Considerations with regard to a possible COVID-19 vaccine mandate for (1) staff, (2) customers and (3) contractors.</li> <li>• Local government reforms changing processes and procedures</li> <li>• ICAC/Ombudsman reforms changing reporting requirements</li> <li>• Implications of shorter-term service plans on longer term planning options/opportunities</li> <li>• Capitalising on innovation and excellence in service provision</li> </ul>	<ul style="list-style-type: none"> <li>• LG elections in 2022</li> <li>• State elections in 2022</li> <li>• Federal elections in 2022</li> <li>• Continuing legislative reform</li> <li>• Cost shifting to LG resulting in pressure on existing resources (particularly if legislative requirement)</li> <li>• Productivity Commission/ Commonwealth Influences on Local Government</li> </ul>

Mid-Year Strategic Risk Rating	Reputation / Relationships
<p>No change.</p> <p>The mid-year review identified with the addition of four further considerations within the current outlook, however they present no further change to the risk rating at this time.</p> <p>The risk remains at <u>moderate</u>.</p>	



CWT Mid-Year Strategic Risk Review 2021/2022 - Summary

**STRATEGIC RISK 2 -  
WORKFORCE MANAGEMENT**



**Description:**

- a) Inadequate management of staff both on and off site, including working at home/remotely, leading to a reduced overall performance of the organisation.
- b) Inability to modify systems and processes for those whose roles are impacted by changes in work processes or not considering the impact on staff of those accompanying changes in work processes
- c) Inability to attract or retain appropriately skilled staff, and/or lack of succession planning leading to a loss of corporate knowledge, reduced organisational capability and capacity to achieve effective service delivery.
- d) Inadequate staff health, welfare or wellbeing programs that impact on staff satisfaction or performance and/or inhibit the successful creation and maintenance of a positive workplace culture.
- e) Resourcing limitations leading to current staff having an inability to undertake, continue or complete tasks as required
- f) An act or omission by the organisation (or its contractors) that contributes to the serious injury or death of an employee, contractor, visitor, client of a service, or member of the public.
- g) Failure to plan for, or appropriately introduce measures to address/manage WHS issues associated with changes to work processes, including modification of currently performed tasks at current work locations , and/or issues and challenges and benefits experienced of increased use of electronic, remote and/or home based working environments either caused by emergency events or societal and workplace changes.

**Strategic Risk Status and Outlook**

**Current**

- Some uncertainty
- Resilient workforce
- Nurturing workplace culture in the era of COVID-19
- Recruitment and Selection is a concern across all areas of the business (and is currently undergoing a lean project review)
- Considerations with regard to a possible COVID-19 vaccine mandate for (1) staff, (2) customers and (3) contractors.

**Outlook**

- Increased staff interest in working from home beyond COVID and increased normalisation of this practice in the wider business world
- Skills shortages, fierce competition in the labour market and an ageing population
- Staff workload concerns due to hiring freeze and secondments
- Cost shifting to local government resulting in pressure on existing resources
- Involvement of Elected Members in operational activities

**Mid-Year Strategic Risk Rating**

**People**


No change.

The review highlighted that there were some concerns relating to workplace culture and R&S. The risk remains at moderate following the mid-year review.



CWT Mid-Year Strategic Risk Review 2021/2022 - Summary


**STRATEGIC RISK 3 -  
FRAUD, CORRUPTION, MISCONDUCT AND/OR  
MALADMINISTRATION**



**Description:**

- a) Inadequate systems, procedures and internal control frameworks that provide opportunities for fraud or corruption by employees, contractors, volunteers or Elected Members.
- b) Inadequate systems, procedures and internal control frameworks that provide opportunities for serious and systemic misconduct or maladministration by employees, contractors, volunteers or Elected Members.
- c) Inadequate systems, procedures and internal control frameworks that provide opportunities for, or do not adequately respond, to changes in legislation, compliance reports, audits, external inquiry agencies' recommendations and other statutory reports leading to systemic maladministration.

Strategic Risk Status and Outlook	
Current	Outlook
<ul style="list-style-type: none"> <li>• Stable</li> </ul>	<ul style="list-style-type: none"> <li>• Stable but expectation of increased focus on local government from external agencies and changing community expectations</li> <li>• Legislation introduced new requirements which may result in adverse outcomes</li> <li>• Local government reforms changing processes and procedures</li> <li>• ICAC/Ombudsman reforms changing reporting requirements</li> </ul>

Mid-Year Strategic Risk Rating	Reputation / Relationships
<p>No change.</p> <p>The risk remains at <u>moderate</u> following the mid-year review.</p>	

CWT Mid-Year Strategic Risk Review 2021/2022 - Summary

**STRATEGIC RISK 4 - IT MANAGEMENT AND CYBER SECURITY**




**Description:**

- a) Damage, long term interruption, or loss of key business information systems and/or the data stored within them, leading to the Council’s capacity to provide essential services being severely compromised, reduced in the long term or lost entirely.
- b) Inadequate protection from, response to, or management of, Cyber Security and associated threats to Council information, resources or assets or ineffective application of mitigation strategies to prevent or respond to cyber intrusion leading to misuse of information or data or to breaches of legislation
- c) Lack of preparation for or not capitalising on expected future technological capabilities or opportunities


**Strategic Risk Status and Outlook**

Current	Outlook
<ul style="list-style-type: none"> <li>• Continued and increasingly complex / sophisticated targeted cyber-attacks are occurring</li> <li>• IT infrastructure is becoming increasingly difficult to access/purchase due to the global unavailability of resources across the sector (e.g. lead times have blown out from 6-weeks to 6-months)</li> <li>• The cost of IT infrastructure is significantly higher due to the limited supply and heightened demand within the sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Reliance on external systems (e.g. Planning Portal, CSHP system) with limited or no control over security, data, system etc.</li> <li>• Staff still entering into transition/WFH home arrangements</li> </ul>

Mid-Year Strategic Risk Rating	Organisation / Customer Impact
<p>No change.</p> <p>The risk remains at <u>moderate</u> following the mid-year review.</p>	

CWT Mid-Year Strategic Risk Review 2021/2022 - Summary

**STRATEGIC RISK 5 - EMERGENCY MANAGEMENT AND RESILIENCE**



Description:
<p>a) The inability to develop concise, specific, robust emergency management plans, and/or to plan, prepare or take adequate and appropriate action to prevent impacts from an emergency event or business continuity events resulting in loss of key infrastructure/assets including loss of key service centres, unavailability or loss of key staff, critical service levels and/or ongoing danger to staff or our community leading to the CWT's capacity to provide essential services being either severely compromised, reduced in the long term or lost entirely.</p> <p>b) Failure to adequately prepare the community for or appropriately consider the ongoing impacts of climate change</p> <p>c) Failure to meet the increasing legislative demands being placed on Local Government or adequately partner with the community and associated service providers with regard to emergency management leading to increased dissatisfaction and delayed or missed opportunities for Council to prepare its community for disruptive events or appropriately assist in the response to and recovery from an emergency event</p> <p>d) Failure to plan for and monitor threats emerging as a result of climate change and other hazards identified via state or local zone emergency planning</p> <p>e) Ineffective communication with Emergency Control Agencies, Western Adelaide Emergency Management Committee member councils or Functional Support Group(s) resulting in inefficient response and recovery from an emergency hazard</p> <p>f) The inability to effectively respond or recover from an emergency event resulting in loss of key infrastructure/ assets, loss of key staff, lack of access to council buildings or equipment , and/or the inability to offer critical services to the public and/or prevent/minimise/mitigate ongoing danger to staff or our community</p>

Strategic Risk Status and Outlook	
Current	Outlook
<ul style="list-style-type: none"> <li>• Entering into new phase of the pandemic</li> <li>• Vaccines roll out in progress</li> <li>• Innovations have been achieved in service delivery</li> <li>• Considerations with regard to a possible COVID-19 vaccine mandate for (1) staff, (2) customers and (3) contractors.</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunities exist to work with the community; community expectations and community resilience have not yet been fully explored</li> <li>• Current La Nina has peaked with return to neutral values but negative Indian Ocean Dipole suggesting wetter weather</li> </ul>

Mid-Year Strategic Risk Rating	Organisation / Customer Impact
<p>No change.</p> <p>The risk remains at <u>moderate</u> following the mid-year review.</p>	

CWT Mid-Year Strategic Risk Review 2021/2022 - Summary

**STRATEGIC RISK 6 -  
ASSET MANAGEMENT**



**Description:**

- a) Failure to adequately maintain assets (including facilities and property) and infrastructure leading to increased costs , increased damage caused by deterioration or emergency events and increased damage to reputation
- b) Failure to meet or consider the needs or expectations of the community , external agency infrastructure projects or climate change
- c) Failure to consider how environmental, sustainability and climate change issues may impact on the asset or the asset impacting on those issues over the course of the life cycle of the asset
- d) Failure to consider changes in technology/innovation when planning for designing of or considering the life cycle of an asset

**Strategic Risk Status and Outlook**

**Current**

- COVID-19 resulting timeline and cost issues for infrastructure projects (new projects will identify with significant delays)
- CWT will identify with a loss of significant assets as a result of the North-South Corridor (both of the asset and the associated service delivery)
- Impending infrastructure entrust/handback as a result of the West End Brewery site major development

**Outlook**

- Climate Change adaptation and meeting the needs of a changing community are key concerns
- This risk is likely to require review in the comprehensive strategic risk review in July 2022 as a result of the realisation of changes in this environment.

