His Worship the Mayor
Councillors
CITY OF MARION

NOTICE OF FINANCE AND AUDIT COMMITTEE MEETING

Council Chamber, Council Administration Centre
245 Sturt Road, Sturt

Tuesday, 23 February 2021 at 02:00 PM

The CEO hereby gives Notice pursuant to the provisions under Section 83 of the Local Government Act 1999 that a Finance and Audit Committee meeting will be held.

A copy of the Agenda for this meeting is attached in accordance with Section 83 of the Act.

Meetings of the Council are open to the public and interested members of this community are welcome to attend. Access to the Council Chamber is via the main entrance to the Administration Centre on Sturt Road, Sturt.

Adrian Skull
Chief Executive Officer

TABLE OF CONTENTS

OPEN MEETING

KAURNA ACKNOWLEDGEMENT

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

COMMITTEE MEMBERS DECLARATION (if any)

CONFIRMATION OF MINUTES

Confirmation of the minutes for the Finance and Audit Committee Meeting held on 8 December 2020

Originating Officer	Governance Officer - Angela Porter
Corporate Manager	Manager Corporate Governance - Kate McKenzie
Report Reference:	FAC210223R01

RECOMMENDATION:

That the minutes arising from the Finance and Audit Committee Meeting held on 8 December 2020 be taken as read and confirmed.

ATTACHMENTS:

#	Attachment	Type
1	FAC201208 - Final Minutes	PDF File

FAC201208 - FINANCE AND AUDIT COMMITTEE MEETING

Tuesday, 08 December 2020 at 02:00 PM

Council Administration Centre, 245 Sturt Road, Sturt

PRESENT:
Mrs Emma Hinchey (Chair), Ms Nicolle Rantanen, Mr David Papa, Councillor Duncan

In Attendance

Mr Adrian Skull	Chief Executive Officer
Mr Tony Lines	General Manager City Services
Ms Sorana Dinmore	General Manager Corporate Services
Ms Kate McKenzie	Manager Corporate Governance (via Zoom)
Ms Jaimie Thwaites	Unit Manager Governance and Council Support
Mr Ray Barnwell	Manager Finance
Ms Karen Cocks	Manager Customer Experience (via Zoom)
Mr Jamie Dunnicliff	Manager - Strategic Procurement Services (via Zoom)
Ms Sherie Walczak	Unit Manager Risk (via Zoom)
Ms Victoria Moritz	Governance Officer
Mr Eric Beere	KPMG
Ms Alice Allen	KPMG

OPEN MEETING

The Chair opened the meeting at 02:00pm

The Chair welcomed Ms Rantanen and Councillor Duncan to the Committee and thanked Councillors Gard and Crossland for their previous contributions.

KAURNA ACKNOWLEDGEMENT

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

ELECTED MEMBERS DECLARATION (if any)

The Chair asked if any Member wished to disclose an interest in relation to any item being considered at the meeting.

Nil declarations were made.

CONFIRMATION OF MINUTES

Confirmation of the minutes for the Finance and Audit Committee Meeting held on 13 October 2020

Report Reference: FAC201208R01

Moved Mr Papa, Seconded Mrs Hinchey

That the minutes arising from the Finance and Audit Committee Meeting held on 13 October 2020 be taken as read and confirmed.

Carried Unanimously

ORDER OF AGENDA

The Chair sought and was granted leave of the meeting to consider the confidential item 'Service Review - Public Litter – Report' at the end of the meeting.

REPORTS FOR DISCUSSION

Elected Member Report

Report Reference: FAC201208R02

Councillor Duncan introduced the report and highlighted the progress of the SWBMX and Southern Soccer Facilities major project.

The Finance and Audit Committee noted the report.

ORDER OF AGENDA

The Chair sought and was granted leave of the meeting to consider the item 'Finance and Audit Committee Work Program and Meeting Schedule for 2021' next.

Finance and Audit Committee Work Program and Meeting Schedule for 2021

Report Reference: FAC201208R06

Moved Ms Rantanen, Seconded Mr Papa

That the Finance and Audit Committee:

1. Notes the proposed work program for 2021 identified at Attachment 1 to the report, with the inclusion of the External Audit Contract to be scheduled for February or May.

2. Adopts the following schedule of meetings for 2021:

- Tuesday 23 February 2021 (2 - 5 pm)
- Tuesday, 18 May 2021 (2 - 5 pm)
- Tuesday 17 August 2021 (4 pm to 6 pm plus followed by joint workshop with Council from 6.30 pm onwards)
- Tuesday, 12 October 2021 (2 - 5 pm)
- Tuesday, 14 December 2021 (2 - 5 pm)

Carried Unanimously

Fraud and Corruption Management Policy and Framework

Report Reference: FAC201208R03

The Unit Manager Risk introduced the item. It was highlighted that the 4-year review had been undertaken and a majority of the changes were as a result of the introduction of the Public Interest Disclosure Act.

The Fraud and Corruption Management Policy and Framework was discussed by the Committee and the following points were noted:

- The four-year review cycle is in line with the Council's Policy Framework. Each Policy is reviewed at least once every term of Council. The Committee suggested that this Policy may require more regular view.
- Initial training is provided as part of new employee inductions. The Committee recommended that refresher training is provided to long term employees. The Committee noted that Council currently does not undertake competency-based training and this could be considered as a future improvement.
- Fraud risk areas are reviewed annually by staff and managers, who are required to sign off compliance requirements each year.
- The results of the Integrity Framework Review pilot that the City of Marion took part in have yet to be received, this feedback should be incorporated into the Framework and processes once it has been received.
- A decision-making process is required to be established for assessing the results of police checks that are obtained as part of a recruitment process and which matters should be considered to be outside of risk tolerance.

Moved Councillor Duncan, Seconded Mr Papa

That the Finance and Audit Committee:

1. Reviews and provides feedback on the Fraud and Corruption Management Policy and Framework.
2. Recommends to Council that the Fraud and Corruption Management Policy (Attachment 1 and 2) be adopted with the following inclusions:
    - Internal controls (e.g. excessive leave policy, etc.) to be linked
    - Description of 'adequate' detection systems to be strengthened
    - Description and process determined for exception reporting

- Reference to Finance and Audit Committee Members should be changed to refer to all independent members
- How the 'reporter' will be supported (in conjunction with the requirements of the Public Interest Disclosure Act)
- The Public Interest Disclosure Act and Policy to be included in the references.

Carried Unanimously

Internal Audit Program 2020/21

Report Reference: FAC201208R04

2.43pm Mr Eric Beere (KPMG) and Ms Alice Allan (KPMG) joined the meeting

Mr Beere spoke to the item noting that the internal audit program is well underway and currently on budget. The program has had some slight delays due to COVID but they are confident that the program will be completed by the end of the financial year.

The Committee stated that the Assurance Mapping needs to be completed by the February 2021 meeting to inform the internal audit program for next year.

The Committee noted the progress of the Internal Audit Program and the following feedback was noted:

Stores
- This is the 3rd collaborative audit undertaken
- Has built relationships across councils
- The audit was timely from a fraud perspective (it has been reported that fraud figures have increased by 60% as a result of COVID)
- The report highlights a number of positive outcomes
- The loaning of Council equipment has been identified for review. A risk based assessment needs to occur to assess risk exposure and insurance needs.
- The security and access of Stores is being assessed to ensure that only those staff who should have access to the stores have an access card and that all access cards are attributed to a specific person
- Access during exception times should be monitored and investigated
- Improve slow moving stock monitoring
- Digital transformation needed for manual processes (stock take and distribution)
- Consider if the frequency of spot checks should be reduced from the currently weekly requirement
- Controls are referred to but not listed on Page 68, include the controls to lower the risk

Project Carryovers

- Ensure 'Validate the reported carryover KPI and confirm the percentage of carryovers for the last five years, including the total capital works budgets versus what was completed, and the amount carried over.' is not a duplication of work already conducted by the external auditors.

3.28pm Mr Eric Beere (KPMG) and Ms Alice Allan (KPMG) left the meeting

Framework and Key Assumptions for the Preparation of the 2021/22 ABP and LTFP

Report Reference: FAC201208R05

Manager Finance introduced the item and highlighted the following:
- The Annual business planning process has commenced with an Elected Members Forum on 17 November 2020.
- The report outlines the framework for the Annual Business Plan (ABP) and Long-Term Financial Plan (LTFP) and the key assumptions supporting these documents (page 79 to 82)
- The Committee's feedback on the framework and assumptions will inform the development of a high-level budget which will be presented to the members at January planning day (30 January)
- Some of the risks and challenges:
  - Coming off a zero% increase in 2020-21 to support the community in COVID times and the desire to minimise the impact of rate increases on our community (the challenge is to balance the real cost of service provision and service demand from the community with their capacity to pay).
  - Minimise the rate impact on the community but maintain a balanced or better cash position over the LTFP to ensure long term financial sustainability
  - Pulling all the levers at once can be a risk
    - Lower rates
    - Delivery of 3 Major projects at the same time BMX, Soccer & Mitchell Park redevelopment
    - Government stimulus funding – ensuring Federal & State funding opportunities are maximised.
    - Resources and the capacity to deliver must be assessed
    - Use of Borrowings – where required and not just because we can
- Employee costs are 42% of the operating costs, mindful of KPI and Core target 3% increase on prior year actuals and stretch target 2% increase.
  - EB agreements
    - Indoor (2% with CPI safety net)
    - Outdoor 2.5% + CPI safety net (expires 30.6.21)
  - The Scheduled Superannuation increase is built into the LTFP, but this may change and is under discussion at the moment

The Committee discussed the report, and the following was noted:
- Be mindful of the workforce profile and the potential cost of ageing workforce and replacing them
- Council needs to consider if the KPI on employee costs is limiting the ability of management to deliver the range of desired projects, as the additional workload of major projects can drive a requirement for additional human resources. Management noted that certain positions are excluded from the KPI via Council resolution if additional resources are added to meet Council objectives however this creates significant additional workload when reporting.
- Indexation beyond 2021/22 is based on Reserve bank Inflation target of between 2 – 3%, note with inflation currently low, the early years of the LTFP may need adjustment
- The adopted LTFP is based on a 1.8% increase for next 3 years then 1.4% for 3 year dropping to 1.3% thereafter. Modelling will be prepared for Council showing the effect of rate increases between 0% to 1.8% to aid their decision-making.

- The Committee noted that the adopted LTFP increases result in surpluses in some years and suggested that the percentage increase in those years should be revised to bring the surplus closer to zero.
- Council is in a good position to optimise opportunities from Federal and State stimulus funding
- The funding requirements outlined in the recently adopted Asset Management Plans needs to be replicated in the LTFP
- The environmental scan highlights 'social' as an opportunity to make a real difference to the community. This could be referred to one of the Council Committee's to flesh out.
- Mortgage stress for the community may be underestimated.

REPORTS FOR NOTING

Internal Audit Program - Implementation of Recommendations
Report Reference: FAC201208R07

Manager Corporate Governance introduced the item and it was noted that several of the outstanding items are dependent on the Digital Transformation project.

ACTION: Follow up the recommendations with the Stores Internal Audit that suggests there are still outstanding actions from 2017 and if they should be on this report, therefore incorrectly closed out.

Service Review Program and Recommendations - Progress Update
Report Reference: FAC201208R08

Manager Customer Experience introduced the item.
The Committee noted the item and recommended a focus on the overdue items.

Annual Ombudsman Report 2019/20
Report Reference: FAC201208R09

The Governance Officer introduced the item.

The Committee discussed the report, and the following was noted:
- A slight increase from previous years
- A number of the complaints were declined
- Under the Section 270 complaints process, recommendations will be tracked and implemented
- No Section 25 investigations by the Ombudsman have been undertaken in the last 2 years.

CONFIDENTIAL ITEMS

Service Review - Public Litter - Report
Report Reference: FAC201208F01

Moved Mr Papa, Seconded Ms Rantanen

That pursuant to Section 90(2) and (3)(a) and (d) of the *Local Government Act 1999,* the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull - Chief Executive Officer, Tony Lines - General Manager City Services, Sorana Dinmore - General Manager Corporate Services, Ilia Houridis - General Manager City Development, Ray Barnwell - Manager Finance, Jamie Dunnicliff - Manager Strategic Procurement Services, Karen Cocks - Manager Customer Experience, Kate McKenzie - Manager Corporate Governance, Vicky Travers - Performance and Innovation Lead, Mel Nottle-Justice - Business Improvement Officer and Jaimie Thwaites - Unit Manager Governance and Council Support be excluded from the meeting as the Committee receives and considers information relating to the *Service Review – Public Litter – Report*, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information, relates to personnel matters and commercial information of a confidential nature.

Carried Unanimously

4.15pm the meeting went into confidence

Moved Mr Papa Seconded Councillor Duncan

In accordance with Section 91(7) and (9) of the *Local Government Act 1999*, orders that this report, the attachments and any minutes arising from this report having been considered in confidence under Section 90 (2) and (3)(a) and (d)(i) and (ii) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2021.

Carried Unanimously

4.22pm the meeting came out of confidence

WORKSHOP / PRESENTATION ITEMS - Nil

OTHER BUSINESS - Nil

MEETING CLOSURE

MEETING CLOSURE - Meeting Declared Closed at 4.22 PM

CONFIRMED THIS 23RD DAY OF FEBRUARY 2021

..

CHAIRPERSON

BUSINESS ARISING

Business Arising Statement - February 2021

Originating Officer	Manager Corporate Governance - Kate McKenzie
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager City Services - Tony Lines
Report Reference	FAC210223R02

REPORT OBJECTIVE

The purpose of this report is to Review the Business Arising from previous meetings of the Finance and Audit Committee Meetings.

RECOMMENDATION

That the Finance and Audit Committee:

1. **Notes the report.**

Attachment

#	Attachment	Type
1	Business arising statement - 23 February 2021	PDF File

CITY OF MARION

BUSINESS ARISING FROM FINANCE AND AUDIT COMMITTEE MEETINGS

AS AT 18 February 2021

	Date of Meeting	Item	Responsible	Due Date	Status	Completed / Revised Due Date
1.	26 May 2020	**Draft Annual Business Plan 2020-21 and LTFP Update** Action: The Committee requested to see estimates of Council's cash position in future interactions of the LTFP and worst-case scenario across the life of the LTFP.	Manager Finance	Dec 2020	Will be incorporated into future iterations of Council's Long Term Financial Plans presented to the Finance and Audit Committee	December 2020
2.	13 October 2020	**Fraud and Corruption** Presentation of Fraud and Corruption Policy and Framework	Unit Manager Risk	October 2020	Council adopted the Fraud and Corruption Policy in January 2021	January 2021
3.	8 December 2020	**Internal Audit Program - Implementation of Recommendations** Follow up the recommendations with the Stores Internal Audit that suggests there are still outstanding actions from 2017 and if they should be on this report, therefore incorrectly closed out.	K McKenzie F Harvey	December 2020	These items were followed up and they formed part of the Service Review and have been closed out.	December 2020

* Completed items to be removed are shaded

SCHEDULE OF MEETINGS 2021			
Day	**Date**	**Time**	**Venue**
Tuesday	23 February 2021	2 pm – 5pm	Administration Centre
Tuesday	18 May 2021	2 pm – 5pm	Administration Centre
Tuesday	17 August 2021	4.00 – 6.00 pm Followed by 6.30 – 8.30 pm (Joint workshop with Council)	Administration Centre
Tuesday	12 October 2021	2 pm – 5pm	Administration Centre
Tuesday	14 December 2021	2 pm – 5pm	Administration Centre

INDICATIVE AUDIT COMMITTEE WORK PROGRAM - 2021
TUESDAY, 23 February 2021

Topic	Action
Elected Member Report	Communication Report
Draft Annual Business Plan and Budget 2021/22 and Draft Long Term Financial Plan - Update	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Quarterly Risk Report	Review and Feedback
External Audit Engagement Letter for the year ending June 2020	Review and Feedback
Internal Audit Contract Review	Recommendation to Council

TUESDAY, 18 May 2021

Topic	Action
Elected Member Report	Communication Report
Draft Annual Business Plan and Budget 2021/22 (after public consultation) & Draft Long Term Financial Plan	Review and Feedback
Internal Audit Program – Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Annual Report on Business Continuity	Review and Feedback
Annual Corporate Risk Profile & Strategic Risk Register	Review and Feedback
Quarterly Risk Reporting	Review and Feedback
Internal Audit Plan for 2021/22 & 2022/23	Review and Feedback

City of Marion

TUESDAY, 17 August 2021 (Joint Workshop with Council)

Topic	Action
Elected Member Report	Communication Report
Meeting with Internal auditors in camera	Seeking feedback from Auditors
Annual Review of HSE Program	Review and Feedback
Annual Insurance and Claims	Review and Feedback
Asset Valuations	Review and Feedback
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
FAC Annual Report to Council	For discussion prior to October
Quarterly Risk Reporting	Review and Feedback
Service Review Program – Scopes, Reviews and Monitoring	Review and Feedback
Joint Workshop with Council (6.30pm onwards)	TBA

TUESDAY, 12 October 2021

Topic	Action
Elected Member Report	Communication Report
FAC Annual Report to Council 2020/21	Review and Recommendation to Council
Independence of Council's Auditor for the year end 30 June 2021	Review and Recommendation to Council
Audited Annual Financial Statements for the year end 30 June 2021	Review and Recommendation to Council
Investment Performance 2020/21	Noting
Debtors Report	Noting
Meeting with external auditors in camera	Seeking feedback from Auditors
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Asset Valuations	Review and Feedback
Quarterly Risk Reporting	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback

City of Marion

Tuesday, 14 December 2021

Topic	Action
Elected Member Report	Communication Report
Internal Audit Program – Scopes, Reviews and Monitoring	Review and Feedback
Service Review Program - Scopes, Reviews and Monitoring	Review and Feedback
Work Program and Meeting Schedule 2022	Review and Feedback
Ombudsman SA Annual Report 2020/21	Review and Feedback
Framework and Key Assumptions for preparation of 2022/23 ABP and LTFP	Review and Feedback
Fraud and Corruption Annual Review	Review and Feedback

CONFIDENTIAL ITEMS

Cover Report - Service Review - Fleet Management and Maintenance - Report

Originating Officer	Manager - Strategic Procurement Services - Jamie Dunnicliff
	Manager - Operations - Fiona Harvey
Corporate Manager	Manager Operations - Fiona Harvey
General Manager	General Manager City Services - Tony Lines
	General Manager Corporate Services - Sorana Dinmore
Report Reference	FAC210223F01

RECOMMENDATION

That pursuant to Section 90(2) and (3)(a) and (d) of the *Local Government Act 1999,* the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull - Chief Executive Officer, Tony Lines - General Manager City Services, Sorana Dinmore - General Manager Corporate Services, Ilia Houridis - General Manager City Development, Ray Barnwell - Manager Finance, Jamie Dunnicliff - Manager Strategic Procurement Services, Fiona Harvey - Manager Operations, Karen Cocks - Manager Customer Experience, Kate McKenzie - Manager Corporate Governance, Vicky Travers - Performance and Innovation Lead, Karen Brewster - Business Analyst and Mel Nottle-Justice - Business Improvement Officer be excluded from the meeting as the Committee receives and considers information relating to the *Service Review – Fleet Management and Maintenance – Report,* upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to personnel matters and commercial information of a confidential nature.

