



Audit Committee

NOTICE OF MEETING

Notice is hereby given that a meeting of the Audit Committee will be held in the

**Mawson Room, Civic Centre
24 Jetty Road, Brighton**

Wednesday 28 August 2019 at 6.00pm

Roberto Bria
CHIEF EXECUTIVE OFFICER

Please note: This agenda contains Officers' reports and recommendations that will be considered by the Committee. Any confidential items listed on the agenda will be circulated to Members separately.



Audit Committee Agenda

1. OPENING

The Presiding Member, Councillor Smedley will declare the meeting open at _____ pm.

2. APOLOGIES

2.1 Apologies received

2.2 Absent

3. DECLARATION OF INTEREST

If a Member has an interest (within the terms of the Local Government Act 1999) in a matter before the Committee they are asked to disclose the interest to the Committee and provide full and accurate details of the relevant interest. Members are reminded to declare their interest before each item.

4. CONFIRMATION OF MINUTES

Motion

That the minutes of the Audit Committee held on 25 June 2019 be taken as read and confirmed.

Moved _____, Seconded _____

Carried

5. ACTION ITEMS

6. REPORTS BY OFFICERS

6.1 Standing Items (Report No: 324/19)

7. AUDIT COMMITTEE FORWARD AGENDA

8. URGENT BUSINESS – Subject to the Leave of the Meeting

9. CONFIDENTIAL ITEMS

9.1 Loan Receivables (Report No: 325/19)

Pursuant to Section 83(5) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Audit Committee Members upon the basis that the Audit Committee consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Audit Committee will receive, discuss or consider:

- d. commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and would, on balance, be contrary to the public interest.

9.2 Internal Audit Services (Report No: 326/19)

Pursuant to Section 83 (5) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:

- k. tenders for the supply of goods, the provision of services or the carrying out of works.

10. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee will be held on Wednesday 9 October 2019 in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton.

11. CLOSURE

ROBERTO BRIA
CHIEF EXECUTIVE OFFICER



**AUDIT COMMITTEE
ACTION ITEMS
As at 28 August 2019**

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
29 August 2018	6.1 Standing Items	Discuss with Bentley's whether their scope of the control-track assessment be expanded to include some sample testing of the self-assessment for the 2018-19 assessment.	R. Bria	August 2019	Report tabled at August meeting.
29 August 2018	6.2 AC self-assessment	Investigate the possibility of undertaking a tour of Council facilities and projects as part of the new Council induction program with Audit Committee members invited to attend.	R. Bria	June 2019	Bus tour booked for December.
17 October 2018	6.4 Brighton Oval Redevelopment Review	Review Council report template to include a section on risk implications.	R. Bria	January 2020	A new system to manage meetings and agendas is being implemented. The templates will be reviewed as part of the implementation. In the interim any reports to Council that involve major risks will be documented in the report.
17 October 2018	6.4 Brighton Oval Redevelopment Review	Some guidance to be included in the Prudential Management Policy on when in the project lifecycle that a prudential management report is undertaken. This also to be included in the Project Management training	R. Bria	August 2019	This will be included on the next review of the Prudential Management Policy later this calendar year. The guidance will be included in the Project Management training being undertaken later this financial year.
17 October 2018	6.4 Brighton Oval Redevelopment Review	Council's Prudential Management Policy will be reviewed and if necessary amended to clarify the forms of recommendations the Prudential Report and any covering paper must make to Council - for example unqualified, or qualified.	R. Bria	August 2019	The Prudential Management Policy will be reviewed later this calendar year and we be brought back to Audit Committee for comment before it goes to Council for endorsement.
8 April 2019	6.2 Draft 2019-20 Annual Business Plan	That a Long Term Financial Plan for Alwyndor be brought back to the Committee	GM Alywndor	December 2019	



**AUDIT COMMITTEE
ACTION ITEMS
As at 28 August 2019**

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
19 June 2019	6.1 Standing Items	Review of Financial Policies and Procedures (Action from the Control Track Assessment)	Manager, Finance	October 2019	
19 June 2019	6.1 Standing Items	Disaster Recovery Plan, including IT Function, to be reviewed and brought back to the Committee (Action from the Control Track Assessment)	GM, Strategy & Business Services	December 2019	
19 June 2019	6.1 Risk Management Framework	Follow-up on the Strategic Risk workshop	GM, Strategy & Business Services	December 2019	The workshop will be the first action for the newly appointed Internal Auditor. Anticipated to be scheduled in Sept/Oct.
19 June 2019	6.1 Standing Items	Schedule quarterly stocktake of inventory items (Action from the Control Track Assessment)	Manager, Field Services	June 2020	Working with Manager, Field Services to implement process for stocktake.
8 April 2019	7.1 External Auditor Appointment	External Audit Services be put to tender and an external auditor appointed prior to the commencement of work required for the 2020/21 financial year	Manager, Finance	September 2020	

Item No: **6.1**
Subject: **STANDING ITEMS – AUGUST 2019**
Date: 28 August 2019
Written By: Manager Finance
General Manager: Strategy and Business Services, Ms P Jackson

SUMMARY

The Audit Committee is provided with a report on standing items at each ordinary meeting.

RECOMMENDATION

That the Audit Committee advises Council it has received and considered a Standing Items Report addressing:

- **Monthly financial statements**
 - **Audit/Internal control**
 - **Risk management**
 - **Whistleblowing**
 - **Economy and efficiency audits**
 - **Public Interest Disclosure Act 2018**
 - **Audit Committee Meeting Schedule for 2019**
-

COMMUNITY PLAN

Culture: Enabling high performance
Culture: Being financially accountable
Culture: Supporting excellent, efficient operations

COUNCIL POLICY

Not applicable

STATUTORY PROVISIONS

Local Government Act 1999, Sections 41 and 126
Whistleblowers Protection Act 1993

BACKGROUND

The Audit Committee has previously resolved that a report be included in the agenda of each meeting of the Committee addressing the following standing items:

- Monthly financial statements
- Internal control and risk management
- Whistle blowing
- Internal audit
- Economy and efficiency audits

Also included in this Standing Items report is an item to formally advise the Committee of the outcomes of its recommendations and advice to Council. This is aimed at 'closing the communication loop' between the Committee and Council.

REPORT

Monthly Financial Reports

Members of the Committee receive copies of the monthly financial reports as soon as practical after they are provided to Council.

Financial reports for Municipal and Alwyndor operations for the month ended 31 May 2019 were considered by Council at its meeting on 25 June 2019. Members of the Committee have received copies of the May report.

The preliminary 30 June 2019 report was presented to Council on 13 August 2019 and members of the Committee received a copy of this report.

Risk Management

Administration is not aware of any material changes to Council's risk profile not otherwise disclosed since the previous Standing Items Report on 5 June 2019.

External Audit

Council's external auditor, BDO, has completed the interim 2018-19 transaction audit of Council and Alwyndor activities. They will attend Council offices in September 2019 to complete the 2018/19 audit. An audit completion report will be provided to the Audit Committee in October 2019.

Internal Controls

Administration is not aware of any material changes to Council's internal controls not otherwise disclosed since the previous Standing Items report on 5 June 2019.

Internal controls were assessed and reviewed by managers during April and May 2019 using the ControlTrack software product. This process was facilitated by Bentleys and the ControlTrack

assessment report on the outcomes and action updates for Council activities was reported to the last Audit Committee meeting.

The Alwyndor internal audit process was completed in June and the assessment report and action updates for Alwyndor activities is attached.

Refer Attachment 1

It is expected that Council's external auditor will review the assessments and outcomes as part of the 2018-19 transaction audit.

Internal Audit

The contract for internal audit services expires in August 2019. A separate report is included in this agenda outlining the forthcoming Council recommendation for the Committees information.

An internal audit on strategic alignment was undertaken during March 2019. The audit report and management responses are attached.

Refer Attachment 2

A credit card internal audit was undertaken during May 2019 to provide Council and Alwyndor assurance in regards to the robustness of internal controls around credit cards. Draft reports have been received and management is currently reviewing the outcomes to provide appropriate responses and agreed actions. The outcomes will be presented to the next audit committee meeting on 9 October 2019.

Bentley's have also provided their annual report on the progress of internal audit actions which is attached.

Refer Attachment 3

Whistle-Blowing

There have been no whistleblower complaints made to Council since the previous standing items report on 5 June 2019.

Sec 130A Economy and Efficiency Audits

Council has not initiated any review pursuant to section 130A of the *Local Government Act* since the previous Standing Items Report on 5 June 2019.

Public Interest Disclosure Act

On 1 July 2019 the *Public Interest Disclosure Act 2018* came into effect. This Act replaces the *Whistleblowers Protection Act 1993*. The new laws strengthen transparency and accountability across government by establishing a scheme that encourages and facilitates the appropriate disclosure of public interest information to certain persons or authorities. To comply with the new legislation Council has endorsed the Public Interest Disclosure Policy (attached), this policy is aligned to the model policy provided by the Local Government Association. Responsible Officers have been identified and trained, and the Independent Commissioner Against Corruption has been notified of Council's Responsible Officers. The application of the policy and procedures will be monitored and reviewed if required.

Refer Attachment 4

Council Recommendations

At its meeting on 27 August 2019 Council received the minutes and endorsed the recommendations of the meeting of the Audit Committee held on 5 June 2019 and the special meeting held on 26 June 2019.

2019 Remaining Meeting Schedule

The Audit Committee's terms of reference require it to meet at least 4 times each year and at least once each quarter. Meetings are usually set to align with two important financial programs in which the Audit Committee plays important roles:

- Development of the annual business plan and budget
- Completion of the annual financial statements, external audit and annual report.

In order to accommodate the remaining reporting requirements the following ordinary meeting schedule is proposed for 2019:

- Wednesday 9 October 2019.

BUDGET

This report does not have any budget implications.

LIFE CYCLE COSTS

This report does not have any full life cycle costs implications.

Attachment 1



Where you want to be.



August 2019

Alwyndor Aged Care

2018-19 ControlTrack Assessment Summary Report

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19 August 2019

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Dear Brett

2018-19 ControlTrack Assessment Summary Report

Please find attached our summary report on the status of ControlTrack assessment for the Alwyndor Aged Care as at 28 June 2019.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the assessment.

If you have any queries, please feel free to contact me on 08 8372 7900 at any time.

Yours sincerely



David Papa
Partner

Enclosure

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Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to this review operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

Third Party Reliance

This report is solely for the purpose set out in the Official Order and for Alwyndor Aged Care information, and is not to be used for any other purpose or distributed to any other party without Bentleys (SA) Pty Ltd's prior consent.

This summary report has been prepared at the request of City of Holdfast Bay management or its delegate. Other than our responsibility to the management of Alwyndor Aged Care, neither Bentleys (SA) Pty Ltd nor any member or employee of Bentleys (SA) Pty Ltd undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to Alwyndor Aged Care external advisors, on this summary report. Any reliance placed is that party's sole responsibility. Liability limited by a scheme approved under Professional Standards Legislation.

Executive summary

Introduction

Internal control is one of the foundations of a robust corporate governance framework. Financial internal control, as a part of an Alwyndor Aged Care (Alwyndor)'s broader internal control processes, focuses on Alwyndor's financial processes and functions that deal with, but are not limited to, budgeting, financial reporting, transaction processing, financial delegations, treasury management and infrastructure management. ControlTrack sets out a framework and guidelines within which Alwyndor can establish "better practice" financial internal control management.

Background

Bentleys was engaged to facilitate the control self-assessment in ControlTrack for both the City of Holdfast Bay (Council) and Alwyndor in 2018-19. Council has been Trustee of the Dorothy Cheater Trust since 1973. As trustee, the Council is responsible to ensure the Trust is operated by Alwyndor in such a way to provide the benefits outlined in the Trust. In prior years the risk and control registers of Council and Alwyndor have been aligned however it was found that this wasn't appropriate and didn't accurately reflect Alwyndor's risk environment. The risks and controls were tailored to present a more accurate assessment of Alwyndor's operations. Due to this change we have decided to separate the assessment summary reports and develop a stand alone report for Alwyndor.

We facilitated the ControlTrack self-assessment by conducting the following:

- We met with all risk owners to tailor the risks and controls to provide a comprehensive control environment which was representative of Alwyndor's operations;
- Facilitated the input and allocation of risks and controls within ControlTrack and applied inherent ratings;
- Assigned assessors and reviewer and oversaw the assessment process and timeline; and
- We provided advice to the assessors and/or reviewers regarding the accounting queries and the use of system.

During the ControlTrack assessment, Alwyndor applied risk management techniques to

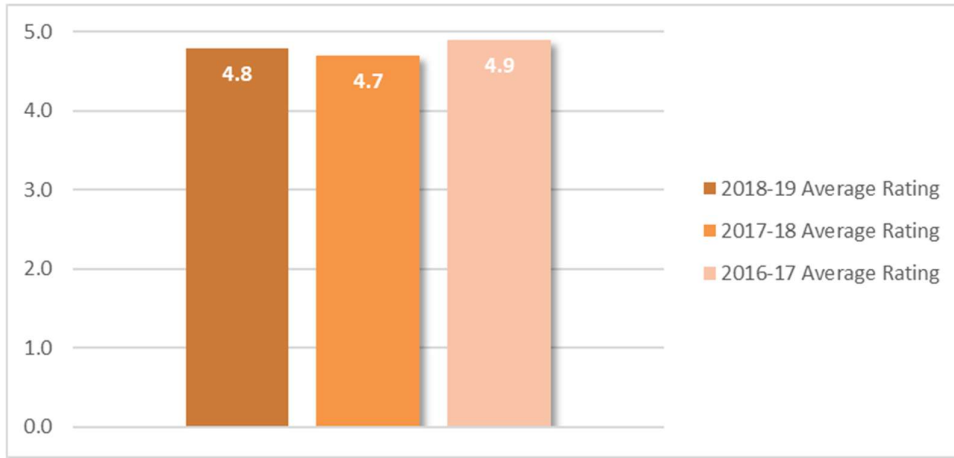
- Identify the financial risks faced by the organisation;
- Assess each of the identified financial risks;
- Assess existing financial internal controls;
- Develop and implement effective financial internal controls to address the identified risks; and
- Perform regular review of the effectiveness of financial internal controls.

It was management's responsibility to ensure that proper consideration was given to rate controls, from one (1, meaning significantly ineffective) to five (5, meaning effective). Where the control rating was three (3) or below, an Action Plan was developed to address the gaps. Arrangements were put in place to monitor the progress on the implementation of Action Plans by management.

2018-19 Control Effectiveness

The overall outcome of the 2018-19 ControlTrack self-assessment was satisfactory with the average rating of control effectiveness for the Alwyndor 4.8. Details are listed in Figure 1 next page:

Figure 1: Control Effectiveness for Alwyndor 2018-19 vs 2017-18 vs 2016-17



Within the ControlTrack framework, the following seven (7) risk categories identified from the Alwyndor’s financial processes and functions were assessed:

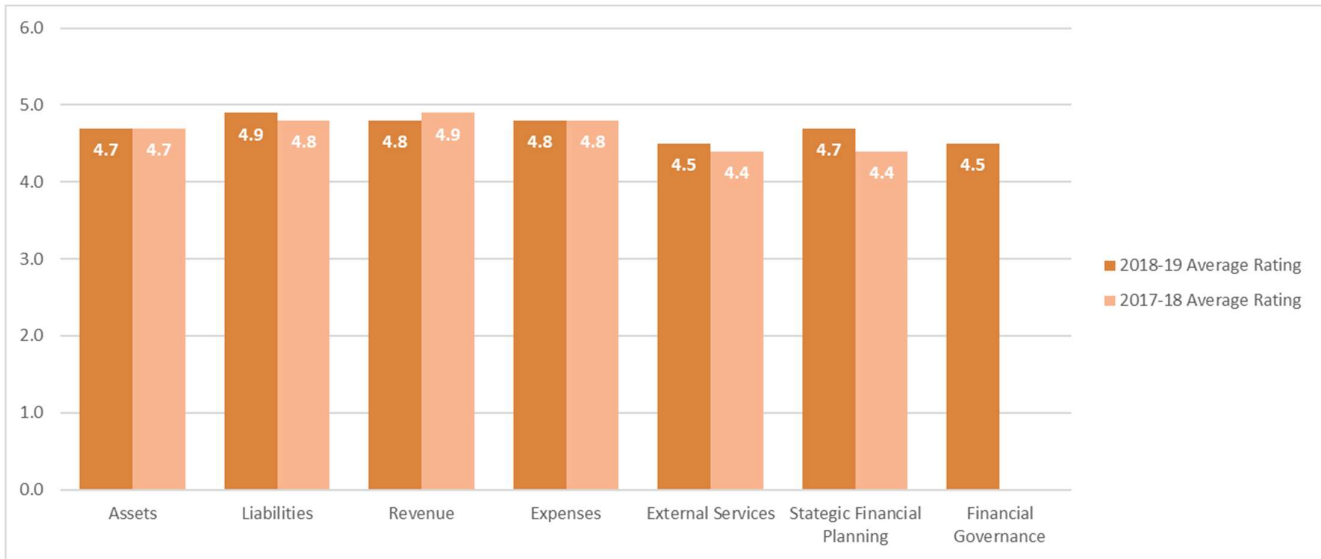
- Strategic Financial Planning;
- Assets;
- Liabilities;
- Revenue;
- Financial Governance;
- Expenses; and
- External Services.

Alwyndor has improved controls relating to three (3) risk categories – Liabilities, External Services, and Strategic Financial Planning in 2018-19, compared to the control effectiveness for 2017-18.

Financial Governance was included as an additional risk category in 2018-19 which was not assessed in 2017-18. It forms four (4) controls and has an average assessor rating of 4.5.

Alwyndor has maintained a largely effective control environment with further improvement accomplished in 2018-19. Although there is room for improvement in this area should management see value in doing so, we believe that current controls are sufficient for the associated risks mitigated (for details refer to Figure 2 next page). The Alwyndor Management Committee (AMC) in conjunction with Council need to identify areas they believe require further improvement; however, when AMC invest resources into the internal control framework, they need to ensure a cost-effective principle is adopted, assessing the level of benefit obtained versus the costs incurred.

Figure 2: Control Effectiveness for Alwyndor 2018-19 vs 2017-18



Control Rating and Future Consideration

Rating of the controls assessed is summarised below:

Of the 171 controls assessed in this program for 2018-19, a total of 12 (7%) (2017-18: 21) were rated between one (1) and three (3) with the corresponding Action Plans developed by management. It should be noted that:

- All of the 12 Action Plans (100%) were Low Priority but of the 12, nine (9) were reported as Not Started and three (3) were In Progress at the time of reporting (28 June 2019). There were following three (3) controls with no improvement from the 2017-18 assessment. We were advised by Finance that the control improvements from the ControlTrack Assessment Summary Report 2017-18 were being considered; however, due to significant internal staff changes improvements were not prioritised. For details refer to Appendix 1.
 - Control #2 was actioned in October 2018 in line with the action plan decided upon by management which saw the implementation of CareSystems for Fixed Asset Register maintenance; however, currently Alwyndor does not have a policy to govern Fixed Assets and therefore has remained with the same rating of three (3). A policy is currently under reviewing in September 2019.
 - Control #3 has not seen control improvement from a prior year rating of three (3) for the same reason. The Fixed Asset, Asset Accounting Policy is currently under review with an expected completion date of September 2019.
 - Control #10 has been amended slightly to tailor the control to Alwyndor. The Alwyndor Strategic Plan is currently being finalised by AMC which is why it has not improved from its prior year rating of three (3). We recommend that management review priorities and complete all required actions by the scheduled deadline.
- There were no controls rated as zero (0) in the 2018-19 assessment. This is as result of interviews and meetings held prior to assessment to tailor the Risk and Controls laid out in the Better Practice Model. Tailored controls allowed for only relevant controls.
- Based on our industry experience from most metropolitan Local Government Councils, Councils tend to apply comprehensive financial controls to mitigate risks of fraud and error, improving reliability of financial reporting and compliance with legislation and policies. The SALGFMG “Better Practice Model” also requires a Council to ensure that its resources are allocated in the most appropriate manner. Therefore, we recommend that the Alwyndor reviews and assesses the necessity of the controls implemented to achieve the operational and financial objectives as well as compliance with the *Local Government Act*.

We encourage the Audit Committee to review the Audit Plan for its currency and advise of any required change to reflect the control weaknesses identified in this 2018-19 ControlTrack self-assessment program.

Acknowledgement

We appreciate the assistance and cooperation received from management and staff of the Alwyndor Aged Care in completing the ControlTrack assessment.

Appendix 1 City of Holdfast Bay 2018-19 ControlTrack Assessment Action Plans Status

#	Risk Category	Business Process	Control	Rating	Status	Roles	Action Plan	Assessment Comments and Update
1	Assets	Debtors	The organisation maintains a Debt Collection Policy and/or procedure. BPM Control Type: Core Control Code: ASS-DEB-0013	2	Not Started Due Date: 31/12/2019 Priority: Low	Assessor: Finance Manager Reviewer: General Manager – Alwyndor	Debt Collection Policy to be created.	Finance Manager: Current Debt Collection Policy is not available. Action to complete. General Manager – Alwyndor: Absence of Debt Collection Policy.
2	Assets	Fixed Assets	There is a process in place for the verification of fixed assets which is reconciled to the FAR. BPM Control Type: Core Control Code: ASS-FIX-0014	3	Not Started Due Date: 30/09/2019 Priority: Low	Assessor: Finance Manager Reviewer: General Manager – Alwyndor	Fixed Assets, asset accounting policy to be reviewed.	Finance Manager: Process under review. General Manager – Alwyndor: Process under review.
3	Assets	Fixed Assets	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. BPM Control Type: Core Control Code: ASS-FIX-0013	3	Not Started Due Date: 30/09/2019 Priority: Low	Assessor: Finance Manager Reviewer: General Manager – Alwyndor	Fixed Assets, asset accounting policy to be reviewed.	Finance Manager: Process under review. General Manager – Alwyndor: Process under review.
4	Assets	Fixed Assets	Alwyndor has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence. BPM Control Type: Core Control Code: ASS-FIX-0006	3	Not Started Due Date: 30/09/2019 Priority: Low	Assessor: Finance Manager Reviewer: General Manager – Alwyndor	Fixed Assets, asset accounting policy to be reviewed.	Finance Manager: Process is in place for applying thresholds for Fixed Assets, asset accounting policy under review. General Manager – Alwyndor: Process is in place for applying thresholds for Fixed Assets, asset accounting policy under review.

5	Assets	Fixed Assets	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors. BPM Control Type: Core Control Code: ASS-FIX-0003	3	In Progress Due Date: 30/11/2019 Priority: Low	Assessor: Finance Manager Reviewer: Chief Operating Officer	Asset plan to be completed.	Finance Manager: Assets are recorded and monitored in AssetCare. Asset replacement requirements procedure to be reviewed. Develop an asset management plan. General Manager – Alwyndor: As above.
6	Expenses	Payroll	The listing of payroll deductions is periodically reviewed by relevant staff for accuracy, compliance with statutory requirement and ongoing pertinence with changes compared to authorised source documents to ensure that they were input accurately. BPM Control Type: Core Control Code: EXP-PAY-0011	3	In Progress Due Date: 31/07/2019 Priority: Low	Assessor: Admin Finance Officer Reviewer: Finance Manager	Review the process of deduction checks.	Admin Finance Officer: Audits will be conducted regularly, process to be reviewed. Finance Manager: Audit check process under review.
7	Financial Governance	Governance	There is a process in place to ensure all policies and procedures referenced in the Better Practice Model are reviewed for appropriateness and relevance. BPM Control Type: Core Control Code: FIG-GOV-0003	3	Not Started Due Date: 31/08/2019 Priority: Low	Assessor: Finance Manager Reviewer: General Manager – Alwyndor	Embed refined policy review process.	Finance Manager: Financial policies and procedures are due for review. General Manager – Alwyndor: Process around policy review currently being refined.
8	Liabilities	Accounts Payable	Recorded changes to the supplier master file are review through an exception report. BPM Control Type: Core Control Code: LIA-ACC-0009	3	Not Started Due Date: 30/09/2019 Priority: Low	Assessor: Finance Manager Reviewer: General Manager – Alwyndor	Establish process for supplier management.	Finance Manager: Not currently being performed. Process required. General Manager – Alwyndor: No process in place regarding management of suppliers.
9	Revenue	User Pay Income – Fees for Service	There is a process in place to determine and approve discounts to be applied to Home Care. BPM Control Type: Core Control Code: REV-USE-0009	3	In Progress Due Date: 30/06/2019 Priority: Low	Assessor: Home Care Manager Reviewer: Finance Manager	Home Care Fee Waiver policy and procedure.	Home Care Manager: There is currently a process of fee waivers using an Alwyndor endorsed Fee Waiver Form. The Consumer Consultant and Home Support Services Co-ordinators complete this form and is signed by the Manager. There is however no documented procedure highlighting when a fee waiver can be approved, the conditions of the fee waiver, when it needs to be reviewed and who can approve

								the fee waiver. A Fee Procedure is to be developed in line with the changes to the Fees and Charges template to be effective 1 July 2019 which will include the process for fee waivers. This will be completed by 30 June 2019. Finance Manager: As above.
10	Strategic Financial Planning	Budgets	Process to establish the annual budget and ensure it is aligned with the Alwyndor Strategic Plan, including Long Term Financial Plan and Asset Management Plans. BPM Control Type: Core Control Code: STR-BUD-0004	3	Not Started Due Date: 31/12/2019 Priority: Low	Assessor: Home Care Manager Reviewer: Finance Manager	Finalise Alwyndors strategic plan.	Finance Manager: Generally, this occurs, though this year the AMC are in the process of reviewing the Alwyndor strategic plan and the budget is complete to meet Council timelines. General Manager – Alwyndor: Strategic Plan currently under review.
11	Strategic Financial Planning	General Ledger	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff. BPM Control Type: Core Control Code: STR-GEN-0009	3	Not Started Due Date: 30/09/2019 Priority: Low	Assessor: Home Care Manager Reviewer: Finance Manager	Review GL policies and procedures.	Finance Manager: Formal GL policies and procedures are under review. General Manager – Alwyndor: Formal GL policies and procedures are under review.
12	Strategic Financial Planning	Statutory Reporting	Financial policies and procedures, and related guidance are reviewed and updated as required. BPM Control Type: Core Control Code: STR-STA-0004	3	Not Started Due Date: 30/08/2019 Priority: Low	Assessor: Home Care Manager Reviewer: Finance Manager	Embed refined policy review process.	Finance Manager: Currently being reviewed. General Manager – Alwyndor: Process around policy review currently being refined.