**Mid-Year Strategic Risk Rating**

**Budget / Financial**

No change.

The risk remains at moderate following the mid-year review.



CWT Mid-Year Strategic Risk Review 2021/2022 - Summary

**STRATEGIC RISK 7 -  
CHANGE IN URBAN FORM**



**Description:**

- a) Failure to recognise trends and ongoing changes to inner metropolitan urban form and adequately plan for or implement appropriate systems, programs and process or mitigation strategies needed as a result of increased demand for and/or change in use of Council infrastructure and assets, services and resources caused by increased density of population and changing community landscape.
- b) Failure to facilitate an effective working relationship with the Department for Infrastructure and Transport resulting in lack of effective communication and missed opportunities to advocate on behalf of residents regarding changes in strategy or major infrastructure projects (e.g. the North-South Corridor).

**Strategic Risk Status and Outlook**

Current	Outlook
<ul style="list-style-type: none"> <li>• Major redevelopments (such as the North-South Corridor) occurring impact on infrastructure to be considered (current and future)</li> <li>• CWT will identify with a loss of significant assets as a result of the North-South Corridor. It is noted that there is a great deal to gain with the inclusion of the North-South Corridor.</li> <li>• West Torrens will identify with a significant change of land-use as a result of the West End Brewery site major development</li> </ul>	<ul style="list-style-type: none"> <li>• Pressure on open space, managing community expectations, changing community profile</li> <li>• Changing demographics and increasing urban density will put upward pressure on services and resources</li> <li>• Climate Change adaptation and meeting the needs of a changing community are key concerns</li> </ul>

**Mid-Year Strategic Risk Rating**

**Organisation / Customer Impact**

No change.  
The major developments acknowledged within this review are likely to present opportunities and challenges in future risk assessments.  
The risk remains at moderate following the mid-year review.



CWT Mid-Year Strategic Risk Review 2021/2022 - Summary


**STRATEGIC RISK 8 - WASTE MANAGEMENT**



**Description:**

- a) Failure to manage the collection and processing of waste (including during emergency events) leading to a loss of control over waste management costs and increased resources going to landfill
- b) Failure to implement appropriate plans, processes and systems or consider and implement innovative responses to appropriately manage challenges and/ or capitalise on opportunities presented as a result of changing market conditions including a loss of competitiveness regarding waste management in the local government sector and broader economy
- c) Failure to meet community expectations with regard to waste management

Strategic Risk Status and Outlook	
Current	Outlook
<ul style="list-style-type: none"> <li>• Development underway of a ten year waste and resource recovery strategy and five year action plan to address increasing urban infill, identify opportunities to improve resource recovery and assist Council to transition to a circular economy.</li> <li>• Until the Visy facilities are complete, there is still uncertainty in this space</li> <li>• Major redevelopments (such as the North-South Corridor) occurring impact on infrastructure to be considered (current and future)</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing changes in the waste sector will drive new and innovative practices</li> <li>• Waste levy increasing leading to illegal dumping and increased costs to Council</li> <li>• Bans of single use plastics leading to increase in organics contamination in short term</li> <li>• Increased costs in to recyclables and putrescibles</li> <li>• A continuation of large multi-unit complexes leading to increased complexity of collection (and possible increased costs).</li> </ul>

Mid-Year Strategic Risk Rating	Budget / Financial
<p>No change.</p> <p>The risk remains at <u>moderate</u> following the mid-year review.</p>	

CWT Mid-Year Strategic Risk Review 2021/2022 - Summary

**STRATEGIC RISK 9 -  
FINANCIAL SUSTAINABILITY**



**Description:**

- a) Failure to adequately plan, prepare and develop strategies to deal with variations in income caused through emergency events, longer term societal/community trends or changes to State Government policy resulting in the inability to service short, medium or long term commitments leading to financial instability, the need to increase borrowings and ultimately lack of financial sustainability
- b) Failure to manage costs, or increasing expenditure caused through emergency events, longer term societal/community trends or changes to State Government policy leading to lowering of/loss of service provision the need to increase borrowings and ultimately lack of financial sustainability

**Strategic Risk Status and Outlook**

**Current**

- Financial stability due to initial immediate impacts of pandemic not being as significant as was originally planned for
- Although CWT has a high level of financial sustainability there is some minor decrease in this level due to loans undertaken for important planned and necessary works
- Short-term 1-yearly State Government funding for Library Services presents challenges for this important service
- The resulting COVID-19 global unavailability of resources has been acknowledged by the Organisation (leading to cost increases and longer lead times) for the acquisition of goods and services (e.g. IS infrastructure and Depot purchases).
- CWT is identifying with a temporary (approximately \$500k) reduction in the rates equivalent payments from the airport, representing a reduction of around 10% on previous years (as a result of reduced airport traffic in light of COVID-19).

**Outlook**

- Possible financial market instability due to regular fluctuations of the economic cycle and unforeseen shocks/potential lockdowns
- Challenge to control costs will be ongoing with difficult choices sometimes having to be made
- Some maintenance costs are not tracked accurately leading to possible new risks of inefficiency, poor decision making etc.

**Mid-Year Strategic Risk Rating**

**Budget / Financial**

No change.

Newly identified risk outlook indicators place some short-term stress on this risk. However it is felt that this forecast is short lived and that borders will reopen and revenue from AAL will return to normal in 2022/23.

The risk remains at moderate following the mid-year review.





Risk Analysis Matrix – Level of Risk

When assessing risk the likelihood and consequence must be correlated using the risk matrix detailed below for both negative or positive risks,

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

**Consequences Descriptors Matrix**

<b>Rating</b>	<b>Financial</b>	<b>Organisational/ Customer Impact</b>	<b>Reputation/ Relationships Damage</b>	<b>People</b>	<b>WHS</b>
<b>Insignificant</b>	<p>≤ 5% reduction in revenue</p> <p>Theft or loss of up to \$2,000</p>	<p>Lack of response to customer request 3 days later than deadline</p> <p>Inability to provide service/s for 1 day</p> <p>External enquiry agency request for information</p>	<p>Letters of complaint to general managers or managers</p>	<p>≥ 10% staff turnover per year</p> <p>≤ 10% non-availability or capability of staff at any one time</p>	<p>Bump, minor bruise, removal of splinters etc. requiring no treatment (report only) to staff members</p> <p>Or</p> <p>To members of the public due to the actions/omissions of work undertaken by CWT</p>
<b>Minor</b>	<p>Between 6 and 10% variation in expenditure/revenue</p> <p>Theft or loss between \$2001 to \$30,000</p>	<p>Lack of response to customer request 5 week later than deadline</p> <p>Inability to provide a service for 2 working days</p> <p>Ombudsman/Ministerial investigation commenced.</p>	<p>Letters of complaint to CEO/Mayor or letters to Messenger/Advertiser</p>	<p>≥ 15% staff turnover per year</p> <p>≥ 15% non-availability or capability of staff at any one time</p>	<p>First aid treatment including; Hot cold treatment, removal of splinters, covering wounds, removal of foreign bodies in the eye using eye wash or cotton swab, administering non-prescription medication to staff members</p> <p>Or</p> <p>To members of the public due to the actions/omissions of work undertaken by CWT</p> <p>Or</p> <p>Incident where potential for minor injury may occur</p>

Rating	Financial	Organisational/ Customer Impact	Reputation Relationships	People	WHS
<b>Moderate</b>	<p>Between 11 and 15% variation in expenditure/revenue</p> <p>Theft or loss of between \$30,001 and \$100,000</p>	<p>Lack of response to customer request 10 working days later than deadline</p> <p>Inability to provide all services for more than 24 hours</p> <p>Inability to provide one service for ≥ 5 -days</p> <p>Ombudsman/Ministerial investigation finds systemic weaknesses in organisational processes</p> <p>ICAC investigation commenced</p>	<p>Negative article in Messenger/Advertiser.</p>	<p>≥ 20% permanent staff turnover per year</p> <p>≥ 20% non-availability or capability of staff at any one time</p>	<p>Medically treated injury requiring clinic or hospital treatment less than 24 hours duration, installing a drip or iv, physiotherapy as a cure, applying a cast , surgery, prescription drugs, stitching a wound to staff members</p> <p>Or</p> <p>To members of the public due to the actions/omissions of work undertaken by CWT</p> <p>Incident where potential for moderate injury may occur</p> <p>Notifiable incident to SafeWork SA or Office of the Technical Regulator (OTR)</p> <p>Category 1 - Breach of Duty for reckless conduct</p>
<b>Major</b>	<p>Between 16 and 40% variation in expenditure/revenue</p> <p>Theft or loss of between \$100,001 and \$1m</p>	<p>Lack of response to customer request 20 working days later than deadline</p> <p>Inability to provide one service for ≥ 20 working days</p> <p>Inability to provide all services for ≥ 48 hours.</p>	<p>Negative front page story in Messenger/Advertiser.</p>	<p>≥ 40% permanent staff turnover per year</p> <p>≥ 40% non-availability or capability of staff at any one time</p>	<p>Major injury resulting in limb loss, electrocution, permanently disability, blindness to staff members</p> <p>Or</p> <p>To members of the public due to the actions/omissions of work undertaken by CWT</p>