Service Review - Fleet Management and Maintenance - Report

CONFIDENTIAL

Reason For Passing This Resolution:

Local Government Act (SA) 1999 S 90 (2) 3(d) (i) and (ii) : commercial information of a confidential nature (not being a trade secret) the disclosure of which (i) 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 (ii) would, on balance, be contrary to the public interest.

Local Government Act (SA) 1999 S 90 (2) 3(a): information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

Cover Report - Internal Audit Contract

Originating Officer	Manager Corporate Governance - Kate McKenzie
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager City Services - Tony Lines
Report Reference	FAC210223F02

RECOMMENDATION

That pursuant to Section 90(2) and (3)(d) of the Local Government Act 1999, the Finance and Audit Committee orders that all persons present, with the exception of the following persons: Adrian Skull - Chief Executive Officer, Ilia Houridis - General Manager City Development, Sorana Dinmore - General Manager Corporate Services, Tony Lines - General Manager City Services, Kate McKenzie - Manager Corporate Governance, Victoria Moritz - Acting Unit Manager Governance and Council Support, be excluded from the meeting as the Committee receives and considers information relating to the Internal Audit Contract, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the management of the contract.

CITY OF MARION

Internal Audit Contract

CONFIDENTIAL

Reason For Passing This Resolution:

Local Government Act (SA) 1999 S 90 (2) 3(d) (i) and (ii) : commercial information of a confidential nature (not being a trade secret) the disclosure of which (i) 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 (ii) would, on balance, be contrary to the public interest.

REPORTS FOR DISCUSSION

Elected Member Report

Originating Officer	Governance Officer - Victoria Moritz
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager City Services - Tony Lines
Report Reference	FAC210223R03

REPORT OBJECTIVE

Section 3.5 of the Finance and Audit Committee Terms of Reference states "*where the Council makes a decision relevant to the Finance and Audit Committees Terms of Reference, the Elected Member Representative will report the decision to the Audit Committee at the next Committee meeting and provide relevant context*".

RECOMMENDATION

That the Finance and Audit Committee:

1. **Notes this report.**

GENERAL ANALYSIS

Since the last FAC meeting, Council has met three (3) times for General Council Meetings . At these three meetings, Council made the following decisions that relate to the Finance and Audit Committee Terms of Reference in chronological order.

8 December 2020 - General Council Meeting

Review of Confidential Items Overview - 2020
Report Reference: GC201208R08
- Noted that Administration had undertaken the Annual Review of all items with a current confidentiality order. Of the one hundred and seventy four (174) confidential orders identified for review, nine (9) reports were recommended for release, eleven (11) to be released with redactions, and one hundred and fifty four (154) orders are to be retained for further review in December 2021.

Hallett Cove Sea Pool
Report Reference: GC201208M02
- Included the proposed Sea Pool project located at Heron Way Reserve, Hallett Cove in the list of grant submissions under the State Government – Local Government Partnership Program. Noted that a Section 48 prudential report and a local carparking study will be presented to Council in July 2021 subject to grant funding approval.

Economic stimulus funding priorities
Report Reference: GC201208R09
- Endorsed the suggested projects to proceed to grant submissions under the Federal and State grant funding rounds outlined in this report excluding the Marion Golf Course Project and agreed to fund 50% of the total project cost in order to meet the 50:50 partnership grant criteria.

Representation Review - Final Report
Report Reference: GC201208R10
- Endorsed the Representation Report and confirmed the structure of Council to be:
    - 13 Elected Members - Mayor and 12 Ward Councillors
- 6 Wards (2 Ward Councillors per ward)

Confidential Reports
If the Committee wishes to discuss any of these items in further detail, the Committee will be required to moved into confidence.

South Adelaide Basketball Proposal
Report Reference: GC201208F05

Confidential - Rescission Motion - Edwardstown Soldiers Memorial Ground Funding Agreements
Report Reference: GC201208M03

Marion Golf Course - Management and Capital Investment
Report Reference: GC201208F03

LKCC Management Model - SCI Submission
Report Reference: GC201208F04

27 January 2021 - General Council Meeting

Prioritisation of projects being submitted for State Government Local Partnership Program
Report Reference: GC210127R10
- Endorsed the suggested prioritisation order for project grant submissions to the State Government Local Government Infrastructure Partnership Program, with the additional inclusion of the Museum/Exhibition Space.

Fraud and Corruption Management Policy and Framework
Report Reference: GC210127R16
- Adopted the revised Fraud and Corruption Management Policy and the revised Fraud and Corruption Management Framework.

9 February 2021 - General Council Meeting

Final Carbon Neutral Plan
Report Reference: GC210209R04
- Endorsed the final Carbon Neutral Plan.

CEO Recruitment
Report Reference: GC210209F02
- Confidential Report regarding the process CEO Recruitment.

Corporate Risk Quarterly Report

Originating Officer	Unit Manager Risk - Sherie Walczak
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager City Services - Tony Lines
Report Reference	FAC210223R04

REPORT OBJECTIVE

To seek feedback from the Finance and Audit Committee (FAC) on the review of the Corporate Risk Register in line with the Risk Management Framework. This will provide assurance to FAC in accordance with their Terms of Reference to provide "*effective management of risk and the protection of Council assets*" and to provide assurance of the continued implementation of effective risk management initiatives across the organisation.

EXECUTIVE SUMMARY

The Corporate Risk Register review undertaken this quarter further supports the comprehensive work undertaken in Q4 2019-20. Risk Owners reviewed the risks relevant to their portfolios with supported reviews undertaken by the Risk Unit with key SLT risk owners

The review resulted in the total number of risks identified in the Corporate Risk Register increasing by two to 104 risks. The current risk ratings are: 6 high, 73 medium and 25 low.

RECOMMENDATION

That the Finance and Audit Committee:

1. **Provides feedback on the outcomes of the risk review undertaken.**

BACKGROUND

The Corporate Risk Register is reviewed and reported on a quarterly basis, with the Risk Unit offering support to risk owners (SLT members) and control owners (generally Unit Managers). This quarterly review process is well entrenched in the risk reporting schedule.

The Corporate Risk Register was last reported for Quarter 1 (July - September) 2021 the Finance and Audit Committee meeting of 13 October 2020 (FAC201013R13).

REVIEW OUTCOMES

The review undertaken in the current reporting period being Quarter 2, October to December 2020, resulted in the total number of risks identified in the Corporate Risk Register increasing by two to 104 risks. The current risk ratings are: 6 high, 73 medium and 25 low. The summary of quarterly review outcomes for the last 12 months and the illustration of recent movement in our risk exposure are provided in **Attachment 1/Table 1.**

Two new risks were added; one addresses the strategic objective of LKCC to maximise its revenue potential and provide economic development opportunities for indigenous Australians, and the second addresses the complexity of ITT application architecture which is causing temporary lower performance and inefficiencies during the digital transformation program. These are outlined in **Attachment 1/Table 2.**

During the quarterly reviews, scrutiny was been placed on analysis of the current likelihood and consequence ratings to reflect the effect of current controls. This has resulted in a number of risks being re-rated and are outlined in **Attachment 1/Table 3.**

The Risk Working Group has identified the Waste Management risk be reviewed at a meeting of the Executive Leadership Team with a subject matter expert from the Environmental Sustainability Team in attendance.

ENVIRONMENTAL SCANNING

Every quarter, the organisation undertakes an environmental scan using the PESTLER model, focussing on the micro and macro environment. The latest environmental scan suggests areas for continued observation to be:

- The Council has not seen any significant impacts of financial distress and inability to pay rates however with Government assistance packages being wound back in the next quarter this will be monitored for those with a reduced capacity to pay
- There has been an increase in competing projects for potential grant funding which may lead to extended time frames for some projects.
- There has been an increase in project/construction costs with further market increase anticipated over the next 6 months. Delivery delays may also be a concern with regard to grant acquittals due to the under supply and availability of trades.
- Workload pressures associated with the rate of change to the way we work, the internal and external initiatives in response to COVID-19 and the increasing amount of new and potential projects.
- The ongoing effects of COVID-19 has caused mental distress amongst the community, which may lead to an increase in demand on our facilities and services (which may be an opportunity). It may also lead to an increase in disgruntled and aggressive customer interaction and antisocial behaviour in the community.
- Continual observation on the approved vaccine and the methodology of the rollout for community and for employees as this may affect how we deliver our services and may create industrial relations issues for resolution.

CONCLUSION

The quarterly risk review process, culminating in an updated Corporate Risk Register, provides assurance to the organisation and its stakeholders of an integrated approach to identifying and managing risks.

Attachment

#	Attachment	Type
1	FAC210223R Corporate Risk Quarterly Review - Attachment 1 - Risk Movement as at Q2 2020 -21	PDF File

ATTACHMENT 1 – Risk Outcomes for Quarter 2 2020-21 (October-December 2020)

Risk Profile Movement

The quarterly movement of risks identified in the Corporate Risk Register is outlined in Table 1 with the high risks being highlighted in red.

Table 1: Quarterly Movement During Quarterly Reporting Period

Period:	Qtr 3: Jan to Mar 2020			Qtr 4: Apr to Jun 2020			Qtr 1: Jul to Sep 2020			Qtr 2: Oct to Dec 2020				Overall Impact*
¹Corporate Risk	I	C	F	I	C	F	I	C	F	I	C	F		
Extreme	20	0	0	26	0	0	26	0	0	26	0	0		←→
High	71	10	0	62	6	0	62	6	0	65	6	0		←→
Medium	18	78	70	14	70	58	14	71	59	13	73	58		↑
Low	0	21	39	0	26	44	0	25	43	0	25	46		←→
Total	109	109	109	102	102	102	102	102	102	104	104	104		

Current High Risk %	9%	6%	6%	6%

¹Key: I = Inherent, C = Current, F = Forecast   *Overall impact from Inherent Risk Rating to Forecast Risk Rating

The Corporate Risk Register underwent further review to the comprehensive work undertaken in Q4 2019-20. Risk Owners reviewed their risks with supported reviews undertaken with key SLT risk owners.

New Risks

The two LKCC risks were reviewed from a strategic perspective which resulted in them being fully revised with an additional risk, currently rated as medium, added to reflect the strategic nature of the risk exposure. ITT added a new risk, currently rated as medium, to acknowledge the complexity of ITT application architecture which is causing temporary lower performance and inefficiencies during the digital transformation program. These new risks are outlined in Table 2.

Table 2: New Risks Added During Quarterly Reporting Period

Risk Ref	Work Area	Risk Description	Inherent Rating	Current Rating	Forecast Rating	Comment
LKCC03	LKCC	Inability to develop the LKCC to maximise its revenue potential & provide economic development opportunities for indigenous Australians	High	Medium	Low	New risk added as a result of full revision of risks for LKCC
ITT08	ITT	During the digital transformation program, the complexity of ITT application architecture is higher resulting in lower performance and inefficiencies	Extreme	Medium	Medium	New risk added as a result of implementing the Digital Transformation Program

Re-rated Risks

During the quarterly reviews, scrutiny was been placed on analysis of the current likelihood and consequence ratings to reflect the affect of current controls. This has resulted in a number of risks being re-rated and are outlined in Table 3.

Table 3: Risks Re-rated During Quarterly Reporting Period

Risk Ref	Work Area	Risk Description	Inherent Rating	Current Rating	Forecast Rating	Comment
GOV02	Corporate Governance	Ineffective relationships between Elected Members or with Council Administration which does not facilitate or support good decision making	High	Medium	Medium	Re-rated current likelihood from Possible to Unlikely reducing rating from High to Medium
ITT04	ITT	Failure to deliver key corporate initiatives/projects as identified by the business	High	Medium	Medium	Re-rated current likelihood from Possible to Unlikely reducing rating from High to Medium
ITT07	Project Management	Ineffective & inefficient organisational project and portfolio management/monitoring to deliver strategic objectives and outcomes	High	High	Low	Re-rated current likelihood from Unlikely to Possible increasing rating from Medium to High
CON03	Strategic Procurement	Failure to manage contractors appropriately to ensure that contractual obligations are met	High	Medium	Low	Re-rated current likelihood from Rare to Possible increasing rating from Low to Medium

MOP05	Marion Outdoor Pool	A child or youth patron of the Marion Outdoor Pool experiences physical or psychological harm as a consequence of an incident whilst attending the Marion Outdoor Pool	High	Medium	Medium	Re-rated current likelihood from Rare to Unlikely increasing rating from Low to Medium
COM02	Comms	Failure to respond effectively to an incident where there is potential for reputational damage or adverse media.	High	Low	Low	Re-rated current likelihood from Unlikely to Rare decreasing rating from Medium to Low
CWE01	Community Wellbeing	Failure to deliver quality community wellbeing education, engagement, events and initiatives.	High	Low	Low	Re-rated current consequence from Moderate to Minor decreasing rating from Medium to Low
OSU04	Operational Support	Non-compliant, inappropriate, ineffective and/or substandard customer response and/or service delivery by Operational Support (safe & prompt vehicle maintenance, appropriate procurement via stores, timely & accurate support and supplier payment by Operational Admin, reactive Out of Hours provision etc)	Medium	Low	Low	Re-rated current likelihood from Unlikely to Rare decreasing rating from Medium to Low

Risks Identified for Further Review

The desktop review identified risks that are recommended for a more comprehensive review are outlined in Table 4.

Table 4: Risk Identified for Further Review

Risk Ref	Risk Description	Rationale
CON01	Failure to provide and manage waste services, including landfill, to meet current and future demand in line with legislative and environmental constraints and targets	To ensure the risk takes into consideration the full circular economy associated with waste management

Current High Rated Risks

Although the Risk Appetite outlined in the Risk Management Framework outlines varying tolerance levels for specific risk criteria, the reporting structure requires that risks with a current risk rating of extreme or high are to be reported to the Risk Working Group and therefore, to Council via its Finance and Audit Committee.

The current profile of risks identified with a High current risk rating is outlined in Table 5, with focus drawn to those circled in red, and a summary of all High current rated risks is provided in Table 6.

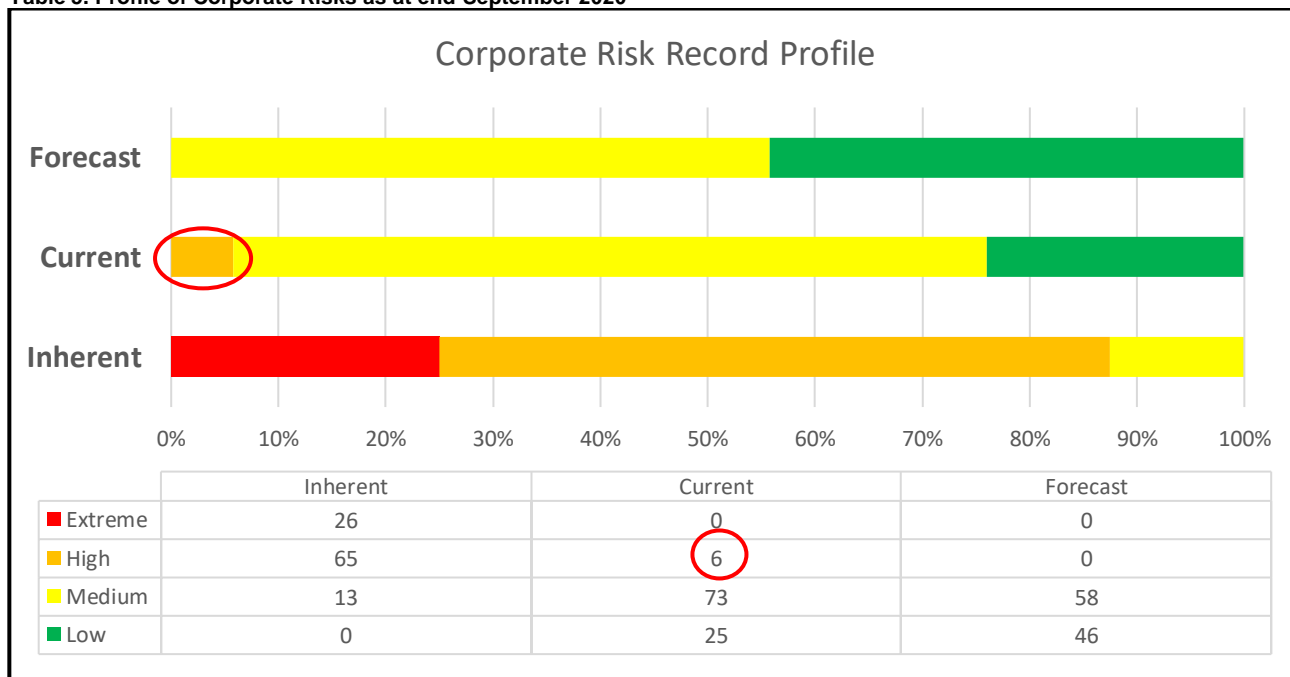**Table 5. Profile of Corporate Risks as at end September 2020**

Corporate Risk Record Profile

	Inherent	Current	Forecast
■ Extreme	26	0	0
■ High	65	6	0
■ Medium	13	73	58
■ Low	0	25	46

Table 6. Evaluation of High Risks During Quarterly Reporting Period

Risk Ref	Risk Description	Inherent Risk Rating	Current Risk Rating	Qtr Mvmnt	Ongoing treatments
ESU03	Failure to understand, plan and act to respond to the projected impacts of climate change.	Extreme	High	↔	1. Update Review of climate change projections/observations & use of pathways approaches in adaptation planning as part of the Resilient South Regional Implementation Plan review. 2. Develop & implement a Climate Risk Governance program 3. Implement findings of Coastal Climate Adaption Plan 4. Undertake a skills/capability audit & document training gaps in the TNA 5. Implementation of CoM Climate Risk & Governance 2019 Assessment gap analysis recommendations 6. Development of a Carbon Neutral Plan to achieve carbon neutrality by 2030 for Council operations (includes development of ESD Guidelines for Council Buildings) 7. Integration of environmental impacts and climate change into AMPs
GOV10	Inability to prevent, prepare, respond to and promote resilience in the community in the event of an emergency ie pandemic (human disease), earthquake, flood, extreme heat, bushfire and terrorism	Extreme	High	↔	1. Implementation of LGA Council Ready Action Plan 2. Implementation of IMT response to COVID19 for Elected Members, employees and the community
ITT01	Decentralised, unsupported and unintegrated ICT systems to support current and future needs	High	High	↑	1. Digital Transformation Project 1a. CRM system replacement 1b. Finance system replacement 1c. Asset Mgt new system 1d. HR/Payroll system replacement 2. Undertake project risk assessment for DTP
ITT02	Poor data quality and information governance not supporting informed decision making	Extreme	High	↔	1. Implementation of ICT Service Review recommendations 2. Implementation of ICT Internal Audit recommendations 3. Digital Transformation Project (move to Cloud) 4. Development of the IT Application Strategy 2019 5. Implement new Data Governance Framework 6. DTP - COM9 data analytics 7. Recruit Chief Data Officer resource 8. Seek endorsement of Data Governance/Database Administrator resource to implement and oversee the Data Governance Framework
ITT07	Ineffective & inefficient organisational project and portfolio management/monitoring to deliver strategic objectives and outcomes	High	High	↑	1. Active management of vendor (CAMMS) to improve system and understand / respond effectively to COM needs - CAMMS to provide recommendation report 4 weeks
LPR02	Harm, injury, damage or near miss incident arising out of a failure of CoM contractors to comply with contract conditions and CoM HSE requirements	High	High	↔	1. City Property staff to undertake Procurement & Contractor Management training 2. Establish a contractor management process for Property Maintenance

Monitoring of Further Mitigating Treatment Action

Risk Owners remain responsible for ensuring the timely delivery of further actions identified to mitigate and manage risk with progress being monitored and reported quarterly to Risk Working Group. To assist Risk Owners, the Risk Unit will commence monthly monitoring with overdue treatments reported to the relevant Risk Owners.