Attachment 2



Where you want to be.



City of Holdfast Bay

Strategic Planning Alignment
Internal Audit Report

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DRAFT

July 2019

▶ Advisors

▶ Accountants

▶ Auditors

10 July 2019

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Dear Pamela

Internal Audit Report – Strategic Planning Alignment

Please find attached our report on the Strategic Planning Alignment for the City of Holdfast Bay.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our audit.

If you have any queries, please feel free to contact me on 08 8372 7900 at any time.

Yours sincerely



David Papa
Partner

Enclosure

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Inherent Limitations

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Third Party Reliance

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This summary report has been prepared at the request of City of Holdfast Bay management or its delegate. Other than our responsibility to the management of City of Holdfast Bay, neither Bentleys (SA) Pty Ltd nor any member or employee of Bentleys (SA) Pty Ltd undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to City of Holdfast Bay external advisors, on this summary report. Any reliance placed is that party’s sole responsibility. Liability limited by a scheme approved under Professional Standards Legislation.

Executive summary

Background

The Council has engaged Bentleys SA Pty Ltd to conduct an internal audit project – Strategic Planning Alignment in March 2019 in line with the Audit Committee’s Internal Audit Program.

Planning for the development and well-being of communities is a critical role for Councils. The *Local Government Act 1999* (“Act”) requires a Council to develop and adopt “strategic management plans” for the management of its local area (Section 122). Strategic management plans must include a Council’s long term financial plan and its infrastructure and asset management plan. It is the responsibility of individual Councils to determine the contents of their plans and the strategies they will use to develop, promote, measure and report on the success of their plans. The requirements for strategic management plans assist Councils to focus on the context of their decision making.

Strategic management plans may be reviewed at any time, but a comprehensive review must be undertaken “within 2 years after each general election of the council” (the Act Section 122 (4b)) i.e. by November 2020, as Local Government elections are held every four years in November (2018, 2022 and 2026 etc) eight months after State Government elections in March of the same year.

This report outlines findings and recommendations in respect of Strategic Planning Alignment.

Audit objectives

This audit considered whether Council has developed, reviewed and adopted strategic management plans to efficiently and effectively provide services and facilities that benefit its community.

The specific objectives of the audit were to:

- Gain an understanding of strategic management planning processes;
- Determine alignment between plans;
- Consider clarity in regards the operations of Alwyndor Aged Care (“Alwyndor”) in strategic management plans (#12 of the Council’s Risk Workshop Report 2017); and
- If necessary agree action plans to improve control effectiveness, and where appropriate, to improve process performance.

Governance objectives, where relevant, were considered. This included an assessment of whether governance processes were in place, including:

- Defined roles and responsibilities;
- Segregation of duties;
- Appropriate levels of delegated authority;
- Monitoring and reporting of abnormal activity; and
- Records management and documented audit trails.

Audit scope and approach

The audit included assessment of effectiveness for the following processes:

- Preparation and development of the Council’s strategic management plans (“SMPs”) including
 - Identification and mapping of key stakeholders;
 - Identification of organisational mandates;
 - Clarifying organisation mission and vision;
 - Timeframes and planning documents for SMPs development in place;
 - Conducting an environmental assessment (external and internal) including risk assessment;
 - Determining strategic outcomes and measures;

- Determining targets and measures;
- Review and adoption of strategies;
- SMPs implementation, including
 - Developing action plans to implement strategies within the organisation and business groups;
 - Developing budgets to support the action plans;
 - Allocation of sufficient resources for implementation;
 - Alignment of SMPs with Corporate Plans and Business Plans;
- SMPs monitoring, including
 - Processes to ensure accountability and continuous improvement linked performance targets;
 - Systems to monitor progress including the collection and analysis of information relating to these indicators;
 - Using the defined method of assessment contained within these plans to build the systems to capture the required data;
 - Monitor against planned measures and key performance indicators (“KPIs”);
 - Process to keep plans on track;
 - Reassess strategies and the strategic planning process;
- Reporting processes of SMPs, including
 - Roles and Responsibilities within business groups for reporting progress on the plan;
 - Mapping of key stakeholders and information requirements;
 - Review and reporting cycles defined for key planning documents; and
 - Using the information to inform day-to-day management.

Our approach involved reviewing the process, procedures, policies and documentation; interviewing key staff; observation, walkthrough and substantive testing where possible.

Our audit reviewed the key processes and documents which drive the Strategic Planning Alignment. Refer to Documents Accessed and Consultation (Appendix 3) for detailed information.

We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

Good practices observed

The following good practices were observed during the audit:

- Council has comprehensively reviewed and developed strategic management plans (“SMPs”) of different layers since 2017, including the long-term Our Place 2030 Strategic Plan, Long Term Financial Plan 2017-18 to 2027-28 (“LTFP”) and six infrastructure and asset management plans (“I&”), the five mid-term Strategic Pillar Plans (i.e. Community, Placemaking, Environment, Economy, and Culture), and other strategic plans (intrinsically related to pillars). The Annual Business Plan (“ABP”) includes a summary of the Council’s long term objectives as set out in its SMPs.
- Corporate Planning Module (“CPM”) system (part of Technology One) was introduced in July 2018 and is used by managers to develop, monitor and report the strategic actions and operational actions incorporated in ABPs of business areas. Strategic actions are linked to the objectives in Our Place 2030 Strategic Plan and objectives and measures in Strategic Pillar Plans.
- Monthly Business Plan reporting of strategic actions (including “New Initiative”, “Capital Works” and “Strategic Action”) to Senior Leadership Team (“SLT”) and quarterly Business Plan reporting of “New Initiative” and “Capital Works” to Council is based on the data from CPM system since July 2018.
- 2019-20 Budget Timetable and Development Report was presented to Audit Committee Meeting on 6 February 2019. According to the report, key initial budget parameters as per LTFP are considered. Council expected to have a draft

ABP and Annual Budget established in a workshop in April 2019. Once a draft Annual Budget is ready, LTFP will be updated accordingly.

Key findings and observations

A summary of the risk rated findings are provided below:

Ref #	Description of Findings	Risk Rating
1	Council not effectively monitoring Alwyndor’s strategic planning	High
2	Strategic management plans review process not formalised	Moderate
3	Alignment among SMPs not fully in place	Moderate
4	KPIs in SMPs are not monitored effectively	Moderate
Ref #	Improvement Opportunities	
1	Strategic Pillar Plans not endorsed by Council	n/a
2	Monitoring and reporting responsibilities and accountabilities not clearly defined	n/a
3	Risk management principles not fully applied	n/a
4	SMPs not all published online in one area	n/a
5	Inconsistent names of governance group and framework used	n/a

Refer to Detailed Findings and Agreed Action Plan (Appendix 1) and Improvement Opportunities (Appendix 2) for detailed information.

Each key finding is rated based on the impact to the process considered. Refer to Risk Framework (Appendix 6) for detailed information.

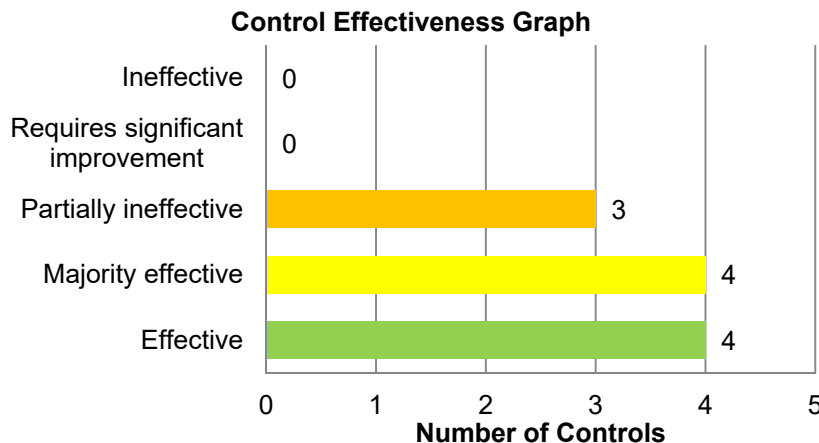
Controls assessment

The control effectiveness assessment next page is an indicator of the current state of the control environment within business operations and its ability to mitigate against the risk exposures.

Given the Council does not have its control effective ratings in the risk management policy, we adopted the definitions of control effectiveness ratings from the Better Practice Model – Internal Financial Control developed by the South Australian Local Government Financial Management Group Inc (SALGFMG).

Key controls were identified during the audit. Refer to Controls Assessment (Appendix 5) for detailed information.

Based on the internal audit work completed, documents inspected and interviews with key stakeholders, it is the view of Bentleys SA that the control environment of Strategic Planning Alignment is Majority Effective.

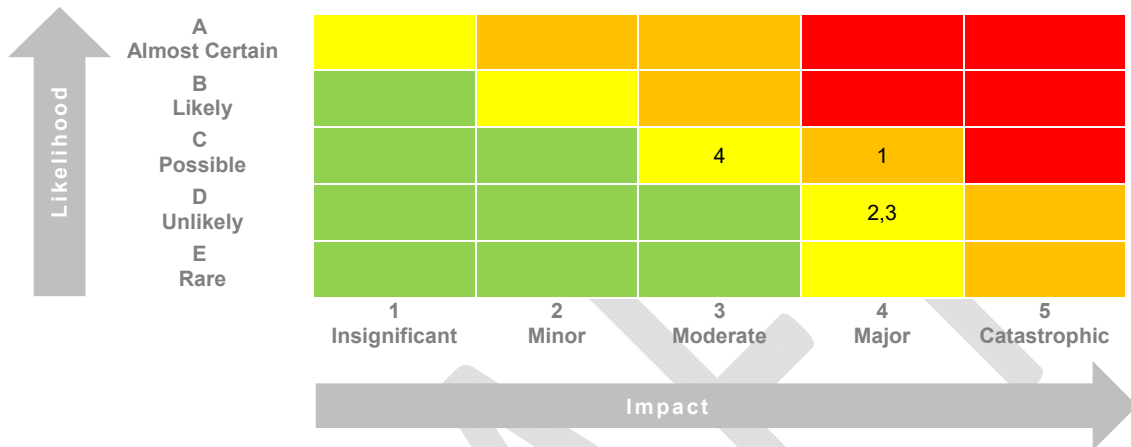


Overall Controls Assessment ⁽¹⁾				
Effective	Majority effective	Partially ineffective	Requires significant improvement	Ineffective

(1) Limited to audit scope and based on test results.

Risk assessment

Provided below is an audit assessment of the residual risk (based on the Council's risk framework) in respect of the process reviewed, having regard to the issues identified by the audit.



Key inherent risks (before controls) include:

- Non-compliance with the *Local Government Act 1999* and other relevant regulation;
- Council's objectives not fully achieved;
- Poor infrastructure and asset management;
- Fail in servicing to the community;
- Financial impact on budget; and
- Reputational risk.

Acknowledgement

We appreciate the assistance and cooperation received from management and staff of the City of Holdfast Bay in completing this review.

Appendix 1

Detailed findings and agreed action plan

Finding 1.	Council not effectively monitoring Alwyndor's strategic planning	Risk Category	A,B,E
		Impact:	Major
		Likelihood:	Possible
		Risk Rating:	High
Finding(s)			
<p>Council is the trustee of the Dorothy Cheater Trust and holds certain property used in the conduct of Alwyndor Aged Care ("Alwyndor"). To fulfil relevant obligation, Council has established an Alwyndor Management Committee ("AMC") in 2010 to review Alwyndor's strategic plan annually and ensure Council's adoption. However, there was no evidence retained to reflect that AMC functions fully effectively according to its Terms of Reference ("ToR") and consequently Council does not effectively monitor Alwyndor's strategic planning.</p> <p>Review of Alwyndor's Strategic Plan 2017-2020 and relevant AMC agendas and minutes provided, we found that</p> <ul style="list-style-type: none"> Alwyndor's strategic plan does not include a long term financial plan as required in ToR S17.4; No evidence was provided to reflect when the current Alwyndor strategic plan was presented to AMC for review and to Council for adoption as required in ToR S17.4; and Actions raised in the AMC meeting in November 2018 (agenda item 7.8) did not occur according to timelines due to vacancy of Alwyndor General Manager, i.e. establishing a Strategic Directions Workshop in January 2019 and completing a Strategic Plan – phase 1 in March 2019. <p>Historically, Alwyndor was not included in Council's Our Place 2030 Strategic Plan ("Strategic Plan") due to the different purposes of services as advised by the acting Chief Executive Officer ("A/CEO"). Council serves the community while Alwyndor serves a particular area, i.e. aged care. Currently, Alwyndor is not captured in any Council's strategic management plans ("SMPs"), but Council is looking at the Community Pillar Plan to cover the aged care indicator still without direct inclusion of Alwyndor.</p> <p>Although under the trust arrangement, there is not much room for the trustee i.e. Council, to change the strategy, either eliminating or getting rid of it; and Alwyndor has its own Management Committee and system. All trustees are still considered the decision-makers for all matters of the trust and therefore Council should effectively monitor Alwyndor's strategic planning.</p>			
Risk			
<ul style="list-style-type: none"> Failure to manage property and assets owned by Alwyndor for the benefit of a beneficiary; Fail in servicing to the community; Financial impact on budget; and Reputational damage. 			
Recommendation		Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> Address the above audit findings, especially develop an Alwyndor long term financial plan; Include Alwyndor into Council's SMPs; and Continue applying the function of AMC and ensure the requirements documented in their ToC are implemented. 		<p>Long Term Financial Plan is currently being developed for Alwyndor – Manager Finance (Alwyndor) – (December 2019)</p> <p>AMC for Alwyndor are currently undertaking work on a Strategic Plan – GM Alwyndor</p> <p>The Council's Strategic Plan review will incorporate Alwyndor – GM Strategy (November 2020)</p>	

Finding 2. Strategic management plans review process not formalised	Risk Category	A,B,E
	Impact:	Major
	Likelihood:	Unlikely
	Risk Rating:	Moderate

Finding(s)

Council does not have a formalised SMPs review process to cover all legislative SMPs and ensure completion of review to be compliant with the requirements of the *Local Government Act 1999* (“the Act”) Section 122. This also increases risks of Council’s strategic objectives not handling emerging challenges. It was noted that Council previously pasted the two-year review period for a couple of months after the last election in 2014 and the main reason was the responsible Manager was not appointed.

Council does not have a full scope SMPs review plan to outline the process for undertaking a comprehensive review of SMPs by November 2020, i.e. “within 2 years after each general election of the council” (the Act Section 122 (4b)). At the time of the audit in March 2019, Council established a Strategic Management Group (“SMG”) to govern strategic planning and developed a draft Strategic Plan Review Process 2019 (“SPRP”); however, SPRP only outlines the review process of the Council’s Strategic Plan but does not refer to other SMPs.

Further, although the draft SPRP includes a timetable and targets an endorsement of a new Strategic Plan by the end of 2019, at the time of the audit in March 2019 the actions were not implemented according to the timetable due to other priorities.

For details, refer to the table below.

Council’s Strategic Management Framework	SMPs required by the Act	Governed by SMG	Included in draft SPRP timeframes	Progress at the time of the audit in March 2019
Our Place 2030 Strategic Plan	√	√	√	No actions completed as the draft schedule.
LTFP 2017-18 to 2027-28	√	√	X	No issues.
Transport Services Asset Plan	√	√	X	No evidence provided.
Stormwater Asset Plan	√	√	X	No evidence provided.
Plant Equipment Asset Plan	√	√	X	No evidence provided.
Open Space Asset Plan	√	√	X	No evidence provided.
Coastal Asset Plan	√	√	X	No evidence provided.
Building Asset Plan	√	√	X	No evidence provided.
Five Pillar Plans (Community, Environment, Economy, Placemaking, Culture)	Out of scope	√	Partially where integration is relevant	Out of scope
Economic Activation Plan 2018-2023	Out of scope	√	Out of scope	Out of scope
Holdfast Bay Tourism Plan 2020	Out of scope	√	Out of scope	Out of scope
Youth Action Plan 2018-2023	Out of scope	√	Out of scope	Out of scope
Open Space and Public Realm Strategy 2018-2030	Out of scope	√	Out of scope	Out of scope

Risk

- Non-compliance with legislation;
- Misalignment amongst strategies;
- Council’s objectives not fully achieved;
- Poor infrastructure and asset management;
- Fail in servicing to the community;
- Financial impact on budget; and
- Reputational damage.

Recommendation	Management Response and Agreed Action Plan
<p>We acknowledge the plan is not required to be complete until 2020, we recommend management:</p> <ul style="list-style-type: none"> • Formalise SMPs review process including 	<p>The review of the strategic plan has commenced with workshops with Elected Members to agree on approach of Strategic Review. Timetable has been developed and is being finalised pending future workshop with Elected Members in September 2019 – GM Strategy and Business Services (December 2019)</p>

- Review and update SPRP to cover all Council's SMPs;
- Update a timetable of actions to ensure compliance with legislative requirements of the *Local Government Act 1999* Section 122 including meeting the legislative due date, i.e. by November 2020; and
- Monitor progress of actions according to the timetable and make appropriate adjustments where necessary during process of implementation.

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Finding 3. Alignment among SMPs not fully in place	Risk Category	A,B,E
	Impact:	Major
	Likelihood:	Unlikely
	Risk Rating:	Moderate
Finding(s)		
<p>Alignment among SMPs are largely compliant with the legislative requirements, including consistent financial projections between LTFP and I&AMPs, and consistency between the Development Plan and I&AMPs. However, review of SMPs found that alignment among SMPs are not fully in place, which may lead to failure of achieving all strategic objectives effectively.</p> <p>Review of SMPs found that</p> <ul style="list-style-type: none"> • Six I&AMPs do not specifically relate to regional, State and national objectives; • The Plant Equipment Asset Plan (one of six I&AMPs) does not specifically refer to the Development Plan; and on the other end, the Development Plan appears an old document, which seems disconnected from Council’s Strategic Plan and refers to the old “30 Year Plan for Greater Adelaide”; and • The Transport Services Asset Plan (one of six I&AMPs) includes demographic trends but does not include relevant upgrades/new assets in projection. <p>For details of findings, refer to Appendix 4. It was noted that other Council’s SMPs, such as the Economic Activation Plan 2018-2023, the Holdfast Bay Tourism Plan 2020, the Youth Action Plan 2018-2023, and the Open Space and Public Realm Strategy 2018-2030 are linked to the Council’s Strategic Plan via five Strategic Pillar Plans.</p> <p>In addition, review of the Monthly Business Plan reporting via the Corporate Planning Module (“CPM”) system found that actions in the Annual Business Plan (“ABP”) are linked to the Council’s strategic objectives via five Strategic Pillar Plans except for no action has been created to address one objective of “Fostering an environmentally Connected Community” under Environment Pillar.</p>		
Risk		
<ul style="list-style-type: none"> • Non-compliance with legislation; • Council’s objectives not fully achieved; • Poor organisational performance; • Poor decision making; • Financial impact on budget; and • Reputational damage. 		
Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Conduct comprehensive review of SMPs and make modifications to address the above audit findings; and • Ensure SMPs are aligned as well as compliant with legislative requirements. 	<p>The I&AMPS are being reviewed in 2019/20, with budget allocated to undertake the review. This review will include compliance with legislation – Manager Engineering (July 2020)</p>	

Finding 4. KPIs in SMPs are not monitored effectively	Risk Category	A,B,E
	Impact:	Moderate
	Likelihood:	Possible
	Risk Rating:	Moderate
Finding(s)		
<p>Various Key Performance Indicators (“KPIs”) are included in different SMPs but not linked together for cohesive management. As a result, not all KPIs are monitored and reported to management or Council to ensure achievement. Different operational and strategic levels of KPIs are included in Council’s Strategic Plan, LTFFP, I&AMPs, ABP and other SMPs. Strategic and financial KPIs in Council’s Strategic Plan and LTFFP are assessed annually and reported in the Annual Report, e.g. 2017-18 Annual Report. At the beginning of each financial year, the strategic and financial KPIs are communicated to public via ABP, e.g. 2018-19 ABP. However, other KPIs, such as KPIs in I&AMPs, are not monitored or reported to management or Council to measure performance.</p> <p>During the audit, it was advised that I&AMPs will be reviewed and updated to fit into the SMPs review process. Once I&AMPs are updated, KPIs will be monitored and reported regularly to ensure achievement of objectives.</p> <p>Also, since annual reporting on strategic KPIs was introduced last financial year, i.e. 2017-18 after the current Council’s Strategic Plan was updated, the methods utilised to measure KPIs are not formalised to ensure consistency. Council is currently investigating and formalising the methods and frequency of future KPIs assessment and reporting.</p>		
Risk		
<ul style="list-style-type: none"> • Council’s objectives not fully achieved; • Fail in servicing to the community; and • Reputational damage. 		
Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Investigate possibility and feasibility to link together various KPIs in different SMPs and make decision on how to cohesively manage KPIs; • Monitor and report KPIs in I&AMPs regularly to management or Council to measure performance once I&AMPs are reviewed and updated; and • Formalise the methods and frequency of future KPIs assessment and reporting. 	<p>Acknowledge that some KPI's are not effectively measuring the outcomes required</p> <p>All KPIs are being reviewed as part of the SMP Review – GM Strategy and Business Services (November 2020)</p>	

Appendix 2

Improvement opportunities

1. Strategic Pillar Plans not endorsed by Council	
Observation(s)	
<p>Strategic Pillar Plans are key documents linking all SMPs together but have not yet gone through public consultation and not yet been endorsed by Council. Although all other SMPs have gone through public consultation and have been endorsed by Council, this may compromise Council's inclusive, transparent and accountable decision-making processes. Five Strategic Pillar Plans are developed by five Pillar Managers respectively, who are responsible to monitor and ensure implementation of actions over the five year period of time. Each Strategic Pillar Plan includes objectives, measures, and actions. Objectives and measures are aligned with relevant Pillars within the Council's Strategic Plan and actions are further developed into other SMPs (i.e. the Economic Activation Plan 2018-2023, the Holdfast Bay Tourism Plan 2020, the Youth Action Plan 2018-2023, the Open Space and Public Realm Strategy 2018-2030) and built in to ABP year after year. Considering the importance of the Strategic Pillar Plans, we recommend that those plans go through public consultation and get endorsed by Council.</p> <p>It was advised by management that Strategic Pillar Plans will be presented for public consultation and Council's endorsement.</p>	
Opportunity(ies)	Management Response
<p>We recommend management present Strategic Pillar Plans for public consultation and obtain Council's endorsement.</p>	<p>Pillar plans are 4-5 year rolling plans and were developed to assist Council in planning in the medium term. The Pillar Plans were developed and piloted by Administration to ensure their effectiveness with the intention of introduction these to Council as part of the SMP Review – GM Strategy and Business Services (November 2020)</p>

2. Monitoring and reporting responsibilities and accountabilities not clearly defined

Observation(s)

CPM was introduced in July 2018 and is used by managers to report the strategic actions incorporated in ABPs of Council’s business areas both internally (monthly to Senior Leadership Team) and externally (quarterly to Council but excluding actions under Strategic Pillar Plans).

The monthly reporting includes the responsible managers in accordance to each action item, the Pillar Managers seem to be responsible to oversee the reporting of relevant areas (e.g. Community, Environment, Economy, Placemaking and Culture) and the Corporate Planning Officer facilitates the reporting process and collates the management responses. However, the specific monitoring and reporting responsibilities and accountabilities of the Pillar Managers, responsible managers and the Corporate Planning Officer are not clearly defined. This could lead to inconsistent monitoring practice and/or delay of the regular reporting.

Further during the audit in March 2019, review of the CPM reporting structure found that monthly reporting quality check was not fully effective. For example, the CPM February 2019 Business Plan Report of total 222 actions included two duplicate items (i.e. ACT00231 and ACT00399), and one additional operational action (i.e. ACT00406). It was advised by management that Pillar Managers will take the responsibilities to perform quality check of actions recorded in CPM and ensure that data included in the monthly reporting is accurate.

Opportunity(ies)

We recommend management:

- Define and communicate the responsibilities and accountabilities of monitoring and reporting the strategic actions; and
- Implement a mechanism to ensure that relevant Pillar Managers, responsible managers and the Corporate Planning Officer have fulfilled their responsibilities.