Rating	Financial	Organisational/ Customer Impact	Reputation Relationships	People	WHS
Catastrophic		<p>Ombudsman/Ministerial review results in termination of staff/major changes to systems and processes</p> <p>Employee(s)/Elected Members charged with corruption and referred to DPP for prosecution</p>			<p>Incident where potential for major injury may occur</p> <p>Notifiable incident to SafeWork SA or Office of the Technical Regulator (OTR)</p> <p>Category 2 Breach of Duty</p>
	<p>≥ 40% variation in expenditure/revenue.</p> <p>Theft or loss of &gt;\$1m.</p>	<p>Inability to provide critical Council services (Waste, HACCC, St Martins, dog attack response) for ≥ 5 working days</p> <p>Ministerial abolition of Council</p> <p>Employee(s)/Elected Member(s) found guilty of corruption</p>	<p>Follow up stories in any media that extend the scope of concern.</p>	<p>≥ 50% permanent staff turnover per year</p> <p>≥ 50% non-availability or capability of staff at any one time</p>	<p>The work related death of an employee</p> <p>The death of a person due to CWT negligence</p> <p>Notifiable incident to SafeWork SA or OTR)</p> <p>Category 3 Breach of Duty</p>

## 9.2.2 Internal Financial Controls Monitoring Risk Based Methodology Review

### Brief

This report presents the City of West Torrens Internal Financial Controls Self-Assessment Methodology to be applied as part of the external audit.

### RECOMMENDATION

It is recommended to the Committee that the *Internal Financial Controls Monitoring Risk Based Methodology Review* report be received.

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### Introduction

As part of the external audit financial internal controls opinion process, the City of West Torrens (CWT) is required, pursuant to s125 of the *Local Government Act 1999*, to undertake a Financial Internal Control Self-Assessment (FICSA) based on the *Better Practice Model - Internal Financial Controls for South Australian Councils* (BPM). Historically, this was undertaken via the assessment of each core control matched against the BPM, at total of 323 controls. This required the CWT to undertake an annual self-assessment of some 323 internal controls regardless of the level of risk associated with each core control. In 2017, a review of the FICSA process was undertaken in conjunction by Galpins, Council's contract internal auditors.

The review identified that the application of risk-based methodologies to the FICSA would:

- Streamline the process;
- Result in efficiencies; and
- Resource savings could be made.

Essentially, using this risk based methodology, the number of controls to be self-assessed reduced from 323 to 87 controls.

### Discussion

As part of its commitment to better practice, a review of this methodology and FICSA process was completed in February 2022 by Galpins. Galpins was again engaged to review the internal financial controls to identify the controls that would add the most value to the FICSA and external audit processes based on the CWT's current environment and circumstances.

Following completion of the review, a draft report (Report) was issued for comment with an opportunity to clarify Report findings with Galpins. The final Report was provided to the organisation in February 2022 (**Attachment 1**).

Further, the Risk Based Methodology (**Attachment 2**), which is an explanatory document to inform the rationale behind the review, was also subject to minor amendments.

The Report recommended minor amendments to the number of controls being assessed each year as a result of the Review. A new process was also suggested to review and rotate the reviewers and assessors, where appropriate, of these controls on an annual basis in order to maximise the value that this process has as part of the external audit process.

The recommendations contained in the Report are minor in nature therefore progress updates of each specific finding will not be reported to the Committee.

### Climate Impact Considerations

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

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

**Conclusion**

The *Internal Financial Controls Monitoring Risk Based Methodology Review*, undertaken by Council's contract internal auditor, has been completed. All review recommendations are within risk tolerance levels and the recommendations minor in nature.

**Attachments**

1. **Financial Internal Control Self Assessment Review Report**
2. **Financial Internal Control Monitoring Methodology Report**

## Control Self-Assessment Program Review City of West Torrens 2021/22



### Background

In accordance with the City of West Torrens' (CWT) Internal Financial Control Monitoring Methodology, the need for changes to the internal financial control monitoring program is regularly considered prior to conducting reviews to ensure that monitoring activities remain targeted at the appropriate risks. Where indicators of material changes to either council's financial risk profile or internal control environment are identified, changes to the internal controls included within the self-assessment program will be considered.

Internal Audit has reviewed the list of controls included within the Control Self-Assessment (CSA) program to ensure that the program remains risk-based and provides appropriate assurance to council that key controls addressing high financial risks are designed and operating effectively. Our review included discussion with finance staff and review of key financial documents (Annual Business Plan, Long Term Financial Plan, Audited Financial Statements) to identify changes in council's financial risk profile.

### Consideration of changes in risk profile

#### External audit results

No change. There has never been a qualification to CWT's external auditor internal controls opinion, indicating a lower controls risk profile.

#### Project Costing

An overarching theme of the CWT 2021/2022 budget is capital works programs "getting back to work". Following a reduced capital budget in response to Covid-19, the 2021/22 capital budget of \$31.881 million represents an increase of \$4.6 million compared to 2020/21 budget. The Long Term Financial plan anticipates capital spending to peak in 2023/24 at \$44.8m as a result of spending on the Richmond Oval Complex before settling closer to historical levels. Whilst the short term capital budget is higher than the historical average spend (being in the mid to high \$20 millions), the increase is not considered significant enough to materially raise the risk profile for projects overall, particularly as it relates predominantly to a single project. It is self-evident that strong oversight over the Richmond Oval Complex project will be required, outside of the CSA program.

However, management and Internal Audit consider that the risk profile for project costing has changed for 2021/22 as a result of external market factors. A significant amount of Covid stimulus funding has been distributed across state and local governments, putting supply/demand pressures on the availability of contractors and supplies. Covid has also contributed to logistical and supply chain issues in the construction sector. These factors have put upward pressure on the price and availability of labour and materials, translating into increased risk of time and cost budget blowouts, and quality issues.

Internal Audit has reviewed the project costing controls within the CSA program to ensure ongoing comfort in the context of these external pressures.

The following project-specific controls are included in the CSA program for assessment in 2022:

1. Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.
2. Actual project costs are regularly compared to budgets; significant variances are investigated by appropriate staff.

In addition, other key financial controls related to projects (e.g. contracting and procurement controls) are duplicated and monitored within other business cycles – namely 'Purchasing and Procurement' and 'Contracting'.

**Conclusion:** Existing controls being monitored are sufficient to provide assurance over controls mitigating financial project risks. No new controls required to be added to the CSA program.

### **Borrowings**

Historically, the CSA program has excluded controls over borrowing because council had little to no borrowings (no borrowing from 2016 - 2018). A total loan program of \$128.37m (in future dollar terms) is projected over the next ten years, with new loans expected to peak in 2023/24 at \$24.45m. With borrowings now having been undertaken, and the Long Term Financial Plan (LTFP) anticipating new borrowings in future, Internal Audit has considered the need to introduce controls related to borrowings within the CSA program.

The LTFP indicates financial sustainability is maintained for the duration of the plan, in addition to further financial capacity being potentially available for new initiatives should Council so decide. Loan repayments in the plan peak at 12.2% of rates in 2020/21, below the LGA recommended maximum exposure of 25%.

Internal Audit considers the risk of control failure for borrowing-related controls to be low. There is only a small volume of transactions involved, external scrutiny and delegate approvals required from the LGFA, and a high level of visibility over planned and actual borrowings for Elected Members, management, the Audit General Committee and the community.

**Conclusion:** Risk of control failure for borrowings is low, no controls required to be included in CSA program.



### Controls suggested for removal from the control self-assessment program

The following controls are suggested for removal from the CSA program for 2021/22:

Business Cycle	Control #	Control Description	Reason for removal
General Ledger	STR-GEN-0012	There is a process in place to review actual vs budget and significant variances investigated. Strategic Financial Planning - General Ledger	Duplicated in 'Budget' business cycle (control # STR-BUD-0009).
General Ledger	STR-GEN-0008	Formal disaster recovery plan is in place and communicated to relevant staff.	Verification of control via the financial self-assessment process is not considered to add value.
General Ledger	STR-GEN-0007	Financial data is backed up and stored offsite.	Verification of control via the financial self-assessment process is not considered to add value.
Purchasing and Procurement	EXP-PUR-0003	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Existence and application of procurement policy is addressed by other controls assessed within this business cycle (control #s EXP-PUR-0005, EXP-PUR-0008, EXT-CON-0004).
Purchasing and Procurement	EXP-PUR-0004	Employees must ensure all purchase orders are issued in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies	Duplicated within control EXP-PUR-0005 – identical wording, except more broadly references "all purchases are in accordance with...", considered to include use of POs as required.
Rates/Rate Rebates	REV-RAT-0010	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Existence and review of policies / procedures is duplicated in the 'Governance' business cycle (control# FIG-GOV-0003).
Receipting	REV-REC-0002	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Duplicated within 'Banking' business cycle (control# ASS-BAN-0002).