Cybersecurity self assessment

Originating Officer	Manager Information Services - Akos Szonyi
Corporate Manager	Manager Information Services - Akos Szonyi
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	FAC210223R05

REPORT OBJECTIVE

To seek feedback from the Finance and Audit Committee (FAC) on the review of the City of Marion's cybersecurity self-assessment and the planned actions to remediate identified weaknesses.

EXECUTIVE SUMMARY

Under section 32(1) of the *Public Finance and Audit Act 1987* (PFAA), the Auditor-General has examined cybersecurity management of 3 councils (the Cities of Port Adelaide Enfield, Prospect and Port Augusta). The reports and findings were made public on 02/02/2021.

The City of Marion (CoM) has been investing in cybersecurity for several years now and is monitoring the environment and attempting to remedy identified gaps. As a result of the report's findings, CoM assessed its current security position and developed a draft action plan (30 actions) to mitigate the identified 18 weaknesses.

RECOMMENDATION

That the Finance and Audit Committee note:
1. **the cybersecurity self-assessment.**
2. **the first draft of the remediation action plan, to be further enhanced in collaboration with our partners at the Cities of Charles Sturt and Port Adelaide Enfield as well as through our partnership with the federal Australian Cyber Security Centre.**

GENERAL ANALYSIS

From 2011, City of Marion (CoM) has been working with CQR Consulting Australia, to develop a cybersecurity framework and program, to contribute to the COM's security position.

The cross-council Service review in 2019 recommended CoM lead the collaboration on security activities with the other 2 councils, City of Charles Sturt and City of Port Adelaide Enfield. Partly due to Covid 19, partly due to resourcing, the project was suspended in 2020, and the three councils continued their own security reviews. Due to the transition to cloud systems CoM has achieved a significant uplift in both cloud-based and on-premises security technologies.

As part of the Corporate Services restructure to support the Digital Transformation program, CoM identified the need for a dedicated security and IT governance-related role. The IT Governance and Cybersecurity Lead will play a vital part in both relaunching the cross-council Cybersecurity project and the Digital Literacy and Cybersecurity Awareness project.

DISCUSSION

Using the Auditor-General's report on Port Adelaide Enfield, CoM assessed its current security position and developed an action plan to mitigate the identified weaknesses. The plan is below at attachment 1.

The action plan was based on the detailed assessment of the recommendations for PAE, work done by the Local Government Information Technology South Australia in producing a draft LGITSA Cybersecurity strategy, the South Australian Cyber Security Framework (SACSF) and guides developed by the Commonwealth Government's Australian Signals Directorate (ASD) - the Australian Cyber Security Centre. (ACSC) which the CoM has partnered with since 2020.

While the work is still in first draft, due to cybersecurity's importance it was considered prudent to bring it to the attention of the FAC for feedback. A more refined version will be provided at the next meeting, allowing for further input from all the partners mentioned above, as well as the new IT Governance and Cybersecurity Lead due to start on 15 March 2020.

The draft action plan, provided below as attachment 1, is focusing on the following areas:

- **Security governance** that includes:
    - *IT documentation:* CoM has developed the IT Governance Framework and updated the critical security procedures/policies. Further review and potential update of documents are planned to achieve better compliance. **(8 actions identified)**
    - *Cybersecurity awareness.* CoM has initiated a project on Computer Literacy and Cybersecurity awareness for CoM staff. **(4 actions identified)**

- **System security** that includes:
    - *Network and application security:* CoM introduced privileged access right management for business-critical application (Microsoft, Authority, Open office **(5 actions identified).** As part of the Digital Transformation Program CoM will replace its on-premises business applications with new cloud-based systems fully compatible with modern security recommendations. The first system to be replaced is the Customer event system: CoM is implementing a SalesForce based CRM cloud solution. The DTP program is progressing the move of the Finance, Asset Management, HR and Payroll systems to the cloud.
    - *User access and password management:* CoM has introduced strong password management requirements with multi-factor authentication (MFA) for every staff member. The Digital Literacy and cybersecurity awareness project is focusing on system and security training for all staff, that can further elevate our security position. **(3 actions identified)**
- **IT systems change management**: CoM uses the FreshService system for logging/approving all IT-related changes. **(1 action identified)**
- **Information backup and data recovery** that includes:
    - *Back up:* CoM regularly backs up its on-premises and cloud-based information. (**2 actions identified**)
    - *Disaster recovery and IT incident management:* CoM has a disaster recovery plan, but it needs to be updated to reflect recent IT architecture changes. (**2 actions identified**)
- **IT Vulnerability** that includes:
    - *User application and network security:* CoM already monitors the user applications, but improved control with application whitelisting would further improve council's security. (2 action identified)
    - *Web application security:* Security standards already used by CoM need to be extended to all third-party vendors where CoM uses outsourcing or managed services. (3 actions identified)

Attachment

#	Attachment	Type
1	Action Plan Cyber Feb 2021	PDF File

CoM Draft Cybersecurity Action Plan February 2021

Category	Risk	PAE FOUND RISK	Self-assessment	Actions	Resource	Due date
Security governance	1. Cybersecurity Policies	Insufficient coverage of information security-related policies, procedures and strategy	As part of the IT Governance Framework project, key documents have been updated	1. Review all current documentation, develop a detailed register with required documents	IT Governance and Cybersecurity Lead	30/04/2021
				2. Develop documents from gap analysis	IT Governance and Cybersecurity Lead	21/05/2021
				3. Training (embedding) policies to CoM staff	Digital Literacy Project Manager	TBC
	2. Cybersecurity user awareness	Gaps in security user awareness training program	The first project in the Digital Transformation Program is focusing on cybersecurity awareness of CoM staff. Our council already uses security training videos for employee inductions, CoM intends to introduce recurring online training (e.g. against phishing) and face to face ones as well (e.g. lunch and learn)	4. Completion rate of updated Cyber Security training should be followed up for inductions and annual refresher	P&C Learning and Development Partner	26/02/2021
				5. Training materials need to be reviewed annually	P&C Learning and Development Partner / IT Governance and Cybersecurity Lead	annual
				6. Regular audit of eLearning system included on training statistics	P&C Learning and Development Partner / IT Governance and Cybersecurity Lead	from 30/06/2021
			Cybersecurity training is not enforced for mandatory completion.	7. Sending regular phishing emails to staff and monitoring of who are the ones who click repeatedly.	IT Governance and Cybersecurity Lead/ external partner	from 30/06/2021
	3. ICT Vulnerability Register	ICT risk register and reporting doesn't exist	CoM uses 3 separate risk registers: • IT operational risks & issues, managed by IT and small issues, risks are registered in it • Project risks. Created for the Digital Transformation Program and all project risks are stored in it. • CoM corporate risk register managed by Governance and holds council risks. IT project risks are managed in project governance. IT operational/security risks should be registered in ICT vulnerability register. These risks are not registered systematically.	8. Review and restart using the IT vulnerability register implemented in SharePoint	IT Governance and Cybersecurity Lead / Infrastructure Lead	1/03/2021
				9. Migrate ICT Vulnerability Register site to SharePoint Online	IT Specialist - Financial Systems Administrator	30/03/2021
				10. Review IT operation/cyber risks on a monthly basis and provide reporting to GM.	DTP Program Manager / DTP Project Managers/ IT Governance and Cybersecurity Lead / Manager IS/ Infrastructure System Lead	30/03/2021
	4. Ongoing review of IT controls	No ongoing review or assurance over ICT controls	CoM's reviews are ad hoc, reactive and driven by events (Audit, incident etc), There is a Cross-Council Cybersecurity program scheduled.	11. Develop the annual Cross-Council Cybersecurity Strategy with audits of ICT controls included.	IT Governance and Cybersecurity Lead / Manager IS	30/06/2021
		Insufficient management of risks and contracts over third-party service providers	IT Vendor management has been transferred from IT to Procurement. Dedicated cross-council procurement resource is available and assures a high level of service.	12. Continued monitoring of new and existing agreements to ensure risk management and controls	Strategic Procurement/ Manager IS/ IT Governance and Cybersecurity Lead/ Infrastructure systems lead	ONGOING
	5. Ongoing security /vulnerability tests		CoM has implemented key ICT controls as part of the security uplift project. Regular reviews and testing of the controls should be included in the cross-council cybersecurity plan. CoM's security/vulnerability tests are ad hoc, reactive, and driven by events (Audits, incidents, new products etc),	13. Develop the annual Cross-Council Cybersecurity Strategy with penetration and vulnerability tests and consider constant monitoring solutions.	IT Governance and Cybersecurity Lead	30/06/2021
System security	6. Password weakness	Weaknesses in password and authentication controls	Best practice password complexity has been setup for all users. 2FA has	14. Introduce 2FA for shared accounts.	IT System Administrator – On-prem infrastructure / Infrastructure System Lead	19/03/2021

Category	Risk	PAE FOUND RISK	Self-assessment	Actions	Resource	Due date
			been introduced for all staff except shared accounts in 2020. CoM is still investigating the use of a corporate password manager	15. Introduce 2FA for VMWare Horizon View	IT Help Desk Coordinator/ IT System Administrator – On-prem infrastructure	30/04/2021
	7. Privileged Access Management	Weaknesses in privileged access management practices	It has been updated as part of the IT Governance framework project. Privileged access reviews for Azure RBAC roles are scheduled on a regular basis, from monthly to quarterly. Process also documented for all business-critical systems.	16. Develop the annual Cross-Council Cybersecurity Plan with regular audits of privileged access rights of each business application within council	Manager IS /IT Governance and Cybersecurity Lead	30/06/2021
	8. User Access Review	Insufficient user access reviews	Approvals via SLT manager recorded, no process for regular reviews.	17. Develop the annual Cross-Council Cybersecurity Plan with regular audits of user access rights.	IT Governance and Cybersecurity Lead / Manager IS	30/06/2021
	9. System security updates	Security updates not regularly installed.	It has been updated as part of the Security Uplift Project.	18. Review process that tests and implement security updates/patches ASAP after release.	IT System Administrator – On-prem infrastructure	30/06/2021
	10. Network Security	Insufficient end-user device security.	An unknown device may be connected to CoM wired LAN	19. Until a technical solution is applied, a monthly check of network logs of wired LAN needs to be introduced	IT Governance and Cybersecurity Lead / NIW / IT System Administrator – On-prem infrastructure	30/05/2021
				20. Review technical solution to protect LAN ports.	IT Governance and Cybersecurity Lead/ Infrastructure System Lead / Manager IS	30/06/2021
	11. Physical access to the server room		The server room is locked with swipe card access that is recorded, No regular log analysis scheduled.	21. Develop a process for regular report to review and incorporate to Cross-Council Cybersecurity Strategy.	IT Governance and Cybersecurity Lead / Manager IS	30/03/2021
Change management	12. Change Management controls	Insufficient change management controls	ITIL based change management function is implemented in FreshService. Regular reviews needed to assure compliant operation. Change is managed by the IT Governance Framework. Business change is controlled via the Cross-Council Solution Delivery Framework, and IT change is managed by FreshService ITSM	22. Regular review of IT changes in the ITSM system is to be incorporated the Cross-Council Cybersecurity Strategy.	IT Governance and Cybersecurity Lead / Manager IS	30/06/2021
Information backup Disaster recover Incident reporting	13. Information Backup	Gaps in backup and ICT disaster recovery arrangements	CoM daily backs up its data (both on-premises and Cloud-based). COVID 19 has successfully tested the IT arrangement of the Business Continuity Plan. KPMG also has audited the disaster recovery arrangement. Microsoft 365 content is being backed up with Veeam Office 365 backup. RPO is around 24 hours. On premises servers are backed up with Dell Networker with Tapes stored securely off premise. Continuous monitoring of backups is in place.	23. Discover the technical solution for backing up cloud configurations and implement the solution (Microsoft 365, AWS and Azure)	IT specialist – M365 and Salesforce	31/06/2021
				24. Incorporate data restoration tests to Cross-Council Cybersecurity Plan	IT Governance and Cybersecurity Lead / IT specialist – M365 and Salesforce / IT System Administrator – On-prem infrastructure	30/6/2021
	14. Security incident response plan	Information security incident response plan not established	It was developed and then again reviewed in 2019 following an incident. Security section of the IT Governance framework needs to include this.	25. Annual review of the response plan is to put into Cross-Council Cybersecurity Plan	IT Governance and Cybersecurity Lead	30/06/2021

Category	Risk	PAE FOUND RISK	Self-assessment	Actions	Resource	Due date
	15. Disaster Recovery		The plan has not been updated since transitioning services to Cloud	26. Review DR and BCP plan annually	Infrastructure System Lead / Manager IS/ Risk unit	Annual
Vulnerability assessment	16. Unsupported apps on end-user devices		Applications are monitored by Intune and FreshService	27. Introduce MS application whitelisting	IT specialist – M365 and Salesforce	30/06/2021
	17. Unsupported software/OS security patching		On-Prem OS patches are managed by WSUS and Intune. Limited control on mobile devices (iOS, Android)	28. Define and implement security policies for Intune MDM regarding iOS and Android	IT Governance and Cybersecurity Lead / IT specialist – M365 and Salesforce	30/06/2021
	18. Web application security		Internet-facing web applications (Home page, booking sites, Extranet, ESRI etc.) are either SaaS and outsourced.	29. Assess all internet-facing apps	IT Governance and Cybersecurity Lead / Manager IS	30/6/2021
				30. Address gaps (password management, privileged access right, 2FA, backup/restore) with the vendors	IT Governance and Cybersecurity Lead / Manager IS	30/6/2021
				31. Remediate any weaknesses found	IT Governance and Cybersecurity Lead / Manager IS	30/08/2021

Internal Audit Program 2020/21 - COVID-19 BCP Response Report - Assurance Mapping Report

Originating Officer	Manager Corporate Governance - Kate McKenzie
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager City Services - Tony Lines
Report Reference	FAC210223R06

REPORT OBJECTIVE

To provide the Finance and Audit Committee (the Committee) with a progress update of the Internal Audit Plan for 2020/21.

EXECUTIVE SUMMARY

At its meeting of 9 December 2020, the Committee considered and recommended that the following internal audits be completed in 2020/21.

- COVID-19 Business Continuity Response (Quarter 1) (Completed - Attachment 1)
- Stores Management (Collaborative) (Quarter 2) (Completed)
- Assurance Mapping (Quarter 2/3) (Completed - Attachment 2)
- Project Carry-overs (Quarter 2) (In progress)
- Asset Inspections Schedule (Quarter 3) (In progress)
- Community Facilities Management Models (Quarter 4) (to be discussed)

The Internal Audit Program is currently on track for completion within the 2020/21 financial year. The following status on each review is provided below:

COVID-19 Business Continuity Response - Completed (Attachment 1)
The objective of this internal audit was to review the current response to the COVID-19 pandemic. The review also focused on any gaps and lessons learnt including further preparation that may be required relating to future waves, was well as provide recommendations for improving the Business Continuity Plan moving forward**.**

The internal audit identified that CoM managed the crisis well, between March and July 2020. The IMT was activated early and appropriate risk and impact assessments were performed. It was identified quickly that the existing crisis management and recovery strategies were not sufficient and a specific COVID-19 Response Plan was developed.

In total, five (5) recommendations and two (2) performance improvement opportunities have been identified. From the recommendations, three (3) were considered moderate and two (2) low.

Stores Management (Collaborative) - Completed (FAC - December 2020)
The Stores internal audit was a collaborative review completed with the City of Charles Sturt. The review identified three (3) joint recommendations, two (2) joint performance improvement recommendations and one (1) City of Marion finding which related to the lending of Council equipment to staff for personal use. All of the recommendations have been agreed to by staff and management comments included within the report.

Assurance Mapping (Quarter 2/3) - Completed (Attachment 2)

The objective of this internal audit review was to develop an Assurance Map for the CoM's sources of assurance against its corporate risks and business processes. The review aggregated risks from the corporate risk register to identify a top 19 list of strategic risks (Note: 20 risks were originally identified, however the BCP and Emergency Management risks were combined). Numerous discussions were held across the organisation to develop the assurance map with each risk assessing the 3 lines of defence and provide an assurance assessment of high, medium and low. Each risk identified some improvement opportunities and section 1.9 of the report identifies those risks assessed by KPMG as a high priority focus.

The next step following this work is to develop a strategic risk register, and agree the desired residual risk rating for each of those risks based on further refinement and articulation of the three lines of defence model.   The performance improvement opportunities identified within the review will be incorporated into this work and managed through the risk process.