Management Response

While not documented, players are aware of their responsibilities and are have been fulfilling them for over 12 months.
 A draft Strategic Management Framework has been developed which incorporates roles and responsibilities. This is yet to be finalised, and is currently under review as part of the SMP Review. – GM Strategy and Business Services (November 2020)

3. Risk management principles not fully applied

Observation(s)

Council's Risk Management Framework requires an integrated risk management process to embed risk management into "every aspect of Council's operations to manage risks and achieve its objectives". To this end, Council can improve the application of risk management principles better in the contents of SMPs and monthly reporting of strategic actions.

Risk contents in I&s

Council have included risks identification and relevant Risk Treatment Plans in the I&s; however, the links between the Risk Treatment Plans and the Improvement Plan are not obvious. Council can improve by providing a meaningful summary that enables readers to understand and be confident that the I&s Improvement Plan is established to oversee and manage the risks.

Monthly reporting of strategic actions

The Status Rating and Remedial Action are used in monthly reporting of strategic actions to provide some indicator of completion stage and guidance for future direction. However, the risk management principles, such as considering severity of potential impact, are not applied into monitoring and reporting. This may cause wrong prioritisation of actions.

Opportunity(ies)

We recommend management apply risk management principles in all SMPs development, monitoring and reporting.

Management Response

The risk framework is embedded in our monthly reporting. Each project is required to have risks identified when created. These risks are reviewed as part of the monthly reporting cycle. Risk is used as a criteria to determine the status of a project.
A review of the I&s will include a review of the Risk Treatment Plan and Improvement Plan – Manager Engineering (July 2020)

4. SMPs not all published online in one area

Observation(s)

During the audit in March 2019, we identified that Council developed the following SMPs but not all of them were published online in one area of Council’s website. This may give public an incomplete picture of what SMPs Council has, specially missing the emerging strategic issues. Details are as follows:

- Our Place 2030 Strategic Plan – “Council Publications” at Council’s website;
- LTFP 2017-18 to 2027-28 – “Council Publications” at Council’s website;
- Six I&s – “Council Publications” at Council’s website;
- Five Strategic Pillar Plans – not published as currently internal documents;
- Economic Activation Plan 2018-2023 – “Council Publications” at Council’s website;
- Holdfast Bay Tourism Plan 2020 – “Council Publications” at Council’s website;
- Youth Action Plan 2018-2023 – “Council Publications” at Council’s website; and
- Open Space and Public Realm Strategy 2018-2030 – “Your View” a community engagement platform.

Opportunity(ies)

We recommend management publish all SMPs online in one area of Council’s website.

Management Response

The Open Space and Public Realm Strategy is published on Council’s website. The Pillar Plans were not published as they were considered internal working documents and not endorsed by Council. The plans will be published if endorsed by Council – GM Strategy and Business Servicews (November 2020)

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5. Inconsistent names of governance group and framework used

Observation(s)

During this audit, we found that inconsistent names of Council's governance group and framework are used in different documents/websites mainly due to Council is currently developing and formalising a SMPs review process. This may confuse the users both internally and externally, especially staff in communication and implementation of framework. Details are as follows:

- A new Strategic Planning and Reporting Framework is addressed differently as a Strategic Planning and Performance Reporting Framework in the draft SPRP or a Strategic Planning and Performance Monitoring Framework in ToR of SMG;
- Council's Senior Leadership Team is addressed differently as Senior Leadership Group in the draft SPRP; and
- An online community engagement platform is addressed differently as Your Holdfast in document and in the actual Your View Holdfast website or Your View Holdfast on Council's website.

Opportunity(ies)

We recommend management

- Address the above findings; and
- Use consistent names of Council's governance group and framework in the future.

Management Response

Review of the use of names will be undertaken as we undertake the SMP Review – GM Strategy and Business Services (November 2020)

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Appendix 3

Documents accessed and consultation

Documents provided by City of Holdfast Bay and accessed include:

- Our Place 2030 Strategic Plan
- Long Term Financial Plan 2017-18 to 2027-28
- Transport Services Asset Plan
- Storewater Asset Plan
- Plant Equipment Asset Plan
- Open Space Asset Plan
- Coastal Asset Plan
- Building Asset Plan
- Economic Activation Plan 2018-2023
- Holdfast Bay Tourism Plan 2020
- Youth Action Plan 2018-2023
- Development Plan
- Community Land Management Plans and Registers
- Annual Business Plan 2018-19
- Annual Report 2017-2018
- 2017 Quality of Life Survey Report
- Business Confidence Report 2015

We would like to extend our appreciation to the following individuals who participated in, and provided information during this internal audit review.

- Roberto Bria, General Manager, Business Services
- Pam Jackson, Manager Commercial & Strategic Services
- Vivienne Holloway, Corporate Planning Officer
- John Newton, Manager Finance

Appendix 4

Council's Strategic Management Plans Legislative Compliance

The following Council's SMPs legislative compliance is assessed to the *Local Government Act 1999*, Section 122:

Name	Our Place 2030 Strategic Plan	LTFP 2017-18 to 2027-28	Transport Services Asset Plan	Stormwater Asset Plan	Plant Equipment Asset Plan	Open Space Asset Plan	Coastal Asset Plan	Building Asset Plan
Description	'Our Place' 2030 Strategic Plan is Council's primary forward planning document. It looks to the future of the City of Holdfast Bay to 2030.	The report shows how Council has progressed towards its key objectives and is working towards achieving the Community Vision.	This asset management plan includes plans for servicing CHBs existing assets, developing new assets and maintaining compliance with relevant legislation specifically in relation to transport services assets.	This asset management plan includes plans for servicing CHBs existing assets, developing new assets and maintaining compliance with relevant legislation specifically in relation to stormwater assets.	This asset management plan includes plans for servicing CHBs existing assets, renewing assets and upgrading existing assets.	This asset management plan includes plans for servicing CHBs existing assets, renewing assets and upgrading existing assets.	This asset management plan includes plans for servicing CHBs existing assets, renewing assets and upgrading existing assets.	This asset management plan includes plans for servicing CHBs existing assets, renewing assets and upgrading existing assets.
Identify Council's objectives over at least 4 years (10 years for LTFP & IAMP)	Mention of timeframe in CEO letter page 5. Specifying a plan to 2030 from 2015.	Covered 10 year period from 2017/18 - 2027/28 per page 1	Plan covers 20 year period per page 5. However, page 4 mentions a 10 year period.	Plan covers 20 year period per page 5. However, page 4 mentions a 10 year period.	Plan covers 20 year period per page 5. However, page 4 mentions a 10 year period.	Plan covers 20 year period per page 5. However, page 4 mentions a 10 year period.	Plan covers 20 year period per page 5. However, page 4 mentions a 10 year period.	Plan covers 20 year period per page 5. However, page 4 mentions a 10 year period.
Identify Council's objectives related to regional, State and national objectives	Premiers SA objectives touched on through targets and objectives. Specifically, around sporting facilities page 9	No mention of relation to regional, state or national objectives with the exception of financial plan data relating to the building of sporting complexes.	No detailed mention of an alignment with state/ federal government objectives but page 4 discusses a need for expanded facilities from all levels of government. This plan includes pathways for pedestrians and bikes. State and national focus on health and wellbeing not present. (Included as a demographic driver in Building Asset Plan page 14.)	No mention of alignment with regional/ state/ national objectives.	No mention of alignment with regional/ state/ national objectives.	No mention of alignment with regional objectives Security objective alignment identified with national government. No mention of state objective alignment either but more sports facilities and grounds are in the interest of the premiers SA objectives. This plan includes parks and recreation areas. State and national focus on health and wellbeing not present. (Included as a demographic driver in Building Asset Plan page 14.)	No mention of alignment with regional/ state/ national objectives. State and national focus on health and wellbeing not present. (Included as a demographic driver in Building Asset Plan page 14.)	No mention of alignment with regional objectives but state and nation focus on health and wellbeing is directly referenced page 14
Identify Council's objectives relevant to economic, social, physical and environmental development and management of its area	Lays out overall objectives and targets which touch on all required aspects but does not go into detail regarding how these will be achieved.	Relevant to all aspects required with a focus on the economic development of the council area.	Relevant to all areas per page 8. Figure 2.3.1. explains how all aspects form part of the strategic direction and feed into the asset management plan.	Relevant to all areas per page 7. Figure 2.3 explains how all aspects form part of the strategic direction and feed into the asset management plan.	Relevant to all areas per page 8. Figure 2.3.1 explains how all aspects form part of the strategic direction and feed into the asset management plan.	Relevant to all areas per page 7. Figure 2.3 explains how all aspects form part of the strategic direction and feed into the asset management plan.	Relevant to all areas per page 7. Figure 2.3 explains how all aspects form part of the strategic direction and feed into the asset management plan.	Relevant to all areas per page 8. Figure 2.3 explains how all aspects form part of the strategic direction and feed into the asset management plan.
Identify Council's objectives to co-ordinate with State and national governments in the planning and delivery of services	Co-ordination not expressly stated by implied through a number of targets and objectives which would not work without state and national government assistance. E.g. 100% target for high-speed internet page 13.	Page 7, co-ordination with state and nation governments is mentioned in the context of external grants to assist in providing council services.	Many references in relation to state/ federal government co-ordination on pages 4, 6, 17, 29 mostly in regards to external funding and key stakeholders.	Many references in relation to state/ federal government co-ordination on pages 4, 6, 15, 26 mostly in regards to external funding and key stakeholders.	Many references in relation to state/ federal government co-ordination on pages 4, 6 and 15 mostly in regards to external funding and key stakeholders.	Many references in relation to state/ federal government co-ordination on pages 4, 6 and 15 mostly in regards to external funding and key stakeholders.	Many references in relation to state/ federal government co-ordination on pages 4, 6, 15, 18 & 26 mostly in regards to external funding and key stakeholders.	Many references in relation to state/ federal government co-ordination on pages 4, 6, 14 & 15 mostly in regards to external funding and key stakeholders.
Identify Council's objectives to provide assessments related to sustainability of the	Targets and objectives about the council's financial performance and position discussed page 17 and detailed plans on how this	Detailed overview of council's plan/ view on financial sustainability page 4. This links	Extensive plan for financial sustainability in relation to transport services between	Extensive plan for financial sustainability in relation to stormwater services between	Extensive plan for financial sustainability in relation to plant and equipment services	Extensive plan for financial sustainability in relation to plant and equipment services	Extensive plan for financial sustainability in relation to plant and equipment services	Extensive plan for financial sustainability in relation to plant and equipment services

Name	Our Place 2030 Strategic Plan	LTFP 2017-18 to 2027-28	Transport Services Asset Plan	Stormwater Asset Plan	Plant Equipment Asset Plan	Open Space Asset Plan	Coastal Asset Plan	Building Asset Plan
Council's financial performance and position	will be achieved are included in LTFP and I&s.	with 'Our Place 2030 Strategic Plan'	pages 26 - 31 with reference to LTFP.	pages 23 - 28 with reference to LTFP.	between pages 21 - 26 with reference to LTFP.	between pages 23 - 28 with reference to LTFP.	between pages 23 - 28 with reference to LTFP.	between pages 22 - 27 with reference to LTFP.
Provide assessments related to the extent or levels of services that will be required to be provided by the council to achieve its objectives;	No specifics on the extent and levels of service required by council to achieve targets/ goal. There is however, some mention on how some objectives will be met but these are not exhaustive. E.g. page 9 attractive new community initiatives through a community donations program, increase in community engagement with cultural programs through participation in events and activities.	No mention of the extent or levels of services required. This document touches on the funding required for councils' services. Mostly in relation to infrastructure at page 10.	Section 3. Levels of Service on page 10 details the levels of service required by council to fulfil the transport services side of council's strategic plan. These objectives are outlined in councils Our Place 2030 Strategic Plan which this document references back to.	Section 3. Levels of Service on page 10 details the levels of service required by council to fulfil the stormwater services side of council's strategic plan. These objectives are outlined in councils Our Place 2030 Strategic Plan which this document references back to.	Section 3. Levels of Service on page 10 details the levels of service required by council to fulfil the plant and equipment services side of council's strategic plan. These objectives are outlined in councils Our Place 2030 Strategic Plan which this document references back to.	Section 3. Levels of Service on page 10 details the levels of service required by council to fulfil the plant and equipment services side of councils strategic plan. These objectives are outlined in councils Our Place 2030 Strategic Plan which this document references back to.	Section 3. Levels of Service on page 10 details the levels of service required by council to fulfil the plant and equipment services side of council's strategic plan. These objectives are outlined in councils Our Place 2030 Strategic Plan which this document references back to.	Section 3. Levels of Service on page 10 details the levels of service required by council to fulfil the building asset side of council's strategic plan. These objectives are outlined in councils Our Place 2030 Strategic Plan which this document references back to.
Provide assessments related to extent or levels of infrastructure	As above	As above	Infrastructure maintenance, development and replacement is discussed in detail as per the above and future infrastructure is discuss in section 4. Future Demand on page 16.	Infrastructure maintenance, development and replacement is discussed in detail as per the above and future infrastructure is discuss in section 4. Future Demand on page 14.	No infrastructure services are provided through this asset management plan as it consists of vehicles and other equipment	As above	As above	No infrastructure services are provided through this asset management plan as it consists of buildings.
Provide assessments related to anticipated changes in real property development and demographic characteristics	Council plans to diversify by increasing the proportion of non-detached dwelling types which was identified as a gap in the housing demographic of council page 15.	No anticipated changes to real property development/ demographic characteristics. It was noted that a review of the council area's demographics but no mention of any significant changes.	Page 16 mentions a change in population from older residents to an increased proportion of younger people between 15 - 34. No mention of any changes to real property development.	Page 14 mentions a change in population from older residents to an increased proportion of younger people between 15 - 34. No mention of any changes to real property development.	No mention of real property development as this is not within the scope of this plan. No mention of any changes to the demographics as this plan focuses on equipment which is not impacted by more commonly used demographics.	No specific mention of anticipates changes to real property development however demographic changes are detailed and sufficient.	Page 14 mentions a change in population from older residents to an increased proportion of younger people between 15 - 34. No mention of any changes to real property development.	Page 14 mentions a change in population from older residents to an increased proportion of younger people between 15 - 34. No mention of any changes to real property development.
Provide assessments related to Council's proposals with respect to debt levels	No mention of debt levels. This is a high level document where nothing is explained in detail.	Page 4 details net Financial liabilities ratio <75% and an interest coverage ratio of <5%	Funding strategy on page 29 references the LTFP for detailed funding details. No mention of debt levels.	Funding strategy on page 26 references the LTFP for detailed funding details. No mention of debt levels.	Funding strategy on page 26 references the LTFP for detailed funding details. No mention of debt levels.	Funding strategy on page 26 references the LTFP for detailed funding details. No mention of debt levels.	Funding strategy on page 26 references the LTFP for detailed funding details. No mention of debt levels.	Funding strategy on page 25 references the LTFP for detailed funding details. No mention of debt levels.
Provide assessments related to any anticipated or predicted changes in any factors that make a significant contribution to the costs of the council's activities or operations	Target to ensure 100% of homes have access to high speed internet may increase costs materially page 13. Build at least 2 new sporting and community hubs may also materially increase costs page 9.	There does not seem to be any anticipated or predicted changes in any factors which may materially impact costs.	Could not identify any anticipated or predicted changes in any factors which could significantly contribute to costs.	Could not identify any anticipated or predicted changes in any factors which could significantly contribute to costs.	Could not identify any anticipated or predicted changes in any factors which could significantly contribute to costs.	Could not identify any anticipated or predicted changes in any factors which could significantly contribute to costs.	Could not identify any anticipated or predicted changes in any factors which could significantly contribute to costs.	Could not identify any anticipated or predicted changes in any factors which could significantly contribute to costs.
Provide assessments related to identify the principal activities	The main targets and objectives identified include: - Building two new sporting and community hubs - Maintain dune system and increase recreational beach widths - Decrease councils greenhouse emissions by 12% - Develop and commence implementation of a digital economy strategy	The main purpose of this report is surrounding the financial strategies required to support the 2030 Our Place Plan. It's focus is on the long term financial sustainability of council so it has capacity to build and maintain adequate ability to fund its services and capital projects.	Principal activities are listed on page 5 and include maintaining, replacing and developing transport infrastructure assets.	Principal activities are listed on page 5 and include; managing the assets which provide a service to the residents. The asset management plan's principle activities are to ensure the infrastructure assets are maintained, services and developed to the allow them to continue servicing the community.	The principal activities are listed on page 4 and include maintaining, renewal and upgrade of items of plant and equipment.	The principal activities are listed on page 4 and include maintaining, renewal and upgrade of open spaces.	The principal activities are listed on page 4 and include maintaining, renewal and upgrade of open spaces.	The principal activities are listed on page 4 and include maintaining, renewal and upgrade of open spaces.

Name	Our Place 2030 Strategic Plan	LTFP 2017-18 to 2027-28	Transport Services Asset Plan	Stormwater Asset Plan	Plant Equipment Asset Plan	Open Space Asset Plan	Coastal Asset Plan	Building Asset Plan
	<ul style="list-style-type: none"> - Achieve 100% of properties with high-speed internet - Increase the proportion of non-detached dwelling types by 10% - Deliver 100% on annual business plan - Achieve annual financial targets 100% - Reduce rate revenue reliance to less than 70% 							
Provide assessments related to state the measures (financial and non-financial) to monitor and assess	An objective to 'achieve annual financial targets' is included in page 17. Specific measures are included in LTFP and I&s.	Does not go into detail how it will measure and monitor financial performance but broadly states council will measure and report its performance against its financial targets. It's noted that more detail would provide a greater coverage of this requirement.	Section 7. Plan Improvement and Monitoring on page 32 includes all KPI's. Table 3.5 on page 14 details specific technical KPI's which council must adhere to in the delivery of their services.	Section 7. Plan Improvement and Monitoring on page 29 includes all KPI's. Table 3.5 on page 12 details specific technical KPI's which council must adhere to in the delivery of their services.	Section 7. Plan Improvement and Monitoring on page 27 includes all KPI's. Table 3.5 on page 13 details specific technical KPI's which council must adhere to in the delivery of their services.	Section 7. Plan Improvement and Monitoring on page 29 includes all KPI's. Table 3.5 on page 12 details specific technical KPI's which council must adhere to in the delivery of their services.	Section 7. Plan Improvement and Monitoring on page 29 includes all KPI's. Table 3.5 on page 12 details specific technical KPI's which council must adhere to in the delivery of their services.	Section 7. Plan Improvement and Monitoring on page 28 includes all KPI's. Table 3.5 on page 12 details specific technical KPI's which council must adhere to in the delivery of their services.
Provide assessments related to identify the means to carry out activities	No mention of how the targets and objectives will be met.	No mention of how the targets and objectives will be met.	Section 3. Levels of Service on page 10 details how the activities will be achieved.	Section 3. Levels of Service on page 10 details how the activities will be achieved.	Section 3. Levels of Service on page 10 details how the activities will be achieved.	Section 3. Levels of Service on page 10 details how the activities will be achieved.	Section 3. Levels of Service on page 10 details how the activities will be achieved.	Section 3. Levels of Service on page 10 details how the activities will be achieved.
Provide assessments related to address issues associated to separate its regulatory activities from its other activities	No distinction between council compliance activities and operation activities.	No distinction between council compliance activities and operation activities.	Legislative requirements mention on page 12 but no specific mention of separating regulatory activities from other activities.	Legislative requirements mention on page 11 but no specific mention of separating regulatory activities from other activities.	Legislative requirements mention on page 12 but no specific mention of separating regulatory activities from other activities.	Legislative requirements mention on page 11 but no specific mention of separating regulatory activities from other activities.	Legislative requirements mention on page 11 but no specific mention of separating regulatory activities from other activities.	Legislative requirements mention on page 11 but no specific mention of separating regulatory activities from other activities.
Provide assessments related to make provision for the regular review of the charters, activities and plans of any subsidiary of the council	No mention of regular reviews.	Page 19 council will review its LTFP at least twice a year.	Asset plan improvement schedule is provided on page 33 table 7.2	Asset plan improvement schedule is provided on page 31 section 7.3	Asset plan improvement schedule is provided on page 31 section 7.3	Asset plan improvement schedule is provided on page 30 section 7.2	Asset plan improvement schedule is provided on page 30 section 7.2	Asset plan improvement schedule is provided on page 29 section 7.2
Alignment in financial projections	No financial projections included.	Detailed financial projections included page 19-27. Summary of projections and further ratio analysis included page 6-19	Projected expenditure for maintenance, renewal, upgrades/ new capital assets included on page 29 table 6.1.2. This is referenced from the LTFP. Demographics page 16 include increased population, younger residents, higher density housing yet projections do not include upgrades/ new assets.	projected expenditure for maintenance, renewal, upgrades/ new capital assets included on page 26 table 6.1.2. This is referenced from the LTFP.	projected expenditure for maintenance, renewal, upgrades/ new capital assets included on page 24 table 6.1.2. This is referenced from the LTFP.	projected expenditure for maintenance, renewal, upgrades/ new capital assets included on page 26 table 6.1.2. This is referenced from the LTFP.	projected expenditure for maintenance, renewal, upgrades/ new capital assets included on page 26 table 6.1.2. This is referenced from the LTFP.	Projected expenditure for maintenance, renewal, upgrades/ new capital assets included on page 25 table 6.1.2. This is referenced from the LTFP. Demographics page 16 include increased population, younger residents, higher density housing yet projections do not include upgrades/ new assets.
Consistent with the Development Plan for the council's area	Refer to other SMPs	Refer to other SMPs	Legislative requirements mentioned on page 12 require the asset management plan to comply with the Development Act 2013 which means the core legislation covered in the development plan has been complied with. This isn't necessarily sufficient as other legislation is used to develop the development plan.	Legislative requirements mentioned on page 11 require the asset management plan to comply with the Development Act 2013 which means the core legislation covered in the development plan has been complied with. This isn't necessarily sufficient as other legislation is used to develop the development plan.	Not relevant to the development plan. The road traffic act is responsible for parking machines and the minister can approve the development of them in a council area without a development application.	Legislative requirements mentioned on page 11 require the asset management plan to comply with the Development Act 2013 which means the core legislation covered in the development plan has been complied with. This isn't necessarily sufficient as other legislation is used to develop the development plan.	Legislative requirements mentioned on page 11 require the asset management plan to comply with the Development Act 2013 which means the core legislation covered in the development plan has been complied with. This isn't necessarily sufficient as other legislation is used to develop the development plan.	Legislative requirements mentioned on page 11 require the asset management plan to comply with the Development Act 2013 which means the core legislation covered in the development plan has been complied with. This isn't necessarily sufficient as other legislation is used to develop the development plan.

Name	Our Place 2030 Strategic Plan	LTFP 2017-18 to 2027-28	Transport Services Asset Plan	Stormwater Asset Plan	Plant Equipment Asset Plan	Open Space Asset Plan	Coastal Asset Plan	Building Asset Plan
			<p>The objectives laid out on page 5 are covered sufficiently by the objects laid out on page 97 of the development plan.</p> <p>Noted that the development plan goes into more detail regarding objectives and principles</p>	<p>Stormwater asset considerations are prevalent throughout the development plan. A number of examples from the development plan are as follows. Pages 26, 27, 48 & 52.</p>		<p>The objectives laid out on page 69 of the development plan are reflected in the asset plan on page 4.</p> <p>Noted that the development plan goes into more detail regarding objectives and principles</p>	<p>The objectives laid out on page 26 of the development plan are reflected in the asset plan on page 4.</p> <p>Noted that the development plan goes into more detail regarding objectives and principles</p>	<p>The objectives laid out on page 10 are covered sufficiently by the objects laid out on page 23 of the development plan.</p> <p>Noted that the development plan goes into more detail regarding objectives and principles</p>

Appendix 5

Controls assessment

Key controls

Key controls identified during the audit include:

No.	Control name	Control effectiveness
1	Strategic Management Framework	Partially ineffective
2	Development of Strategic Management Plans	Majority effective
3	Alignment of Strategic Management Plans	Partially ineffective
4	Review of Strategic Management Plans	Partially ineffective
5	Public consultation	Effective
6	Implementation of Strategic Management Plans	Effective
7	Monitoring of Strategic Management Plans	Majority effective
8	Reporting of Strategic Management Plans	Majority effective
9	Responsibility and authority	Effective
10	Stakeholders engagement	Effective
11	Records management	Majority effective

Control Assessment Table

Control / Mitigating Factor	Description
Effective	Controls are properly designed and operating as intended.
Majority effective	Controls are properly designed and operating, with opportunities for improvement identified.
Partially ineffective	Key controls are in place, with significant opportunities for improvement identified.
Requires significant improvement	Limited controls are in place, high level of risk remains.
Ineffective	Controls are non-existent, or have major deficiencies and don't operate as intended.

Appendix 6

Risk framework

The following framework for risk ratings was developed by Council to prioritise findings according to their relative significance depending on their impact to the process.

LIKELIHOOD	CONSEQUENCES				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Almost Certain (E)	Moderate	High	High	Extreme	Extreme
Likely (D)	Low	Moderate	High	Extreme	Extreme
Possible (C)	Low	Low	Moderate	High	Extreme
Unlikely (B)	Low	Low	Low	Moderate	High
Rare (A)	Low	Low	Low	Moderate	High

Measures of corporate risk likelihood

The likelihood of a risk eventuating must be identified in the context of existing controls using the following as a reference:

LIKELIHOOD RATING	DESCRIPTION
Almost Certain (E)	Event is expected to occur in most circumstances – 95% to 100% probability over next 5 years or had occurred in the last 12 months.
Likely (D)	Event could occur in most circumstances – 76% to 94% probability over next 5 years or had occurred in the last 12 -24months.
Possible (C)	Event could occur at some time – 26% to 75% probability over next 5 years or had occurred in the last 2-10years.
Unlikely (B)	Event could occur in circumstances – 6% to 25% probability over next 5 years or had occurred in the last 10-100 years.
Rare (A)	Event may only occur in exceptional circumstances – 0% to 6% probability over next 5 years or had occurred in over 100 years.