<b>Recommendation 1</b>	The controls identified as duplicated / not providing value are removed from the Control Self-Assessment program.
<b>Agreed Actions</b>	The identified controls will be removed from the 2021/2022 assessment.
<b>Action Officer</b>	Liz Johnson
<b>Target Completion Date</b>	31 March 2023

## Number of assessors / reviewers

Internal Audit have reviewed the number of assessors and reviewers assigned within control track to individual controls.

The number of assessors / reviewers is considered excessive in some cases, in the context of CWT’s risk profile.

We recommend that consideration to having only 1 assessor and 1 reviewer per control, unless there is a compelling reason to have more. The staff allocated to these roles can be rotated from year-to-year to obtain different perspectives / a fresh set of eyes, which can contribute to identifying continuous improvement opportunities.

One business cycles that may benefit from the continued practice of assigning more than 1 assessor / reviewer is Contracting. Key controls including tendering and contract management are decentralised, and different departments may have a different experience. Currently, up to 5 staff are allocated as assessors for some contracting controls. We suggest that 2 – 3 staff per review cycle may be sufficient.

Recommendation 2	The assessors / reviewers assigned to individual controls is reviewed, with a view to reducing the number of staff assigned. As a guide: <ul style="list-style-type: none"> <li>▪ for the majority of controls, a single assessor and reviewer is considered appropriate</li> <li>▪ for contracting controls with up to 5 reviewers, this could be reduced to 2 or 3 per review cycle</li> <li>▪ consideration should be given to rotating the staff assigned to assessor / reviewer roles each year (where possible / appropriate).</li> </ul>
Agreed Actions	A 3 year plan will be developed to rotate reviewers and assessors as appropriate across controls. This plan will be implemented as part of the 2021/2022 assessment.
Action Officer	Liz Johnson
Target Completion Date	31 March 2023

## Overview of business cycles that continue to be excluded from the control self-assessment program

### Cash Floats and Petty Cash

Excluded on the basis of materiality, and no high financial risks.

### Inventory

Excluded on the basis of materiality - 2021 inventory closing balance was \$18,000 (\$14,000 in 2020) out of total net assets of over \$780 million, and no high financial risks. Inventory does not include plant and equipment assets, the controls for which are covered under the 'Fixed Assets' business cycle.

### Investments

Excluded on the basis of materiality (\$1.6m out of \$21.4m of Current Assets in 2021), and no high financial risks. In addition, key controls including reconciliations, existence of appropriate policies, and controls over cash transfers are covered in the 'Banking', 'General Ledger' and 'Governance' business cycles.

### Loans / Grants to Clubs / Community Groups

There were no loans to community groups for 2021. Loans to community groups have historically been of an immaterial value, with no high / extreme risks identified. Specific risks have been identified from time-to-time and addressed via Internal Audit viability reviews of community centres.

### Prepayments

Excluded on the basis of materiality (\$2,000 out of \$5.4m of Trade & Other Receivables in 2021), and no high financial risks. Prepayments are an accounting adjustment only, and are reviewed as part of the year end process and external audit, providing the opportunity for any material errors to be detected and corrected via an audit adjustment with no consequence to Council.

### Elected member expenses

Excluded on the basis of materiality, low value of transactions. Controls found effective in prior years internal audits, and staff interviews showed no concern from staff regarding these controls. Due to reputational risk around errors in elected member expenses, this business cycle may be considered for inclusion in the CSA program on a rotational basis in future.

### Employee Reimbursements

Excluded on the basis of materiality, and no high financial risks.

### Other Expenses

Excluded on the basis of materiality, and no high financial risks. All key expense controls are covered in the 'Accounts Payable', 'Purchasing and Procurement', 'Contracting' and 'Budgets' business cycles.

**Accrued Expenses**

Excluded on the basis of materiality, and no high financial risks. All key expense controls are covered in the 'Accounts Payable', 'Purchasing and Procurement', 'Contracting' and 'Budgets' business cycles. Accrued Expenses are an accounting adjustment only, and are reviewed as part of the year end process and external audit, providing the opportunity for any material errors to be detected and corrected via an audit adjustment with no consequence to Council.

**Borrowings**

See commentary under 'Changes in risk profile' above.

**Employee Provisions**

Excluded on the basis of no high financial risks, and key controls over employee provisions including reconciliation of liabilities, approval of leave and timesheets, and system access restrictions are covered in the 'Payroll' and 'General Ledger' business cycles.

**Taxation**

Excluded on the basis of materiality, and no high financial risks.

**Investment/Interest Income**

Excluded on the basis of materiality, and no high financial risks.

**Other Revenue**

Excluded on the basis of materiality, and no high financial risks. Key controls (e.g. bank reconciliation, cash collection controls, credit note / bad debt controls, debtors monitoring) are included and monitored within other business cycles (Banking, Receipting, Debtors)

**User Pay Income - Fee for Service**

Excluded on the basis of materiality (\$1.4m out of \$74.3m of Revenue in 2021), and no high financial risks.

**Management Reporting**

No high risks. Key controls (e.g. existence of key financial policies, budget monitoring) are included and monitored within other budget cycles.

**Statutory Reporting**

No high risks. Controls relate largely to routine steps in the end of year process. Budget controls duplicated and monitored within Budget business cycle. The previous CSA included a finding related to policies – these policy controls are covered in other business cycles (e.g. Procurement, Credit Cards, Fixed Assets).



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**Methodology**

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### Version Control

Version	Date
Draft 0.1	29/09/2016
Final 1.0	09/02/2017
Draft 0.2	18/02/2022
Final 2.0	

## 1.1 Introduction and Context

Per s125 of the local Government Act 1999:

*“A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council’s assets, and to secure (as far as possible) the accuracy and reliability of council records.”*

Section 125 further mandates the use of the *Better Practice Model – Internal Financial Controls for South Australian Councils* (BPM) as the basis for design and operation of internal financial controls.

There are 5 key components of internal control which are expected to be present, functioning effectively and working together, namely:

- ✓ **Control Environment**
- ✓ **Risk Assessment**
- ✓ **Control Activities**
- ✓ **Information and Communication**
- ✓ **Monitoring Activities**

This methodology applies only to the 5<sup>th</sup> component of internal control – Monitoring Activities. These activities, whilst important, are not the primary consideration of effective internal control, and must be resourced effectively but not excessively. With this in mind, this methodology is a risk-based methodology which seeks to ensure that Council is prioritising the focus of its monitoring activities towards the most significant risks. This methodology also seeks to target monitoring at controls for which monitoring activities provide the greatest value to Council in terms of both risk management and continuous improvement.

## The Three Lines of Defense Model

The Three Lines of Defense Model provides a framework for viewing risk management as a series of components which build upon each other to provide layers of defense to manage risk.

The first line of defense contains functions that own and manage risk, with the responsibility to maintain controls, identify and manage risks and implement corrective actions for control deficiencies. The second line contains functions that oversee risk and with responsibility to monitor the 1st line and ensure it is properly designed, in place and operating as intended. The third line provides independent assurance i.e. internal audit. The three lines of defense are internal to councils, and are supported by external components including external audit and LGA Guidance.

Monitoring activities form an important component of councils’ lines of defense for managing risk. The BPM identifies monitoring activities as being within the second line of defense for councils. Importantly, monitoring activities such as Control Self-Assessment form only part of the councils overall risk management strategy, and should be risk based so as not to be over-resourced.