The assurance assessment will also assist in the development of the 2021/22 & 2022/23 Internal Audit Plan.

Project Carry-over (Quarter 2) - In Progress
This audit has recently commenced and work is in progress.

Asset Inspections Schedule (Quarter 3) - In Progress
This audit has recently commenced and work is in progress.

Community Facilities Management Models (Quarter 4) - TBA
This work is still being defined. The City Property team is currently working on various management options for community facilities across Marion.

RECOMMENDATION

That the Finance and Audit Committee:

1. **Notes the progress of the Internal Audit Program.**
2. **Considers and provides feedback on the COVID-19 Business Continuity Response.**
3. **Considers and provides feedback on the Assurance Mapping.**

Attachment

#	Attachment	Type
1	CoM BCP Feb 21	PDF File
2	CoM - Assurance Mapping_Internal Audit Report_Final Report.pdf	PDF File

KPMG

City of Marion

Business Continuity Plan & COVID-19 Response Internal Audit Report

February 2021

Table of Contents

Eric Beere
Lead Engagement Partner
08 8236 3457
ebeere@kpmg.com.au

Janet Burdon
Associate Director
08 8236 3302
jburdon@kpmg.com.au

Heather Martens
Associate Director
08 8236 3273
hmartens@kpmg.com.au

Ally Newcombe
Manager
08 8236 3382
anewcombe1@kpmg.com.au

1.0 Executive Summary

In accordance with the 2019/20 Internal Audit Plan for the City of Marion (CoM) an internal audit of the CoM's Business Continuity Plan (BCP) in regards to its COVID-19 response was performed. The objective, scope and approach of this engagement are outlined below.

1.1 Objective

The objective of this internal audit was to review the CoM's BCP in relation to the current response to the COVID-19 pandemic. The review also focused on any gaps or lessons learnt including further preparations that may be required relating to future waves, as well as providing recommendations for improving the BCP going forward.

1.2 Scope

To address the overall objective above, the scope of this internal audit included the following two phases:

Phase 1 – Business Continuity and Disaster Recovery

- Assessed the implementation and compliance to the CoM's BCP in response to COVID-19, including consideration of the following:
  - Key roles and responsibilities of the Incident Management Team.
  - Activities undertaken to address the impacts of the crisis, including the prioritisation and implementation of the response activities, including risk assessments and/or issues logs undertaken to manage the impacts of COVID-19, and the sufficiency of utilised communication channels.
  - The documentation of key decision points.
- Reviewed the CoM's response related to the impacts of the pandemic on staff's mental health and well-being.
- Assessed the process and controls around procured IT infrastructure required as a result of the pandemic, and the implementation of collaboration tools and remote working solutions including sufficiency of capacity to cope with the CoM's demand driven by remote working requirements.
- Reviewed the reporting of activities to the Executive Leadership Team and relevant governing bodies such as the Councillors and the Finance and Audit Committee.
- Reviewed the CoM COVID Recovery Plan as part of the overall Disaster Recovery.

- Examined the implementation of recommendations from the 2019 Business Continuity, IT Disaster Recovery and Emergency Management Internal Audit Report into current BCP processes.

Phase 2 – Lessons Learnt

- Assessed any gaps or lessons learnt, including consideration of the following:
  - Staff and community feedback in relation to how the CoM has managed its COVID-19 response.
  - Assessed challenges as a result of any change or failures in controls (in the event) of future waves of COVID-19.
  - The CoM's ability to understand and manage the transitionary risks that occurred at an evolving pace, and in an extremely uncertain environment.
- The CoM's preparedness for a possible future waves or similar crisis.
- Conducted a "Ready for the Future - Building Resilience" Workshop to review how the CoM can harness, build on and sustain positive change to the organisation, across the four key areas of workforce, operations, financial and digital and data opportunities, informed by national and global perspectives.

1.3 Summary of Observations

Phase 1- Business Continuity and Disaster Recovery

Overall in handling the COVID crisis between March to July 2020, the CoM handled the crisis well. The Incident Management Team (IMT) was activated early, with a few meetings prior to declaring the incident as a business continuity event. Appropriate risk and impact assessments were performed. It was quickly recognised that the existing crisis management and recovery strategies were not sufficient for the COVID-19 situation, and a COVID-19 Response Plan was developed.

The CoM was not set up for most of the workforce to work remotely. The IT team needed to quickly procure equipment and technologies to enable staff to work from home. Some shortcuts were taken in procuring the equipment, with approvals often post the purchase. Due to urgency in procurement, the IT standard that CoM previously applied could not always be met; hence the IT fleet is no longer consistent. This might have future compatibility impacts as the Digital Transformation Program is rolled out.

Further assessment of observations in regards to the CoM's COVID response is detailed on pages 5 and 6.

1.0 Executive Summary (continued)

Internal audit findings

Through our discussions with the process owners, documentation review and sample testing performed, Internal Audit identified five (5) findings and two (2) Performance Improvement Opportunities (PIOs). The following table provides a summary our risk rated findings, and the relevant issue owner and target date for implementation. These findings and recommendations were discussed with CoM Management. Management has accepted the findings and has agreed action plans to address the recommendations.

Critical	High	Moderate	Low	PIO
-	-	3	2	2
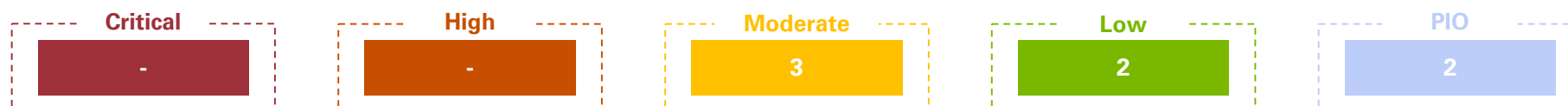
Rating	Ref #	Description	Issue Owner	Target Date
Moderate	F1	Existing Business Continuity Framework needs to be updated to reflect pandemic planning and recovery strategies	Unit Manager Risk	Refer Finding
Moderate	F2	Agree protocols for fast-tracked procurement of IT infrastructure during business continuity events	Manager - Strategic Procurement Services	June 2021
Moderate	F3	Confirm and update the required technological capabilities for remote working in the Recovery Strategies	Manager, Information Services	Refer Finding
Low	F4	BCP documentation has not been updated to record specifics on recovery response activities	Unit Manager Risk	December 2021
Low	F5	Update existing recovery strategy documentation to reflect the manual processes (and changes implemented) as a result of COVID	Manager Corporate Governance	September 2021
PIO	PIO1	Potential changes to consider regarding Incident Management Team roles and responsibilities	Unit Manager Risk	June 2021 December 2021
PIO	PIO2	Opportunities for greater integration and tailoring of documentation	Manager Corporate Governance	Refer PIO

The classification of risk ratings in this report are based on the risk ratings documented at **Appendix 6**.

| Table of Contents | Executive Summary | Background | Internal Audit Findings | Appendices |

Phase 1: Business Continuity Plan and COVID-19

This internal audit considered the implementation of and compliance of the CoM's BCP in response to COVID-19. Our observations against key elements of the BCP are provided below with any recommendations for improvement also provided.

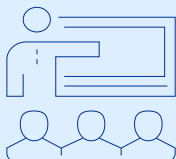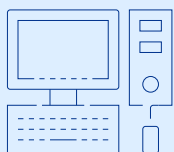| BCP FRAMEWORK ELEMENT	Observations
Incident assessment, declaration and BCP activation Assessment of incident is determined to be a Business Interruption Event, resulting in possible activation of the BCP.	✓ The CoM declared COVID-19 as a business continuity incident on 16 March 2020 and activated the IMT. ◉ Pandemic activation criteria is not clearly defined (see Finding 1).
Convene Incident Management Team (IMT) •IMT is led by the IMT Commander who will call an initial IMT meeting to enable a high-level risk assessment and discuss known information. •An Emergency Operations Centre may be opened.	✓ The IMT Commander role was held by the CEO. ✓ An initial impact assessment was performed by the IMT during the first meeting. This assessment was progressively updated as further external information and the team leader's assessment came to hand. ✓ Decisions were made quickly by the IMT and communicated to staff via a range of mechanisms, including through email, hard copies and the 'Water Cooler' platform.
Business Impact Assessment (BIA) •BIAs completed for identified critical functions and these are contained within the Critical Function Recovery Strategies. •IMT will conduct a further assessment of 'business as usual' operations.	✓ A BIA update was conducted in Jan/Feb 2020, which identified some changes in recovery timelines. ◉ However, updates to the Critical Function Recovery Strategies were not completed prior to COVID-19 being declared an incident. (see Finding 1) ✓ A risk and impact assessment was performed by the IMT during the first meeting, and reviewed at various stages through the event.
Recovery Strategies and Operational Response •BIAs inform which recovery strategies are activated to enable BAU operations. •IMT members will undertake operational responses outlined in their individual responsibility statements. •Where an incident cannot be managed through business as usual, the CoM will develop an incident specific Recovery Action Plan.	✓ IMT updates containing the latest information were issued to staff following each IMT meeting. ✓ Initially IMT meetings were conducted daily at the beginning, then transitioned to three, then to two per week. ✓ A Recovery Transition group was formed to develop a Recovery Action Plan to transition back to work. Terms of Reference for the group were defined. ✓ An Action Plan was compiled by a group of impacted employees and community. ◉ While various actions were identified and implemented through the initial response, targeted action, stand-down response and recover stages, these actions now need to be updated within the Business Continuity Framework to reflect the new strategies and plans developed during COVID. (see Finding 1)

Key ✓ Positive Observation ◉ Issue or Opportunity

1.0 Executive Summary

Review of the CoM's response

Along with reviewing the implementation of the BCP, the CoM's response was also considered in relation to staff wellbeing and the use of IT infrastructure and remote working solutions. A summary of observations in regards to the CoM's response in these areas is provided below, with any recommendations for improvement also noted.

ELEMENT	Observations
Staff Mental Health and Wellbeing	✓ A number of wellbeing initiatives were implemented during the COVID-19 period, including wellbeing and exercise classes. ✓ Regular interactions within teams occurred through 'daily huddles', with communication provided to staff through various mechanisms. ✓ Staff pulse surveys were conducted, which had a high level of engagement. This included the provision of various pieces of written commentary and feedback from staff. ✓ Use of the 'Water Cooler' to connect with people online and distribute up to date information. ✓ Staff were positive about the use of Microsoft Teams and Zoom to keep up interactions between staff. ✓ Working from home inspection checklists were provided and completed to ensure appropriate workstation setups, which were reviewed by Management. ✓ Staff were able to adjust their working hours as required and were provided access to special leave options due to COVID-19 if needed.
IT infrastructure and systems	✓ Workshops and other guidelines were uploaded online to provide assistance to staff in utilising new systems and processes. ✓ Prior to the COVID-19 pandemic, the CoM had embarked on a digital transformation program that identified the need for radical transformation in relation to increasing staff digital literacy amongst other projects. ✓ Staff were complimentary of the ability of the IT Department to respond to demands during the pandemic and procure the necessary equipment. ✓ Laptops, monitors and other associated equipment was able to be procured for staff during March/April 2020 to enable them to work from home. ✓ Laptops and monitors that were procured and distributed were documented in Freshworks. ⊙ At the onset of the COVID-19 pandemic, the CoM did not have the adequate technology and systems to support staff working remotely. A large number of staff did not have laptops and some staff experienced restrictions in using VMware and having to maintain power to their desktop computers to enable them to log in remotely. (see Finding 3) ⊙ Some departmental teams were unable to operate existing telecommunications technology remotely, creating inefficient workarounds that also impacted on the customer experience. (see Finding 3)

Key ✓ Positive Observation ⊙ Issue or Opportunity

1.0 Executive Summary

Phase 2 – Lessons Learnt

Road to the Future

As local government organisations navigate the ongoing COVID-19 crisis, many councils have taken steps to leverage this catalyst for positive change. This includes implementing both immediate solutions and ones which ultimately will result in longer term transformations to help improve financial sustainability and organisational performance.

As part of this internal audit, a *Ready for the Future – Building Resilience* workshop was conducted to review how the CoM can harness, build on and sustain positive change to the organisation across the four key areas of customer, workforce, financial and digital and data.

For each of these four areas, workshop attendees were asked "what have we learned about how we can work differently?" and "how can we embed these and/or take them further within our organisation?" to frame the thinking around recovery plans across each of these areas.

From the workshop, a high level roadmap has been developed which captures the key CoM priorities and positive opportunities that will help to ensure that now and into the future the CoM will provide the best outcomes to its community.

Further Local Government Transformation insights are included in Appendix 1, which have captured other insights from the 2020 KPMG Public Sector Network Local Government Transformation Report.

Key themes and considerations are also included in Appendix 2 in relation to modernising the Local Government workforce. This is supported by some general COVID-19 insights in Appendix 3.

Leadership Skills Development
Development of new Leadership's skills to lead in the workforce of tomorrow and the new workforce environment.

Digital Literacy
Develop and improve digital literacy training of CoM staff.

Digital Transformation Journey
Continue and maintain priority of the Digital Transformation Journey, to improve customer experience and achieve efficiency of operations.

Work From Home
Continue remote working options for staff, and develop a work from anywhere model to support agility and positive responses from staff.

Workforce Planning
Recruit and train for the workplace of the future, ensuring skill and capability requirements are identified (particularly in an increased digital environment).

On-going financial modelling
Conduct on-going financial modelling and 'what-if' scenario forecasting.

Community Engagement
Communication and engagement via various channels to reach diverse customers and to ensure the CoM is understanding and meeting customer's needs.

Communication
Communication is critical for key decisions and to ensure we are keeping connected and understanding workforce needs for different roles.

Future

Response plan

While most organisations have business continuity and crisis management plans, it is challenging to be fully prepared for a pandemic of this scale. Business continuity plans often focus on the impact of shorter term scenarios, with the expectations that there is a known recovery timeframe. The current outlook for COVID-19 is uncertain, and many business functions initially deemed 'non-critical' as part of business continuity plans, quickly became critical to the ability of the organisation to function, or even survive.

This situation was true for the CoM. The CoM has an existing business continuity framework, policy, plan and individual department recovery strategies. These documents recognise that a pandemic situation might give rise to a business continuity event. However, the existing plans and strategies are focussed on responding to a short term loss of premise, personnel or system scenario; and did not cover a pandemic situation where the response was 'down-size' the office team and transition everyone to work from home.

The CoM had just completed a Business Impact Analysis update in February 2020, which identified some changes in recovery priorities; and were about to commence an update of the departmental Business Recovery Strategies, when COVID-19 started to impact South Australia.

When the IMT initially met to discuss COVID-19 planning, it was realised that the existing crisis management and recovery strategies were not sufficient for the COVID-19 situation. A COVID-19 Response Plan was developed to provide additional detail to support the implementation of activities at an operational level, and be used as a checklist for future events.

The objectives of the COVID-19 Response Plan were to:

1. Inform, engage and empower both workers and the community to be alert but not alarmed and advise of changes to regular services of the CoM.
2. Prevent transmission and implement infection control measures while providing support services to people who are isolated or quarantined within CoM boundaries.
3. Assist people leaders manage staff affected or at risk.
4. Ensure essential CoM services continue during the absence of staff with the rising demand placed on municipal services.

Actions and scenario planning were initially documented in the IMT Situation Report (SitRep) meeting notes with an Action spreadsheet tracking key actions by responsible IMT or staff member.

A communications plan was also quickly tailored from the existing BCP templates, utilising some of the SA government resources.

People impact

Maintaining a sense of team and managing the team experience was crucial through the Work from Home (WFH) period and will continue well into the future, particularly given the recognition that WFH does work, and staff do not need to be in the office every day. However, when working remotely, employees risk losing their sense of connectivity and team, not to mention opportunities for humour and lighter conversations. The CoM undertook various activities to assist employees to be safe and healthy, digitally prepared and actively engaged.

Leadership teams now need to focus on:

1. How people are led, managed and developed as they work their way through different ways of working and large scale, complex, transformational change programs.
2. Strategic understanding of the workforce they require in the next five to ten years, and shaping that workforce.

Increased digitisation and automation of repeatable tasks will shift the skills needed by organisations. Whilst the majority of the CoM's workforce are computer-literate, COVID-19 did identify pockets of the employee base with limited technology skills. The rapid and simultaneous nature of digital transformation means that large portions of the workforce (especially low-skilled workers) will need to be re-trained.

Technology impact

COVID drove one of the biggest surges in technology investment in history – with the world's IT leaders spending more than their annual budget rise in just three months, as the global crisis hit, and lockdowns began to be enforced. Security and privacy were the top investment, but 4 in 10 of Australian IT leaders report cyber attacks.

Very early in the incident, IT identified some initial barriers to working from home (WFH), in particular lack of sufficient laptops and mobile devices, and that existing call centre systems could not readily support WFH. For the CoM the investment was primarily in additional IT equipment and additional software tools to enable staff to WFH. This has placed technology budgets under more strain, however the swift move to WFH did identify opportunities for the CoM to accelerate its digital transformation.

IT departments are the engines that drive remote working and are under significant pressure to support the alternate working environment. 8 in 10 Australian IT leaders are concerned about the mental health of their tech teams due to the pandemic; with many citing that tech staff tended not to use the mental health resources provided by their organisations. The CoM provided various mechanisms to support the well-being of all staff, including regular surveys and debriefs.

IT management is reacting daily to unplanned events and requests from the business, heightening the likelihood of a risk event. Examples are included below, highlighting those that affected CoM:

> ICT deployed new collaboration tools in an expedited manner, potentially circumventing internal controls.

> Unplanned changes are deployed, often through the emergency change process to expedite the release.

> Organisations sought systematic ways to execute manual controls that could be performed remotely.

> Employees may be working in ways that compromise data protection standards and regulations (e.g. printing sensitive data, forwarding company data to personal email).

> Rules on the procurement of software (e.g. SAAS solutions) and hardware (e.g. monitors, laptop peripherals) are relaxed to enable a timely response in line with business continuity requirements.

> IT teams are so focused on providing system availability and supporting the remote work environment, control execution may become less of a priority.

> Some strategic projects are being paused while IT teams focus on supporting the workforce and enabling remote working.

> Small changes, such as replacing physical signatures with digital signatures creates cultural challenges and increases the risk of control failure without appropriate safeguards in place.

Access permissions may need to change more frequently, some temporary elevated access might need to be granted to support unplanned processes.