Measures of corporate risk consequence or impact

Where a risk has implications across a number of areas of impact, the highest rating should be used to determine the overall level of risk. However, each identified risk should be assessed from a mitigation/action.

IMPACT SCALE	REPUTATION (A)	BUSINESS IMPACT (B)	PUBLIC SAFETY (C)	ENVIRONMENT (D)	SERVICE DELIVERY (E)
1. Insignificant	<ul style="list-style-type: none"> No adverse effect on public image No media interest Insignificant level of community concern. A slight but manageable increase in the number of adverse resident complaints Negligible adverse impact upon social health and wellbeing of the community which has little or no impact upon established community relationships and links. 	<ul style="list-style-type: none"> Low financial loss – impact of less than \$5k Operational issues manageable within normal activities 	<ul style="list-style-type: none"> No injuries Minor repairs required of an insignificant nature to property / infrastructure. 	<ul style="list-style-type: none"> "Nuisance" category under the SA Environment Protection Act (1993) met Short term, immediately reversible effects on ecosystem 	<ul style="list-style-type: none"> Insignificant impact on Council's ability to achieve strategic outcomes
2. Minor	<ul style="list-style-type: none"> Minor adverse effect on public image Minor media coverage in paper distributed within the local area (small scale single article). Minor level of community concern, an increase in the number of resident complaints requiring direct effort to resolve/attend to. Minor adverse impact upon social health and wellbeing of the community that may have a minor impact upon established community relationships & links. 	<ul style="list-style-type: none"> Medium financial loss – impact of between \$5k and \$20k Minor impact in undertaking routine activities 	<ul style="list-style-type: none"> Only First Aid treatment required Minor loss or infrastructure damage. Normal seasonal illness leading to minor disruption to activities 	<ul style="list-style-type: none"> "Nuisance" category under SA Environment Protection Act (1993) Some minor adverse effects to few species/ ecosystem parts that are short term and immediately reversible. Contamination – on-site release immediately contained 	<ul style="list-style-type: none"> Some delays in delivery of strategic initiatives, but only minor aspects impacted. Overall strategic intent still achievable
3. Moderate	<ul style="list-style-type: none"> Moderate adverse effect on public image Adverse media campaign in Messenger over two or more issues, supported by uptake of issue in Advertiser and or local electronic media Moderate level of community concern, large number of complaints and letters to editor in Messenger Paper Minor common law action or ombudsman investigation threatened/ initiated. 	<ul style="list-style-type: none"> Moderate financial loss – impact of between \$20k and \$50k Impaired ability to maintain normal operations. Reprogramming required. Minor legal issues, non-compliances and breaches of regulation. 	<ul style="list-style-type: none"> Medical treatment required which may include short term admission to hospital Moderate loss/or infrastructure damage Local epidemic leading to noticeable disruption of activities 	<ul style="list-style-type: none"> "Material" category under the SA Environment Protection Act (1993) Contamination – on-site release contained with outside assistance Ecosystems- temporary, reversible damage, loss of habitat and migration of animal populations, some reduction in numbers and die back of plants. Pollution requires physical removal, air quality constitutes potential long term health problems. Manageable restrictions in resource usage 	<ul style="list-style-type: none"> Some key components of the Strategic Plan cannot be achieved within expected timeframes. Additional funding/resources or some strategies reprioritisation is required
4. Major	<ul style="list-style-type: none"> Significant adverse effect on public image Widespread adverse media campaign including electronic local and national media. Social media going viral requiring management intervention. Pressure on State Government and Agencies to intervene Significant level of community concern Social health and wellbeing of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links. Significant Common Law Action threatened, major ombudsman investigation initiated 	<ul style="list-style-type: none"> Major financial loss - impact of between \$50k and \$100k Significant effects loss of ability to complete programs, major restrictions to services and project delivery Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible. 	<ul style="list-style-type: none"> Serious & extensive injuries Serious structural damage to infrastructure or serious loss of assets. Widespread epidemic that causes significant disruption to activities 	<ul style="list-style-type: none"> "Serious" category under the SA Environment Protection Act (1993) Contamination – off-site release with no detrimental effects Ecosystems – recoverable damage, death of animals in large numbers, widespread habitation destruction, significant air quality issues. Pollution issues requiring long term management, serious introduction of invasive species Restrictions on resource usage threatening viability of accepted lifestyle 	<ul style="list-style-type: none"> Key Strategic Objectives unable to be achieved; review of Strategic Plan is required
5. Catastrophic	<ul style="list-style-type: none"> Major effect on public image Widespread adverse media campaign including electronic local, national and international media. Widespread community outrage Social media going viral, unable to be contained. State Government and Agencies to intervene. Social health & wellbeing of the community severely affected resulting in fracturing of established community relationships & links. Class Actions, Judicial Inquiries Initiated 	<ul style="list-style-type: none"> Critical financial loss/exposure – impact greater than \$100k Projects & programs failure, inability to meet minimum acceptable standards, Major breaches of regulation, sanctions imposed 	<ul style="list-style-type: none"> Fatalities Critical loss, irreversible damage property / infrastructure with a replacement cost that overwhelms the capital budget (>25%) Community movements restricted under State Emergency Plan 	<ul style="list-style-type: none"> "Serious Material harm" category under the SA Environment Protection Act (1993) and EPA actions initiated Off-site contamination requiring immediate and significant remediation actions Ecosystems – irreversible damage, widespread loss of animals, and key stone species extinctions, destruction of flora species, widespread domination of invasive species. Pollution unable to be effectively remediated. Restriction on resource usage resulting in permanent disruption of accepted life-style 	<ul style="list-style-type: none"> Goals of Strategic Plan not achievable; total and immediate re-work of Plan is required

Attachment 3



Where you want to be.



August 2019

City of Holdfast Bay

Internal Audit Recommendations Implementation Annual Report

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22 August 2019

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Dear Pamela,

Internal Audit Annual Report

Please find attached our report on the status of internal audit recommendations implementation for the City of Holdfast Bay as at 22 August 2019.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our audits.

If you have any queries, please feel free to contact me on 08 8372 7900 at any time.

Yours sincerely



David Papa
Partner

Enclosure

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Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to this review operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

Third Party Reliance

This report is solely for the purpose set out in the Official Order and for City of Holdfast Bay information, and is not to be used for any other purpose or distributed to any other party without Bentleys (SA) Pty Ltd's prior consent.

This summary report has been prepared at the request of City of Holdfast Bay management or its delegate. Other than our responsibility to the management of the City of Holdfast Bay, neither Bentleys (SA) Pty Ltd nor any member or employee of Bentleys (SA) Pty Ltd undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to City of Holdfast Bay external advisors, on this summary report. Any reliance placed is that party's sole responsibility. Liability limited by a scheme approved under Professional Standards Legislation.

Executive summary

Introduction

Internal Audit assists management in delivering the objectives of the City of Holdfast Bay (the Council) including Alwyndor Aged Care (Alwyndor) by assessing exposure to risk and recommending, where appropriate, practical improvements to the control environment.

It is best practice for Internal Audit to assess the extent to which management have implemented agreed audit recommendations. It is management's responsibility to ensure that proper consideration is given to Internal Audit reports. The Internal Audit should ensure that appropriate arrangements are made to determine whether action has been taken on Internal Audit recommendations, or that management has understood and assumed the risk of not taking action.





Arrangements should be put in place to monitor the progress on the implementation of recommendations by management. Internal Audit should follow up on management action arising from its assignments. Follow-up action should include a review of the timeliness and effectiveness of the implementation of its recommendations.

Background

On completion of each Internal Audit project, a formal report is prepared for discussion with senior management and presentation to the Audit Committee. Such audit reports include details of the audit work performed, audit findings, implications of these findings, and recommendations for action.

In order to assist management in using our reports:

- We categorise our audit opinion according to our assessment of the controls in place and the level of compliance with these controls:

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
	Substantial Assurance	While there is a basically sound system, there are weaknesses that put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
	Limited Assurance	Weaknesses in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
	Nil Assurance	Control is generally weak, leaving the system open to significant risks.

- All Internal Audit recommendations have been prioritised in accordance with the following key categories:

H	High Priority	An Extreme or High risk which, if not effectively managed, may be detrimental to the Council's interests, significantly erode internal control, or jeopardise achievement of aims and objectives.
M	Medium Priority	A Substantial or Medium risk which, if not effectively managed, could adversely affect the Council's interests, weaken internal control, or undermine achievement of aims and objectives.
L	Low Priority	A Low risk, where adoption of best practice would improve or enhance systems, procedures and risk management for the Council's benefit.

Applying this weighting system to Internal Audit recommendations is designed to assist management in assessing the severity of each recommendation and the associated priority of each action.

Each audit report is discussed with relevant line management, and management responses for each audit recommendation are obtained and recorded on a schedule of recommendations. In addition to recording management's agreed course of action for each recommendation, the schedule also records:

- the officer nominated by management to perform each agreed action; and

- the target date for implementation agreed by management.

This schedule is issued to management along with the final audit report, and acts as an action plan/checklist.

Data on implementation of Internal Audit recommendations is presented to the Audit Committee on an annual basis. This allows the Audit Committee to monitor the Internal Audit recommendations to be implemented by management.

This report documents the outcomes of the review of management action taken in respect of Internal Audit recommendations made as at 22 August 2019.

Implementation status

The current status of the audit activities conducted as at 22 August 2019, including the assurance level and the number of recommendations and improvement opportunities raised is detailed in the table below:

No.	Audit Activity	Timing	Assurance	Recommendations			Improvement Opportunities
				H	M	L	
1	Asset Management	Q1 2017		2	4	1	3
2	Procure to Pay Implementation	Q2 2017		1	4	-	6
3	Payroll Process – CHB	Q4 2017		-	-	3	2
4	Payroll Process – Alwyndor	Q4 2017		1	-	5	2
5	Human Resources Management	Q2 2018		-	1	3	2
6	Care Systems Post Implementation – Alwyndor	Q2 2018		1	1	2	3
7	Strategic Planning Alignment	Q1 2019		1	3	-	5
8	Credit Card – CHB	Q2 2019		1	1	2	2
9	Credit Card – Alwyndor	Q2 2019		1	2	2	3
	Total			8	16	18	28

The 13 recommendations associated with Strategic Planning Alignment and two (2) Credit Card audits are excluded from the remainder of the report as they are in the process of agreeing on management actions as at 22 August 2019.

Of the 29 Internal Audit recommendations made across Council business areas, a total of 23 (79%) were reported by management to have been implemented at the time of this annual report.¹ The responses made by each Division are detailed in **Appendix 1**.

Business process improvement opportunities are detailed in **Appendix 2**. These improvement opportunities were identified in the audits with progress on implementation not asked for or assessed.

Status on Implementation of Agreed Audit Recommendations made is summarised below:

Implementation Status	High Priority		Medium Priority		Low Priority	
	No.	%	No.	%	No.	%
Complete	3	60%	7	70%	13	93%
In Progress	2	40%	3	30%	1	7%
Total	5	100%	10	100%	14	100%

¹ **Limitation:** We have not validated if management's implementation of recommendations has addressed the risks identified sufficiently as this is outside the scope of each project.

Figure 1: Percentage of Completion as at 22 August 2019 by Priority

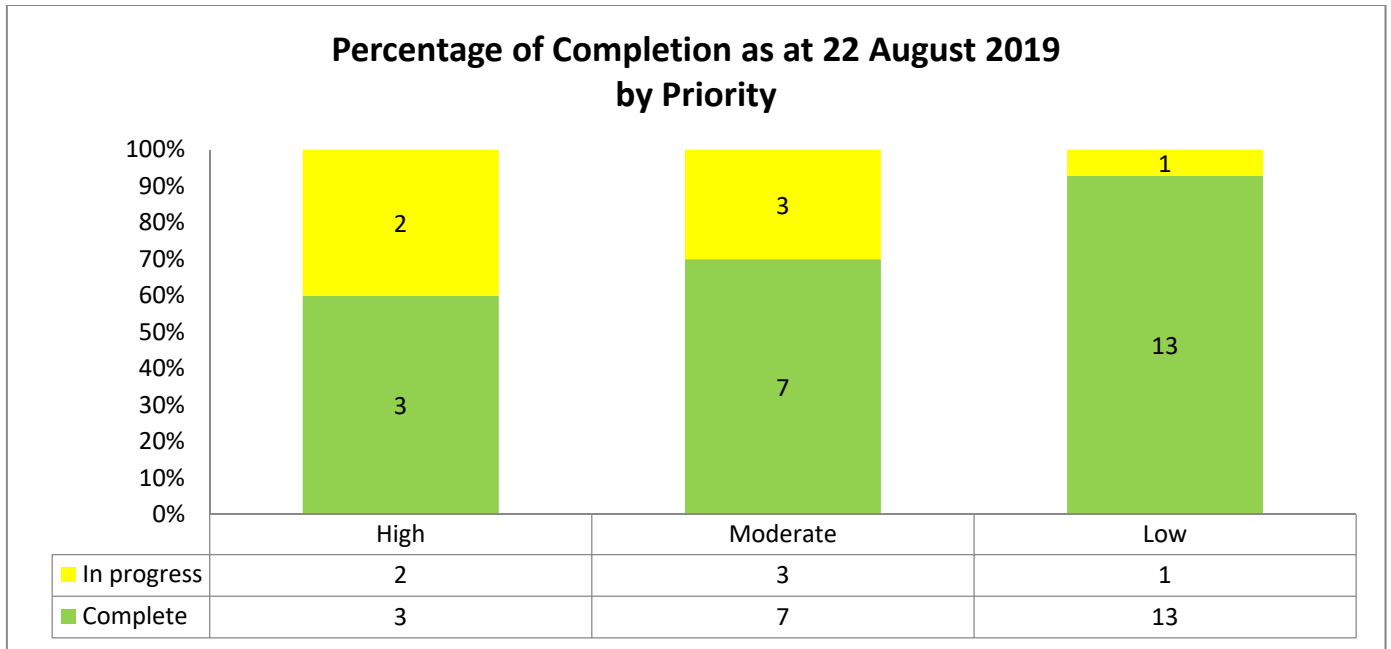
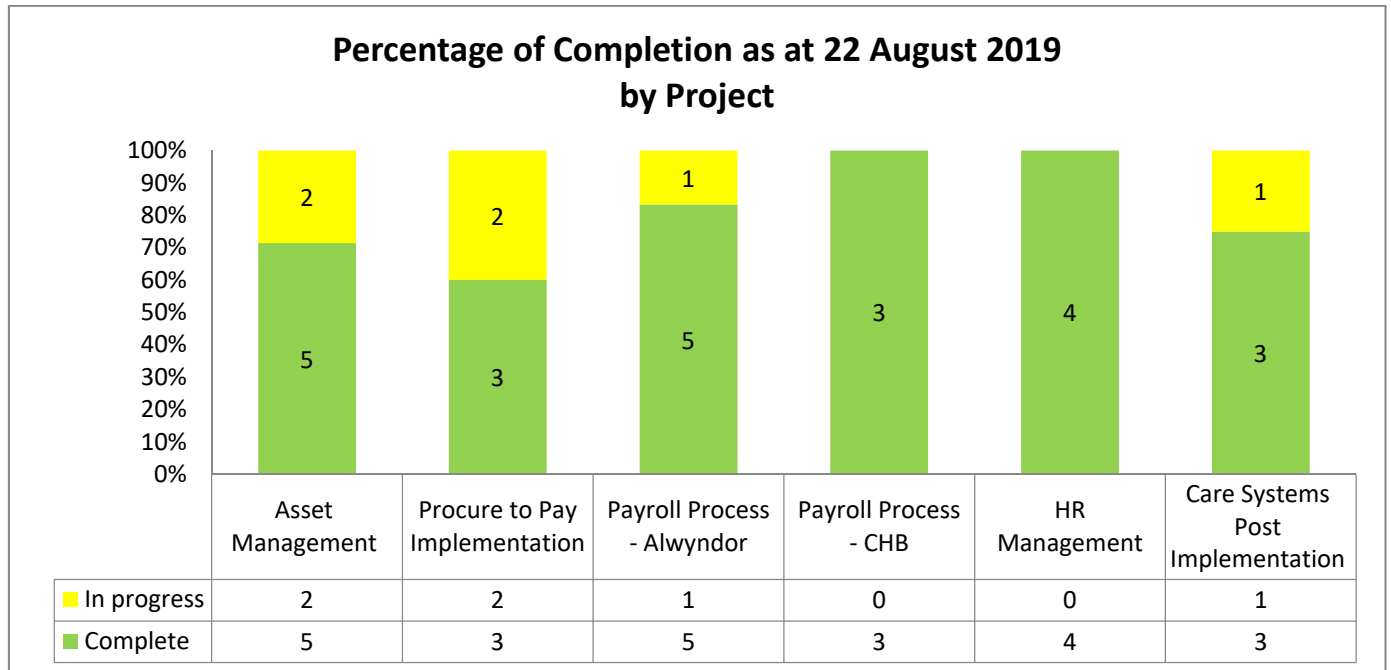


Figure 2: Percentage of Completion as at 22 August 2019 by Project



The outstanding recommendations are being implemented by the appropriate manager of the business areas. However, out of six (6) outstanding recommendations, five (5) (83%) have been extended. Details are as follows:

Asset Management

• **Lack of service standards and KPIs' monitoring**

The assets have been organised into smaller groups in order to establish KPIs and set clear service standards. Condition asset team is now in place to monitor the performance of asset groups. Progress on this agreed action has slowed in 2018-19. Estimated completion date was revised from 31 December 2017 to 30 June 2019 and further to 30 June 2020.

- **Maintenance plans not developed for all asset classes**

Maintenance Plans have been developed for street sweeping and open space assets. Current approach is to develop maintenance plan for all assets at a facility or place with multi-skilled work crews being able to complete a range of activities adopting a “whole service” model. Work crews will report completion of scheduled works based on “test points” allowing a full assessment of all scheduled work. Development of a draft Facilities Management Plan is also underway for Glenelg Oval, which will act as a test case for building assets. Following testing of the open space maintenance plans, work will begin on developing precinct-based maintenance plans for streetscapes and street infrastructure. Estimated completion date was revised from 31 December 2017 to 30 June 2019 and further to 30 June 2020.

Procure to Pay Implementation

- **Lack of customer charter and service levels**

Recommendations 5, 6, 8 and 9 have been completed over two (2) years. The organisation is currently undertaking a Customer Experience Strategy. A key outcome of that strategy is the development of external and internal service measures and a reporting system to monitor them. Recommendation 7 will be completed with the completion of this work.

Estimated completion date is revised to 30 June 2020 (was originally 14 April 2017 and extended to 31 December 2017, then 31 October 2018).

- **Lack of KPI's monitoring and reporting**

Business analytics have been developed to measure the number of requests and the time taken to process them. This will be formalised into a report for the Executive team to be tabled on a monthly basis.

Estimated completion date is revised to 30 September 2019 (was originally 31 August 2017 and extended to 31 December 2017, then 31 December 2018).

Payroll Process – Alwyndor

- **Termination process**

Policy is currently being reviewed and estimate that the policy will be updated and completed by the end of December 2019. Progress on this agreed action has slowed in 2018-19. Estimated completion date was revised from 30 June 2018 to 31 August 2018, and again to 31 December 2019.

Internal audit plan coverage and future consideration

The areas of coverage for the Council’s internal audit activity were set out in the Three (3) Year Audit Plan (detailed in **Appendix 3**). The plan was designed to support an opinion on the effectiveness of the systems of governance, risk management and internal control across the Council and is informed by the audit strategy, consultation with stakeholders and a dynamic assessment of risks. In addition to the plan four (4) audits were performed including: Procure to Pay Implementation, Credit Card – CHB, Credit Card – Alwyndor, and Care Systems Post Implementation.

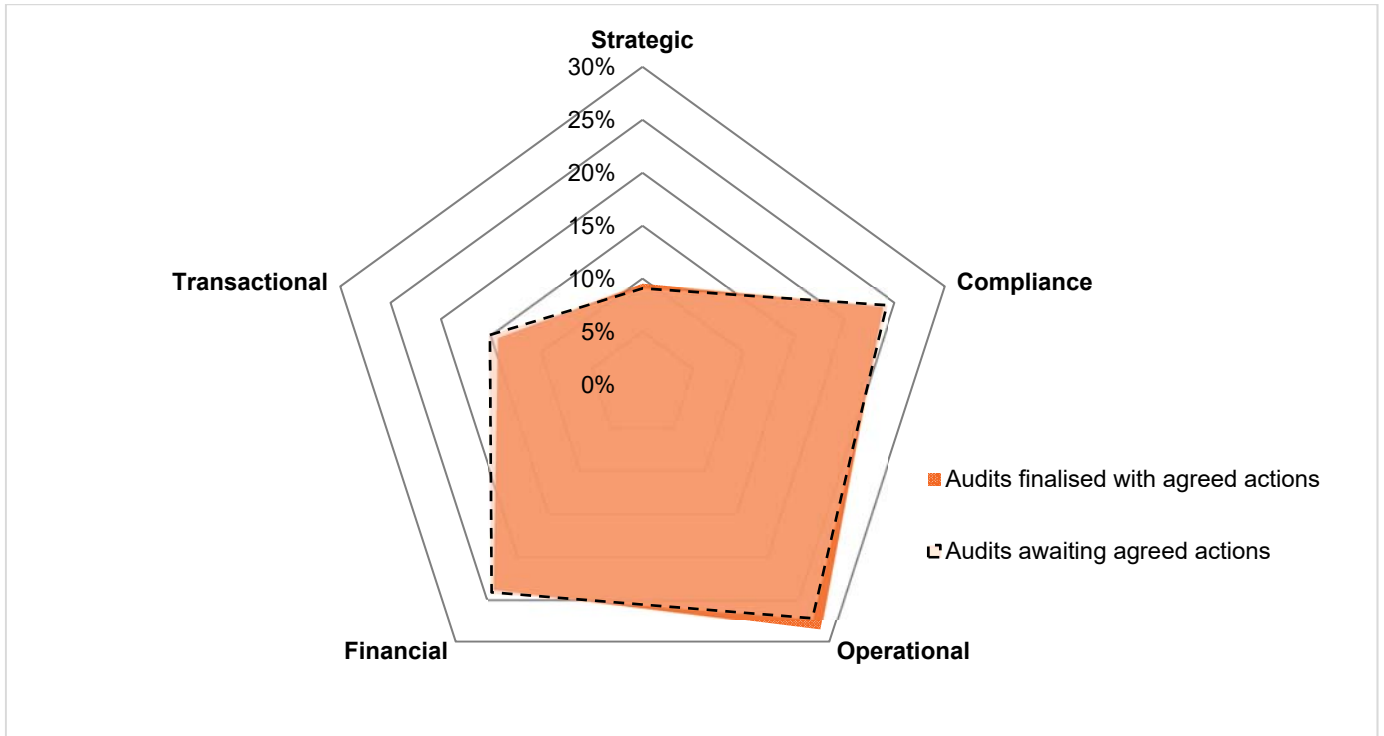
As at 22 August 2019, progress against the Internal Audit Plan is as follows:

	Number	Percentage of Plan
Number of audits in plan	9	100%
Number of audits finalised	9 ²	

² Nine (9) audit completed including audits awaiting agreed actions.

The assurance radar below depicts the weight of assurance by functional area of the business, ranked across the risk management spectrum – strategic, compliance, operational, financial and transactional. The percentage associated with each function indicates where our attention has been focused and where there is potentially a gap in audit activities.

Figure 3: Assurance radar



The existing Internal Audit Plan was developed based only on the Council’s risks but did not include Alwyndor’s. However, Alwyndor is an aged care organisation, which has completely different risks to manage, including clinical and work health and safety risks. Therefore, we encourage to perform risk assessment of Alwyndor’s strategic and operational risks and consequently update the Internal Audit Plan to address the key risks. We also encourage Audit Committee to review the Internal Audit Plan for its currency and advise of any required change to reflect known or emerging risks related to the function.

Acknowledgement

We appreciate the assistance and cooperation received from management and staff of the City of Holdfast Bay including Alwyndor Aged Care in completing the internal audit assignments.