Source: SALGFMG Better Practice Model –Internal Financial Controls for South Australian Councils published April 2017

### 1.2 Updates to the Control Self Assessment Program

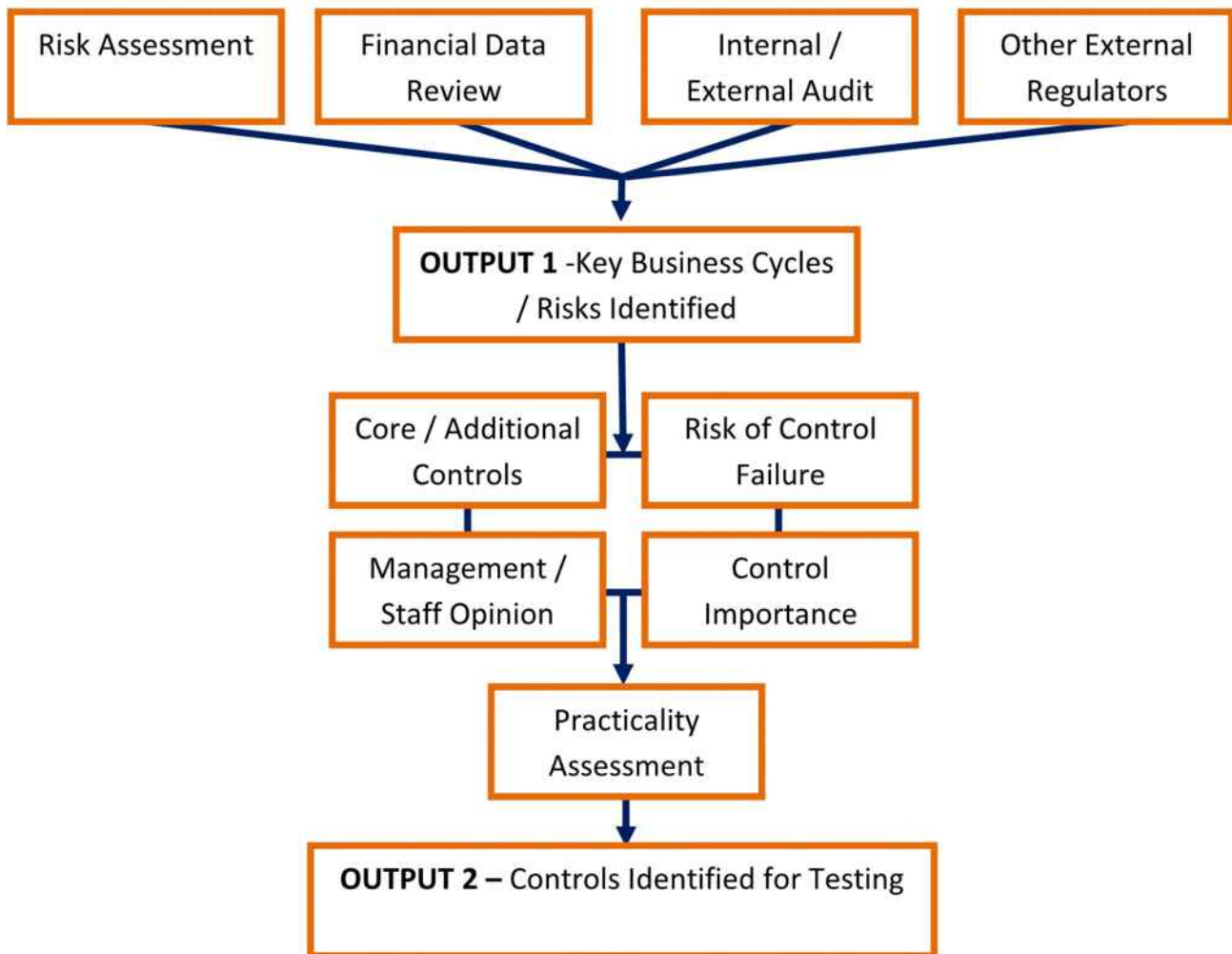
The internal controls environment is not static, and the risks being mitigated by the control environment are not static. As such, the need for changes to the internal financial control monitoring program is considered annually prior to conducting reviews to ensure that monitoring activities remain targeted at the appropriate risks.

Where indicators of material changes to either council’s financial risk profile or internal control environment are identified, changes to the internal controls included within the self-assessment program will be considered.



### 1.3 Methodology for Selection of Controls to be Monitored

The following Diagram illustrates the methodology used to select control activities for inclusion in Council’s control monitoring program. Details of each component of the methodology are provided in the following pages.



## Output 1 - Identification of Key Business Cycles and Risks

The results of this assessment determine the key business cycles, and key risks within these business cycles, that will be the focus of the control self-assessment program.

**Risk Review** – A review of Council’s inherent risk assessment for internal financial controls is performed to identify key financial risks, focusing on extreme and high risk.

**Financial Data Review** – A high level financial statement review is performed to identify key accounts and transaction streams. The Long Term Financial Plan and Annual Business Plan are reviewed to identify financial trends (e.g. increases in borrowings, changes to relative materiality, major projects being undertaken, etc) that might justify the need to recalibrate focus across different business cycles.

**Internal / External Audit Results Review** – The findings and recommendations of internal / external financial audits are reviewed to identify known areas of weakness, and areas known to be attracting audit attention.

**Other External Regulators** – Consideration is given to the activities of other external regulators including the Auditor General’s Department (AG) and Independent Commissioner Against Corruption (ICAC) to identify potential focus areas for these entities.

## Key Business Cycles

The following key business cycles have been identified for inclusion in Council’s monitoring activities to ensure effective risk management:

- **Banking**
- **Debtors**
- **Fixed Assets**
- **Project Costing**
- **Credit Cards**
- **Payroll**
- **Purchasing and Procurement**
- **Contracting**
- **Governance**
- **Accounts Payable**
- **Grants**
- **Rates/ Rate Rebates**
- **Receipting**
- **Budgets**
- **General Ledger**

## Rationale for Key Business Cycle Selection

The following table summarises the rationale for including or excluding business cycles:

Business Cycle	Included / Excluded	Rationale
Banking	Included	Includes high risks and fraud risks.
Cash Floats and Petty Cash	Excluded	No high / extreme risks identified. Immaterial value.
Debtors	Included	Includes high risks.
Fixed Assets	Included	Includes high risks. Material value.
Inventory	Excluded	No high / extreme risks identified. Immaterial value.
Investments	Excluded	No high / extreme risk identified. Controls duplicated in other business cycles (e.g. General Ledger, Banking).
Loans / Grants to Clubs / Community Groups	Excluded	Currently no loans to community groups. Historically low value, no high / extreme risks identified.
Prepayments	Excluded	No high / extreme risk identified. Immaterial value.
Project Costing	Included	High dollar value, includes high risks.
Credit Cards	Included	ICAC / AGD focus area.
Elected Members Expenses	Excluded	No high / extreme risks identified. Immaterial value. Internal Audit performed recently.
Employee Reimbursements	Excluded	No high / extreme risks identified. Immaterial value.
Other Expenses	Excluded	No high / extreme risks identified. Immaterial value.
Payroll	Included	Includes high risks. Material item.
Purchasing and Procurement	Included	Includes high risks and fraud risks. Material item.
Contracting	Included	Includes high risks and fraud risks.
Governance	Included	Includes high risks and fraud risks.
Accounts Payable	Included	Includes high risks and fraud risks.
Accrued Expenses	Excluded	No high / extreme risks identified. Immaterial value.
Borrowings	Excluded	Historically zero – low borrowings, LTFP anticipates increased borrowings. Low risk of control failure - low transaction volume and highly visible. External LGFA controls provide comfort.
Employee Provisions	Excluded	No high / extreme risks identified. Controls duplicated in other business cycles (e.g. Payroll, General Ledger).
Taxation	Excluded	No high / extreme risks identified.
Grants	Included	Includes high risks. Not highly material.
Investment/Interest Income	Excluded	No high / extreme risk identified. Immaterial value.
Other Revenue	Excluded	No high / extreme risk identified. Immaterial value.
Rates/Rate Rebates	Included	Includes high risks. Material Revenue item.
Receipting	Included	Includes fraud risks.
User Pay Income - Fee for Service	Excluded	No high / extreme risk identified. Immaterial value.
Budgets	Included	Includes high risks. Significant activity underpinning control of multiple finance functions.
General Ledger	Included	Includes high risks and fraud risks.
Management Reporting	Excluded	No high / extreme risks identified. Key controls addressed in Budget cycle.
Statutory Reporting	Excluded	No high / extreme risks identified.

## Output 2 - Identification of Specific Internal Controls to be Monitored

Within the business cycles identified in output 1, the following methodology is used to determine the most important controls to address the risks within these business cycles. These controls form the population of controls to be assessed as part of Council's CSA program.

**Review of Core vs Additional Controls** – within the business cycles and risks identified, the internal financial control self-assessment monitoring program is focused predominantly on Core controls as these have been assessed as per the Better Practice Model as those controls that “are likely to be more important or critical”. For completion, additional controls are reviewed to identify any additional controls which are of particular importance to Council in managing the risks identified.

**Risk of Control Failure** – The risk of control failure is considered, with those controls with a higher risk of control failure being more important to monitor. Factors considered include the degree of manual intervention, volume/frequency of the control activity, complexity of the control (e.g. any specialist IT/system knowledge required) and level of staff turnover or system changes.

**Control Importance** – professional judgment is applied to reviewing the suite of controls that address each risk, and identifying which of these controls are the most important or have the biggest influence in managing the risk. This professional judgment is informed by the following principals:

- The number of risks mitigated by an individual control – generally speaking, the more risks a particular control is mitigating, the higher the importance weighting applied to that control.
- The inherent risk rating of the risk being addressed by the control – controls which are addressing Extreme risks are given greater weight, followed by those addressing High risks, and so on.
- Control type – the control type has an influence on the importance rating. For example, preventative controls are generally given a higher importance weighting than detective or directive controls, on the basis that prevention is better than cure.
- Nature of Control (Input, Processing, Output) – the nature of the control can influence the relative importance of the control, depending on the characteristics, culture and maturity of an organisation. Input controls often require human intervention and are generally dependent on the quality of staff. If staff are experienced, capable and well trained, a greater degree of reliance can be placed on input controls. Processing controls are generally IT based, and are reliant on the quality and reliability of the system in question. Output controls have greater importance if actual or perceived weaknesses in input controls exist.
- A higher degree of importance is placed on controls directly mitigating fraud risks, e.g. those protecting against management override of controls, providing segregation of duties, or mitigating a lack of segregation of duties (e.g. independent review of reconciliations, master file changes and key reports).
- IT controls are generally given a higher importance weighting, as they often influence segregation of duties and are often relied on heavily by management to provide comfort that processes are performed properly.