Risk management

While the risks themselves might not be new, they are manifesting in different ways, with increased velocity and creating changes to the risk profile of the organisation. Similarly, the likelihood of these risks occurring has often increased and/or their severity, leading to the need to revisit overall risk appetite and acceptable risk levels. These include:

- An increased risk of the deployment of tools and technology that are not aligned to organisation security standards
- Cyber risk is heightened as cyber criminals may be more active during this period while internal controls are weakened
- Data loss, and/or privacy risks may increase
- Controls may be bypassed or relaxed to accommodate new ways of working
- Control execution may become less of a priority as IT teams are focused on providing system availability and supporting the remote work environment fraud risk may increase and become more prevalent as controls are relaxed.

Remote working and the new deal for employees

Remote working is here to stay – 85% of Australian IT leaders moved a significant part of their workforce to remote working, and 53% expect half or more of their employees to WFH in some capacity after the pandemic.

With the exception of the City Services team, the majority of employees transitioned to WFH over approximately three weeks. Some employees already had WFH arrangements, but there has been a significant increase for requests to work from home, either or a part-time or adhoc basis.

Collaboration and culture – As a result of remote working, 74% of Australian IT leaders report increased collaboration between the business and technology teams and over half (58 percent) said that it has created a culture of inclusivity in the technology team. Feedback across all business areas indicated that IT was responsive and provided timely assistance in setting up the WFH arrangements.

The new deal for employees – Work location and remote working has risen to become one of the five most important factors for engaging and retaining key technology talent during, and after, COVID-19. The CoM will therefore need to rethink how they attract and engage their employees in a world where physical location is no longer a prime asset. The agile practice elements of regular team stand ups, and flexibility in altering schedules to accommodate changing needs has been integral during the COVID crisis. These agile practices will become increasingly commonplace.

The CoM will therefore need to rethink how they attract and engage their employees in a world where physical location is no longer a prime asset.

3.0 Internal Audit Findings

Table of Contents	Executive Summary	Background	Internal Audit Findings	Appendices

Finding 1 – Existing Business Continuity Framework needs to be updated to reflect pandemic planning and recovery strategies Moderate

Finding(s)	Risk(s)	Recommendation(s)	Agreed Management Acton(s)
While the CoM effectively responded to the ongoing pandemic, a number of key tools and arrangements could be more clearly documented within the Business Continuity Framework to enable a consistent response. An integrated Business Resilience Response Framework enables an organisation to apply a standardised approach to assessing incidents and appropriately invoke the relevant response plans and teams, in a coordinated and consistent manner that meets its strategic resilience imperatives. Specifically, in regards to CoM's framework there were a number of aspects identified that require further development: 1. The current BCP and framework does not clearly articulate activation thresholds or criteria to assist response teams to assess incidents and invoke response plans following an incident/disruption. This includes thresholds for the activation of response teams (i.e. the CMT or Business Continuity teams). 2. The current BCP and supporting framework does not include an incident response structure or flowchart which defines the incident escalation and response procedures between the different resilience disciplines. 3. While existing recovery strategies were not sufficient at the onset of the pandemic, the CoM developed a Recovery Management Plan and Recovery Action Plans to guide their response for affected business areas and community. Nevertheless, these action plans did not fully consider better practice pandemic scenarios, phases or threat levels. For example: • Preparedness stage (i.e. no novel strain detected or emerging strain under initial detection) *continued on next page*	Without clear linkage and update of the resilience responses, there is a risk that lessons learnt during this event might be overlooked and/or re-invented if there were another similar scenario. Furthermore, without a comprehensive yet flexible pandemic plan tailored to CoM arrangements, this may impact the organisation's ability to appropriately consider and develop strategies in response to all key pandemic phases. As a result, this may impact the CoM's level of continued preparedness during a pandemic to manage the health and wellbeing of its workforce and continue delivering critical services to the ratepayers and community.	Update the existing BCP documentation to: 1. The new plans and strategies now need to be referenced into the existing Business Continuity framework (refer Appendix 4). 2. Provide guidance on activation thresholds. 3. Reflect the 'new' minimum IT equipment requirements for pandemic WFH scenarios. This should be considered in conjunction with Finding 4.	1. Risk Team to coordinate a review of the Recovery Strategies to reflect the new way of working implemented in the response to Covid-19 and referenced in the BCP by December 2021. 2. Risk Team to work with P&C to review BIA for critical activities and the interaction with spreadsheet of staffing to enable the continuation of critical activities by June 2021. 3a. Risk Team to review the activation threshold in the BCP to clearly articulate the various incidents and relevant response plans by June 2021. 3b. Risk Team to coordinate a review of the Recovery Strategies to reflect the new technologies to enable WFH by December 2021.

Responsibility: Unit Manager Risk

Target date(s): Refer above

3.0 Internal Audit Findings

Finding 1 – Existing Business Continuity Framework needs to be updated to reflect pandemic planning and recovery strategies *(continued)*

Moderate

Finding(s)			Agreed Management Action(s)
continued from previous page - Initial response stage (i.e. cases detected in Australia, but information about the disease is scarce). - Targeted action response stage (i.e. cases detected in Australia, and enough is known about the disease to tailor measures to specific needs). - Stand-down response stage (i.e. the public health threat can be managed within normal arrangements and monitoring for change is in place). - Recovery stage (i.e. return to business-as-usual or new-normal working arrangements). 4. While the existing BCP documentation identified the minimum amount of IT equipment and staff required to perform critical functions, from a practical perspective, this assessment was significantly understated for the pandemic scenario. New 'standards' and minimum requirements were identified and IT equipment allocation was prioritised.			

Finding 2 – Agree protocols for fast-tracked procurement of IT and other infrastructure during business continuity events **Moderate**

Finding(s)	Risk(s)	Recommendation(s)	Agreed Management Action(s)
Although the CoM responded quickly in procuring IT infrastructure, they were required to operate outside the standard procurement process. At the onset of the pandemic, the CoM were required to fast track large scale procurement of IT infrastructure including laptops and monitors to enable employees to work from home and maintain business as usual. In reviewing the CoM's approach, some issues were identified in relation to the process and associated controls, including that: • The CoM were required to operate outside the standard procurement process, with items verbally approved and procured as available from a range of vendors. Whilst items were retrospectively approved, the business recovery strategy did not account for how procurement activity as a result of a crisis or BCP incident would work in practice. • Due to the size and urgency of the procurement, items were sourced from a range of vendors and various different product models were sourced. This has resulted in different laptop products being in operation, which may not necessarily meet business requirements and specifications. • The financial impact of the fast-tracked procurement has not necessarily been considered. While the cost of the procured equipment has been recorded, the impact associated with its dispersed nature and inability to plan has not necessarily been assessed. • A formal and comprehensive business requirements assessment was not performed for the procurement of the 3CX solution for the customer call centre. While this assisted in facilitating operations during the pandemic, there was aspects of the solution that did not fully meet business requirements and now require rectification.	While it is acknowledged that the pandemic resulted in businesses having to respond and adapt quickly, if procurement processes are not adhered to items may be procured in breach of delegations and organisational policies. This creates risks that: • items do not meet business specifications, both in terms of functionality and cost thresholds. • processes designed to manage probity and ensure a fair and equitable procurement process are not adhered to. • the CoM inadvertently enters into inappropriate contractual arrangements with vendors.	1. The CoM should consider how procurement activity as a result of a crisis or BCP incident works in practice. 2. As part of a lessons learnt exercise, the CoM should retrospectively review the events that occurred and: • Document IT procurement requirements and specifications to detail minimum standards to assist future urgent procurement needs. This will provide a baseline standard. • Assess compatibility of procured IT equipment, including laptops, to ensure they are sufficient to meet business specifications. • Assess the financial impact of the fast-tracked procurement. This should consider the increased cost associated with low buying power and not sourcing directly from one-provider.	1&2. Strategic Procurement together with Operational Support, Operations, City Property & IT to develop a crisis procurement process to enable quick procurement of items in a crisis whilst ensuring appropriate governance.

Responsibility: Manager - Strategic Procurement Services

Target date(s): June 2021

3.0 Internal Audit Findings

Finding 3 – Confirm and update the required technological capabilities for remote working in the Recovery Strategies | **Moderate**

Finding(s)	Risk(s)	Recommendation(s)	Agreed Management Action(s)
At the onset of the pandemic, the CoM's approach to BCP had not adequately addressed the technological tools and capabilities required to enable staff to work remotely. Although the pandemic resulted in unprecedented changes in working environments, there could have been various other events (e.g. earthquake) that would have required staff to work remotely. While a number of staff were complimentary of the ability of the IT Team to respond to demands during the pandemic and procure the necessary equipment, there were a number of issues experienced relating to the adequacy of technology. This included that: • At the onset of the pandemic only a small number of staff had the ability to work from home remotely and/or had a laptop. As a result, laptop computers along with other equipment had to be procured and provided to staff in March/April 2020 to enable them to continue to work from home. • Some staff desktop computers had to be kept switched on at CoM sites to enable staff to log in remotely from their own laptop or desktop computers at home. • Some staff had to physically take home their desktop computers as they did not have a laptop computer to enable them to work remotely. • Some departmental teams were unable to operate existing telecommunications technology remotely. For example, for the Positive Aging and Inclusion Team, customer calls could not be redirected and so required staff to dial in and access voicemails. In addition, as there is a tendency of low digital literacy amongst staff, training and guiding materials had to be developed to assist in upskilling staff.	Without appropriate assessment and establishment of technological capabilities to enable staff to work remotely, there is a risk that the CoM may be unable to continue to operate.	It is acknowledged that the CoM had developed a digital strategy prior to the pandemic, which recognised the need for changes to enable remote working. In continuing to implement and assess digital requirements, the CoM should ensure its assessment is based on prioritisation in relation to service criticality and include: 1. A focus on areas of the business that continued to work on site (e.g. field services) as they were not required to significantly change their operations to use technology or enable remote working. 2. Other potential disruptions to technology, including the restriction of access or the complete shutdown to key sites and how this would impact the ability to work remotely. 3. Long-term remote working solutions, such as call centre technologies that meet business requirements. 4. Training needs and/or capability requirements for the workforce. 5. A review of the current digital transformation program. While the pandemic accelerated the implementation of some requirements, the CoM should still consider any changes to delivery priorities based on recent learnings.	IT to review the Digital Transformation Project to: 1. Focus on areas of the business that continued to work on site (e.g. field services) by Dec 2021. 2. Consider other potential disruptions to technology, including the restriction of access or the complete shutdown to key sites and how this would impact the ability to work remotely by June 2021. 3. Implement long-term remote working solutions, such as call centre technologies that meet business requirements by January 2021. 4. Identify new technologies, update these in the TNA & offer identified training by December 2022. 5. Ensure the current delivery priorities are appropriate based on recent learnings by January 2021

Responsibility: Manager, Information Services

Target date(s): Refer above

Finding 4 – BCP documentation has not been updated to record specifics on recovery response activities

<div style="background:green;color:white">Low</div>

Finding(s)	Risk(s)	Recommendation(s)	Agreed Management Action(s)
While the CoM undertook a number of assessments and discussions to identify the activities required to respond to the pandemic, there is limited specific detail documented to enable these to be re-utilised. In responding to the pandemic, various services were required to be progressively shutdown and then re-opened. In planning and undertaking the recovery to re-establish activities and services, the CoM developed various Recovery Action Plans (RAP) by business area. While this assisted in identifying the tasks that were required to be undertaken, they are not sufficiently detailed to assist BCP response to future events. For example: • While the *Employees and Volunteers Action Plan* identifies that a process needs to be developed to split into A and B teams, key principles have not been recorded within the RAP. • The plans refer to the 'coordinated return of staff to the office', but a detailed staged plan that incorporates any lessons learnt has not been documented to assist in undertaking a similar activity in the future. • The IT Action Plan is very detailed and specific to the COVID circumstances of people not having a laptop. • Various tasks refer to 'determining' or 'identifying' the required response, with limited detail provided on 'how' it was completed. • Tasks refer to communication with community, volunteers, employers and lessees and do not provide more explicit detail on communication mediums or the communication needs of these various groups.	If response actions and key learnings are not documented within the BCP framework, this may impact the ability of the CoM to respond to future events. Specifically, it may impact the CoM's ability to ensure a coordinated and effective response in the event of future waves.	1. The CoM need to review activities that were undertaken and document key considerations and sequential tasks to enable these plans to be re-used in responding to future events. This should be considered in conjunction with the recommendations in Finding 1.	1. Risk Team to coordinate a review of the Recovery Action Plans to identify key actions, document the process and identify key learnings and improvements by June 2021. Risk Team to coordinate a review of the Recovery Strategies to reflect the key learnings and improvements by December 2021.

Responsibility: Unit Manager Risk

Target date(s): December 2021

Finding 5 – Update existing recovery strategy documentation to reflect the manual processes (and changes implemented) as a result of COVID　　**Low**

Finding(s)	Risk(s)	Recommendation(s)	Agreed Management Action(s)
Further assessment of the operation of manual processes is required to ensure operational continuity during a large scale disruption event. Previously, the Recovery Strategies that were developed under the Business Continuity Framework focused on critical functions and systems. As a result, key business processes that relied on the physical presence of staff to enable them to operate had not been considered within the context of remote working operations. For example: • The accounts payable process required invoices to be manually signed for approval and then processed over email to Finance for payment. As a result of the changes experienced as part of the pandemic, this process was required to be adapted to recognise that people were working remotely. • Payslips for some field staff were physically provided to them, which was not possible during the pandemic lockdown period. • The civil operations team receive their daily instructions and other communications through face-to-face and paper based communications, with a number of staff not having electronic devices or CoM email addresses. • As field services staff did not have electronic devices such as laptops they had to be scheduled to attend sites to watch staff meetings and briefings. While there is a bring your own device policy this had not previously been widely used. • While not as impacted by the pandemic, various staff rely on attending sites in person (e.g. health and safety inspections) to perform their duties. Strategies and contingency measures to enable tasks to be completed in the event of further restrictions have not necessarily been identified.	If large scale disruptions are experienced, whether it be in relation to technology or other significant restriction, business processes may not be able to be performed. This could impact the ability of the CoM to: • operate and deliver services to the community • manage and support its workforce.	The CoM should review current business processes with a focus on manual processes that are performed in relation to critical services or key activities. Once identified, the CoM should identify and assess: 1. Contingency measures in place to enable them to operate if they are impacted by disruptions (e.g. communication, remote working). 2. Transformational plans to enable them to transition and operate in a remote working environment. Where technology is introduced, contingency measures in the case of a technological disruption should also be considered.	1&2. Will undertake an SLT session to identify manual business processes in relation to critical services or key activities. Relevant SLT to develop contingency measures identified.

Responsibility: Manager Corporate Governance

Target date(s): September 2021

Table of Contents	Executive Summary	Background	Internal Audit Findings	Appendices

PIO 1 – Potential changes to consider regarding Incident Management Team roles and responsibilities

PIO

Observation(s)	Recommendation(s)	Agreed Management Action(s)
Opportunities for improvement in regards to the Incident Management Team (IMT) structure were identified. The CoM's BCP clearly articulates the IMT structure, including positions and their alternates along with immediate responsibilities. It further recognises that the IMT needs to be flexible and scalable dependent on the incident. While key roles and responsibilities are well understood, the following areas for improvement were identified: • Although alternate IMT position holders were kept informed and attended some IMT meetings as observers, the use of alternates to relieve IMT members was not frequently utilised. This can lead to increased fatigue for IMT members as well as a gap in skills and capabilities for delegates due to limited experience in responding to these events. • Consideration could be given to tailoring the designation of the IMT Commander role depending on the nature of the incident. For example, the knowledge and response required in relation to a pandemic may differ from the nature of the response to an earthquake. • Designation of the CEO as the IMT Commander can restrict the ability of the CEO to perform their other roles and responsibilities, as they also have to act as the leader and public spokesperson for the organisation as well as managing high profile stakeholders.	1. As part of a lessons learnt review of the BCP response, the CoM should consider how alternates could have been better utilised in the IMT. It may also be beneficial to introduce some guidelines to manage fatigue of IMT members. 2. The CoM should consider including within its 'BCP activation' phases and assessment of the most appropriate person to act as the 'IMT Commander'. Specifically, depending on the type of incident, certain roles within the organisation may be better suited to act as the IMT Commander due to their knowledge and experience with certain events. 3. In conjunction with (2) above, the CoM should consider whether the CEO is the preferred IMT Commander in all circumstances. In our experience, other organisations select other operational and/or executive staff to enable the CEO to perform their responsibilities and focus their time on communication and engagement with other stakeholders.	Agree with recommendations 1. Risk Team to review IMT alternate members and consider the introduction of guidelines to manage fatigue of IMT members. 2&3. Consultation will be undertaken with the CEO on the preferred operating model, including consideration of the most appropriate IMT Commander.

Responsibility: Unit Manager Risk

Target date(s): June 2021
December 2021

PIO 2 – Opportunities for greater integration and tailoring of documentation

PIO

Observation(s)	Recommendation(s)	Agreed Management Action(s)

There are opportunities to develop document management practices to increase the CoM's ease of response to BCP events.
 	
While the CoM demonstrated strong documentation and recording of SitRep meetings and discussions, some components regarding supporting documentation could be improved. Various instances were observed where new templates were developed and existing tools were not utilised, with the linkage between certain documents not always apparent. This included:
 	
1. **SitRep Actions**: An ongoing list of actions was maintained, with actions documented for each IMT within the SitRep minutes. While this ensured that actions were recorded and monitored, the following limitations with the current approach were identified:
   • although the date the action was raised is noted, the expected due date is not recorded
   • as they were noted in a Microsoft Word document, it is not easy to filter actions by type or owner.
 	
2. **Recovery Plan Actions**: Actions relating to recovery were progressively documented in various locations, creating different sources of truth and duplication of effort. Initially they were documented within Recovery Action Plans in Microsoft Word before being transitioned onto the risk management system for tracking.
 	
3. **Risk Assessment:** While the CoM's risk register was reviewed and a specific risk assessment undertaken, this focused risk assessment did not use CoM templates as risks were documented in Microsoft Word. In addition, this risk assessment was not fully completed as some risks identified did not have risk ratings assessed or actions documented. It is also unclear whether the further actions were completed.
 	
4. **Communication templates**: While existing communication tools were available to be utilised, they had to be adapted and design changes made to enable them to be used for the COVID-19 pandemic.
	In continuing to develop the BCP suite of documentation, the CoM should consider the ease of use and applicability of documentation and templates. For example, the CoM should assess:
	
	1. What mechanism would be most appropriate to document and track actions for future events. This should ensure due dates are recorded with functionalities to sort, search and archive actions.
	