Appendix 1

Internal audit agreed action plan and follow-up

Project	Ref	Findings	Risk	Risk Rating	Recommendation	Management Response	Due Date	Person Responsible	Status
Asset Management	1	<p>Absence of Council-wide strategic asset management policy framework</p> <p>Council Members should determine a strategic asset management policy framework within which existing assets are managed, new assets are acquired and the overall program for maintenance and disposal of assets is defined. This policy framework should typically have regard to the link among the purchase, upgrade and disposal of assets, the delivery of services to communities and consultation processes required to ensure communities are well informed and able to influence the decisions of their Councils. (Refer to Local Government Association of South Australia - Financial Sustainability Information Paper 6 Infrastructure and Asset Management.)</p> <p>Our audit found that the Council does not currently maintain a strategic asset management policy framework. Council has a current asset management policy developed in 2009. However, this policy does not clearly define the asset management governance arrangements, principles, objectives, roles and responsibilities required for effective asset management. This policy was due for review in October 2014.</p>	<ul style="list-style-type: none"> Absence of council-wide strategic asset management policy framework could result in noncompliance with the Local Government Act 1999 and its regulations Strategic planning objective may not be met Poor decision making The asset life cycle may not be optimised 	Moderate	<p>We recommend that management establish an asset management policy framework, which should include appropriate governance arrangements and asset management policies, strategies and plans that are well defined, developed and integrated. Key components of a sound asset management policy framework should include:</p> <ul style="list-style-type: none"> governance arrangements incorporating an accountability structure that identifies roles and responsibilities; an agreed policy that establishes the principles and requirements for asset management; a strategy that sets out the actions needed to implement the policy and links the asset portfolio to service delivery needs; asset management plans that link to the policy, strategy, long-term financial plans and intended levels of service; and <p>current and planned levels of service established in asset management plans, prepared in consultation with the community.</p>	<p>Asset management policy framework, which includes an appropriate governance arrangements and asset management policies, strategies and plans have been established. Key components of the asset management policy framework are:</p> <ul style="list-style-type: none"> a governance arrangement (terms of reference for the Asset Management Steering Group); an accountability structure (roles and responsibilities); a policy (that establishes the guiding principles for asset management); a set of six asset management plans (links the intended levels of services with policy, strategy, long-term financial plans); <p>A strategy that sets out the actions needed to implement the policy and links the asset portfolio to service delivery needs are being reviewed (it is an on-going process).</p>	30/4/2017	Rajiv Mouveri, Manager Assets & Facilities	Complete
	2	<p>Overdue and outdated policies and procedures</p> <p>The Local Government Act 1999 and its regulations require each Council to:</p> <ul style="list-style-type: none"> maintain prudential management policies, practices and procedures for the assessment of all projects. Section 48 (aa1) have a policy on the sale and disposal of assets. Section 49 (1)(d) adopt an internal control policy which safeguards assets. Section 125 <p>Asset management policies are to guide the managers to make appropriate and consistent asset management decisions. The Council has a number of asset management policies. However, our audit found that the current policies are outdated and some still in draft and lack of version control.</p> <p>These policies are:</p> <ul style="list-style-type: none"> Asset management policy; Asset capitalisation policy; Disposal of assets policy; Beach Wrack (Seagrass) policy; Climate change policy; Directional signs policy; Graffiti policy; Hording permit and builder damage policy; Memorial seats policy (and memorial seat procedure); Storm water drainage policy; Street tree management policy; Waste management policy; and Property leasing and licensing policy. <p>We also noted that the owner for the Asset management policy was assigned to CEO, which should be assigned to general manager level.</p>	<ul style="list-style-type: none"> Overdue and outdated policies and procedures could result in noncompliance with internal policies and procedures Decision making process may be obsolete or not appropriate Lack of formalised and reviewed procedures could result in errors when someone unfamiliar with the process is required to undertake the function. That will increase the risk of error or inconsistency where there is a change of staff. 	Moderate	<p>We recommend management review the existing policies and procedures. Also, some of the asset management plans articulate the asset management policies. We recommend management review these policies prior to reviewing the asset management plans. We also recommend management review the ownership of the Asset Management Policy, which should be assigned to general manager level.</p>	<p>The existing policies and procedures are being reviewed. Responsibilities for the asset management policy have been reviewed and included in the Roles and Responsibilities document. Most of the noted policies have been reviewed.</p> <ul style="list-style-type: none"> Asset management policy (reviewed and updated); Asset capitalisation policy; (being reviewed) Asset leasing policy (being reviewed) Disposal of assets policy; (reviewed and updated) Beach Wrack (Seagrass) policy; (not required) Climate change policy; (being reviewed) Directional signs policy; (being reviewed and updated) Graffiti policy; (reviewed and updated) Hording permit and builder damage policy; (reviewed and updated) Memorial seats policy (and memorial seat procedure); (being reviewed) Storm water drainage policy; (reviewed and updated) Street tree management policy; (reviewed) <p>The expected completion date for the review of all policies related to asset management (including council endorsement) is December 2017.</p> <p>Update on 22 August 2018</p> <p>Significant work has been done to revise and update the key policies. The next review of the asset management plans has been scheduled for Sep 2019. All of the policies will be reviewed and updated by then and they will be reflected in the updated asset management plans. Revised date for completion is 30/6/2019.</p>	30/4/2017 Revised to 31/12/2017 Revised to 30/6/2019	Rajiv Mouveri, Manager Assets & Facilities	Complete
	3	<p>Inadequate and outdated Asset Management Plan</p> <p>The Council has a number of established asset management plans. Currently there are six existing asset management plans:</p> <ul style="list-style-type: none"> Buildings asset management plan Coastal asset management plan Open Space asset management plan 	<ul style="list-style-type: none"> Inadequate and outdated Asset Management Plan could result in noncompliance with the Local Government Act 1999 and its regulations Lack of data integrity of IAMP The asset life cycle may not be optimised. 	High	<p>We recommend management:</p> <ul style="list-style-type: none"> update the IAMP according to the Better Practice Elements identified above. <p>monitor, evaluate and report the progress of implementing the plan to the relevant governance body.</p>	<p>IAMP has been updated in accordance with the better practice elements. a quarterly reporting arrangement on the implementation of the plan is in place (first reporting starts in September 2017)</p>	31/3/2017	Rajiv Mouveri, Manager Assets & Facilities	Complete

	<ul style="list-style-type: none"> ➤ Plant and equipment asset management plan ➤ Storm water asset management plan ➤ Transport asset management plan <p>These plans are dated in November 2011. However, there is no evidence that the plans have been reviewed, updated, approved, implemented and progress against the plan monitored. We have assessed the current IAMP against better practice - the latest LGA Guidelines for Infrastructure and Asset Management Plan. Followed by the asset management system implementation and the recent condition assessment, the city asset team is currently reviewing the IAMP.</p>							
4	<p>Lack of service standards and KPIs' monitoring</p> <p>Our audit found that currently there is no service standards determined for City Asset Team. The review and discussion of KPIs' are not monitored and minuted in the team performance meeting. We also noted that there is no asset management KPI reporting arrangements.</p> <p>As advised by the City Asset Team, the asset management system implementation was planned to introduce measures and service levels in a staged approach. The first stage concentrated on understanding the metrics to be measured, the purpose of the measures. It was expected that during the implementation of Stage 2 enough demand data would have been created to allow the development and structuring of relevant reports. Due to processes not being implemented and followed as envisaged, there is also a question over the quality of the data for monitoring purposes. There is some work required in analysing the reports to ascertain whether the deviation from the processes has or will impact on the setting of service standards e.g. customer enquiries being entered into the system as proactive work orders rather than a Customer Request.</p>	<ul style="list-style-type: none"> ➤ Lack of service standards and KPIs' monitoring could result in noncompliance with internal policies and procedures ➤ Strategic planning objective may not be met ➤ KPIs not be sufficiently monitored to improve performance of Council's City Asset Team. 	Moderate	<p>We recommend that management develop Service Standards at all levels of assets.</p> <p>We also recommend management add KPI data to the team performance meeting, and monitor any action items that are raised from the meeting. This will evidence all KPI's are being reviewed and constantly monitored, and that the Council's City Asset Team is operating at optimal effectiveness.</p> <p>For a KPI to be meaningful, it should contain, at a minimum, these four components: objective, source, performance criteria, and action plan.</p> <p>We recommend that a regular monthly report, along with appropriate commentary, be sent to management to enable them to more effectively monitor asset management and ensure activities are aligned with legislation and Council strategies.</p>	<p>Service Standards at all levels of assets are being developed.</p> <p>KPI are being developed and team meetings will monitor the actions raised.</p> <p>Update on 22 August 2019</p> <p>The assets have been organised into smaller groups in order to establish KPIs and set clear service standards. Condition asset team is now in place to monitor the performance of asset groups.</p>	31/12/2017 Revised to June 2020	Rajiv Mouveri, Manager Assets & Facilities	In Progress
5	<p>Maintenance plans not developed for all asset classes</p> <p>Our audit found that there is no evidence of a formal maintenance plan developed and implemented for all assets. For example, the stormwater maintenance officers out on the ground know exactly what to do and where to go, but nothing is documented through a maintenance plan. As maintenance is not recorded, it is hard to know the current up-keep of the drains, pipes, etc.</p> <p>Currently only ad hoc and unplanned maintenance is performed. We also noted that maintenance is not being considered, planned and communicated at construction stage of new assets. It is up to project manager to define what maintenance may require, however, those plans and costs are not being considered and recorded.</p>	<ul style="list-style-type: none"> ➤ Lack of maintenance plans could result in noncompliance with internal policies and procedures ➤ Strategic planning objective may not be met ➤ Improper operation within the ranges to optimise the asset life cycle ➤ Infrastructure not maintained timely and effectively, thereby posing a high/extreme safety risk to staff and the general public 	High	<p>We recommend management develop and implement appropriate maintenance plan for all asset classes.</p> <p>These plans could include:</p> <ul style="list-style-type: none"> ➤ Street maintenance maintenance plan ➤ Buildings & facilities maintenance plan ➤ Park maintenance plan ➤ Beach maintenance plan ➤ Ecological asset maintenance plan ➤ Coastal asset maintenance plan ➤ Transport asset maintenance plan ➤ Fleet maintenance plan ➤ Waste asset maintenance plan ➤ Infrastructure maintenance plan <p>We also recommend management to carry out maintenance work in accordance with the Standards and Specifications.</p>	<p>Processes are now in place to develop appropriate maintenance plans.</p> <p>The plans identified include:</p> <ul style="list-style-type: none"> ➤ Street maintenance plan ➤ Buildings & facilities maintenance plan ➤ Park maintenance plan ➤ Beach maintenance plan ➤ Ecological asset maintenance plan ➤ Coastal asset maintenance plan ➤ Fleet maintenance plan ➤ Waste asset maintenance plan ➤ Storm water Infrastructure maintenance plan <p>Update on 22 August 2018</p> <p>Asset maintenance plans are at varying stages of development. The basic steps of development are: document maintenance standards, document maintenance schedules, then incorporate the schedules and standards into the asset system.</p> <p>Update on 22 August 2019</p> <p>Maintenance Plans have been developed for street sweeping and open space assets. Current approach is to develop maintenance plan for all assets at a facility or place with multi-skilled work crews being able to complete a range of activities adopting a "whole service" model. Work crews will report completion of scheduled works based on "test points" allowing a full assessment of all scheduled work. Development of a draft Facilities Management Plan is also underway for Glenelg Oval, which will act as a test case for building assets. Following testing of the open space maintenance plans, work will begin on developing precinct based maintenance plans for streetscapes and street infrastructure.</p>	31/12/2017 Revised to December 2020	Rajiv Mouveri, Manager Assets & Facilities	In Progress
6	<p>No formal condition and risk assessments undertaken on assets in operation beyond their useful life</p> <p>A review of the Fixed Asset Register (FAR) as at 5 December 2016 revealed a number of assets are in operation beyond their useful life. There is no formal risk assessment undertaken and appropriate</p>	<ul style="list-style-type: none"> ➤ Noncompliance with internal policies and procedures ➤ Improper operation outside ranges of optimised asset life cycle <p>Risks to staff and public community if Council continues to operate assets, such</p>	Low	<p>We recommend management undertake condition and risk assessments and implement mitigation plan for assets in operation beyond its useful life, that may impact the safety of staff and public community. This should include emerging asset management risks across the Council.</p>	<p>These assets are still being identified. The expected completion date is September 2017.</p>	30/6/2017 Revised to 30/9/2017	Rajiv Mouveri, Manager Assets & Facilities	Complete

		mitigation plans developed for those assets in operation beyond their useful life.	as defibrillators, beyond their useful life without being adequately maintained.						
	7	Acquisition plan not properly recorded According to the South Australian Local Government Financial Management Group Inc. (SALGFMG) Better Practice Model (BPM), asset acquisition should be consistent with an acquisition plan, with any variances monitored and appropriately escalated. Our review of documentation for 10 new assets in the 2015-16 financial year identified that 4 asset additions have no acquisition plan recorded.	<ul style="list-style-type: none"> ➤ Noncompliance with internal policies and procedures ➤ Strategic planning objective may not be met ➤ Lack of effective execution ➤ Insufficient funds 	Moderate	We recommend management provide refresher training on the relevant Council policies to the staff responsible for asset management to made aware of the procurement and record management requirements, and ensure that all supporting documentation relating to the acquisition of assets are appropriately maintained.	A number of training courses relating to procurement and contract management have been provided to asset managers during this time.	31/5/2017	Rajiv Mouveri, Manager Assets & Facilities	Complete
Procure to Pay Implementation	8	Lack of business ownership for procurement process The current process operates in a climate of assumed responsibility. There is no clear business owner responsible for the overall governance, management, and review of the procurement processes. As a result the P2P process is often seen as purely a finance function with responsibility attributed accordingly. Whilst the function of accounts payable is the responsibility of the finance area, it has no influence on the decisions to procure goods and services, or on the supplier selection.	<ul style="list-style-type: none"> ➤ Non compliance with internal policies and procedures ➤ Business Owner not established causing lack of "ownership" ➤ Governance and implementation model detailing roles and responsibilities, particularly in regard to Procurement and Finance not established and agreed ➤ Failure to determine capacity requirements and properly resource the implementation plan 	Moderate	No.1. Establish a Business Owner to oversee the procurement system. This role and its responsibilities should be incorporated within the internal procurement policies. ³ The Manager Strategic and Strategy Commercial Services be established as the Business Owner for procurement systems with the aim of creating a strategic context to our processes.	Business Owners have been established to oversee the procurement system. This role and its responsibilities are incorporated within the draft internal procurement policies. The Manager Strategic and Strategy Commercial Services was established as the Business Owner for procurement systems with the aim of creating a strategic context to the processes. Project governance structure has been adopted. The Project Governance Model included: <ul style="list-style-type: none"> ➤ Development of Project Governance Team ➤ Sign off on Project Implementation Structure ➤ Acceptance of project scope Sign-off on Project Implementation Objectives	11/1/2017	Pam Jackson, Manager Strategic and Strategy Commercial Services Chris Kavanagh, Project Manager	Complete
	9	Insufficient policy framework Section 49 of the Local Government Act 1999, requires the Council to prepare and adopt policies on contracts and tenders, including policies on the following: The contracting out of services Competitive tendering and other measures to ensure that services are delivered cost effectively The use of local goods and services The organisation has procurement policies and procedures that address the contract tendering processes. However, it does not clearly articulate its objectives and directions in regard to how it will conduct its relationships with businesses and suppliers. As such, there are no reference points to which service levels, procurement processes, responsibilities, accountability and measures of success can be anchored. Also, there is no "line of sight" between the City of Holdfast Bay's business relationship objectives and the procurement process. This provides a clear understanding of why and how the procurement processes have been designed. The absence of such a framework has seen the procurement process regularly circumvented to suit operational expediency. These policies and procedures are: Procurement Policy; Procurement Procedure; and Contract and Tendering Procedure.	<ul style="list-style-type: none"> ➤ Insufficient policies and procedures could result in fraud, error or maladministration generally ➤ Non compliance with legislation ➤ Reputational damage ➤ Decision making process may be obsolete or not appropriate ➤ Increased risk of inconsistency where there is a change of staff. ➤ Processing inefficiencies 	Moderate	No.2. Develop a Governance Policy framework to support and provide direction in regard all the procurement activities. This should consist of: <ul style="list-style-type: none"> • A council policy that articulates Councils objectives of fair dealings and business principles. • Internal policies and associated procedures that establish responsibilities, internal service levels, accountability and measures of success for the procurement processes. Promote and provide information and training throughout the organisation on the business objectives and principles, responsibilities, expectations, accountability standards, service levels, and processes covered in the proposed Governance Policy framework on procurement.	The current Procurement Policy and Procedures has been amended to concentrate on principles and commitments of Council. Copy of policy and procedure were presented to Project Governance Team for review and uploaded to the Council's website.	28/3/2017	Melissa Kretschmer, Team Leader Governance Chris Kavanagh, Project Manager	Complete
	10	Lack of customer charter and service levels A "Customer Charter" defines and articulates to suppliers the commitments in regards to not only how CHB will conduct business, but more importantly the period within which CHB will guarantee the payment of accounts. Internal service levels should then be based on this "Customer Charter". The time limits in the internal service levels should be shorter than those articulated in the "Customer Charter". Council is establishing an environment where CHB constantly under promise and over delivery. The internal service levels will need to be closely linked to the capacity to deliver, therefore these should be established as part of the efficiency improvements to the procurement processes. The Customer Charter should be based on a reasonable expectation to constantly deliver within the guaranteed timeframe. Currently there is no clear performance standard for payment and receipting of goods. Council's general terms and conditions indicate a payment period of 30 days. The payment period should be consistent with those articulated by each supplier in their invoice. This change was implemented in the "Finance One" system, however there was no assessment regarding whether the current P2P process had the capability to support such a change. Consequently, there is a	<ul style="list-style-type: none"> ➤ Lack of customer charter and service levels could result in noncompliance with internal policies and procedures ➤ Use of the incomplete or out-dated Contract/Purchase Terms and Conditions could exposes Council to additional risks including compromised insurances and reduced WH&S coverage. 	Moderate	No.3. Establish and articulate a "Customer Charter". This charter should be based on the principle of under promising and over delivering. No.4. Develop internal service levels, which amongst other things, addresses the processing and receipt of invoices. These service levels should be established and updated as efficiency improvements are made to our procurement processes and should be align to the capacity to deliver. No.5. Establish a suite of measures based on the internal service levels and Customer Charter to measure the operational performance and corporate commitment. No.6. Establish internal policies and procedures with clear accountability measures linked to the functional responsibilities of those with financial delegated authority. Incorporate procurement responsibilities, financial delegations, accountability, Council policy	A Supplier Charter, outlining Council's service levels, has been endorsed by Council and has been mailed each of our Suppliers. It has also been published on the Council website. Internal policies have been drafted that clearly outline roles and responsibilities and internal service levels, which will be approved and implemented with the system in Q4 2017. The system is being configured to allow for reporting against the service levels. The induction is being reviewed to incorporate delegations and outlining procurement accountability for Managers. Update on 22 August 2018 Recommendations 5 and 6 are complete. Recommendation 7, 8 and 9 are in progress. There has been a structural review and more resourcing has been applied to this area with increased focus on supplier management effective from September 2018.	14/4/2017 Revised to 31/12/2017 Revised to 31/10/2018 Revised to 30/6/2020	Melissa Kretschmer, Team Leader Governance Chris Kavanagh, Project Manager	In Progress

³ P2P review report recommendation number

	number of payments agreements that are not able to be met, particularly in relation to those payment terms of 7 days. There needs to be an understanding of the processes capacity to deliver before establishing and expectation with a supplier. The current "Terms and Conditions" located on the Council's web page still indicates that the payment period is 30 days.			directions, and service levels in the induction program for all new managers to be conducted within a week of their commencement.	<p>Update on 22 August 2019</p> <p>Recommendations 5,6, 8 and 9 have been completed. The organisation is currently undertaking a Customer Experience Strategy. An key outcome of that strategy is the development of external and internal service measures and a reporting system to monitor them. Recommendation 7 will be completed with the completion of this work.</p>			
11	<p>Disconnection between budget owner and delegation</p> <p><i>P2P Review Report Findings</i> A constant concern raised during the stakeholder interviews by managers with budget responsibility regarded the ability for budget expenditure to be allocated against their cost codes without their knowledge. This issue is further exacerbated when it is realised that many budget managers were not aware of the pending commitments associated with their budgets. A contributing factor to this issue is associated with the financial delegation to procure goods and services and approve payment is not always directly linked to budgetary responsibility. Persons with varying levels of financial delegation can, and do, seek quotes, prepare requisitions, approve the requisition within their financial delegation, receipt and authorise payment attaching a cost centre. In many cases this can occur without any oversight from the Manager with budget responsibility. This practice leaves staff exposed to a risk of allegations of mismanagement of financial resources.</p> <p><i>Internal Audit Comment</i> During the review, Internal Audit found the following issues regarding lack of compliance of purchase order approvals remain: <ul style="list-style-type: none"> People raising purchase orders as someone else does not link to the correct department, thus utilising their budgets; The policy and procedure is educated on a yearly basis when they identify non-compliance, however the training doesn't seem to be altering repeat offender's behaviours.</p>	<ul style="list-style-type: none"> Incorrect delegations may result in confusion over delegations and subdelegations, and resulting in incorrect spending and non-compliance with the procurement policy. A disconnect between budget owner and delegation increases risk of over spend. 	High	<p><i>P2P Review Report Recommendations</i></p> <p>No.15. Define the "approval to purchase and pay". Provided the invoice amount falls within established tolerance/variation limits".</p> <p>No.16. Internal Policies and Service Levels reflect that the Officer approving the requisition is responsible for all matters relating to that purchase.</p> <p>No.17. Only persons with budget responsibility shall approve requisitions. It should be standard practice that no person, other than the relevant budget manager, Finance Manager, or General Manager shall allocate a payment to a budget cost code.</p> <p>No.18. Establish an Internal policy position that articulates all orders for goods and service shall have a requisition order raised before the supplier is contacted to deliver.</p> <p>No.19. Establish clear policy position stating that no invoice will be processed unless there is an approved requisition in the system, supported by information to suppliers in a Customer Charter indicating that only invoices carry a requisition number will be honoured.</p> <p>No.20. Introduction of an accountability measure that tracks the number of invoices received without a link to a requisition.</p> <p>No.21. Where a quote is sought the requisition shall be raised based on the original quote. Variations to the quoted amount can then be discussed with the approving budget manager and authorised as the service is delivered by amending the original requisition.</p> <p>No.22. Requisitions for small amounts should be created as monthly standing orders based on the average expenditure in previous months, at the end of the month the requisition can be adjusted to account for any variations.</p> <p>No.23. The development of detailed a procurement schedules as part of capital works, and major contracts. These should be developed are part of project management plan. This would be approved by a person with an appropriate level of delegated authority.</p> <p><i>Internal Audit Comment</i> It is recommended that management implement the agreed actions and provide trainings to responsible officers and system users.</p>	<p>The Procure-to-Pay system to be implemented in Q4 2017 will include configuration that will only allow Budget Managers to approve expenditure from their budgets. Through further internal consultation, there has been a change in policy direction in relation to the invoices not being processed without a purchase order. The change will allow for invoices to be paid under a certain amount without a purchase order. The current threshold is \$2,000. A final decision has not been made on the threshold going forward, however the amount will be equal or below the current level. This decision will be made prior to the implementation of the system. Processes are being developed to be able to track the number of invoices received without a purchase order above the threshold amount. This will be implemented as part of the system roll-out. The use of standing orders and procurement plans will be incorporated as part of the training when the system is implemented.</p> <p>Update on 22 August 2018</p> <p>New procure to pay system went live in October 2017. The system is configured with strict workflows including financial delegations and authorisation permissions. All requisitions over \$2,000 must have a purchase order. Blanket (standing) orders have been implemented to improve accountability and efficiencies. Additional resources have been allocated to this project to enable ongoing improvements and to meet the remaining recommendations.</p>	14/6/2017 Revised to 31/12/2017 Revised to 31/12/2018	Melissa Kretschmer, Team Leader Governance Chris Kavanagh, Project Manager	Complete
12	<p>Lack of KPI's monitoring and reporting</p> <p>The successful implementation changes to the P2P process will be heavily reliant on the development of appropriate service levels and associated performance measures. A one step approval process reliant on the Budget Manager to approve requisitions will create a potential constraint point, particularly if the system is locked down. Consequently there needs to be in-house service levels for approving requisitions linked to an escalation process. Although such service levels need to be established after consultation with business units, it should not exceed three days. In the electronic CI Anywhere environment this may be reduced significantly.</p>	<ul style="list-style-type: none"> Lack of KPI's monitoring and reporting could result in noncompliance with internal policies and procedures Inappropriate or unauthorised spending undetected Strategic planning objective may not be met KPIs not be sufficiently monitored to improve performance. 	Moderate	<p>Establish clear reporting measures to ascertain the number and process time of requests within the system. These should be aligned to efficiency targets and reflected in measures of success.</p>	<p>Internal service levels have been established in the draft internal policies. These service levels and reporting are being built within the system to measure the efficiency and effectiveness of the end-to-end process.</p> <p>Update on 22 August 2018</p> <p>Will be addressed during 2018/19 as part of Phase 2 implementation.</p>	31/8/2017 Revised to 31/12/2017 Revised to 31/12/2018 Revised to 30/9/2019	Melissa Kretschmer, Team Leader Governance Chris Kavanagh, Project Manager	In Progress