**Management / Staff Opinion** – Discussions are held with managers and staff responsible for managing business cycles or performing control activities to determine the controls they view as most important. These opinions are critical in achieving the best outcome for the monitoring program, as these managers and staff will have the best understanding of how the controls operate together, and what controls are important to them in achieving their work objectives and getting comfort that their risks are managed.

**Practicality / Value Assessment** – by their nature, some controls are better suited to a formal self-assessment monitoring program than others. For example, it is difficult to rate the effectiveness of a control of “Budgets and budget amendments are based on realistic and achievable assumptions at time of preparation” in a staff self-assessment program due to the degree of subjectivity and political considerations. Conversely, it is simple to confirm that a reconciliation has taken place, or that a particular policy has been reviewed.

For certain controls, other assurance mechanisms exist separate to the control self assessment process, meaning inclusion in the self assessment process causes duplication of assurance effort. For example, controls addressing training of staff such as “There is adequate training of payroll staff to ensure they are up to date with relevant statutory and enterprise agreements” are monitored via the staff development or performance management framework.

For some other controls, the self-assessment process adds little value because once the control has been implemented, it is unlikely to change without management consciously redesigning the control. For example, assessment of some system controls such as “Rates are automatically generated by the rate system” or “System does not allow posting of unbalanced journals” require yes/no answers that are unlikely to change, and so regular review provides little benefit.

Duplicated controls that appear across multiple business cycles are also removed, to ensure they are only assessed once.

## 1.4 Number of Controls to be Included in Control Self-Assessment (CSA) Program

Within the selected Business Cycles, the following table illustrates the number of controls selected for inclusion within the CSA program:

Business Cycle	Number of Controls to be Assessed		
	Per Better Practice Model	Refined for Key Business Cycle & Risk Assessment	Refined for Control Importance, Staff Input etc.
Banking	7	6	5
Cash Floats and Petty Cash	12	0	0
Debtors	17	4	5
Fixed Assets	17	13	9
Inventory	10	0	0
Investments	15	0	0
Loans / Grants to Clubs / Community Groups	9	0	0
Prepayments	2	0	0
Project Costing	7	2	2
Credit Cards	9	4	4
Elected Members Expenses	6	0	0
Employee Reimbursements	3	0	0
Other Expenses	1	0	0
Payroll	26	15	14
Purchasing and Procurement	13	4	2
Contracting	11	7	5
Governance	4	0	4
Accounts Payable	19	10	7
Accrued Expenses	1	0	0
Borrowings	10	0	0
Employee Provisions	4	0	0
Taxation	5	0	0
Grants	6	1	1
Investment/Interest Income	3	0	0
Other Revenue	1	0	0
Rates/Rate Rebates	11	8	7
Receipting	10	2	2
User Pay Income - Fee for Service	10	0	0
Budgets	9	2	1
General Ledger	16	9	7
Management Reporting	8	0	0
Statutory Reporting	12	0	0
<b>Total</b>	<b>294</b>	<b>87</b>	<b>75</b>

## 1.5 Allocation of assessors and reviewers

Prior to undertaking the CSA program each year, management will allocate assessors and reviewers for each control to be assessed.

Whilst there is a level of discretion when selecting assessors and reviewers for the CSA program, assessors are typically operational staff at the coal-face who perform the control activities and are well placed to assess efficiency and effectiveness. Reviewers are typically the line managers to whom the assessors report. Allocation of these responsibilities needs to consider staff capacity to perform the assessment / review and their knowledge of the control activities.

By default, only one assessor and one reviewer will be allocated per control. At management's discretion, multiple assessors and/or reviewers may be assigned to individual controls where a compelling argument exists that this will provide greater value / assurance.

Examples of reasons for assigning multiple assessors and/or reviewers may include:

- operation of the control activity is highly decentralised, and may therefore have varying levels of operating effectiveness across different departments
- the control activity is performed by a number of different staff, who may be performing the control inconsistently (particularly for manual controls) or where broader insights into the operation of the control may highlight improvement opportunities.

As an alternative, or in addition to having multiple assessors and/or reviewers, consideration should be given to rotating the assessor and/or reviewer from time to time to provide a broader range of views and insights.



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## **Appendix 1 – Listing of Controls to be Included in CSA Program**





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The following table details the specific controls that have been selected for inclusion within the CSA program:

Business Cycle	ControlTrack Code	Description
Accounts Payable	LIA-ACC-0013	Separation of Accounts Payable and Procurement duties.
Accounts Payable	LIA-ACC-0010	Records must be maintained of all payments with supporting documentation.
Accounts Payable	LIA-ACC-0007	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.
Accounts Payable	LIA-ACC-0006	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.
Accounts Payable	LIA-ACC-0003	Blank cheques to be held securely and access restricted to relevant staff.
Accounts Payable	LIA-ACC-0002	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.
Accounts Payable	LIA-ACC-0001	Access to the supplier masterfile is restricted to authorised staff
Banking	ASS-BAN-0005	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.
Banking	ASS-BAN-0004	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.
Banking	ASS-BAN-0003	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff. Assets - Banking
Banking	ASS-BAN-0002	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated. Assets - Banking
Banking	ASS-BAN-0001	Access to EFT Banking system is restricted to appropriately designated personnel.
Budgets	STR-BUD-0009	There is a process in place to review actual compared to budget and significant variances investigated.
Contracting	EXT-CON-0005	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.
Contracting	EXT-CON-0004	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.
Contracting	EXT-CON-0003	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.
Contracting	EXT-CON-0002	Tender Documents are kept securely.



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Business Cycle	Control/Track Code	Description
<b>Contracting</b>	EXT-CON-0001	Council maintains a current contract register.
<b>Credit Cards</b>	EXP-CRE-0006	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.
<b>Credit Cards</b>	EXP-CRE-0004	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.
<b>Credit Cards</b>	EXP-CRE-0003	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.
<b>Credit Cards</b>	EXP-CRE-0002	Cardholders are advised in the policy and procedures that improper use of the credit card, such as purchases of a personal nature, may result in disciplinary action in accordance with the Code of Conduct.
<b>Debtors</b>	ASS-DEB-0010	Relevant staff reviews debtors ageing profile on a regular basis and investigates any outstanding items, and considers provisions for doubtful debts.
<b>Debtors</b>	ASS-DEB-0009	Records of bad debt write-offs should be maintained.
<b>Debtors</b>	ASS-DEB-0004	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by an appropriate person.
<b>Debtors</b>	ASS-DEB-0003	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.
<b>Debtors</b>	ASS-DEB-0001	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence.
<b>Fixed Assets</b>	ASS-FIX-0014	There is a process in place for the verification of fixed assets which is reconciled to the FAR.
<b>Fixed Assets</b>	ASS-FIX-0013	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.
<b>Fixed Assets</b>	ASS-FIX-0011	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.
<b>Fixed Assets</b>	ASS-FIX-0009	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.
<b>Fixed Assets</b>	ASS-FIX-0007	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.



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Business Cycle	ControlTrack Code	Description
<b>Fixed Assets</b>	ASS-FIX-0005	Asset register calculations are reviewed for accuracy.
<b>Fixed Assets</b>	ASS-FIX-0004	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.
<b>Fixed Assets</b>	ASS-FIX-0002	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans
<b>Fixed Assets</b>	ASS-FIX-0001	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.
<b>General Ledger</b>	STR-GEN-0011	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure. Strategic Financial Planning - General Ledger
<b>General Ledger</b>	STR-GEN-0010	Journal entry access is restricted to appropriately authorised personnel.
<b>General Ledger</b>	STR-GEN-0005	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.
<b>General Ledger</b>	STR-GEN-0004	All major updates and changes to General Ledger finance system are authorised, tested and documented.
<b>General Ledger</b>	STR-GEN-0003	All journals, including manual entries, identify date posted, narration, author, journal and posting reference.
<b>General Ledger</b>	STR-GEN-0002	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. Strategic Financial Planning - General Ledger
<b>General Ledger</b>	STR-GEN-0001	Access to General Ledger maintenance is restricted to appropriately authorised personnel.
<b>Governance</b>	FIG-GOV-0004	There is a process to ensure staff are aware of policies and procedures referenced in the Better Practice Model.
<b>Governance</b>	FIG-GOV-0003	There is a process in place to ensure all policies and procedures referenced in the Better Practice Model are reviewed for appropriateness and relevance.
<b>Governance</b>	FIG-GOV-0002	There is a process in place for staff to be made aware of the Code of Conduct and Conflict of Interest.
<b>Governance</b>	FIG-GOV-0001	Delegations of authority referenced in the Better Practice Model are reviewed for appropriateness, with changes approved as required.
<b>Grants</b>	REV-GRA-0004	There is a process in place for the regular review of all grant income to monitor compliance with the terms of the grant.