	2. What tool is most appropriate for the creation and communication of Recovery Action Plans to avoid duplication of effort and enhance ease of use.
	
	3. Formats of risk assessments moving forward and consider how this information integrates into and interacts with other BCP activities and assessments.
	
	4. Whether further communication templates need to be developed and added to the suite of templates.
		1. Risk Team to engage IT & Governance to enable the use of Ecuria (or its replacement system) for IMT agendas, minutes and actions by December 2021.
		
		2&3. Risk Team to incorporate the IMT risk assessments in the system specifications of the Enterprise Risk Management Software business case by June 2021.
		
		4. Comms Team to work with the Risk Team to review the current suite of templates and create a document library for ease of use by June 2021.

Responsibility: Manager Corporate Governance

Target date(s): Refer above

Local Government Transformation insights

Across May and June 2020, KPMG conducted the Local Government Transformation series in partnership with the Public Sector Network. The events spanned capital cities across Australia and New Zealand and focussed on digital, leadership and customer-centric transformation for local councils. Through this series, KPMG identified key insights across the areas of changes to transformation programs, gaps and opportunities highlighted from covid-19 and current challenges which have been summarised below.

What gaps or areas of opportunity did COVID-19 highlight in your operations?

Business models and processes	12%
Remote working	28%
New operating environment	11%
Revenue and costs	4%
Security and system access	1%
Systems and associated integration	16%
Lack of targeted customer engagement	8%
Skills and workforce	12%
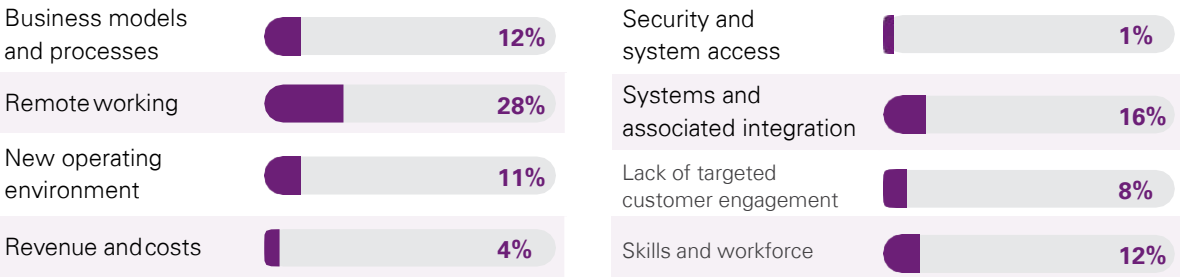
In a post COVID-19 world, what are your top three focus areas for your ongoing program?

- Improving customer experience **26%**
- Increase efficiency and cost effectiveness **24%**
- Availability and integration of data to inform decision making **21%**
- Digitising transactions **21%**
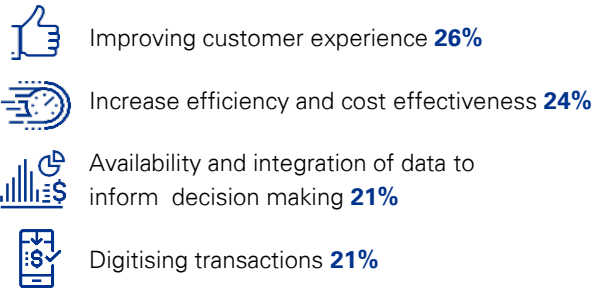
What impact has COVID-19 had on your priority and plans for transformation?

Brought forward the priority 46%
Need to change the scope and structure 25%
Delayed by greater than 6 months 11%
Postponed indefinitely 1%
No change 8%
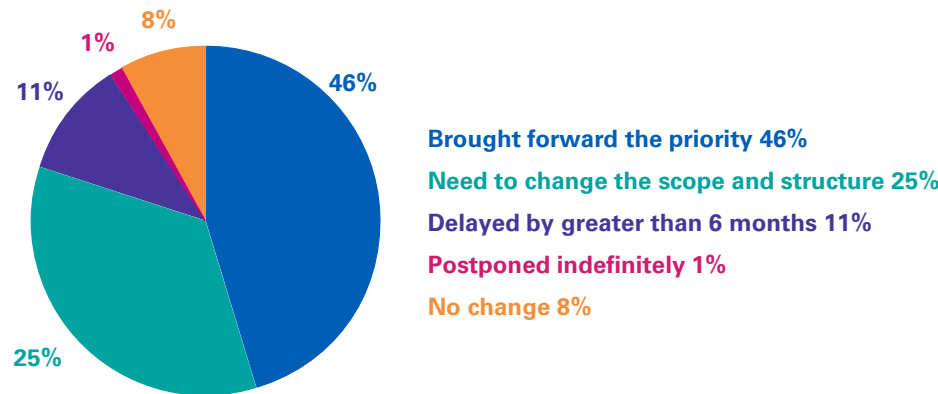
What challenges are you facing in your customer and technology activities?

- **8%** Difficulty presenting case for change
- **20%** Sourcing necessary funding
- **4%** Councillor buy in and support
- **21%** Lack of clear organisational leadership and sponsorship
- **23%** Availability of resources
- **24%** Capability of available resources
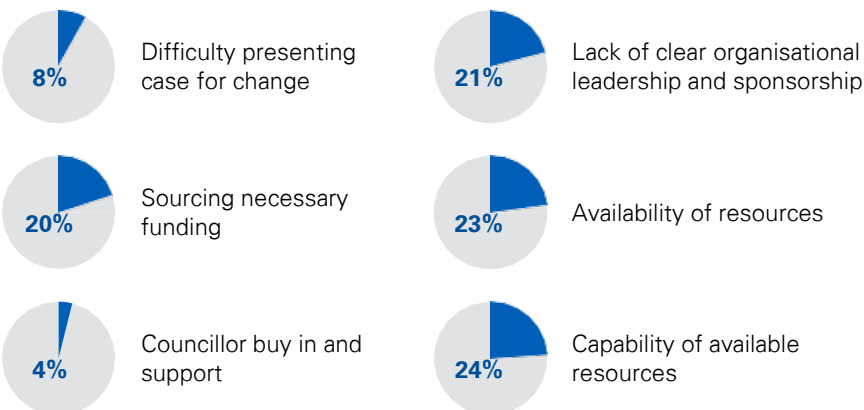
Managing and leading in a flexible work environment is now a key priority

The need to manage a flexible workforce will be key for the future and **modernisation of the Local Government workforce**, and will require specific considerations and approaches. The following diagram outlines six interrelated factors that are crucial for leaders, teams and individuals to sustain a high level of performance in virtual environments and during times of disruption and uncertainty:

Clarity of expectations

Are people clear about the way they need to work under remote working arrangements, and what they need to deliver and when?

Capacity and capability to deliver to the standards required

Do people have sufficient balance between direction and autonomy within the context of remote working, and how is this being monitored?

Evaluation of actual performance

Have you established a regular conversation with every individual to discuss and provide feedback on performance against expectations (not just exchanging e-mails on specific tasks or outputs)?

Support within the team and for the individual

Do people have support from other team members to complete the work required of them?

Motivation to sustain and meet the expectations

Are people clear about the way they need to work under remote working arrangements, and what they need to deliver and when?

Appropriate infrastructure to underpin performance

Do leaders, teams and staff have access to systems, platforms and technology to support remote working?

Key themes in planning for the workforce of the future

The CoM, like many other councils and other sectors are entering a new era where the traditional way of performing work is being disrupted and forcing organisations to think outside the box, and reinvent how they plan their workforce for the future. This includes a move from 'Strategic Workforce Planning' to 'Workforce Shaping', which includes the following key themes:

Emphasising a culture for change through traits like agility, collaboration and innovation.

Focussing on cohesive digital transformation across HR, one that supports human and digital labour.

Upskilling the workforce and ensuring they have the right capabilities to work in the future-state environment.

Physical and mental wellbeing, especially in a COVID-19 defined new era where productivity and employee experience are paramount.

Customer centricity continues to drive alignment across the front, middle and back office.

Focusing on employee experience and the employee value proposition to be competitive in the war for talent, and fit for cross generational workforces.

Embracing data and analytics capabilities to shape and manage a workforce that is fit for an ever-changing future.

Performance improvements for the workforce to help improve sustainable cost control and innovation for the City.

It is important to acknowledge and recognise that this disruption has arrived in the form of a health and economic situation that has all the features of a complex crisis on a global scale and has changed the way organisations do business, from servicing members to managing staff. As a result, the requirements of business resilience have evolved and organisations need to adapt arrangements to appropriately prepare and respond to the dynamic and constantly shifting challenges of the COVID-19 pandemic event.

Outlined below are insights drawn from relevant thinking on these topics and also from observations, reflections and learnings from KPMG's collective expertise.

BCPs needs to be adapted to the longer-term nature of a pandemic event.

BCPs are critical to managing short-term disruptions, however BCPs have generally not been designed for an extended disruption response. Below are some key factors organisations should consider to adapt and evolve BCPs and preparedness against longer-term disruptions:

- Re-assess the risks and impacts the organisation is exposed to against dynamic disruption scenarios. Business Impact Assessments (BIAs) and BCP actions have been invaluable in maintaining critical activities, however it is important to revaluate in the context of COVID. As we prepare for return to work, scenario planning and review of BIAs and BCPs is important. Consider potential scenarios, such as a W shaped recovery, and apply to the BIA and BCP to revisit critical activities and workarounds for potential longer time frames, dependencies, critical 3rd parties and supply chain management.
- Develop individual pandemic specific playbooks to support existing BCPs.
- Assess the sustainability and feasibility thresholds of existing workaround strategies, and identify longer-term continuity strategies that can be evoked when required when thresholds are met.
- Focus efforts on assessing and identifying response strategies to the Loss of Staff disruption scenario, including specific staff responses.

Management of changes to key third party operations is critical to an organisation's survival and future success.

Considering the level of dependence on key third party service provides, organisations need to re-assess and understand the risks and impacts to their operations during the pandemic event. In particular, consideration should be given to concentration risks by industry-wide third parties or managed service providers. Whilst this has not been a significant issue for the CoM to date, determining how alternate providers could be sourced, or services/facilities shared across other councils, could become critical. Below are some key factors organisations should consider in managing third party risks during the pandemic event:

- Review third party risk assessments based on current context and potential disruption scenarios.
- Understand the third parties' ability to meet service level agreements and their pandemic / COVID-19 specific business continuity arrangements in place. In particular, third parties who are encountering security and capacity issues, as well as the impact of global travel restrictions on managed service providers.
- Prepare and adapt business processes in response of potential third party service degradation or delays, including impacts to customer experience.
- Assess the ability to retrieve necessary files or data from third parties (if possible) to mitigate a disruption to the provider.

Management of staff morale and motivation needs to be adapted to the 'new normal' of working arrangements.

Staff morale and motivation can be impacted by swift and extreme changes to working arrangements and can cause challenges in maintaining staff engagement and performance. In regards to the CoM, staff welfare was well considered throughout the COVID-19 response, with a number of positive observations noted with regard to wellbeing initiative, work health and safety, and flexibility to remain connected and productive. In continuing to move forward and continue to increase organisational resilience, some key factors that can be considered to enhance flexible working practices include:

- Identify all the factors that help and/or hinder performance in a virtual workplace.
- Rethink the mechanics of work to maintain and sustain motivation and productivity, such as - creating a sense of purpose, encouraging creativity and innovation, driving team outcomes etc.
- Identify key components of a working environment that can be replicated and/or evolved to support wellbeing and social cohesion despite physical distance.
- Identify and implement technology tools to enable remote teams to stay connected and enable collaboration.

Identify and embrace opportunities that will place the organisation in a better position once the crisis subsides.

This pandemic disruption has, and will continue to change the way organisations work, interact and serve members and other stakeholders. For the CoM, the impacts of the pandemic on the community have been a key consideration. In particular, the need to adapt and identify new ways of engaging and communicating with members in the community will be crucial as businesses and people adapt to 'new norms' in a post pandemic world. Other opportunities will also exist for the CoM in how it engages and works with its staff, and in turn how staff engage and interact with the community. Some key factors and opportunities to consider in embracing the 'new normal' include:

- Flexible and remote working arrangements may become the new business-as-usual, which needs to be supported by appropriate – policies, financial resources and technology capability. Consider how this may change property and technology requirements.
- Increase focus the resilience of supply chain and third party service providers that support the delivery of critical business processes, including global outsourced or managed services.
- Changes to short-term and long-term consumer behaviour, such as increased dependence on digital services.
- Changes to organisational structure and business operations, including evolved business resilience requirements such as operational resilience.

TECHNOLOGY INSIGHTS

As COVID-19 causes major disruptions and impacts to businesses across Australia, most organisations transitioned to remote working arrangements to support business continuity. In parallel however, there has been increased activity from cyber criminals to target organisations as internal controls are bypassed / relaxed during this new working state.

IT Departments are under significant pressure to support this alternate working environment and are reacting daily to unplanned events and requests from the business, many of which bring added risks and threats to an already complex event.

Some examples of IT risks stemming from COVID-19 responses include:

- The deployment of tools and technology and procurement of software (e.g. SAAS solutions) and hardware (e.g. monitors, laptop peripherals) which may not be aligned to organisation security standards.
- Unplanned changes being deployed, often through the emergency change process to expedite the release.
- Increased frequency of access permission changes and granting of some temporary elevated access to support unplanned processes. This may increase data loss and / or privacy risks.
- Employees working in ways that may compromise data protection standards and regulations (e.g. printing sensitive data, forwarding company data to personal email).
- Small changes, such as replacing physical signatures with digital signatures, creating cultural challenges and increasing the risk of control failure without appropriate safeguards in place.
- Organisations looking for systematic ways to execute manual controls that cannot be performed remotely.

Due to the current climate, IT teams are heavily focussed on providing system availability and supporting remote work environments. In line with this, some audit activity is being de-prioritised. With less assurance being given to control execution and security, this may increase an organisation's operational and financial risk exposures and ultimately result in greater impacts to the business.

The following sections outline some of the unique challenges this uncertain environment presents to organisational control environments. The considerations are grouped in line with KPMG's IT Internal Audit Framework around the priorities of Run, Protect and Change the business.

Run the Business: Due to changed operating conditions, traditional business processes may need to be revised. It is important to establish IT audit services over existing and newly introduced Business as Usual (BAU) elements, and confirm that they are operating effectively and within the organisation's risk appetite. For example:

Critical IT Controls
During this time of change and disruption, it is important that organisations don't take their eyes off important activities and critical IT controls.
- Test critical controls to confirm that they are still operating effectively (user access, patching, SoD etc).
- Review privileged user controls, segregation of duties and audit logs to support effective remote working arrangements.
- Ensure patching and critical updates are still being applied.

Revised / New IT Controls
With new ways of working, increased remote working, limited physical access to people and resources, there is likely new controls, or increased need to bypass or disable previously relied upon controls.
Ensure adequate assurance is provided over new, changed or relaxed IT controls.
Review change management processes and consider additional risk assessments to complete changes outside of current BaU practices.

Shadow IT
Organisations are likely to experience an increased usage of alternate messaging, video and file sharing apps, and personal emails amongst remote workers.
- Assess Shadow IT policies and identify technical and behavioural control weaknesses that could result in the increase of Shadow IT being used and going undetected.

Privacy
Due to remote working arrangements, organisations are likely experiencing an increase in the sharing of sensitive / personal data across and outside of corporate networks.
- Review privacy controls in place to support a remote working environment.

Cloud
Organisations have increased and fast tracked the use of cloud based solutions to quickly meet additional capacity and functionality.
- Assess the design and operating effectiveness of cloud solutions including vendor governance, security, IT service management & fulfilment processes.

Appendix 3 - COVID-19 Insights

Table of Contents	Executive Summary	Background	Internal Audit Findings	Appendices

Protect the Business: With disruptions to BAU activities, it is crucial to ensure pandemic and client arrangements in place adequately protect organisational resilience. This should include reassessing and confirming the effectiveness of currently implemented business continuity strategies. In addition, with the increase in remote working, connected devices and criminal activity based on COVID-19 content, it is essential to confirm IT controls appropriately protect organisations IT environments and information assets. The following areas should be considered:

Cyber Security

With changes in IT environments, more end points being added for remote access, uncertainty among staff, it is a ripe environment for hackers and critically important to have IT audit coverage:
- Identify cyber security risks that may have been introduced or heightened due to changes made for a sustained and extensive remote workforce.
- Review BYOD policies, whitelisting and patching processes as remote working may lead to additional devices accessing the network and creating more end points and risk exposure.
- Ensure Security information and event management (SIEM) alerts are monitored and actioned given the higher false positive rates with changed network profile.
- Provide a view of readiness to respond to IT Security incidents.

Pandemic Response Review

Traditionally crises have required swift action but are short in response timeframe. However, due to the prolonged disruption caused by COVID-19, these response approaches will need to be adapted.
- Perform a review of current pandemic and crisis management arrangements including contingency strategies to confirm their effectiveness in managing medium to long term disruptions. Should technology support working hours being extended to accommodate staff regularly working a different standard day (e.g. staff might work 2x4 hour shifts to accommodate school-aged childcare).
- Now that there is a better understanding of what technology procurement worked well and what didn't, consider what changes need to be applied in the event additional technology procurement is needed in a tight timeline.

Post Incident Review

It is critical to undertake a Post Incident Review of the COVID response. Given the likely extended timeframe of COVID-19, consider undertaking point in time PIRs throughout the COVID-19 response to ensure valuable lessons are captured for future improvements and to inform ongoing enhancements to the current response.
- Undertake a Post Incident Review (PIR) to assess how well the organisation responded, how well it is set up to manage other crises, and ensure valuable lessons are captured for future improvements.

Change the Business: With increasing changes being made to business processes to accommodate alternate working arrangements due to COVID-19, specific focus should be placed on conducting deep IT assurance and specialist services for new technologies and CIO change and transformation activities. In addition, a number of significant changes and process improvement initiatives are likely to occur to organisations operating models post COVID-19. The following sections should be considered as a result of these changes:

Project Health Check and Prioritisation

Due to COVID-19 having a real impact on a number of key programs of work, organisations have been forced to re-think priorities, original timeframes for deployment, pause or cancel projects and fast track others.
- Undertake project health checks to identify risks and issues that may impact the success of the project or prioritisation of the portfolio of projects.

RPA / AI Review

Given the constraints presented by COVID-19, organisations are looking to RPA or AI to streamline operations, reduce costs by automating tasks and reduce reliance on staff needing to be on site. This innovation comes with increased risk and it is important to consider the controls approach to manage this technology effectively and securely.
- Undertake a control or maturity assessment of Robotic Process Automation (RPA) / Artificial Intelligence (AI) implementation.