		Clear reporting measure to ascertain the number and process time of requests within the system will need to be established. These should be aligned to efficiency targets and reflected in measures of success.				Update on 22 August 2019 Business analytics have been developed to measure the number of requests and the time taken to process them. This will be formalised into a report for the Executive team to be tabled on a monthly basis.			
Payroll Process - CHB	13	Excess annual leave balance Review of the Leadership Team Summary Leave Entitlement Report (LT Leave Report) dated 27 October 2017 found that three employees (of 201 employees in total, i.e. 1.5%) had excess annual leave (A/L) balance over 304 hours (i.e. 40 work days) with no leave plan scheduled. LT Leave Report is a monthly monitoring and reporting tool of all leaves including excess A/L and the leave plan for a number of years. The Senior Payroll Officer developed the LT Leave Report with consolidated information from TechnologyOne and manual timesheets/leave approvals. The Manager People & Culture reviewed and escalated issues addressed in the LT Leave Report for the leadership team including General Managers and Managers to action. Discussion with these employees found that they were fully occupied with the work due to staff shortage and latest legislative changes. One of them (ID 3478) advised that he will plan to take A/L for about nine weeks in March, April, September and October 2018 after he finishes the current urgent work in January 2018. The above findings were not compliant with the Council Enterprise Agreements' (EA) requirements and the Council had a large liability to pay A/L on employment termination. Section 30.2 of the Australian Services Union (ASU) Administrative Staff EA and Section 40.1 of the Field/Depot Staff EA require that Council may give an employee reasonable written notice to reduce their A/L entitlements greater than 40 work days (i.e. 304 hours) by no more than one quarter of the current balance.	<ul style="list-style-type: none"> Financial commitment of excess A/L balance on employment termination; Increasing leave liability as pay increases are applied each year; Reliance on one employee subjects the council to risks such as "key man risk" and succession issues; A reluctance to take leave is an indicator for fraud; Employee's health and welfare may be influenced if no leave taken for a long time; and Non-compliance with the EAs requirements. 	Low	We recommend management: <ul style="list-style-type: none"> Direct employees who have accrued in excess of 40 work days (i.e. 304 hours) A/L to take their annual leave with written notice as suggested by EAs; and Provide refresher training to the relevant managers to enhance the controls. 	The leave report is provided to SLT on a monthly basis through the People & Culture Strategic meeting held on a fortnightly basis. General Managers are tasked with advising Managers to ensure that excess leave is reduced. If no indication of planned leave in the payroll system, written requests to be provided to relevant Manager and employee to be scheduled in leave reduction. Leave management/responsibility refresher to be provided to the Leadership Team to ensure leave is managed appropriately	8/2/2018 – Leadership Team meeting. Excess balances already addressed.	Senior Payroll Officer provides monthly report to Manager, People & Culture. Manager, People & Culture/Manager Finance to provide refresher at Leadership Team Meeting	Complete
	14	Sick leave without certificate Sample testing of 30 timesheets and relevant leave/overtime/allowances approvals from July 2016 onwards identified that two employees had sick leave (S/L) taken over two consecutive work days without a medical certificate or statutory declaration. This increased the risks of financial loss due to granting invalid S/L; and was not compliant with the Council EAs' requirements. Section 31.3.2 of the ASU Administrative Staff EA and Section 40.2 of the Field/Depot Staff EA require employees to produce a medical certificate or statutory declaration for any absence taken for personal leave more than two consecutive work days.	<ul style="list-style-type: none"> Financial loss due to granting invalid S/L; Potential dispute if similar requests approved or denied; and Non-compliance with the EAs requirements. 	Low	We recommend management: <ul style="list-style-type: none"> Provide refresher training of the EAs' requirements to the relevant managers to enhance the approval of S/L taken over two consecutive work days; and Enforce the controls by increasing the review responsibilities of Senior Payroll Officer. 	Leave management/responsibility refresher to be provided to the Leadership Team to ensure leave is managed appropriately. Senior Payroll Officer to refer future issues back to the relevant Manager to ensure appropriate documentation is provided in accordance with EA requirements.	8/02/2018	Manager, People & Culture/Manager Finance to provide refresher at Leadership Team Meeting	Complete
	15	EFT Payments Report Audit Trail The Fortnightly Payroll EFT Transfer is all (100%) checked by Senior Payroll Officer and appropriately authorised by two Accountants/Finance Officers within the Finance. The current practice requires an EFT Payments Report, which shows total amount paid and amounts paid to individual employees, after making the EFT payment. The Senior Payroll Officer creates the EFT Payments Report and performs verification. Our review found two out of ten pay runs tested (20%), where no EFT Payments Report was on file to indicate the verification process. It indicates a weakness in the payment detective controls that should be strengthened to reduce the risk of error or misappropriation.	<ul style="list-style-type: none"> Changing of bank accounts may not be detected; and Incorrect payment to individual employees is made. 	Low	We recommend management ensure the EFT Payments Report is reviewed and verified appropriately before payment is made and is retained on file as audit trail.	The EFT report is normally prepared before transmitting payments to employees bank accounts. The report will now be additionally verified by Manager Finance/Finance Officers who will sign/date the report.	Immediately – January 2018	Manager Finance	Complete
Payroll Process - Alwyndor	16	System access and data integrity BRS Payroll System (BRS) has weak controls over access. System users have the same level of access and can modify any data. Also, reports/data from BRS were not accurate and included irrelevant information. For example, <ul style="list-style-type: none"> BRS Sick Leave Taken Report recorded sick leave per period not per day; and did not split the hours correctly when charging to different business areas; BRS Employees Bank Accounts Report had 113 bank details not attached to any employees although it was unable to send pay to a bank account that was not attached to an employee; and BRS Employees Tax File Numbers (TFN) Report had TFNs of 16 people who had terminated their employment. These have been addressed by the organisation and Alwyndor has started implementing the new system CARE which is scheduled to	<ul style="list-style-type: none"> Incorrect payroll data may be entered, processed, summarised, and reported; Authorisation, completeness, and accuracy of payroll processing may be compromised; and Incorrect payroll payment due to data corruption. 	High	We recommend management to implement appropriate and regular manual controls to address findings above and enhance the control environment until the new system takes over. We also recommend when the new system is implemented, management: <ul style="list-style-type: none"> Ensure appropriate system access levels are designed and allocated to the responsible officers to perform their duties; Regularly review the system access and ensure controls are in place and people who left the relevant positions are taken out of the system; Design the system reporting function to serve the payroll process; and 	'New payroll software is being implemented which will address all of the issues noted. In regards to BRS password has been updated and only three team members have access to the payroll software and password.	28 Feb 2018 1 July 2018 (for new payroll software)	Pam Warburton	Complete

	roll out by 30 June 2018. With regards to this, the most payroll processes will be changed shortly.			<ul style="list-style-type: none"> Ensure regular reporting and monitoring of data integrity is in place to remove irrelevant and out-of-date data. 				
17	<p>Termination process</p> <p>Termination process is not fully formalised with the following findings identified:</p> <ul style="list-style-type: none"> No exit checklist was applied including return of properties; and No exit interview was applied to permanent employees, therefore, not compliant with the relevant Alwyndor's Exit Interview Policy & Procedure dated March 2016. In absence of a termination policy, Alwyndor follows relevant requirements of the Alwyndor's Enterprise Agreement (EA). Although EA states the notice requirement and the employee's entitlement for payment; however, the following key areas are not included in the agreement: <ul style="list-style-type: none"> Termination payments are correct; Alwyndor's assets, such as purchasing cards, all mobile devices and IT equipment are returned prior to termination; and Access to IT systems, such as BRS, are removed prior to termination. <p>Although there was no issue identified so far, there is a potential of incorrect termination payment, assets loss, and inappropriate access to IT systems by terminated employees.</p>	<ul style="list-style-type: none"> Incorrect payroll practice conducted by someone unfamiliar with the termination process may result in financial loss or breach of EA or legislation; Increased errors in process with no formalised and reviewed policies and procedures where there is a change of staff may result in financial loss or breach of EA or legislation; and Incorrect payment, assets loss, and inappropriate access due to lack of Termination Policy. 	Low	<p>We recommend management:</p> <ul style="list-style-type: none"> Formalise the standard termination process; Apply an exit checklist including return of properties, and remove of system access; Conduct exit interview as required by the Exit Interview Policy & Procedure; and Provide education and training to employees to ensure consistent implementation. 	<p>We are reviewing the current termination process and developing a new policy on terminations, which will include a process on exit interviews.</p> <p>Update on 22 August 2018</p> <p>Policy is currently being reviewed and estimate that the policy will be updated and completed by the end of August.</p> <p>Update on 22 August 2019</p> <p>Policy is currently being reviewed and estimate that the policy will be updated and completed by the end of December 2019.</p>	30/06/2018 Revised to 31/8/2018 Revised to 31/12/2019	Brett Capes	In Progress
18	<p>Leave application process and approval</p> <p>Leave application process is not formalised. It was advised that the Rostering Officer verifies the leave balance and advises the Line Manager to approve. However, Leave Application Form was not always used and approved; although there was no negative leave balance.</p> <p>Sample testing of 25 timesheets for the period from July 2016 up to 5 December 2017 found that:</p> <ul style="list-style-type: none"> There were eight out of 12 sick leaves (67%) with no Leave Application Form used, and three out of 12 (25%) with Leave Application Form not approved; There were one out of ten annual leaves (10%) with no Leave Application Form used and one out of 10 (10%) with Leave Application Form not approved; and There were two leave without pays (LWOP) taken by permanent employees (100%) with no Leave Application Form used; however, the EA requires General Manager – Alwyndor's approval on LWOP taken by permanent employees. 	<ul style="list-style-type: none"> Financial loss if leave is not appropriately recorded or authorised Culture of non-compliance with internal policy; and Non-compliance with the EAs and awards requirements. 	Low	<p>We recommend management:</p> <ul style="list-style-type: none"> Formalise the leave application process; Apply the Leave Application Form consistently for different types of leave; Ensure the approval of leave (other than sick leave) is obtained prior to the leave taken; and Provide refresher training to employees to ensure consistent implementation. 	<p>Implementation of new payroll system will include an employee portal.</p> <p>All leave will be applied through this portal and a workflow will be linked to ensure correct line management approval of leave.</p> <p>Training will be held as part of the implementation process of the new payroll system.</p>	1/07/2018	Manager, People and Culture	Complete
19	<p>Payment in lieu of taking annual leave</p> <p>General Manager – Alwyndor approved a Home Care Assistant (permanent part-time staff) to receive a payment (gross amount of \$3,916) in lieu of taking 150 hours annual leave on 5 December 2017. This was not compliant with the award requirement.</p> <p>According to the Section 7.1.1.3 of the Health Services Employees Award, "Payment must not be made or accepted in lieu of taking annual leave, except in the case of termination of employment".</p> <p>As advised by the General Manager – Alwyndor, this payout was once off urgent event as the employee had a major car accident.</p>	<ul style="list-style-type: none"> No sufficient funding to cover other potential payout requests; Potential dispute if similar requests approved or denied; and Non-compliance with the EAs and awards requirements. 	Low	<p>We recommend management:</p> <ul style="list-style-type: none"> Establish a leave management strategy in line with the following factors: <ol style="list-style-type: none"> EAs and awards requirements; The employee's conditions of employment; Equity issues across the division; and Budgetary constraints; Ensure no payout in lieu of taking annual leave occurs; and Provide refresher training and education to the relevant managers to enhance the controls. 	<p>New payroll system will provide us with a greater capacity to plan for leave and it will be collaborated to contemplate all industrial instruments.</p> <p>Refresher training will be provided in conjunction with training on the new payroll system.</p>	1/07/2018	Manager, People and Culture	Complete
20	<p>Monitoring of annual leave balance</p> <p>There was no regular monitoring of annual leave (A/L) balance, leading to an excess A/L balance. This was not compliant with the Clause G.2. "Annual Leave" of the EA, which requires that "Employees with 8-weeks or more accrued Annual Leave may be directed to take annual leave, provided that a balance of equal to or less than 4-weeks remains". This oversight issue may be due to the changes of senior management within last year.</p> <p>There were four employees with over 304 hours (equivalent to eight weeks full-time) A/L balance at the time of the audit on 5 December 2017.</p>	<ul style="list-style-type: none"> Financial commitment of excess A/L balance on employment termination; Increasing leave liability as pay increases are applied each year; Reliance on one employee subjects the council to risks such as "key man risk" and succession issues; A reluctance to take leave is an indicator for fraud; Employee's health and welfare may be influenced if no leave taken for a long time; and Non-compliance with the EAs and awards requirements. 	Low	<p>We recommend management:</p> <ul style="list-style-type: none"> Direct employees who have accrued in excess of eight weeks (i.e. 304 hours full-time or pro-rata) A/L to take their annual leave with written notice as suggested by the EA; and Provide refresher training to the relevant managers to enhance the controls. 	<p>A monthly report will be sent to line managers of leave balances in excess of eight weeks.</p> <p>Line managers to communicate with staff and ensure a leave plan is in place.</p> <p>Training to managers will occur as part of the implementation of new payroll software.</p> <p>Update on 22 August 2018</p> <p>Process has been agreed and will be implemented in August.</p>	1/07/2018 Revised to 31/08/2018	Manager, People and Culture	Complete
21	<p>Pay run record management</p> <p>For the testing period from July 2016 to 5 December 2017, ten fortnightly pay runs were reviewed and the following was identified:</p> <ul style="list-style-type: none"> Inconsistent report name was used. There were eight pay runs addressing Exception Report and two (20%) pay runs addressing 	<ul style="list-style-type: none"> Controls are not evident due to no audit trails retained; Errors may occur due to inconsistent practice; and 	Low	<p>We recommend management:</p> <ul style="list-style-type: none"> Unify the name of the report used during the fortnightly pay run process; Improve the process and apply preparer and reviewer's signoff on the Department Total 	<p>As part of the implementation of the new payroll system, payroll processes will also be reviewed and recommendations will all be addressed.</p> <p>The new system will ensure consistency of reports.</p> <p>Update on 22 August 2018</p>	1/07/2018 Revised to 30/09/2018	Manager, People and Culture	Complete

		<p>Gross Pay Report; however, the report contents were the same and relating to exceptions;</p> <ul style="list-style-type: none"> ➤ All (100%) Department Total Reports had no reviewer (Senior Accounting Officer) sign off and one (10%) was not signed off by preparer (Payroll Officer); ➤ There were four (40%) EFT Payments Reports not consistently signed by two reviewers; and ➤ No preparer (Payroll Officer) and reviewer (Senior Accounting Officer) signed off on the Time Sheet Checklist for Community Staff (100%). 	<ul style="list-style-type: none"> ➤ Noncompliance with the Section124 "Accounting records to be kept" of the Local Government Act 1999. 		<p>Reports and the Time Sheet Checklist for Community Staff;</p> <ul style="list-style-type: none"> ➤ Streamline the process and ensure one rather than two senior managers to review and sign off EFT Payments Reports; and ➤ Ensure the consistency of the process. 	<p>New payroll system implemented. Currently in the process of determining the most effective reports to run each payrun. All pays reports are being reviewed and signed off.</p>			
HR Management	22	<p>Managers contribution to HR management</p> <p>The contribution and engagement of Managers' is a central element of effective HR management within the Council. Managers have the resources to identify and provide the employees with the development opportunities. However, our testing found a possible performance management issue around awareness and engagement of one manager. We interviewed a sample of four managers (out of total 12 in the Leadership Team (LT) across three departments. One of the four managers appeared to not fully understand their responsibility in performance management and employee development; and seemed confused with the difference between the purposes of the Position Description (PD) and the Performance Development Review (PDR). It is noted that all relevant managers' responsibilities are clearly defined in the Council's applicable HR procedures, including the Recruitment & Selection Procedures and the Professional Development Procedures.</p>	<ul style="list-style-type: none"> ➤ Failure of achieving effective HR management outcomes and consequently Council's strategic objectives; ➤ Employee dissatisfaction; and ➤ Non-compliance with policies and procedures. 	Moderate	<p>We recommend management:</p> <ul style="list-style-type: none"> ➤ Address the finding and refer the manager's possible performance/awareness issue and interpretation of HR procedures and processes appropriately through the relevant General Manager; and ➤ Continue implementing the existing controls (including policies and procedures, induction and refresher training etc.) to maintain a good organisational culture. 	<p>P&C will ensure appropriate support is provided through its business partner model to all Managers to ensure compliance in all areas of HR management. The issue of the individual managers possible performance issue will be discussed with the relevant General Manager and assistance provided where necessary to ensure the manager is aware of the requirements.</p> <p>Update on 22 August 2019</p> <p>Fortnightly P&C meeting with SLT which does an environmental scan of issues, and business partnership model is in place and supported by Policy and procedures.</p>	28/09/2018	Manager, People & Culture	Complete
	23	<p>Policies and procedures</p> <p>The Council's eight HR policies approved by the CEO and 12 procedures approved by the GM Business Services are regularly reviewed every three years. The documentation is retained in TRIM Folder B2631 and published on the intranet (Baywatch). However, the following gaps were identified in the audit:</p> <p>Documentation of policies and procedures: The following processes are not formally documented:</p> <ul style="list-style-type: none"> ➤ The induction requirements to be documented formally (refer to Finding 3); and ➤ The three-year renewal process to be included in the Police Check Procedure. <p>Delegation policy out-of-date</p> <p>The P&C Operational Sub-Delegations of Authority (Excludes WHS) was out-of-date with the last review and update completed on 4 October 2016. The policy did not reflect the latest title/position changes, such as the position of Manager Information Services in which no longer exists.</p>	<ul style="list-style-type: none"> ➤ Breach of legislation when policies and procedures do not include relevant requirements; ➤ Failure of achieving effective HR management outcomes and consequently Council's strategic objectives; and ➤ Poor decision making. 	Low	<p>We recommend management:</p> <ul style="list-style-type: none"> ➤ Formalise the processes gaps identified in policies and procedures; ➤ Update the P&C Operational Sub-Delegations of Authority (Excludes WHS) to reflect the latest title/position changes; ➤ Ensure the policies and procedures' requirements are implemented consistently within the Council; and ➤ Ensure a system is in place to ensure that the Council's policies and procedures are reviewed and updated regularly and when there are substantial changes to the processes. 	<p>P&C sub delegations of authority will be updated and the Policy Check Procedure amended accordingly. Please refer to ref 24 for management response on induction.</p>	28/09/2018	Manager, People & Culture	Complete
	24	<p>Induction process</p> <p>There was no sufficient evidence retained to reflect the current induction process is consistently implemented. Without a consistent induction process, it is hard to effectively integrate the employee into the Council. In the induction process, an Employee Manual (also known as an Induction Handbook in the Council) is provided to a new starter but was not always signed off. When the induction is completed, the relevant sections of the Manual ("Day One Sign Off" and "Week One Sign Off") are signed and the Manual is returned to P&C for record keeping.</p> <p>For a more in-depth induction program, such as for a GM position, an additional Induction Checklist is designed to show all the activities undertaken as part of the induction. Without a guidance of procedure (refer to Finding 2), the Manual was not always signed off. Review of the Induction Handbooks and Induction Checklist for GM of five new starters between June 2017 and May 2018 sampled found that:</p> <ul style="list-style-type: none"> ➤ Three out of five sampled (60%) had no employees' signoff on both sections "Day One Sign Off" and "Week One Sign Off"; and 	<ul style="list-style-type: none"> ➤ No effective integration of the employee into the organisation; ➤ Non-compliance with policies and procedures, which may result in breach of legislation; ➤ Unsatisfactory performance and output delivery; and ➤ Failure to achieve the Council's strategic and business objectives. 	Low	<p>We recommend management:</p> <ul style="list-style-type: none"> ➤ Formalise the induction process in a procedure and provide assistance to all relevant managers and staff involved in the process; ➤ Finalise and approve the new Induction Handbooks and Induction Checklist; ➤ Consistently use the new Checklist in the induction process; and ➤ Perform regular internal quality review to ensure the consistent practice. 	<p>The induction process has been fully reviewed and a new induction handbook and checklists have been developed and consulted with the Leadership Team and will not be implemented. The induction procedure will be developed in accordance with the current process. Recording of the receipt of induction checklists in now included in the payroll (tech1) system to ensure compliance with the completion of the checklist for all new employees.</p> <p>Update on 22 August 2019</p> <p>Control measures are in place to ensure induction completed.</p>	28/09/2018	Manager, People & Culture	Complete

		<p>➤ One out of five sampled (20%) had no P&C's signoff on both sections "Day One Sign Off" and "Week One Sign Off" although the employee's signoff was available.</p> <p>It is noted that P&C is reviewing and streamlining the process by creating a new checklist and taking out the signoff areas and incorporating them into the checklist.</p>							
	25	<p>Organisation chart</p> <p>The current version of the Council's Organisational Chart is not published on intranet (Baywatch) for the employees to access although where required, P&C will provide a copy of the current Organisational Chart.</p> <p>An Organisational Chart reflects the Council's structure including task allocation, coordination and supervision. Without one available for free access, employees may have no transparent view of their organisational environment and the modes in which their organisation operates and performs. As advised by GM Business Services, the Council's single platform TechOne application has a position management function, which will be implemented in June 2018 to disclose the current Organisational Chart.</p>	<p>➤ No effective integration of the employee into the organisation; and</p> <p>➤ Employee dissatisfaction or poor culture.</p>	Low	<p>We recommend management:</p> <p>➤ Ensure up to date council's organisational chart is published internally for the employees to access; and</p> <p>➤ Ensure an easier communication and secured flow of information within the Council.</p>	<p>Copy of organisational chart to be made available on the intranet for current staff and for induction purposes (indicated in the new checklist).</p>	30/08/2018	<p>Manager, People & Culture</p>	Complete
Care Systems Post Implementation	26	<p>Care systems controls</p> <p>The Care Systems do not have controls over tracking and monitoring the operators' activities including the Administrators' activities. There are risks of lack of audit trail, visibility into database activity and breach of data security.</p> <p>Care Systems currently has three Administrators and ten other users from the Finance Unit and the Customer Liaison Unit managed by the Chief Financial Officer (CFO) (for details refer to Appendix 4), additionally, there are four external and default users with Administrators access to the system. Although the level of access is commensurate with the system users' duties and suitable segregation exists for an operation of this size, the Care Systems do not record the operators' names (or other identifier) in General Ledgers and there is no audit trail to trace who has made what changes in the system.</p>	<p>➤ Lack of visibility into database activity;</p> <p>➤ Error and fraud can occur unnoticed;</p> <p>➤ Breach of data security; and</p> <p>➤ Reputational damage.</p>	High	<p>We recommend management:</p> <p>➤ Communication with Care Systems Technical Support to resolve the issues regarding no tracking and mentoring of the operators' activities including the Administrators' activities.</p>	<p>Log an enhancement request with Care Systems Technical Support to include operator details against all transactions.</p> <p>As at the 27th August, Care Systems had advised that they were in the process of developing testing audit trail reports. Follow up with Care Systems on release date.</p> <p>Update on 22 August 2019</p> <p>No progress from Caresystems however staff are entering their initials against transactions.</p>	<p>31/10/2018</p> <p>Revised to 31/12/2019</p>	<p>Alwyndor Chief Financial Officer/ Finance Manager</p>	In Progress
	27	<p>Disaster recovery and data backup policy</p> <p>There has been no disaster recovery test performed to cover Care Systems. This has exposed Care Systems to significant risks of data loss and business continuity in the event of an emergency situation. The gap identified was due to Care Systems being currently at the infancy stage. It was advised by management that Care Systems will be added to the next scheduled disaster recovery test.</p> <p>Further, there is no Information Technology (IT) Disaster Recovery Policy within Alwyndor. A formalised policy can ensure that sufficient resources are available for consistent implementation.</p> <p>It should be noted that the Alwyndor outsourced services provider, Subnet, covers IT disaster recovery according to the Subnet Service Level Agreement dated 28 March 2018. In the absence of the disaster recovery, the daily data backup to network storage and back retention are set up in the software to protect data in Care Systems.</p>	<p>➤ Data loss;</p> <p>➤ Key services may not be restored in a timely manner;</p> <p>➤ Ongoing service delivery may be adversely affected;</p> <p>➤ Financial loss; and</p> <p>➤ Reputational damage</p>	Moderate	<p>We recommend management:</p> <p>➤ Document the backup processes and requirements into a policy to ensure sufficient resources are available for consistent implementation;</p> <p>➤ Prioritise resources to formalise an IT Disaster Recovery Policy according to best practice that works through the critical scenario based on priority and impact to the business, outage length, work around measures, activation triggers and task lists;</p> <p>➤ Ensure the policy includes the disaster recovery tests schedule for all major systems including Care Systems;</p> <p>➤ Conduct regular tests (at least every six months) according to the policy schedule to make sure everything will go according to plan, including tests offline to get a feeling for timings and any issues that may arise; and</p> <p>➤ Continue regular quarterly reviews of Subnet's performance including disaster recovery test outcomes and keep the document up to date.</p>	<p>Alwyndor has a full-service managed service agreement with Subnet which covers the management of our entire ICT environment, including production, backups and disaster recovery.</p> <p>Backups occur daily, weekly, monthly and yearly to both tape and SAN disk. Server is replicated daily to the disaster recovery server. Tests are conducted on a quarterly basis.</p> <p>Alwyndor, in partnership with the new Managed Service Providers will develop a procedure, "Work Instruction" documenting the IT Disaster Recovery procedure.</p>	31/12/2018	<p>Chief Operations Office</p>	Complete
	28	<p>Segregation of duties</p> <p>The segregation of duties is not formalised in policy or procedure to avoid any violation in practice. We do note that Care Systems access</p>	<p>➤ Fraudulent activities;</p> <p>➤ Financial loss; and</p> <p>➤ Reputational damage.</p>	Low	<p>We recommend management:</p> <p>➤ Formalise the duties of Care Systems users including the staff from the Finance Unit and the Customer Liaison Unit, and the associated</p>	<p>Develop a Work Instruction (Procedure) to address any concerns around segregation of duties.</p>	31/12/2018	<p>Alwyndor Chief Financial Officer/ Finance Manager</p>	Complete