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Business Cycle	ControlTrack Code	Description
<b>Payroll</b>	EXP-PAY-0020	There is a process to ensure the total of payment summaries for the year is reconciled to the general ledger and payroll and is appropriately reviewed.
<b>Payroll</b>	EXP-PAY-0019	There is a process to ensure employees are made inactive in payroll records upon termination.
<b>Payroll</b>	EXP-PAY-0018	There is a process to ensure an independent review of proposed payroll payments by authorised staff.
<b>Payroll</b>	EXP-PAY-0017	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.
<b>Payroll</b>	EXP-PAY-0016	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.
<b>Payroll</b>	EXP-PAY-0013	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.
<b>Payroll</b>	EXP-PAY-0012	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.
<b>Payroll</b>	EXP-PAY-0010	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.
<b>Payroll</b>	EXP-PAY-0009	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.
<b>Payroll</b>	EXP-PAY-0008	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.
<b>Payroll</b>	EXP-PAY-0007	Payroll is periodically reconciled to the General Ledger accounts.
<b>Payroll</b>	EXP-PAY-0005	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.
<b>Payroll</b>	EXP-PAY-0003	All payroll deductions must be approved by the relevant employee.
<b>Payroll</b>	EXP-PAY-0001	Access to the payroll deduction listing is restricted to authorised staff.
<b>Project Costing</b>	ASS-PRO-0003	Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.
<b>Project Costing</b>	ASS-PRO-0001	Actual project costs are regularly compared to budgets; significant variances are investigated by appropriate staff.
<b>Purchasing and Procurement</b>	EXP-PUR-0008	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.



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Business Cycle	ControlTrack Code	Description
<b>Purchasing and Procurement</b>	EXP-PUR-0005	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.
<b>Rates/Rate Rebates</b>	REV-RAT-0008	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.
<b>Rates/Rate Rebates</b>	REV-RAT-0007	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.
<b>Rates/Rate Rebates</b>	REV-RAT-0006	There is a process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.
<b>Rates/Rate Rebates</b>	REV-RAT-0004	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.
<b>Rates/Rate Rebates</b>	REV-RAT-0003	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.
<b>Rates/Rate Rebates</b>	REV-RAT-0002	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.
<b>Rates/Rate Rebates</b>	REV-RAT-0001	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.
<b>Receipting</b>	REV-REC-0005	Prior to and during the banking process, cash is stored securely at all times.
<b>Receipting</b>	REV-REC-0004	Officers who create debtors invoices do not have access to receipting payments and/or reversing receipt transactions.

## 9.3 INTERNAL AUDIT

### 9.3.1 2021 - 2022 Internal Audit Program Update

#### Brief

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

#### RECOMMENDATION

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

#### Introduction

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

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

#### Discussion

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

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

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

As a result of these delays, the outstanding audits from 2019/2020 and 2020/2021 have been carried over to the 2021/2022 Internal Audit Program which extends to the end of the Committee term. Therefore, the 2021/2022 Internal Audit Program will operate for almost 15 months.

### **Audit Scopes**

1. The *Planning, Development and Infrastructure Act 2016 Audit* is currently underway. A scope has been approved and attached to this report for information (**Attachment 2**).

### **Climate Impact Considerations**

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

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

### **Conclusion**

COVID-19 continues to have an impact on the implementation of the *Internal Audit Program 2021-22*. However, overall, six (6) of the ten (10) planned audits are in progress or have been completed or closed out as at 1 April 2022.

### **Attachments**

1. **2021 - 2022 Internal Audit Program Update as at 1 April 2022**
2. **Planning, Development and Infrastructure Act Internal Audit Scope - Stage One**

**Report as at 24 January 2022**

**2021/22 Internal Audit Program**

Audit No.	Internal Audit	Audit Objectives	Due Date	Status	Comments
<b>Status of 2019/20 Internal Audits (Carry Overs)</b>					
<b>Staged Audits</b>					
1	PDI Act and Regulations Implementation (Stage 1)	This audit will review the legislative compliance of the CWT development processes as well as provide an assurance audit on the supporting frameworks in place such as delegations, authorisation, policies, procedures and plans.	April 2021	<b>In Progress</b>	<ul style="list-style-type: none"> <li>Delay in the implementation of the PDI Act and associated regulations and documents mean that the timing of this audit has been reviewed to ensure maximum value.</li> <li>Phase 3 Planning Code commenced in early 2021. The progress of process implementation will be closely monitored internally to facilitate the appropriate timing of this audit.</li> <li>Audit Scope drafted and presented to the April 2022 Committee meeting.</li> </ul>
<b>Status of 2020/2021 Internal Audits (Carry Overs)</b>					
<b>Staged Audits</b>					
1	PDI Act and Regulations Implementation (Stage 2)	This audit will review the legislative compliance of the CWT development processes as well as provide an assurance audit on the supporting frameworks in place such as delegations, authorisation, policies, procedures and plans.	June 2021	<b>Not Started</b>	<ul style="list-style-type: none"> <li>Phase 3 Planning Code commenced in early 2021. The progress of process implementation will be closely monitored internally to facilitate the appropriate timing of this audit.</li> <li>Delay in the implementation of the PDI Act and associated regulations and documents means the timing of this audit will need to be reviewed to ensure maximum value.</li> <li>This is stage 2 of the two stage audit process.</li> <li>Scope to be drafted upon conclusion of Stage one.</li> </ul>

Not Started	In Progress	Complete	Deferred	Cancelled
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**Report as at 24 January 2022**

**2021/22 Internal Audit Program**

Audit No.	Internal Audit	Audit Objectives	Due Date	Status	Comments
<b>Status of 2021/2022 Internal Audits</b>					
<b>Assurance Audits</b>					
1	Insurances	A risk identified by Financial Services highlighted the need for the organisation to hold appropriate insurance policies to ensure appropriate coverage in the event of a claim. This audit seeks to review the coverage provided by each insurance policies and identify potential gaps.	June 2022	In Progress	<ul style="list-style-type: none"> <li>Audit Scope drafted and presented to the April 2022 Committee meeting.</li> </ul>
2	Cyber Security	With the level of hacking into corporate networks increasing at an alarming rate over the last decade, the security of information is an increasing risk to the CWT. The motivations of hackers can vary substantially. This audit seeks to identify gaps in the policies, procedures and practices within the CWT pertaining to information security and IT infrastructure as well as assessing the network architecture to evaluate whether the security supports risk tolerance levels and business objectives.	June 2022	In Progress	<ul style="list-style-type: none"> <li>Scope currently being drafted</li> <li>CWT currently participating in a CyberCX Cyber Security Risk program which, in part, will consider internal cyber security measures. It is not the intention of Internal Audit to duplicate reviews or actions which will be undertaken as a result of participation in this program. Therefore, the development of this scope has been temporarily paused until this program has commenced. It is expected that the program will be completed by June 2022 and it will focus on the "Essential 8" Framework.</li> </ul>
<b>Legislative Compliance Audits</b>					
3	Local Nuisance and Litter Control Act 2016	A legislative compliance audit to be undertaken by a legal auditor reviewing CWT compliance relating to the <i>Local Nuisance and Litter Control Act 2016</i> .	October 2021	Complete	<ul style="list-style-type: none"> <li>Audit Scope drafted and presented to the April 2021 Committee meeting.</li> <li>Scope merged with Expiation, Fines and Enforcements - Collecting fines legislative compliance audit planned for 2020/2021 to increase value to the organisation and ensure efficiency</li> <li>Audit has commenced and evidence provided to auditor in July 2021.</li> </ul>



**2021/22 Internal Audit Program**

**Report as at 24 January 2022**

Audit No.	Internal Audit	Audit Objectives	Due Date	Status	Comments
4	Internal Financial Controls Monitoring Risk Based Methodology	To review the internal financial controls.	March 2022	Complete	<ul style="list-style-type: none"> <li>Interviews delayed due to Level 4 and 5 COVID-19 restrictions.</li> <li>Report presented as part of 12 October 2021 Agenda</li> <li>Report presented as part of 12 April 2022 Agenda</li> </ul>
<b>Third Party Audits (External)</b>					
5	Vic Roads Annual Audit (Third Party Audit)	An annual Internal Audit which is mandated as part of the agreement with Vic Roads.	July 2022	Not Started	<ul style="list-style-type: none"> <li>To be advised when audit is to commence by VicRoads</li> </ul>
6	Vic Roads Information Protection Agreement Compliance Review	To review CWT compliance with the Information Protection Agreement.	March 2022	Complete	<ul style="list-style-type: none"> <li>An additional unplanned external audit regarding information protection in regards to the Vic Roads systems</li> </ul>
<b>WHS Audits</b>					
7	WHS/IM KPI Audit against PSSI	An annual audit mandated by the Scheme.	TBA	Not Started	<ul style="list-style-type: none"> <li>Have not yet been advised of start date</li> </ul>
<b>Facilitative Audit</b>					
8	Corporate Planning Framework	The objectives of the audit are to evaluate and report on the adequacy and effectiveness of the CWT's alignment of strategic planning processes and budget planning processes. This includes the processes used in developing strategic, budget and business plans, how they are aligned through to action and service planning processes. In addition, the audit will determine compliance with relevant policies.	June 2022	Not Started	

	Not Started		In Progress		Complete		Deferred		Cancelled
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## Internal Audit Scope

# ***Planning, Development and Infrastructure Act 2016* and associated Regulations Implementation**

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### **Introduction**

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

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

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

The approved Audit Program 2019-22 provides for an internal audit of the implementation of the *Planning, Development and Infrastructure Act 2016* and associated Regulations that allows for an opportunity to perform a health check on current processes and to identify, develop and implement improvement opportunities. This staged audit will review the legislative compliance of the CWT development processes as well as provide an assurance audit on the supporting frameworks in place such as delegations, authorisation, policies, procedures and plans.