Post COVID Operating Model

As organisations' return to new-normal', careful planning needs to be undertaken.
- Test various 'what if' scenarios to confirm the organisation is well positioned to respond to additional disruptions including virus resurgence.
- Confirm financial, legal, operational, people and reputational factors have been considered in return to work and resumption of BAU.
- Identify and confirm immediate activities to be conducted to support staff returning to work have been addressed.
- Challenge the organisations existing operating model and recognise arrangements that can be improved / adjusted to support newer ways of working in future. Also consider impacts of any staff 'resistance to return'.
- What follow up assurance is required over relaxed processes / controls?

The following diagram depicts the structure of the Business Continuity Framework, with the new items developed for COVID-19 circled in red.
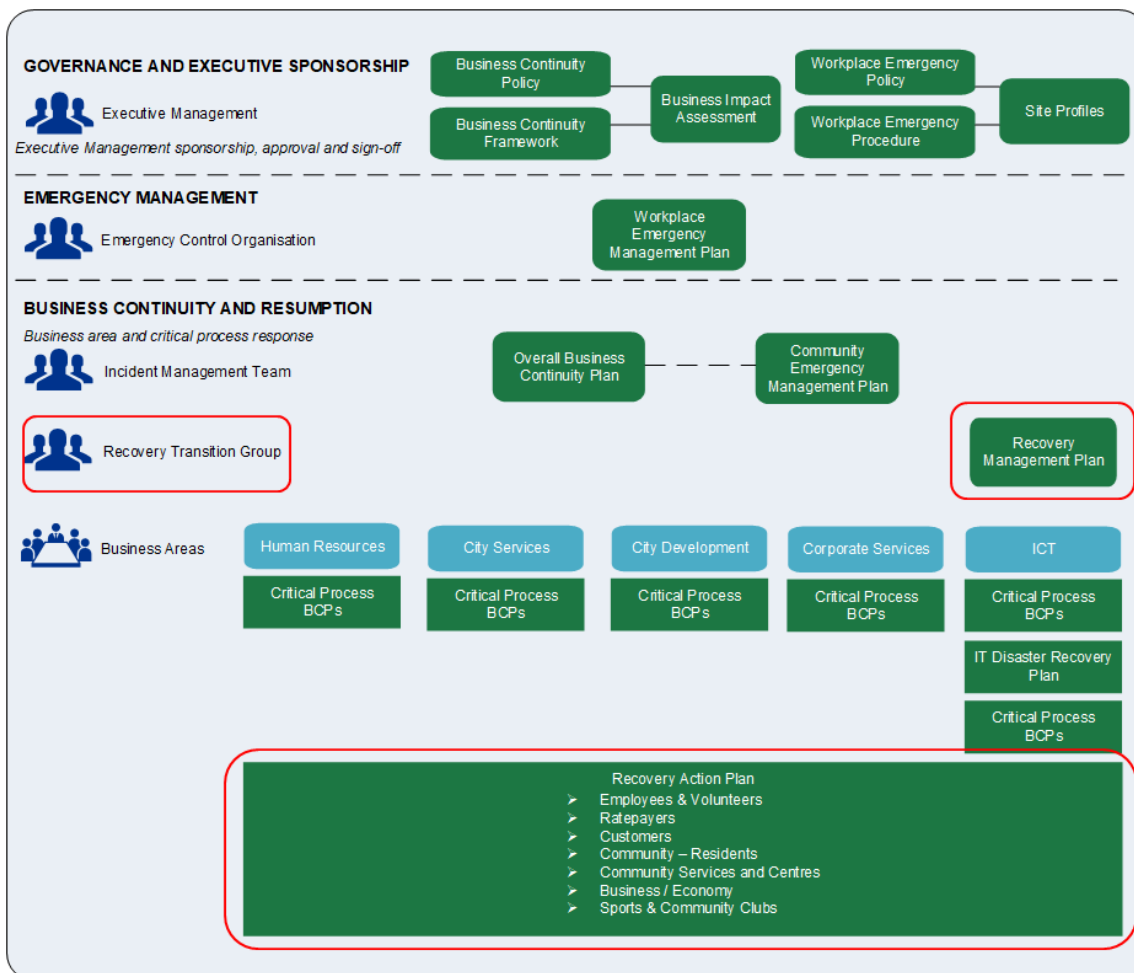
The Recovery Transition Group is responsible for:

1. Conduct Impact Assessment
2. Determine Recovery Scale
3. Decide Recovery Management
4. Develop Recovery Action Plan
5. Monitor the Implementation of the Plan
6. Evaluation of the Plan

The Recovery Transition Group membership comprises:

Role	Representative
Chair	GM City Services
RTG Coordinator	Unit Manager Risk
Communications	Unit Manager Communications
Employees & Volunteers	Manager P&C
IT Systems	Manager IT
Ratepayers	Manager Finance
Customers	Manager Customer Experience
Residents & Community	Team Leader Community Hubs
Community Services & Centres	Manager Community
Sports & Community Clubs	Manager City Property
Business & local economy	Unit Manager Economic Development

Appendix 5 - Staff consultation

The tables below summarises CoM personnel who were involved in discussions and contributed to the findings and actions detailed in this Internal Audit report.

Phase 1 – Internal Audit Consultations

Name	Title
Sorana Dinmore	General Manager Corporate Services
Liz Byrne	Manager Community Connections
Kate McKenzie	Manager Corporate Governance
Karen Cocks	Manager Customer Experience
Warwick Deller-Coombs	Manager Development & Regulatory Services
Matthew Allen	Manager Engineering, Assets and Environment
Akos Szonyi	Manager IT and Transformation
Fiona Harvey	Manager Operations
Sherie Walczak	Unit Manager Risk

Phase 2 – Workshop 6 October 2020

Name	Title
Adrian Skull	CEO
Sorana Dinmore	General Manager Corporate Services
Ilia Houridis	General Manager City Development
Tony Lines	General Manager City Services
Steph Roberts	Manager People and Culture
Liz Byrne	Manager Community Connections
Kate McKenzie	Manager Corporate Governance
Sherie Walczak	Unit Manager Risk

Appendix 6 - Classification of findings

The following framework for internal audit ratings has been developed and agreed with the CoM's Management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in reports will be discussed and rated with the CoM's Management.

Rating	Definition	Examples of business impact	Action(s) required
Extreme/Critical	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	• Detrimental impact on operations or functions. • Sustained, serious loss in reputation. • Going concern of the business becomes an issue. • Decrease in the public's confidence in the CoM. • Serious decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty. • Life threatening.	• Requires immediate notification to the CoM Finance and Audit Committee via the Presiding Member • Requires immediate notification to the CoM's Chief Executive Officer. • Requires immediate action planning/remediation actions
High	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	• Major impact on operations or functions. • Serious diminution in reputation. • Probable decrease in the public's confidence in the CoM. • Major decline in service/product delivery, value and/or quality recognised by stakeholders • Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty. • Extensive injuries.	• Requires immediate CoM's General Manager notification. • Requires prompt Management action planning/remediation actions (i.e. 30 days)

Appendix 6 - Classification of findings

Rating	Definition	Examples of business impact	Action(s) required
Moderate	Issue represents a control weakness, which could have or is having a moderate adverse effect on the ability to achieve process objectives	• Moderate impact on operations or functions. • Reputation will be affected in the short-term. • Possible decrease in the public's confidence in the CoM. • Moderate decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty. • Medical treatment required.	• Requires CoM's General Manager and/or Senior Manager attention. • Requires short-term Management action.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	• Minor impact on internal business only. • Minor potential impact on reputation. • Should not decrease the public's confidence in the CoM. • Minimal decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty. • First aid treatment.	• Timeframe for action is subject to competing priorities and cost/benefit (i.e. 90 days).

Disclaimers

Inherent Limitations

The scope of this report has been outlined in the Executive Summary. The services provided in connection with the engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance will be expressed.   Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures 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, the CoM's Management and personnel. 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 with the CoM. The internal audit findings expressed in this report have been formed on the above basis.

Third Party Reliance

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

Electronic Distribution of Report

This KPMG report was produced solely for the use and benefit of the CoM and cannot be relied on or distributed, in whole or in part, in any format by any other party. The report is dated February 2021 and KPMG accepts no liability for and has not undertaken work in respect of any event subsequent to that date which may affect the report. Any redistribution of this report requires the prior written approval of KPMG and in any event is to be the complete and unaltered version of the report and accompanied only by such other materials as KPMG may agree. Responsibility for the security of any electronic distribution of this report remains the responsibility of the CoM and KPMG accepts no liability if the report is or has been altered in any way by any person.

City of Marion

Assurance Mapping
Internal Audit Report

February 2021

Table of Contents

Eric Beere
Partner
+61 8 8236 3457
ebeere@kpmg.com.au

Heather Martens
Associate Director
+61 8 8236 3273
hmartens@kpmg.com.au

Thomas Cronin
Consultant
+61 8 8236 3128
tcronin1@kpmg.com.au

In accordance with the 2020/21 Internal Audit Plan for the City of Marion (CoM) an internal audit of assurance across the organisation was performed, leading to the creation of an Assurance Map. The objective, scope and approach are outlined below.

1.1 Objective

The objective of this internal audit was to develop an Assurance Map for the CoM's sources of assurance against its corporate risks and business processes.

1.2 Scope

The scope of the Assurance Mapping internal audit included:

- Reviewed risks within the Corporate Risk Register to identify assurance activities.

- Considered the coverage and quality of assurance over key risks, processes and controls. Specifically, this considered:

  - The various types of assurance undertaken across the organisation

  - The frequency of assurance activity

  - Whether or not the assurance is performed by an independent or internal team

  - The nature of the assurance activity itself (e.g. formal testing vs high level review

- Assessed the level of assurance to consider any gaps and areas of under or duplicated assurance.

1.3 Approach

The approach for the assurance mapping internal audit project included:

- Reviewed the CoM's Corporate Risk Register to inform the development of the Assurance Map.

- Aggregated a number of selected risks from the Corporate Risk Register to identify a 'Top 19' list of strategic risks for the CoM upon which to base the assurance mapping process on. These were reviewed and validated with CoM Management.

- Discussed with Management the various sources of assurance currently and potentially being utilised by the CoM across its 'three lines of defence' model for the selected risks, including:

  - Line 1 – Line management and process controls.

  - Line 2 – Internal processes and management, independent of the relevant area.

  - Line 3 – Independent sources of assurance e.g. internal and external audit, regulators, etc.

- Considered the relative quality and impact of controls to manage the selected Top 19 strategic risks.

- Areas for improvement were identified and agreed with stakeholders and a draft report prepared for Management for feedback and comment.

- Developed recommendations to improve assurance throughout the organisation, which considered better practice and other practices of similar organisations.

1.0 Executive Summary (continued)

1.4 City of Marion corporate and strategic risks

On an annual basis the CoM undertakes a process to review and update it's Corporate Risk Register. As part of this process, risk owners are responsible for reviewing and updating the identified controls which are documented on the Register.

At the time of commencing the Assurance Mapping internal audit, the CoM Corporate Risk Register contained 102 risks. As part of the internal audit a significant exercise was undertaken to aggregate the 102 risks contained within the Register to identify a 'Top 19' list of strategic risks to be used as a basis for developing a high level Assurance Map. Key considerations in selecting the Top 19 risks included risks that had inherent ratings of extreme or high, risks that had broad impacts on operations, and whether risks were strategic or operational in nature. A scan was also performed of other comparable council risk registers. The Top 19 risks selected were reviewed and endorsed by CoM Management.

First line	Second line	Third line
Policies & procedures	Cross-divisional review/assessment	Internal Audit (outsourced)
Council Programs & Plans	Internal committees	External Audit
Management review	Finance & Audit Committee review	Other regulator-appointed consultants
	Governance & Council Support – review and/or involvement	Other auditors/consultants
	Elected Member/Council Review	

1.5 Assurance mapping background

Assurance mapping is an assessment of activities performed throughout the organisation to provide Management, the Finance & Audit Committee and Elected Members (or Boards) insights on the assurance activities performed to manage the organisation's key risks. Performing an assurance mapping exercise allows Management to coordinate the assurance activities in a more targeted and cost-effective approach.

At a high level, the assurance mapping process involves considering each of the organisation's corporate risks in the context of its organisational processes. The greater role the process plays in managing a key risk, the more important it is that the process, and its supporting internal controls, is subject to an appropriate level of assurance (also known as "required level of assurance"). The "required" level of assurance can then be compared to actual assurance provided to highlight gaps or instances of duplication or over-assurance.

For the purposes of this internal audit, assurance activities have been broken down into a "three lines of defence" model, as detailed in the adjacent table.

1.6 Assurance mapping methodology

Subsequent to the Top 19 strategic risks being identified, relevant CoM staff and Management were consulted and discussion were held to determine the following:

- How the business processes, and relevant programs and plans they own help manage the relevant strategic risk.

- The assurance activities undertaken or in place across their business process based on the three line of defence model.

Section 2 of this report outlines the developed Assurance Map for the identified Top 19 risks. The Assurance Map includes an overall assurance rating resulting from the aggregate assurance in place across the three lines of defence for that risk. It is noted that this overall rating was given at the strategic risk level, and may not be reflective of the residual risk ratings contained within the Corporate Risk Register for the associated corporate risks to that strategic risk.

1.0 Executive Summary (continued)

1.7 Summary of observations

The Assurance Map contained within this report is the first step in the CoM developing a clear view of the key risks facing the organisation, and the level of assurance in place over those risks. The next recommended steps for the CoM include developing a Strategic Risk Register, and agreeing the desired residual risk rating for each of those risks based on further refinement and articulation of the organisation's three lines of defence model.

It was also observed that although the majority of controls documented in the Corporate Risk Register were accurate, some controls identified required updating. This includes controls stated that had not been implemented or were outdated. It is recommended that guidance including criteria for including a control in the Corporate Risk Register is provided to relevant staff.

Due to the nature of, and approach to this internal audit, traditional risk-rated findings were not explicitly identified. Rather, a series of assurance observations are provided in the "Detailed Assurance Observations" section of this report.

Overall, as a result of the Assurance Mapping process across the three lines of defence for the top 19 risks the following key observations were noted:

1st Line:

- Risk#8 Failure to develop and maintain relationships key relationships, including with Government: An absence of formal processes and plans were identified for this risk.

- Risk#19 Data risk: Although a large volume of work has been performed over this risk, including the development of the CoM ITT Governance Framework which is currently under review, it was noted that this Framework has not been implemented across the organisation.

2nd Line:

- A number of risks were identified where it was noted that no formal 2nd line of defence outside of the day to day management and oversight were performed. These risks are noted in section 2 of the report below under the 2nd Line of defence of the Assurance Map.

1.8 Opportunities for 3rd Line Assurance

Further considering the adequacy of external assurance may help the CoM to identify further opportunities to improve their business processes so that the key strategic risks of the organisation are better controlled.

The risks detailed below were identified as part of the assurance mapping process where gaps were identified in external assurance provided over these key risks. These risks are split out into two categories, including risks with no external assurance and risks where internal audit activity specifically has not been performed recently.

Risks identified that have not had 3rd line assurance

- Failure to develop and maintain relationships key relationships, including with government and private sector partners

- Risk of breach in statutory and legislative requirements (from an over-arching perspective)

- Risk of ineffective contractor management (noting the CoM has plans underway to put an external assurance program in place)

- Risk of the CoM failing to attract and retain existing and new businesses.

Risks where Internal Activity has not been performed

- Ineffective organisational project and portfolio management

- Confidential information risk

- Funding risk

- Failure to meet the changing needs of the City of Marion residents

- Risk of disconnected community and community well being and resilience declines.

1.9 Improvement opportunities for prioritisation

As a result of this review, a total of **39 improvement opportunities** have been identified as a result of the Assurance Mapping Process. To help inform the areas for priority, listed below we have included the top four improvements for prioritisation based on our views of the key areas of risk where further mitigation measures would be recommended.

The improvement opportunities for prioritisation include:

1. Ineffective organisational project and portfolio management (Risk#16)

    *   Although robust internal measures have been put into place, due to the significant investment and impact on the organisation it would be recommended that third party assurance is considered for the Digital Transformation Program.

2. Risk of ineffective contractor management (Risk#5)

    *   It is noted that due to the volume of procurement activity that is happening across the CoM, that further clarity over the role of contractor management post contract execution, including responsibilities relating to the management of contractor safety is performed.

3. Data risk (Risk#19)

    *   It is recommended that the CoM ITT Governance Framework is finalised and implemented across the organisation, noting that this will be a key enabler to the Digital Transformation Program in addition to being an area of focus considered more widely across all sectors.

4. Risk of the CoM failing to attract and retain existing and new businesses (Risk#3)

    *   Noting the challenges of the current economic and further challenges when government support payments will be ceased, it is recommend that the CoM consider implementing further monitoring and reporting across this are. This could be inclusive of the dashboards and other key metrics that are understood to currently be under development.

CoM Management Comment

It is agreed that the next step following this work is to develop a strategic risk register, and agree the desire residual risk rating for each of those risks based on further refinement and articulation of the three lines of defence model.

Additionally, this work will be used as a tool to inform the City of Marion Internal Audit Plan for 2021/22.

Those areas identified in Section 1.9 will be prioritised as part of the work involved with developing the Strategic Risk Register and considered as part of the Internal Audit Planning process for 2021/22.

Overall Responsibility: Manager Corporate Governance

Due Date: 30 June 2021

2.0 Assurance Map

Assurance Map

Assurance mapping methodology

The output of the assurance mapping process is a detailed summary of assurance across the CoM's Top 19 risks. This "map" shows the detail of assurance provided, colour coded by the degree of assurance and the overall level of assurance currently in place. The detailed assurance map observations for each risk are included in section 3 of this report.