	<p>has been setup to avoid users processing any incompatible duties of a user's typical day to day duties (for details refer to Appendix 4).</p> <p>During the time of audit on 28 August 2018, a violation of ideal segregation of duties was observed. The Manager – Finance & Administration (MFA) is one of the Care Systems Administrators and has full access right. In this occurrence identified, she worked as relief staff for an hour at the front counter and received \$50. This assignment was due to all other employees from the Finance Unit and the Customer Liaison Unit being in a team meeting.</p> <p>It should be noted that the CFO took on this feedback immediately at the time of the audit and agreed that it would not occur again.</p>			<p>segregation of duties requirements into a policy;</p> <ul style="list-style-type: none"> ➤ Ensure consistent implementation of the policy requirements; and ➤ Review the Care Systems users access and their duties regularly (at least every six months) to ensure segregation of duties exists. 				
29	<p>Supplier ABN and entity name information</p> <p>The suppliers Australian Business Number (ABN) and entity name information were not completely accurate in the ClientCare module within the Care Systems.</p> <p>As at 31 March 2018, the detailed information of 120 active suppliers was extracted from the old TechOne system and entered into the ExtraCare spreadsheet template, including ABN, bank account numbers, and contact details. The ExtraCare spreadsheet was rolled into the ClientCare System by the external Care Systems Project Manager. However, the sample testing of 30 suppliers' information found that:</p> <ul style="list-style-type: none"> - Four out of the 30 suppliers sampled (13%) had the wrong ABN recorded and two were corrected immediately at the time of the audit on 30 August 2018; and - One out of the 30 suppliers sampled (3%) had the old entity name (effective up to 8 December 2014) recorded. <p>The reason is that wrong information retained in the old TechOne was not checked against external data sources (such as tax invoices and/or the ABN Lookup website) when data migration occurred between the new system and legacy system.</p> <p>ABN is a key business credential, enabling businesses to register a business name, open a business bank account, register for GST and claim GST credits, etc. ABN can also be used as a PayID for the New Payments Platform Australia. Entity name is also an important identity. Therefore, the correct ABN and entity name should be retained in the Care Systems.</p>	<ul style="list-style-type: none"> ➤ Data integrity; and ➤ Payment made to the wrong suppliers. 	Low	<p>We recommend management:</p> <ul style="list-style-type: none"> ➤ Review all suppliers' information in the Client Care module within the Care Systems against external data sources (such as tax invoices and/or the ABN Lookup website) to ensure accuracy, especially ABN and entity name. 	<p>Review all suppliers and update information in Care Systems.</p>	31/12/2019	<p>Alwyndor Chief Financial Officer/ Finance Manager</p>	Complete

Appendix 2

Business process improvement opportunities

Project	Ref #	Observations	Opportunities
Asset Management	1	<p>Communication and Training Plan</p> <p>It is noted there is lack of communication between departments. For example, customer service received calls regarding road works but they haven't been informed of anything in that area, therefore no information to provide to the community.</p> <p>It is also noted that depot staff were asked to do small and "inconveniencing" jobs without any proper warning / lack of communication.</p>	<p>It is recommended that management develop a communication plan to inform the organisation of the current status of the Asset Management related projects, such as the System Implementation and arrangements for the next stage of development. This plan could include:</p> <ul style="list-style-type: none"> ➤ Reiterate the objectives of the project. ➤ Determine the level of communication and timing. ➤ Determine the audience for each communication. ➤ Determine mechanisms for each communication. <p>It is also recommended that management develop a Training Plan which:</p> <ul style="list-style-type: none"> ➤ Incorporates a needs analysis of staff ➤ Identifies needs and develops a program for Stage 2 Implementation. ➤ Incorporates refresher and catch-up training for Work Group Leaders and Teams. <p>Training programs should incorporate an assessment and follow-up process and be designed by a person with workplace assessment and training qualifications.</p>
	2	<p>IAMP and LTFP assumptions</p> <p>As the current asset management plan is being reviewed and updated according to the latest condition assessment result, the asset management related assumptions such as capital expenditure, maintenance schedule, asset valuation are yet to be finalised. The capital program that will feed into the LTFP is still in progress.</p> <p>It is also noted some assumptions that relates to asset maintenance may not be considered by the management. For example, Community leases don't have enforceable conditions for tenants to comply with, therefore, maintenance by the tenant is non-existent, which over time becomes a structural issue and falls back to the council's responsibility. The current LTFP doesn't include these types of costs.</p>	<p>It is recommend management review the key IAMP and LTFP assumptions to ensure its integrity.</p>
	3	<p>Control self-assessment</p> <p>The South Australian Local Government Financial Management Group Inc. (SALGFMG) Better Practice Model (BPM) provides the framework of internal control include the provision for regular and effective review. By adopting this approach, Councils will be adequately equipped to meet the statutory obligations under Section 125 of the Local Government Act 1999 ("Local Government Act").</p> <p>Control Track is a tool based on this BPM to assist Council develop and monitor the effectiveness of the Internal Controls. Our audit found that Finance team has completed a control self-assessment in 2015/16 with regards to the financial related controls. However, the other controls relating to City Asset Team is not been undertaken.</p>	<p>It is recommended that City Asset Team conduct the control self-assessment annually to:</p> <ul style="list-style-type: none"> ➤ better understand the asset management business operations (by both management and operational staff), ➤ get stronger awareness of risk practices; and <p>establish a reinforced governance regime.</p>

Project	Ref #	Observations	Opportunities
		Internal Auditor has assessed the core BPM controls within the scope of this audit. Please Refer to the Control assessment and control track linkage for detailed information.	
Procure to Pay Implementation	4	<p>Invoice management – paper based component of P2P process</p> <p>The elimination of the paper based component of the process would return significant efficiency gains, and can be achieved relatively easily and quickly. Suppliers should be informed that Council will only receive invoices in an electronic form and that all invoices are to be sent to the Accounts Payable Officer. The receipt of all invoices through a centralised point in the organisation will ensure that invoices can be properly tracked, and appropriate performance measures can be put in place. Ideally this should be clearly stated in a Customer Charter and on any published terms and conditions. Internally persons raising orders should ensure that the supplier is made aware of this requirement.</p>	<p>No.10. Discontinue the practice of accepting paper based invoices, all suppliers should be informed that invoices shall only be accepted in an electronic format via e-mail.</p> <p>No.11. All invoices should be received through one point in the organisation, the Accounts Payable Officer.</p> <p>No.12. Suppliers should be informed of the electronic format and centralised receiving requirements for invoices at the time of ordering. These requirements should be incorporated in a Customer Charter, and provided in the procurement terms and conditions.</p> <p>Internal Audit Comment It is recommended that management implement the agreed actions by due date.</p>
	5	<p>System design and function</p> <p>Council should upgrade its current electronic system to provide a more accessible, user friendly system. The Procurement Applications currently being developed in the CI Anywhere environment feature:</p> <ul style="list-style-type: none"> ➤ A screen view consistent with that associated with online purchasing sites. Online purchasing site screen views have been heavily researched for simplicity and user friendliness. ➤ A catalogue system which allows internal and external catalogues to be maintained, in effect allowing the introduction of inventory management. ➤ A clear easily traceable history for all purchases by supplier name and inventory quantity. ➤ Ability to link to supplier panels including the LGA Contractor Panel Tendering Site ➤ The Ability for Managers to approve requisitions on mobile devices and phones. ➤ The Ability to establish variation tolerance levels for invoices, so that only invoices with variations from the approved requisition need to be distributed for further approval. 	<p>No.13. Investigate the transition to the CI Anywhere Environment Procurement system.</p> <p>No.14. Consider a pilot/ key user transition to the “My Requisition” as an interim step to the CI Anywhere” Procurement system.</p> <p>Internal Audit Comment It is recommended that management implement the agreed actions by due date.</p>
	6	<p>Management of new creditors</p> <p>P2P Review Report Observations The managing suppliers register, and negotiating supplier agreements, terms and conditions, and maintaining a strategic outlook for the procurement should be undertaken by the Procurement Area. Whilst managers may maintain the ability to approve new suppliers this should be done in consultation with the procurement area. A change in the workflow to accommodate this change will bring greater governance and accountability to the supplier management without affecting the current time restraints in the P2P process. However there will need to be a consideration of the capacity and resource implications for the procurement area. Currently a requisition cannot be raised if a creditor has not been registered on the system. This is aimed at ensuring that the selection of suppliers is consistent with the supplier panels. However there is no step in the current process that involves a check with the procurement area to ascertain whether the goods or service can be supplied by a current panel supplier.</p> <p>Internal Audit Comment</p>	<p>P2P Review Report Recommendations</p> <p>No.24. Discard the current “New Creditors” form and assessment process.</p> <p>No.25. Investigate the possibility electronic system configuration to maintain the new creditor requests and approvals inside the electronic procurement system.</p> <p>No.26. Assign the responsibility for overseeing the approval of new suppliers, management of the suppliers register, negotiation of any supplier agreements and developing a strategic focus in regard to management of all suppliers, to the Procurement Area.</p> <p>Internal Audit Comment It is recommended that management implement the agreed actions by due date. It is also recommended that management evaluate suppliers' performance (KPIs) on a set of criteria using historical data and buyers' experience. This could be knowledge from current pre-qualified providers or broader industry expertise.</p>

Project	Ref #	Observations	Opportunities
		<p>During the review, Internal Audit also noted that recognition of suppliers requiring WH&S and Insurance compliance is not through standard access to a pre-qualified/preferred supplier list. One of the advantages of pre-qualification is to reduce the need to evaluate unqualified contractors. It is a way of narrowing the field to only those who have the requisite ability to comply with the terms of the contract and the financial capability to undertake the work. This also reduces the possibility of rejecting good suppliers early in the supplier selection process. There is also increased demand for better risk management over the procurement. We noted that the risk assessment of procurement activity was not clearly defined in the procurement policy and its guidelines. Lack of procurement risk definition could increase the risk of inconsistency and not obtaining value for money during pre-qualification.</p>	
	7	<p>Communications and training</p> <p>The need to improve the internal communications and training is reflected by the number of interviews where, users indicated that they relied on their own "cheat sheets" or guidance notes to navigate the system. The lack of knowledge of the number of and whereabouts of invoices in the organisation, circumventing of the process for expediency purposes, and uncertainty over responsibilities, are all systematic of a lack of communication and suitable ongoing training. It is noted that the Technology 1 CI Anywhere system has simple training videos embedded in the system that can assist the user and guide them through the creation of a requisition, tracking histories, and approval processes. Whilst this is a clear benefit, should CHB upgrade the electronic environment, there is a need for a broader communications and training program that is guided that reflects the policy positions, customer charter, service levels, and responsibilities.</p>	<p>No.28. Review the location of the Procurement Terms and Conditions on the Council's web site. It is suggested that a separate Procurement heading is established under the Council section.</p> <p>No.29. Amend the current Terms and Conditions to reflect the changes recommended in this report.</p> <p>No.30. Develop a Communications and training schedule for the procurement processes, governance framework, and system operation.</p> <p>Internal Audit Comment It is recommended that management implement the agreed actions by due date.</p>
	8	<p>Single tender and no tender situation</p> <p>During our review, we noted that the current Contract and Tendering Procedure (P2P changes) do not define the activity for situations such as 'sole tender received' and 'no tenders received'. Use of incomplete tender and selection procedures as guidance could increase the risk of procurement of goods and services from non-preferred suppliers and compromise the value for money in Council's purchasing and procurement.</p>	<p>It is recommended that management update the tender and selection requirements in the procurement policy and procedure to define the desired process for 'sole tender received' and 'no tenders received'.</p>
	9	<p>Use of purchase cards</p> <p>As part of this review, we requested details of non-purchase card transactions paid via accounts payable from 1 January 2016 to 31/12/2016. A spread sheet was provided February 2017 which was analysed and any credit notes/adjustments (negative amount transactions) excluded. The table below summarises these accounts payable transactions split into eight groups. As can be seen, a significant number of accounts payable transactions are below \$1,000. The percentage of accounts payable transactions less than \$1,000 is 70.29% for the 12 month period with 18.25% of the total AP transactions being less than \$100.</p> <p>Using purchase card can eliminate touch points in the purchase to pay process, decrease the number of invoices and checks processed by AP while maintaining sufficient control. Establishing purchasing card accounts for each supplier can enable better expense tracking. The touch points for non purchase card AP transactions are 7 including:</p> <ol style="list-style-type: none"> 1. Create purchase order after acquiring required quotes; 	<p>If 50% of the AP transactions less than \$1,000 (2,910 transactions) could be done by purchase card instead of accounts payable, for every minute saved per transaction by using purchase cards, 48.5 hours per year of resourcing will become available. If 5 minutes per transaction is saved, resource capacity increases by 243 hours. On a \$60,000 salary, the benefit is \$7,460, assuming no additional purchasing cards are required by the Council. This can lead to potential staff reductions within accounts payable and/or the ability to redirect staff to more value-added activities.</p> <p>In addition, issuing purchasing cards can help reduce fraud and unauthorised spending by setting credit limits on each card account tailored to the expected payment use of that account.</p>

Project	Ref #	Observations	Opportunities
		<ol style="list-style-type: none"> 2. Send invoice to Records; 3. Stamp the invoice with date received and scan into Records Management System; 4. Administration Officer - Finance actions the invoice to the relevant authorising person; 5. The authorising officers approves the payment and enters the purchase order or account number; 6. Enter the invoice into AP either by vouching against the purchase order or direct entry if no purchase order raise; 7. Account paid by EFT. <p>Compare with the purchase card transaction touch points of 5 which include:</p> <ol style="list-style-type: none"> 1. Credit Card Holder processes codes the transaction directly in to the Bank Credit Card Software; 2. Supervisor approves or rejects the transaction; 3. Invoices are provided to the Team Leader Finance accompanied by the authorised credit card statement; 4. Finance check invoices received against statement which is received from vendor at the end of each month; <p>Account paid monthly by EFT. If 50% of the AP transactions less than \$1,000 (2,910 transactions) could be done by purchase card instead of accounts payable, for every minute saved per transaction by using purchase cards, 48.5 hours per year of resourcing will become available. If 5 minutes per transaction is saved, resource capacity increases by 243 hours. On a \$60,000 salary, the benefit is \$7,460, assuming no additional purchasing cards are required by the Council. This can lead to potential staff reductions within accounts payable and/or the ability to redirect staff to more value-added activities.</p> <p>In addition, issuing purchasing cards can help reduce fraud and unauthorised spending by setting credit limits on each card account tailored to the expected payment use of that account.</p>	
<p>Payroll Process – CHB</p>	10	<p>Policies and flowcharts</p> <p>The audit highlighted that improvement could be made to payroll related policies and procedures relating to areas such as recruitment, leave, overtime, allowance, reclassification, and termination etc.–While EAs and awards can compel or prohibit behaviors, policy clearly guides actions toward those that are most likely to achieve a desired outcome of the Council.</p> <p>The existing human resources (HR) flowcharts of New Employees, Parental Leave, Reclassification, Separation, and Change to Employment Conditions for Existing Employees are designed with the intention to document and manage the process; however, these flowcharts do not use the standardised symbols according to the ISO 5807:1985 Information Processing. The <i>Local Government Act 1999</i> Section 125 “Internal control policies” requires the Council to maintain current documentation of policies, procedures and systems.</p>	<p>We recommend management</p> <ul style="list-style-type: none"> ➤ Prioritise resources to formalise the payroll related policies and procedures relating to areas such as: <ul style="list-style-type: none"> ○ Recruitment; ○ Leave; ○ Overtime; ○ Allowance; ○ Reclassification; ○ Termination; and ➤ Update flowcharts according to the ISO 5807:1985 Information Processing.
	11	<p>Periodic review of user access in payroll system</p> <p>The audit also highlighted that improvement could be made to individual IT profiles that need to be reviewed and any inactive accounts to be deleted.</p> <p>User access of the payroll system TechnologyOne was not reviewed regularly. It contained users that had terminated employment of the Council. Although their access to the Council’s Windows domain networks Active Directory was removed, there is a potential security risk of the “ghost user” account hijacked by an external hacker.</p>	<p>We recommend management:</p> <ul style="list-style-type: none"> ➤ Enhance controls for the user access in payroll system where possible, such as use expiry dates on users set up; and ➤ Review user access on a regular basis, at least quarterly.

Project	Ref #	Observations	Opportunities
Payroll Process – Alwyndor	12	<p>Timesheet submission requirements for Senior Management Team</p> <p>During our review, we noted that 13 people within the Senior Management Team (SMT) did not submit timesheets as this was agreed about five years ago. When they applied for leave, the application was raised in the Leave Application Form and General Manger – Alwyndor’s approval was obtained. However, this special entitlement was not formally documented and the SMT was changing over the time. There was no transparency for this practice.</p>	We recommend management review the timesheet submission processes of the SMT and formalise the timesheet submission requirements and process for Senior Management Team.
	13	<p>Retain New Employees Entering Form</p> <p>During our review, we tested five new employees for the recruitment process and found the New Employees Entering Form was destroyed a few months after Payroll Officer entered the payroll information within the form. Without this form, it is impossible to identify who enters the payroll information into BRS.</p> <p>As prescribed by Section 99 of the <i>Local Government Act 1999</i>, the CEO is responsible for ensuring that systems are in place to cause all records required under any legislation to be kept and maintained properly.</p>	We recommend management review the recruitment data entering process and investigate the feasibility of retaining and archiving the New Employees Entering Form.
Use of HR Forms	14	<p>WHS incident management system</p> <p>The audit highlighted that improvement could be made to the WHS incident management system although it is compliant with the legislative requirements.</p> <p>The current WHS incident reporting and management heavily relies on a manual process, which is not efficient. When an incident, hazard or near miss occurs, an Incident Investigation and Report (incident report) is printed, completed and sent to the WHS email, which goes direct to the WHS Coordinator, or via internal mail. The incident report may be sent back to be reviewed if the form is not completed in the initial stage. After an investigation is completed, the incident report and a corrective actions spreadsheet will be updated. Manual Quarterly Work Health & Safety Report is then created to include the relevant information to the WHS Committee and SLT, including incident investigation status and trends analysis but without root cause analysis. As advised by the WHS Advisor, there are 20 to 30 incidents reported quarterly and a typical reporting process takes about one month. Although the manual quarterly reporting is in place, there is no real-time statistics tracked between two reports. Further, although the report includes associated injuries number and trends, it does not indicate severity of the injuries. Therefore, the current process is not as effective and efficient as it could be and may generate more cost than using system but fulfil less functions.</p> <p>It should be acknowledged that Council has started, but not finalised, the investigation of the two system options: Skytrust and My Safety in TechOne, to obtain a solution to streamline the processes.</p>	<p>We recommend management:</p> <ul style="list-style-type: none"> ➤ Scope the most appropriate system for Council and continue to seek feedback from other Councils on the effective use of Skytrust, and finalise assessment; ➤ Once the decision is made, implement the new system and associated processes where relevant; and ➤ Provide appropriate training to the Council’s employees on the new system to ensure the consistent implementation of a WHS incident management system.
	15	<p>Use of HR forms</p> <p>The audit also highlighted that improvement could be made to the use of the Recruitment Checklist and the Request for An Employment Contract Form.</p> <p>The Recruitment Checklist in the Recruitment & Selection Procedures is relevant to the current process but is not used. This inconsistency between the procedure and practice had led to the administrative deficiencies of using the Request for An Employment Contract Form. Review of</p>	<p>We recommend management:</p> <ul style="list-style-type: none"> ➤ Review the design of the forms mentioned above according to their purposes and make adjustment where relevant; and ➤ Ensure the consistent usage of the forms after any changes made.

Project	Ref #	Observations	Opportunities
		<p>the recruitment documentation of five new starters between June 2017 and May 2018 sampled found that</p> <ul style="list-style-type: none"> ➤ One out of five sampled (20%) did not use a Request for An Employment Contract Form; ➤ Three out of five sampled (60%) had no Manager P&C signoff and date in the P&C "Noted" Section and further one (20%) had no comments provided in the "People & Culture Notes for CEO" Section to indicate whether the new appointment is within or not within approved FTE; and ➤ One out of five sampled (20%) had manager's signoff but without dating the Form. <p>It was noted that the contracts of all five sampled (100%) were signed and dated appropriately. It was also noted that the Manager P&C is not a delegated authority and she used the Request for An Employment Contract Form as a communication tool within the P&C team.</p>	
<p>Care Systems Post Implementation</p>	16	<p>Excel template for financial reporting</p> <p>Improvement opportunities exist in enforcing data security controls when using the excel template for financial reporting.</p> <p>An excel template is developed by Care Systems for Alwyndor to populate the monthly financial report. The excel template links to the system and the template updates whenever the refresh function is activated. There is a risk of incorrect financial data is used if no checking of the data in the excel template is performed against the financial data in the Care Systems as spreadsheets are inherently risky with regards to formula and data integrity.</p> <p>The current practice is that the template is saved in a folder called "Finance" on intranet and only Finance staff can access it. The monthly financial report is verified and saved in a pdf format by the CFO and/or Manager – Finance & Administration. We recommend that management set up an editing password protection and document the process when using the excel template for financial reporting.</p>	<p>We recommend management:</p> <ul style="list-style-type: none"> ➤ Set up an editing password protection and document the process when using the excel template for financial reporting; and ➤ Further communicate with the Care Systems Technical Support to build up a reporting function within the Care Systems to replace the current excel template.
	17	<p>Formalising the requirements of leave records storage</p> <p>Improvement opportunities exist in formalising and documenting the requirements of leave records storage in the rostering process.</p> <p>The leave applications are received via the Rostering email account, but all applications have the same title of "Employee Portal – Leave Request". This is difficult for record management as there is no employee' name or number in the title and the email is not a record management database.</p> <p>The current practice is that once a leave approval is received, the email is saved to the employee's personal file in "M drive/HR Confidential/Employee Files/Current – Employee E – Files". However, the practice is not documented into a procedure. There is an increased risk of inconsistent implementation as the rostering process involves many different stakeholders. Leave data is entered by four officers and used by many areas of the organisation, including operational, human resources and financial areas.</p>	<p>We recommend management:</p> <ul style="list-style-type: none"> ➤ Formalise and document the requirements of leave records storage to ensure consistent implementation; and ➤ Further investigate an option of using a database to retain the employee's personal files including leave records.

Project	Ref #	Observations	Opportunities
	18	<p>Use of PayCare age/ experience table audit report</p> <p>There are three audit reports available in the PayCare module, which can be used to assist monitoring and verification of pay rates change activities. However, the Senior Accounting Officer was not aware of their existence prior to this audit, especially the PayCare Age/Experience Table Audit Report. They advised that the PayCare Age/Experience Table Audit Report will be used in checking the rates for the next financial year 2019-20 to improve efficiency.</p>	<p>We recommend management</p> <ul style="list-style-type: none"> ➤ Use the Care Systems PayCare Age/Experience Table Audit Report in checking the rates for the next financial year 2019-20; and ➤ Investigate other monitoring and reporting functions within the Care Systems to be used to improve efficiency for financial transaction processing and reporting where possible.