### Audit Scope and Objectives

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

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

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

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

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

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

**General Administration**

Stage one of this audit will be performed by Galpins.

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

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

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

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

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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, consisting of a large, sweeping initial 'P' followed by several smaller, connected letters, ending with a comma.

**General Manager Business and Community Services**

Date 5 April 2022

### 9.3.2 VicRoads Information Protection Agreement Audit Report 2021 - 2022

#### Brief

This Report presents the results of the VicRoads Information Protection Agreement Audit 2021 - 2022.

#### RECOMMENDATION

It is recommended to the Committee that the *VicRoads Information Protection Agreement Audit Report 2021 - 2022* be received.

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#### Introduction

The City of West Torrens (CWT) is responsible for the expiation of breaches of the *Australian Road Rules* and, as such, there are occasions when the details of the vehicle owners and/or drivers who have committed an offence, pursuant to the *Road Safety Act 1986*, are required. Therefore, the CWT requires access to motor vehicle registration/ownership records, including those that are located interstate.

The information held by the State of Victoria, via VicRoads, is classified as 'protected information' and therefore may not be disclosed or used except in accordance with the *Road Safety Act 1986* (VIC). To access this information, VicRoads requires the CWT to enter into an *Information Protection Agreement*. In addition, all CWT officers who are likely to access information held by VicRoads during the course of their work, i.e. community safety administration officers, are required to sign an individual confidentiality agreement.

#### Discussion

##### Annual Audit

VicRoads requires an annual audit (Annual Audit) of CWT's compliance with the VicRoads Information Protection Agreement. It is worth noting that no other Australian jurisdiction requires this. This annual audit is completed in July of each year and is a desktop review completed by CWT's internal audit team. The Annual Audit response is then reviewed by VicRoads to determine if further action is required.

The purpose of the Annual Audit is to ensure that CWT and its staff are meeting their obligations under the agreement and the Audit is required to ensure:

- A thorough review of the CWT's compliance with the agreement is undertaken annually;
- A formal report is generated that aligns with the agreement; and
- The outcomes are comparable across all VicRoads Agreement organisations.

Failure to provide the Audit by 31 July of the corresponding year may lead to the CWT's access to the VicRoads information being suspended or terminated without further notice.

##### Additional Audit

This year VicRoads required the CWT to complete an Additional Audit regarding the CWT's compliance with the VicRoads Information Protection Agreement. This Additional Audit was in-depth, requiring interviews and evidence provision. It should be noted that the CWT has never had an identified non-conformance as part of the Annual Audit and the practices undertaken by the CWT are not considered to be of a sufficient risk level to warrant an additional audit. The CWT has a number of strong risk controls in place and VicRoads were not able to provide an explanation of why an Additional Audit was required.

CWT's Internal Audit and Regulatory Services teams completed and submitted the VicRoads Annual Audit Report during February 2022. The final report (Report) is presented for information **(Attachment 1)**.

There was one non-conformance with the VicRoads Information Protection Agreement identified as part of this Additional Audit. This finding relates to VicRoads not being informed of changes to nominated personnel in a timely manner. For the three identified changes to nominated users, one user's details were inadvertently not updated in the exit process but was identified and updated as part of the Annual Audit process. For the remaining two users, one changed position internally and one was on extended leave, which did not affect VicRoads access so it was not considered necessary to inform VicRoads of any amendments to users.

The non-conformance is considered to be a low risk as the CWT does not have the ability to amend information in the VicRoads systems and users cannot access the system without a valid CWT email. The CWT is required to notify VicRoads of all changes to nominated personnel in a timely manner. An amended exit and change of position process has been implemented as a result of the non-conformance and VicRoads have been advised of this response to the non-conformance by the required date, being 6 April 2022.

*It is worth noting that no such audit process is required by either the South Australian Government or any other State or Territory Government in Australia.*

### **Climate Impact Considerations**

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

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

### **Conclusion**

VicRoads, via its final report on the VicRoads Information Protection Agreement Audit, confirms that during 2022, the CWT and its officers met all obligations with one identified non-conformance under the Agreement. The Annual Audit is expected to take place in July 2022.

### **Attachments**

- 1. City of West Torrens VicRoads Information Protection Agreement Audit Report**





## Information Protection Agreement Audit Report

**Auditee** SA - City of West Torrens

**Address** 165 Sir Donald Bradman Drive  
Hilton South Australia

**Team Leader** [REDACTED]

**Compliance Officer** [REDACTED]

**Date** 09-Feb-2022

**Important Information:** *This compliance report has been prepared for the sole benefit and internal use of VicRoads to assess, in its sole discretion, the performance of the nominated service provider. The report is in no way a comprehensive or complete review of the service provider's business operations or endorsement of such business operations. The report does not constitute a comprehensive or complete review of the service provider's compliance with all legal and other requirements as they relate to the service provider's business operations. The issue of the report does not in any way limit the decision making processes of VicRoads, including the right to act or not act upon the findings in the report or to decide at some subsequent time the findings were not accurate for whatever reason and to take action or not based on that further information. The report should not be relied on or used by the service provider or any other person for any other purpose whatsoever. VicRoads does not accept any responsibility whatsoever for any reliance or use of the report by the service provider or any other person for any other purpose.*



## Audit Summary

### 1. Background

In accordance with the Information Protection Agreement, a compliance audit of the activities at Organisation, SA - City of West Torrens was performed on 09-Feb-2022. This activity was carried out pursuant to Clause 42 of the above-mentioned Agreement which permits VicRoads to carry out an inspection of documents and materials relating to the activities of the organisations.

### 2. Objective

The objective of the compliance review was to ensure that:

- the requirements of the Information Protection Agreement are being complied with;
- the requirements under the Privacy and Data Protection Act 2014 are being met;
- the obligations under the Road Safety Act 1986 are being adhered to, and
- information security practices and controls are adequately applied.

### 3. Scope

The scope of the compliance review consisted of an examination and assessment of:

- work practices in accordance with Information Protection Agreement requirements, and
- Information Security Standard ISO27001:2015 and Victorian Public Data Security Standard (VPDSS 2.0) requirements.

### 4. Findings

The review found that the organisation personnel were in general meeting the terms and requirements of the Information Protection Agreement. However, the compliance review noted the following finding:

- VicRoads was not notified of all changes to nominated personnel in a timely manner.

### 5. Conclusion

The compliance review of the Information Protection Agreement identified one corrective action. This is listed on the following page and includes any action that may be required to address the issue and the date for the rectification of the issue.



## Summary of Corrective Actions

<b>Reference Number</b>	SA -21686880
<b>Date</b>	23-Feb-2022
<b>Requirement</b>	<p><b>Schedule 2:</b> (1). The Recipient must ensure that all of its Employees with Valid Access are listed as Nominated Users, and only current Nominated Users apply to VicRoads for Data Access.</p> <p><b>Clause 14.</b> Within 14 days after any change to Nominated Users or on request by VicRoads, the Org Rep must send the VicRoads Contact an email specifying any changes to the Register, including Subcontractors, or stating that no changes have occurred. If the Recipient has Online Access, this email must also be sent to VicRoads' Online Contact.</p>
<b>Finding</b>	<p>VicRoads was not notified of all changes to nominated personnel in a timely manner for [REDACTED] and [REDACTED], further authorisation end date was not updated for [REDACTED] on Nominated User register.</p>
<b>Corrective Action Required</b>	<p>The organisation must implement a process that ensures VicRoads is notified of all changes to nominated personnel in a timely manner.</p>
<b>Corrective Action Required by</b>	06-Apr-2022

**9.4 EXTERNAL AUDIT**

Nil

**9.5 COMMITTEE PERFORMANCE AND REPORTING**

Nil

**10 OTHER BUSINESS**

**11 CONFIDENTIAL**

Nil

**12 NEXT MEETING**

14 June 2022, 6.00pm in the Mayor's Reception Room.

**13 MEETING CLOSE**