Appendix 3

Strategic internal audit plan

Project	High level scope	Risk report ref.	Timing	Estimated Hours
Resource Mapping	<p>The audit could include a review organisational structure to assess:</p> <ol style="list-style-type: none"> 1. Organisational/strategic needs analysis 2. Resource mapping to identify skills gaps 3. Review of resource reporting (HR annual review reporting and monitoring) 	1	2016	70 hours
Contract Management	<p>This project could include a review on the adequacy of tender processes and the management and reporting of contract costs in accordance with contractual requirements. The scope of this project will be limited to major or strategic contractual arrangements across the relevant business units and a wide sample selected across all business units.</p> <p>In addition, the review may include:</p> <ul style="list-style-type: none"> • Review of current and planned policies, procedures, guidelines, directives related to procurement and contract management processes. • Review of a sample of project / contract files • Review of financial reporting on contracting activity • Review the maintenance of contract registers • Review the contract between the council and the preferred supplier and determine if a standard contract has been used and the contract includes provisions managing the risks identified. • Review the appropriate levels of delegated authority • Review the invoice verification and authorisation to ensure vendor invoices are paid according to the contract and in accordance with the prescribed process. • Contract variation monitoring • Performance monitoring and reporting • Records management and documented audit trails 	5	2018	70 hours

Project	High level scope	Risk Report Ref.	Proposed Timing	Estimated Hours
Asset Management	<p><i>The audit focuses on the system of internal controls and management processes and includes the following asset classes: buildings, land, road, vehicles and equipment (including ICT assets). This audit excludes assets with value under \$10,000 (GST exclusive), intangible assets and financial assets.</i></p> <p>Framework and Governance</p> <ul style="list-style-type: none"> • <i>Assess whether an asset management framework is established, documented and approved;</i> • <i>Assess current asset management governance structures against the industry better practice - Local Government Association of South Australia (LGA) guidance;</i> • <i>Ensure IAMP is linked to strategic planning;</i> • <i>Assess the currency of training and relevancy of capability for key staff included in the IAMP preparation processes; and</i> • <i>Identify improvement opportunities that Council need to address in future updates to improve value.</i> <p>LTFP and IAMP</p> <ul style="list-style-type: none"> • <i>Assess the appropriateness and accuracy of key assumptions relating to Asset Management that form the basis of the LTFP and IAMP;</i> • <i>Assess whether the key assumptions of the planning processes are integrated with the strategic corporate planning process including the alignment of planning time frames;</i> • <i>Review LTFP to ensure it includes adequate provision for estimated warranted expenditure projections included in Council's IAMP; and</i> • <i>Ensure Council has undertaken sensitivity analyses to assess the impact of variations in underlying key assumptions.</i> <p>Planning</p> <ul style="list-style-type: none"> • <i>Assess whether the key elements of asset and maintenance planning processes are aligned with the strategic planning process including the alignment of planning time frames;</i> • <i>Assess appropriateness of criteria and quality of information used for asset portfolio decision making; and</i> • <i>Ensure asset management strategy and plans are appropriately authorised before implementation.</i> <p>Acquisition</p> <ul style="list-style-type: none"> • <i>Validate whether approval for procurement is compliant with financial delegation requirements;</i> • <i>Determine whether acquisition of assets is consistent with the acquisition plan and any variation between budget and actual is approved, monitored and appropriately escalated; and</i> • <i>Assess controls implemented to ensure asset acquisitions are completely and accurately recognised.</i> 	<p><i>Included as good practice</i></p>	<p><i>Q4 2016 (Done)</i></p>	<p><i>90 hours</i></p>

Project	High level scope	Risk Report Ref.	Proposed Timing	Estimated Hours
	<p>Maintenance & Renewal</p> <ul style="list-style-type: none"> Review Routine Operations and Maintenance Plan, Renewal Plan and the preceding assumptions to ensure a level of precision, or confidence, on the forecasts of maintenance and renewal expenditure for the asset has been provide; Assess the influence of CRM or other external factor to the planned and unplanned maintenance; Assess whether comprehensive asset records are maintained; Determine whether condition assessment was undertaken to review maintenance needs; and Assess maintenance management activities including inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance. <p>Disposal</p> <ul style="list-style-type: none"> Determine whether asset disposal is in line with the strategic asset management plan; Assess whether the disposal plan is implemented to achieve maximum salvage value; Assess controls in place to ensure asset disposals are accurately and completely recognised; and Assess compliance with delegation requirements and appropriate segregation of duties. <p>Performance Monitoring and Reporting</p> <ul style="list-style-type: none"> Assess the processes in place to monitor and manage key asset performance and that appropriate reporting processes are in place; Assess the processes in place to establish the asset maintenance plan and that the plan is fit for purpose based on risk assessment, current and effectively implemented. Assess the adequacy of processes in place to prevent inappropriate use or theft of assets and to ensure a healthy and safe workplace. 			
Procurement	<p>The audit will include a review of procurement policies, documentation, procurement plans and contract activity. It will include review as to council receiving the best value for money for services and probity issues are being adequately addressed.</p> <p>The Audit will include:</p> <ul style="list-style-type: none"> Assurance as to whether council's purchasing policies and procedures have been effectively implemented and transactions are appropriately recorded in the Finance system; Review of purchase order management and variance analysis; 	Included as good practice	Q1 2017 (Done)	60 hours

Project	High level scope	Risk Report Ref.	Proposed Timing	Estimated Hours
	<ul style="list-style-type: none"> Review of Procurement Plan - Evaluation, Handbook, Assessment Criteria and Evaluation Briefing Notes, Evaluation Report and Council Agenda item; Test procurement process for compliance with Local Government (Functions and General) Regulations; Test budget allocations and annual creditor expenditure to check compliance with the tender threshold to highlight possible anti avoidance issues; Assess risk management issues relating to procurement have been correctly identified and monitored; Check the current year's gift register against historical data. Review the appropriate levels of delegated authority; Review monitoring and reporting; Records management and documented audit trails. 			
Compliance Mapping	<p>Understand current mechanisms for identifying and monitoring legal and regulatory compliance for the Council and controlled entities.</p> <p>Review assessment and prioritisations processes, ownership mechanisms and escalation/reporting procedures to ensure compliance and /or timely response to potential breaches.</p>	6	Q3 2017	65 hours
Payroll	<p>The Audit may include:</p> <ul style="list-style-type: none"> Review of current process (Inc. pay runs, time sheeting, adding, editing and terminating employees from payroll system) Assessing process to best practice Review of compliance with EBA and awards Transactional testing (where required) Application of payroll policy Leave policy and process review and application Review and reporting 	Included as good practice	Q4 2017 (Done)	60 hours
Human Resource Management	<p>Review of HR policies, procedures and tools used to assess effectiveness and consistency in identifying and addressing: Annual/performance reviews, informed process to assess EB, Reporting on cultural issues, Training and development needs, Employee performance management, discipline and dismissals, Promotions and job specification changes.</p>	16	Q1 2018 (Done)	65 Hours
BCP/DRP	<p>The Audit may include a review on the adequacy and effectiveness of controls established for:</p> <ul style="list-style-type: none"> Governing, managing and protecting ICT assets and data; Defining and assigning ICT roles, responsibilities and reporting lines; 	4a, 4b	Q2 2018	75 hours

Project	High level scope	Risk Report Ref.	Proposed Timing	Estimated Hours
	<ul style="list-style-type: none"> Managing disaster recovery and business continuity operations; Supporting ICT strategic planning, monitoring, reporting and continuous improvement; and BCP plans, response protocols and training. 			
Strategic Planning Alignment (inc Alwyndor as part of council strategy)	<p>The audit could include a review on the following major processes:</p> <ul style="list-style-type: none"> Planning the Preparation and Development of Plans Implementation of Plans Monitoring of Plans Reporting on Progress of Plans. 	12	Q3 2018 (Done)	80 Hours
Review of project assessment/feasibility process	<p>Review current project acceptance decision making process to and compare to best practice. Points to consider:</p> <ul style="list-style-type: none"> Project governance structures Financial viability How community value is determined Milestone identification decision management Sufficiency of resources to execute the project efficiently and effectively (Internal v external support) Project selection process (in the case of competing projects) Mechanisms to select providers (component tendering) Reporting and monitoring. 	Included as good practice	Q4 2018	60 Hours
Recruitment, Selection, Induction and Probation	<p>This review would involve the complete end-to-end recruitment processes and include tasks, activities and controls from the planning stage to the approval and appointment of suitable candidates and subsequent induction and probation processes.</p>	Included as good practice	Q1 2019	60 hours
Complaints Handling	<p>The audit would include a review of the complaint handling policy and processes. This would include:</p> <ul style="list-style-type: none"> Complaints management and issue escalation protocols CRM monitoring, Resolution processes and authorities Complaints training Structures for internal v external complaints Reporting and monitoring. 	15	Q2 2019	65 hours

Project	High level scope	Risk Report Ref.	Proposed Timing	Estimated Hours
Contract Management	<p><i>This project could include a review on the adequacy of tender processes and the management and reporting of contract costs in accordance with contractual requirements. The scope of this project will be limited to major or strategic contractual arrangements across the relevant business units and a wide sample selected across all business units.</i></p> <p><i>In addition, the review may include:</i></p> <ul style="list-style-type: none"> • <i>Review of current and planned policies, procedures, guidelines, directives related to procurement and contract management processes.</i> • <i>Review of a sample of project / contract files</i> • <i>Review of financial reporting on contracting activity</i> • <i>Review the maintenance of contract registers</i> • <i>Review the contract between the council and the preferred supplier and determine if a standard contract has been used and the contract includes provisions managing the risks identified.</i> • <i>Review the appropriate levels of delegated authority</i> • <i>Review the invoice verification and authorisation to ensure vendor invoices are paid according to the contract and in accordance with the prescribed process.</i> • <i>Contract variation monitoring</i> • <i>Performance monitoring and reporting</i> • <i>Records management and documented audit trails.</i> 	<i>Included as good practice</i>	<i>Q3 2019</i>	<i>70 hours</i>
Business Planning and Budget Process	<p><i>This project would involve a review of the processes and procedures used to compile the annual council budget, measuring these processes and procedures against best practice and making recommendations for improvements to the next business planning and budget process.</i></p>	<i>10 and Included as good practice</i>	<i>Q4 2019</i>	<i>65 Hours</i>
Planning Assurance and Development Assessment	<p><i>The audit would review the planning and building assessment process to ensure appropriate categorisation, due diligence and quality assurance of planning and building assessments. Due to the high risk nature of the Development Assessment process, it is critical to council's reputation and insurance liability that adequate due process, quality assurance and decision making is in place end to end.</i></p> <p><i>This review would focus on practices, processes and controls through the various stages of planning, evaluation and assessment relating to both residential and commercial properties.</i></p>	<i>Included as good practice</i>	<i>Q1 2020</i>	<i>60 hours</i>
Work Health and Safety	<p><i>Review of current knowledge and tools used to ensure safe work and compliance with relevant legislation. Including the sufficiency of the adherence of Council staff to documented policies and procedures.</i></p>	<i>9</i>	<i>Q2 2020</i>	<i>60 hours</i>

Project	High level scope	Risk Report Ref.	Proposed Timing	Estimated Hours
	<i>Assess reporting tools in place to identify, capture and report preventative actions and incidences (including remedial activities) for the Council.</i>			

Attachment 4



Trim Container	FOL/17/1660
First Issued / Approved:	1 July 2019
Last Reviewed:	NA – New Legislation
Next Review:	30 June 2021

Contents

1. Introduction
2. Scope
3. Definitions
4. Confidentiality
5. Disclosure Process
6. The Role of the Responsible Officer
7. Information to Elected Body
8. Protection for the Informant
9. Availability of the Policy

The *Model Public Interest Disclosure Policy* has been prepared by HWL Ebsworth Lawyers for the Local Government Association of SA (LGA) for the guidance of and use by member Councils.

Further additions have been made to this policy to accommodate situations specific to City of Holdfast Bay. **These additions are marked in red.**

1. Introduction

- 1.1. City of Holdfast Bay is committed to upholding the principles of transparency and accountability in its administrative and management practices and, therefore, encourages the making of disclosures that reveal public interest information.
- 1.2. The purpose of this Policy is to ensure that City of Holdfast Bay:
 - properly fulfils its responsibilities under the *Public Interest Disclosure Act 2018*;
 - encourages and facilitates Disclosures of Public Interest Information in accordance with the objects and requirements of the PID Act ;
 - ensures there is appropriate oversight of public interest disclosures about corruption, misconduct and maladministration in public administration;
 - provides appropriate protection for those who make Disclosures in accordance with the Act; and
 - acknowledges the need to appropriately support Informants, the Responsible Officer and, as appropriate, those Public Officers affected by any appropriate Disclosure.
- 1.3. The Council will review and update this Policy each year as part of its annual policy review.

2. Scope

- 2.1. This Policy applies to appropriate Disclosures of Public Interest Information that are made in accordance with the PID Act by public officers including Council Members, Officers and Employees of the Council, and by members of the public, and is intended to complement the reporting framework under the ICAC Act.

Pursuant to section 4 of the the PID Act and Schedule 1 of the ICAC Act, employees of Alwyndor Aged Care are “public officers” for the purposes of the PID Act.

Council established the Alwyndor Management Committee (AMC) and Jetty Road Mainstreet Committee (JPMC), under section 41 of the *Local Government Act 1999*, for purposes which include ‘to assist the Council in the performance of its functions’ and to provide advice. As committee members are acting within the roles and responsibilities assigned under the Terms of Reference for each committee, then all members of the Council’s section 41 committees are considered to be ‘public officers’ for the purposes of ICAC Act.

- 2.2. This Policy is also designed to complement the existing communication channels within Council, and operate in conjunction with other existing policies, including:
 - Fraud & Corruption Prevention Policy;

- Code of Conduct for Council Employees;
- Code of Conduct for Council Members; and
- Internal Review of Council Decisions Policy under section 270 of the *Local Government Act 1999*.

2.3. The Council is committed to:

- referring, as necessary, appropriate Disclosures to another Relevant Authority;
- where the Disclosure relates to Corruption, or serious or systemic Misconduct or Maladministration in public administration, reporting the Disclosure directly to the OPI in accordance with the Guidelines and the requirements of the ICAC Act;
- otherwise facilitating the investigation of appropriate Disclosures in a manner which promotes fair and objective treatment of those involved; and
- rectifying any substantiated wrongdoing to the extent practicable in all the circumstances.

3. Definitions

- For the purposes of this Policy the following definitions apply.

3.1. **Commissioner** means the person holding or acting in the office of the Independent Commissioner Against Corruption.

3.2. **Corruption in public administration** is defined in section 5(1) of the ICAC Act and means:

3.2.1. an offence against Part 7 Division 4 (Offences relating to public officers) of the *Criminal Law Consolidation Act 1935*, which includes the following offences:

- (i) bribery or corruption of public officers;
- (ii) threats or reprisals against public officers;
- (iii) abuse of public office;
- (iv) demanding or requiring benefit on basis of public office;
- (v) offences relating to appointment to public office; or

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- (vi) an offence against the *Public Sector (Honesty and Accountability) Act 1995* or the *Public Corporations Act 1993*, or an attempt to commit such an offence; or
- 3.2.2. an offence against the *Lobbyists Act 2015*, or an attempt to commit such an offence; or
- 3.2.3. any other offence (including an offence against Part 5 (Offences of dishonesty) of the *Criminal Law Consolidation Act 1935*) committed by a public officer while acting in his or her capacity as a public officer or by a former public officer and related to his or her former capacity as a public officer, or by a person before becoming a public officer and related to his or her capacity as a public officer, or an attempt to commit such an offence; or
- 3.2.4. any of the following in relation to an offence referred to in a preceding paragraph:
- (i) aiding, abetting, counselling or procuring the commission of the offence;
 - (ii) inducing, whether by threats or promises or otherwise, the commission of the offence;
 - (iii) being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence;
 - (iv) conspiring with others to effect the commission of the offence
- 3.3. **Council** means City of Holdfast Bay including Alwyndor Aged Care and Council section 41 *Local Government Act 1999* committees i.e. Alwyndor Management Committee and Jetty Road Mainstreet Committee.
- 3.4. **Detriment** includes:
- injury, harm (including psychological harm), damage (including damage to reputation) or loss;
 - intimidation or harassment;
 - discrimination, disadvantage or adverse treatment in relation to a person's employment; and/or
 - threats of reprisal (which may be express or implied, and/or conditional or unconditional).
- 3.5. **Directions and Guidelines** is a reference to the Directions and Guidelines issued pursuant to section 20 of the ICAC Act and/or section 14 of the PID Act, which are available on the Commissioner's website (www.icac.sa.gov.au).

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- 3.6. **Disclosure** means an appropriate disclosure of public interest information made by an Informant to a Relevant Authority.

A person makes an **appropriate disclosure of environmental and health information** if:

- (a) the person:
- i. believes on reasonable grounds that the information is true; or
 - ii. is not in a position to form a belief on reasonable grounds about the truth of the information, but believes on reasonable grounds that the information may be true and is of sufficient significance to justify its disclosure so that its truth may be investigated; and
- (b) the disclosure is made to a Relevant Authority.

A person makes an **appropriate disclosure of public administration information** if:

- (a) the person:
- i. is a public officer;
 - ii. reasonably suspects that the information raises a potential issue of corruption, misconduct or maladministration in public administration; and
- (b) the disclosure is made to a Relevant Authority.

- 3.7. **Employee** refers to all Council employees including Alwyndor Aged Care employees, whether they are working in a full-time, part-time or casual capacity.

- 3.8. **Environmental and health information** means information that raises a potential issue of a substantial risk to the environment or to the health or safety of the public generally or a significant section of the public.

- 3.9. **Fraud** includes an intentional dishonest act or omission done with the purpose of deceiving.

- 3.10. **ICAC Act** is the *Independent Commissioner Against Corruption Act 2012*.

- 3.11. **Independent Assessor** means the person designated by the Responsible Officer as being responsible for investigating a disclosure made to City of Holdfast Bay in accordance with the Public Interest Disclosure Procedure.

- 3.12. **Informant** means a person who makes an appropriate disclosure of public interest information to a Relevant Authority.

- 3.13. **Maladministration in public administration** is defined in section 5(4) of the ICAC Act and

3.13.1. means:

(i) conduct of a public officer, or a practice, policy or procedure of a public authority, that results in an irregular and unauthorised use of public money or substantial mismanagement of public resources; or

(ii) conduct of a public officer involving substantial mismanagement in or in relation to the performance of official functions; and

3.13.2. includes conduct resulting from impropriety, incompetence or negligence; and

3.13.3. is to be assessed having regard to relevant statutory provisions and administrative instructions and directions.

3.14. **Misconduct in public administration** is defined in section 5(3) of the *ICAC Act* and means:

3.14.1. contravention of a code of conduct by a public officer while acting in his or her capacity as a public officer that constitutes a ground for disciplinary action against the officer; or

3.14.2. other misconduct of a public officer while acting in his or her capacity as a public officer.

3.15. **Office for Public Integrity (OPI)** is the office established under the *ICAC Act* that has the function to:

3.15.1. receive and assess complaints about public administration from members of the public;

3.15.2. receive and assess reports about corruption, misconduct and maladministration in public administration from the Ombudsman, the Council and public officers;

3.15.3. refer complaints and reports to inquiry agencies, public authorities and public officers in circumstances approved by the Commissioner or make recommendations as to whether and by whom complaints and reports should be investigated;

3.15.4. give directions or guidance to public authorities in circumstances approved by the Commissioner;

- 3.15.5. perform other functions assigned to the Office by the Commissioner.
- 3.16. **Public administration** defined at section 4 of the ICAC Act and, without limiting the acts that may comprise public administration, an administrative act within the meaning of the *Ombudsman Act 1972* will be taken to be carried out in the course of public administration.
- 3.17. **Public administration information** means information that raises a potential issue of corruption, misconduct or maladministration in public administration.
- 3.18. **Public interest information** means environmental or health information, or public administration information.
- 3.19. **PID Act** means the *Public Interest Disclosure Act 2018*.
- 3.20. **Principal Officer** for the purposes of the PID Act means the Chief Executive Officer of the Council.
- 3.21. **Public Officer** has the meaning given by section 4 and Schedule 1 of the ICAC Act, and includes:
- a Council member;
 - all employees or officers of Council including Alwyndor Aged Care employees; and
 - Section 41 Local Government Act 1999 Committee Members including Alwyndor Management Committee and Jetty Road Mainstreet Committee.
- 3.22. **Relevant Authority** means the person or entity that receives an appropriate disclosure of public interest information in accordance with the PID Act, as set out in Appendix A to this Policy.
- 3.23. **Responsible Officer** is a person who has completed any training courses approved by the Commissioner for the purposes of the *Public Interest Disclosure Regulations 2019* and has been designated by the Council as responsible officer under section 12 of the PID Act.
- 3.24. **Victimisation** occurs when a person causes detriment to another on the ground, or substantially on the ground, that the other person (or a third person) has made or intends to make an appropriate disclosure of public interest information.

4. Confidentiality

- 4.1. The identity of an Informant will be maintained as confidential in accordance with the PID Act.

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- Address

Confidential

Responsible Officer, Public Interest Disclosure

PO Box 19

BRIGHTON SA 5048

6. The Role of the Responsible Officer

6.1. A person designated as a Responsible Officer for the Council:

6.1.1. must:

6.1.1.1. receive appropriate Disclosures relating to the Council and ensure compliance with the PID Act, and the Public Interest Disclosure Procedure, in relation to any such Disclosures;

6.1.1.2. make appropriate recommendations to the principal officer of the Council in relation to dealing with Disclosures, including any suggested changes to this Policy or the Public Interest Disclosure Procedure; and

6.1.1.3. provide advice to officer and employees of the Council in relation to the administration of the PID Act; and

6.1.1.4. complete any training courses approved by the Commissioner for the purposes of the Public Interest Disclosure Regulations; and

6.1.2. may carry out any other functions relating to the PID Act.

6.2. Upon the receipt of a Disclosure, the Responsible Officer will deal with the disclosure in accordance with the Public Interest Disclosure Procedure.

6.3. In making any determination or taking any action under this Policy or pursuant to the Public Interest Disclosure Procedure:

6.3.1. the Responsible Officer may seek legal advice from Council's lawyers and/or guidance from SAPOL or the Ombudsman in relation to the most appropriate course of action to pursue; and

6.3.2. is authorised to incur costs in accordance with the Council's Budget for that purpose.

6.4. The Responsible Officer will liaise as required with the Informant and any Independent Assessor in relation to any investigation process undertaken in accordance with the Public Interest Disclosure Procedure, and will ensure that the Informant is provided with

support and protection as necessary and appropriate in the circumstances of the Disclosure.

7. Information to Elected Body

- 7.1. As a matter of discretion, the Chief Executive Officer may inform the elected body, on a confidential basis, of the fact that an investigation of a Disclosure took place and the outcome of the investigation.
- 7.2. Factors the Chief Executive Officer will take into account in determining whether to inform the elected body under paragraph 7.1 above and the level of detail provided in doing so are to include:
 - 7.2.1. if known, the identity of the Informant, and whether the Informant has consented to his/her identity being divulged;
 - 7.2.2. if applicable, the identity of any person the subject of the Disclosure;
 - 7.2.3. the impact (if any) of the investigation upon the Council's achievement of its objectives under its Strategic Plan and/or policies; and
 - 7.2.4. the impact of any action taken to finalise the matter upon the Council's operations and/or budget.
- 7.3. In the event the Disclosure and/or any subsequent investigation process is confined to issues that impact only upon Council staff and human resource processes, the Chief Executive Officer will not inform the elected body of the fact of the Disclosure and/or investigation (since these matters fall outside the roles and responsibilities of elected members under the *Local Government Act 1999*).

8. Protection for the Informant

- 8.1. An Informant who makes an appropriate Disclosure is protected by:
 - 8.1.1. immunity from criminal or civil liability as provided for in section 5(1) of the PID Act;
 - 8.1.2. a prohibition on disclosure of his/her identity as provided for in section 8 of the PID Act;
 - 8.1.3. a prohibition against Victimisation as provided for in section 9 of the PID Act; and
 - 8.1.4. a prohibition against hindering, obstructing or preventing an Informant from making an appropriate Disclosure as provided for in section 11 of the PID Act.
- 8.2. The PID Act does not provide any protection to people who knowingly make disclosures that are false or misleading in a material particular (whether by reason of the inclusion or omission of a particular).

- 8.3. A person who knowingly makes a Disclosure that is false or misleading in a material particular is guilty of an offence and may be prosecuted.
- 8.4. A person who personally commits an act of Victimisation against an Informant is guilty of an offence and may be prosecuted.
- 8.5. The Council will take action as appropriate in the circumstances of the relevant Disclosure/s to protect Informants from Victimisation. Such action may include acting in accordance with the risk minimisation steps set out in the Public Interest Disclosure Procedure and/or referring the matter to the SA Police.
- 8.6. Any Council Member or employee or officer of the Council who:
 - 8.6.1. knowingly makes a disclosure that is false or misleading in a material particular;
or
 - 8.6.2. commits an act of Victimisation in relation to an Informant; or
 - 8.6.3. acts otherwise than in accordance with this Policy or the Public Interest Disclosure Procedure (including with respect to divulging the identity of an Informant) in relation to a Disclosuremay also face disciplinary action by the Council or the Chief Executive Officer (as appropriate).

9. Availability of the Policy

- 9.1. This Policy will be available for inspection at the Council's Offices during ordinary business hours and via the Council's website www.holdfast.sa.gov.au . Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

Appendix A
Relevant Authorities

Where the information relates to...	the relevant authority is...
a public officer* *as defined and set out in Schedule 1 of the <i>Independent Commissioner Against Corruption Act 2012</i> - relevantly, this includes members, officers and employees of local government bodies	either: the person who is designated by the Guidelines as being taken to be responsible for management or supervision of the public officer; or the person who is in fact responsible for the management or supervision of the public officer; or the relevant responsible officer (as designated by the Council in accordance with section 12 of the PID Act)
a public sector agency or public sector employee	either: the Commissioner for Public Sector Employment; or the responsible officer for the relevant public sector agency
an agency to which the <i>Ombudsman Act 1972</i> applies	the Ombudsman
a location within the area of a particular council established under the <i>Local Government Act 1999</i>	a member, officer or employee of that Council
a risk to the environment	the Environment Protection Authority
an irregular and unauthorised use of public money or substantial	the Auditor-General
the commission, or suspected commission, of any offence	a member of the police force
a judicial officer	the Judicial Conduct Commissioner
a member of Parliament	the Presiding Officer of the House of Parliament to which the member belongs
a person or a matter of a prescribed class ¹	an authority declared by the regulations to be a relevant authority in relation to such information

¹ at this stage, no prescribed persons or classes have been identified

Where the information relates to...	the relevant authority is...
public interest information - being: environmental and health information (information that raises a potential issue of a substantial risk to the environment or to the health or safety of the public generally or a significant section of the public); or public administration information (information that raises a potential issue of corruption, misconduct or maladministration in public administration)	the OPI; a Minister of the Crown; or any other prescribed person or person of a prescribed class

SIGNED:
 Chief Executive Officer

NAME:

DATE: ____/____/____

AUDIT COMMITTEE FORWARD AGENDA – 2018/19

	2018-19	
	28 Aug 19	9 Oct 19
ANNUAL BUSINESS PLAN AND LONG TERM FINANCIAL PLAN		
Annual business Plan and Budget		
Annual Business Plan and Budget – Key parameters		
LTFP Update		✓
ANNUAL REPORT AND EXTERNAL AUDIT		
Annual Financial Statements		✓
External Auditor’s Interim Report/Update	✓	
External Auditor’s Report to Council for Year End		✓
External Auditor Presentation		✓
Independence of Council Auditor		✓
REGIONAL SUBSIDIARIES		
Regional Subsidiary (SRWRA) Financial Results		✓
INTERNAL REVIEWS AND INTERNAL AUDIT		
Strategic Planning Alignment – Internal Audit	✓	
Review of Internal Audit Plan	✓	
Credit Card – Internal Audit		✓
Control Trak Assessment - Alwyndor	✓	
Annual Report from Internal Auditor	✓	
Recommendation for appointment of Internal Auditor	✓	
AUDIT COMMITTEE RELATED		
Standing Items	✓	✓
Audit Committee Terms of Reference Review		✓
Loans Receivable Review	✓	
Audit Committee Self-Assessment of Performance		✓
Update on WHS		✓
Forward Agenda	✓	✓