Risk #	Risk Description	First Line of Defence		Second Line of Defence			Third Line of Defence			Summary / Level of Assurance
		Policies & Procedures	Management Review	Cross Divisional Review / ELT / SLT Involvement	Internal Committees	Council/F&AC Review	External Auditors	Internal Auditors (KPMG)	Other Third Party Assurance	
1	Capability and capacity to deliver the CoM's Strategic Plan and Council objectives is not provided by organisational resources **Inherent Risk (IR): High**	yellow	green	yellow	red	yellow		red	green	Strong programs and plans are in place to develop staff capability and succession planning. An overarching workforce planning framework is not in place, with limited formalised 2nd line assurance also noted. **Overall level of assurance: Medium**
2	Risk of breach in core financial controls **IR: Extreme**	green	green	green	green	green	green	green		Robust controls and assurance noted over all three lines of defence. Opportunities exist for the CoM to consider efficiency opportunities across this risk. **Overall level of assurance: High**
3	Risk of the CoM failing to attract and retain existing and new businesses **IR: High**	yellow	yellow	yellow	yellow	red		red	red	Economic Policy and Programs are in place, with 6 monthly report submitted to Council. Limited 2nd line assurance noted and no 3rd party assurance performed over this area over the past few years. **Overall level of assurance: Medium/Low**
4	Failure in strategic asset management **IR: Extreme / High**	yellow	green	green	green	green		green	green	Formalised Plans, Framework and recently reviewed Asset Management Plans in place. Lack of supporting integrated system and areas in asset inspection regimen noted for improvement. **Overall level of assurance: Medium**

Assurance Map

Risk #	Risk Description	First Line of Defence		Second Line of Defence			Third Line of Defence			Summary / Level of Assurance
		Policies & Procedures	Management Review	Cross Divisional Review / ELT / SLT Involvement	Internal Committees	Council/F&AC Review	External Auditors	Internal Auditors (KPMG)	Other Third Party Assurance	
5	Risk of ineffective contractor management **IR: Extreme / High**	Yellow	Yellow	Green	Green	Yellow	(blank)	Green	Yellow	Strong front end plans and controls noted pre-contract award. However, post contract gaps identified in clear accountability and controls. Additionally opportunities also identified for further third party assurance. **Overall level of assurance: Medium – Pre Contract, Low Post Contract**
6	Risk of breach in statutory and legislative requirements **IR: High**	Green	Green	Yellow	Yellow	Yellow	(blank)	Yellow	Green	Legislative compliance is managed by individual business units and teams. It is noted that an over-arching 'Legislative Compliance' Internal Audit or review has not been performed to date. **Overall level of assurance: Medium**
7	Risk of serious harm or death to Council staff, contractors and volunteers **IR: Extreme / High**	Yellow	Green	Green	Green	Green	(blank)	Red	Green	Overall, a robust WHS Framework and HSE Plan are in place, with strong 2nd line of defence. Plans are underway to implement a third party assurance program. **Overall level of assurance: High**
8	Failure to develop and maintain relationships key relationships, including with government and private sector partners **IR: High**	Yellow	Yellow	Red	Red	Red	(blank)	Red	Red	Management of key relationships is built into day to day operational processes, and considered during project and program planning. However, formal assurance mechanisms and controls are not in place. **Overall level of assurance: Low**
9	Risk of disconnected community and community well being and resilience declines **IR: High**	Green	Green	Green	Yellow	Green	(blank)	Red	Green	The CoM has a wide range of Programs and Plans that are focussed at supporting the community and specifically vulnerable members. Opportunities to perform more regular 2nd line of defence reporting was observed. **Overall level of assurance: Medium**

Assurance Map

Risk #	Risk Description	First Line of Defence		Second Line of Defence			Third Line of Defence			Summary / Level of Assurance
		Policies & Procedures	Management Review	Cross Divisional Review / ELT / SLT Involvement	Internal Committees	Council/F&AC Review	External Auditors	Internal Auditors (KPMG)	Other Third Party Assurance	
10	Risk of fraud and corruption **IR: High**	Green	Green	Green	Green	Green	Green	Green	Green	Robust Fraud & Corruption Framework and Controls in place, with strong 2nd line and 3rd lines of controls also observed. **Overall level of assurance: High**
11	Cyber security threat **IR: Extreme**	Yellow	Yellow	Yellow	Green	Yellow	Grey	Green	Red	Cyber Security Framework in place, key areas of assurance incorporated across each facet of good cyber security practices. Ongoing changes to the CoM's ICT Systems will require continual updates to cyber security considerations (i.e., updates required to BCP & Disaster Recovery Plans). **Overall level of assurance: Medium**
12	Climate change risk **IR: Extreme**	Green	Green	Yellow	Green	Green	Grey	Red	Green	A dedicated resource is in place to lead CoM climate change initiatives. A Climate Change Framework, with supporting plans and policies is in place, with reporting provided to 2nd line, and external assurance recently performed. **Overall level of assurance: High**
13	Business continuity planning risk and emergency management risk, risks to safety of community members **IR: High**	Green	Green	Green	Green	Green	Grey	Green	Green	A recent internal audit over the BCP Framework (post COVID review) noted a strong BCP Framework in place, with strong 2nd and 3rd line assurance in place. The CoM has developed a formal approach to emergency planning, with a framework and suite of plans in place. This area has also had strong external assurance performed over it. **Overall level of assurance: High**
14	Failure to meet the changing needs of the CoM residents **IR: Extreme**	Green	Green	Green	Green	Green	Grey	Red	Green	Strong processes are in place to embed community consultation into CoM Programs and Projects. Ongoing monitoring also noted for 2nd line. No recent Internal Audit activity has been performed over this area. **Overall level of assurance: High**

Assurance Map

Risk #	Risk Description	First Line of Defence		Second Line of Defence			Third Line of Defence			Summary / Level of Assurance
		Policies & Procedures	Management Review	Cross Divisional Review / ELT / SLT Involvement	Internal Committees	Council/F&AC Review	External Auditors	Internal Auditors (KPMG)	Other Third Party Assurance	
15	Decentralised, unsupported and unintegrated ICT systems to support current & future needs **IR: Extreme**	Green	Green	Green	Green	Green	(blank)	Green	Green	The Digital Transformation Program is in place, with it's focus to reshape service delivery and integrate and update identified systems across the CoM. Governance over this program is strong, however the Program has only recently commenced. **Overall level of assurance: Medium**
16	Ineffective organisational project and portfolio management **IR: Extreme / High**	Yellow	Green	Green	Green	Green	(blank)	Red	Red	Overarching Digital Transformation Governance Framework has been developed, however the Program is in early phases with the Benefits Realisation Framework and detailed. Project Plans not yet completed. To date, no independent third party assurance has been performed. **Overall level of assurance: Medium/Low**
17	Funding risk **IR: Extreme / High**	Green	Green	Green	Yellow	Green	Green	Red	Red	Long Term Financial Planning and modelling processes are in place. However, noted as an area of key risk with a number of critical programs funded by grants. **Overall level of assurance: Medium**
18	Data risk **IR: Extreme**	Yellow	Yellow	Yellow	Yellow	Red	(blank)	Green	Red	CoM ITT Governance Framework has been developed (currently under review). The Framework defines the key roles in data management and details responsibilities across the data lifecycle. **Overall level of assurance: Low**
19	Confidential information risk **IR: Extreme**	Green	Green	Green	Green	Green	(blank)	Red	Red	Robust 1st and 2nd line of defence assurance in place. There is opportunity however for third party assurance. **Overall level of assurance: Medium**

3.0 Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	Current			
1. Capability and capacity to deliver CoM's strategic plan and Council objectives is not provided by organisational resources				Overall level of assurance: **Medium**

H	M	Lack of skill and knowledge of leaders/people to deliver the function of their role	**1ˢᵗ Line**
			- Detailed policies and procedures surrounding training, professional development, performance and leadership.
			- Program for the development of Performance and Leadership Development Plans for staff. This program involves two formal reviews between a leader and an employee per year.
			- LEAD and GAP Year Programs, which are talent acquisition and development programs.
			- Mandatory induction and training program for staff. A portion of this program is tailored to the individual role. All training records are kept in Training Manager, which is a database that manages, monitors and reports on training activities.
			- A Workforce Planning Toolkit.
			- An IT Workforce Planning Framework has been developed.
			- Career transition program for staff is in place.
			- A Change Management Lead has been recruited to assist staff in the transition required for the Digital Transformation Project and other key projects where significant change will occur.
			- Succession planning assessment in place.
			- Succession planning template and key risk positions are in place.
			
			2ⁿᵈ Line
			- Key employee metrics are reported to the ELT on a quarterly basis.
			- ELT involvement has occurred is relation to discussion and feedback related to future organisation resource requirements including skills of the future, but not formal reporting over this area has been performed.
			
			3ʳᵈ Line
			- An external consultant completed a Future of Work engagement in 2019, resulting in a workshop with the 3 senior leadership teams across Cities of Marion, Charles Sturt and Port Adelaide Enfield.
			- An external consultant completed an Integrity Audit in 2020, with a key focus on human culture.
				- Further develop and implementation of the CoM Workforce Planning Framework to be performed.
				- Implementation of the Change Management Framework to be completed adjacent to the Digital Transformation Program.
				- System limitations identified including:
				  - Lack of a single point of view for individual employees.
				  - Data and records maintained in different places, resulting in a highly manual process.
				  - Opportunities to create dashboard reporting for training which is currently highly manual.
				  - Absence of automatic renewals for training required does not provide system flags and prompts.
				- It is noted that the Human Resource Information System is to be implemented as part of the Digital Transformation Program is currently planned.

H	M	Ineffective strategic workforce planning		

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	**Current**			
2. Risk of breach in core financial controls				Overall level of assurance: **High**
E	**M**	Breach of financial controls as a consequence of non compliant, inappropriate and/or ineffective implementation of financial systems and processes	**1st Line** – Council's key Financial Policies are reviewed, updated and adopted by Council on an annual basis when adopting the Annual Business Plan. – Internal fraud and corruption assessment completed annually. – Financial training provided for specific CoM staff as required. – Formalised month end close process in place which encompasses managerial review of key accounts and reconciliations performed. – Online approval process for key financial approvals (purchase orders and payments). – Segregation of duties actively monitored. **2nd Line** – Detailed weekly, monthly and annual reporting procedures including among others: monthly reporting to the CoM ELT and Council members, tri-annual budget review, monthly reporting to BASS tax and weekly reporting for superannuation to Management. – Monthly finance report is provided to Council. – Annual Fraud & Corruption Controls Report, tabled at SLT, Council & Finance & Audit Committee – Annual reporting includes key financial focus areas reviewed by CoM Management and requires Council adoption of funds required to be carried over. – Annual budget process incorporates strong 2nd line of defence assurance. **3rd Line** – Deloitte conducts the CoM external audits in accordance with the legislative requirements. – As part of Deloitte's annual audit, a review of the online financial processes implemented in response to COVID-19 was completed. – Internal Audits over the CoM's financial processes and controls have been completed over the past three years, including Procure to Pay, Payroll and Remuneration, Contractor Management, Stores Management, Tendering, Fines Enforcement and Waiving.	• Opportunities exist for the CoM to consider efficiency opportunities across the various sources of assurance for this risk, noting that the overall assurance is high across all areas of the three lines of defence which may indicate and over-investment in assurance relative to other key risks that the organisation faces.

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	Current			
3. Risk of the CoM failing to attract and retain existing and new businesses				Overall level of assurance: **Medium/Low**
H	**M**	Failure to activate our city through quality street scapes and place making initiatives to deliver vibrant and prosperous business precincts	**1st Line** – Economic Development Policy was updated 2020. – Annual Business Plan initiatives have been implemented, such as the Edwardstown revitalisation. – CoM Economic Recovery Plan was embedded as part of the CoM's COVID-19 plan. – High-level Business Engagement Plan to be reviewed in June 2021 (owned by Economic Development). – CoM Community Engagement Policy in place. – Suite of business data available to analyse business activity and growth throughout the CoM, including ABN creation and business folding. – Quarterly reviews performed over relevant programs and outcomes are shared with the Internal CoM working groups. **2nd Line** – A six monthly Economic Development Report is presented to Council (for noting only). – Individual Program working groups performs a quarterly review of survey results, which is reviewed by management and reported. – A new Planning and Development Committee has been established (1st March initial meeting scheduled). **3rd Line** – To date 3rd party assurance over this area has not been provided.	• An overarching CoM development strategy / plan is not in place. • A project is underway to develop dashboards the will embody key metrics. • There is an opportunity for the CoM to have further 2nd line of defence. • It is noted the Economic Development Board ceased mid 2020. • There is an opportunity for the CoM to consider implementing 3rd line of defence assurance but it will be important to consider how such assurance would be framed, as well as the relevance of the skills and experience of any potential provider of assurance. • It is noted that a new CoM Resource has been employed whose responsibilities will include consideration of the Economic Development of the Edwardstown Precinct.

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	Current			
4. Failure in strategic asset management				Overall level of assurance: **Medium**
E	M	Failure to strategically manage assets and associated funding, to effectively inform future planning, acquisition, renewal, maintenance, management and disposal	**1st Line**	
E	M	Lost opportunity or inability to create, renew, manage and maintain Infrastructure assets (roads, drainage, footpaths, etc.)	- Asset Management Plans (8x) were recently updated in May 2020. These plans incorporated cross-divisional consultation with asset owners, and were reviewed by the Asset Steering Committee, Council and Finance & Audit Committee. - The Asset Management plans, policies and procedures are accessible to staff through SharePoint (Internally via MS Teams) and the Councils website (external). - Asset Management Improvement Program was developed from the Asset Management Plans and the annual Asset Maturity Assessment. The program includes an asset condition inspection regime. - Asset Management policies and procedures are available and up to date, its noted however the implementation of the asset inspection process can be improved across the CoM. - Annual Asset Valuation Process. - Long Term Financial Plan for CoM assets. - Annual budget planning process to account for the expenses of, and associated with the CoM assets. - Asset induction and training program provided to CoM staff.	• It is noted that a tender for a new asset management system has been released to the market, which will help provide for an integrated and holistic asset management system across the CoM.
H	L	Non compliant, inappropriate, ineffective and/or sub standard design of infrastructure resulting in failed infrastructure		• Improvements have been identified in the implementation, monitoring and reporting of the CoM's asset inspection process, including documentation over asset repairs and maintenance.
E	M	Non compliant, inappropriate, ineffective and/or sub standard delivery of infrastructure (roads, drainage, footpaths, etc.)	**2nd Line** - An internal assessment of the maturity of the CoM Asset Management System (separate to the IT system) is conducted annually with external validation as required. - The Asset Steering Committee meets monthly and monitors strategic asset management practices as they relate to people, data, processes and systems.	• Opportunity to create supporting dashboard reporting could help support further oversight.
H	M	Inability to use Council owned land or property asset as a consequence of non compliance with legislated safety, access and/or building requirements or lack of maintenance rendering property unfit for required use	**3rd Line** - An Asset Management Information Systems Review was completed by an external consultant (Infrastructure Solutions Australasia) in 2017. - An external consultant (Jeff Roorda and Associates) completed a Maturity Assessment in 2017. - External consultants have been engaged for the review of specific asset classes. - Two internal audits are currently in progress in relation to asset management, including the Asset Inspection Schedule and Project Carryovers.	

| Table of Contents | Executive Summary | Assurance Map | Detailed Assurance Map Observations | Appendices |

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	**Current**			
5. Risk of ineffective contractor management				Overall level of assurance: **Medium/Low**
H	L	Failure to manage contractors appropriately to ensure that contractual obligations are met	**1st Line** - Procurement and Contract Management Policy was updated in November 2020, this included tender evaluation, contractor induction and site inspections. - CoM has a Procurement Procedure, CoM Tender Evaluation Procedure and Contract Management Checklist are under review and to be updated in Q1. - The CoM endorsed the Contractor Work Health and Safety Management Plan. - Contractor Insurance is verified prior to contract award. - CoM Contractor Induction process. - Contractor Acknowledgement & Undertaking or receipt and performance of CoM HSE contractor induction handbook. - Site induction process/Contractor generated site hazard and risk assessment before commencement. - Contractor monitoring process and record keeping. - Contractor performance evaluation. - Organisational training on probity and process is provided to relevant groups at the CoM. This presentation covers process, probity, tips on evaluation, and high-level education. - Weekly site meetings with CoM Project Lead. **2nd Line** - Bi-monthly meetings of the Strategic Procurement Governance Group and reporting to the group occurs. The group includes members of SLT and above from each of the three Councils. - Monthly Project Control Group meeting (onsite throughout construction including SLT or above). - Utilisation of Independent Tender Board for contracts greater than $200,000. - Contractor Audit program outlined in HSE Plan. **3rd Line** - In 2018 an Internal Audit was performed over contractor management, and a Tendering Internal Audit was performed in May 2019.	• There is an opportunity to include annual training on contractor management. This has been done ad hoc in the past. • There is an opportunity for the CoM to provide further clarity over the role of contractor management post contract execution. This includes management of contractor safety. Specifically contractor management was noted in the most recent Local Government Association Workers Compensation Scheme Audit. This lack of clarity of roles, processes and controls was also noted during stakeholder consultation with CoM Management.
H	L	Significant and material breach or failure of CoM engaged contractors in delivery of Community Wellbeing related activities		
E	M	Failure to consistently apply an effective procurement and contract function/service for CoM business		
E	M	Failure to appropriately manage strategic project related activities undertaken by Contractors (e.g. when engaging in high risk construction work etc, as City of Marion retains overarching responsibility to ensure adherence to WHS practices.)		

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	Current			

6. Risk of breach in statutory and legislative requirements — Overall level of assurance: **Medium**

| H | M | Breach of statutory and legislative requirements | There are a multitude of various legislative requirements the Council is required to follow, which span across a number of pieces of legislation. Our Assurance Map has considered at a high level controls over financial reporting, public interest disclosure requirements, safety, and planning and development. | • Performance of an over-arching review of legislative compliance. • Implementation of formal reporting to track processing of development timeframes. |

1st Line
- Process in place to review and disseminate legislative updates from LG Circulars issued to relevant staff.
- Local Government Act - Financial processes have been designed to align with legislative requirements including annual budget review and financial long term plan processes.
- Required budget planning framework and procedures are in place.
- External Audit of financial statements and an annual internal assessment of the financial control framework.
- Annual professional accreditation for senior staff.
- IT process and record keeping system (Civica/ Authority).
- Community Safety Framework.
- Monthly internal reporting completed by Community Safety Team.
- WHS Framework including the CoM HSE Plan 2019-2023 is in place, with strong 2nd and 3rd lines of defence noted (refer p.19 for further details)
- Public Interest Disclosure Framework in place, with relevant 2nd lines of defence (refer p.32 for further details)
- Policy Registers implemented in Sharepoint.

2nd Line
- Monthly finance reporting and quarterly budget reviews.
- Grant Funding reported to members on a monthly basis.
- Membership of F&AC , include majority of independent members and an independent Chair.
- Internal Audit Progress Reports which track identified improvements are provided to F&AC.

3rd Line
- Scheme audit over the CoM's WHS requirements performed every two years.
- Prudential reports covered off by third parties.
- Third party reporting requirements including to SA Health (Community Safety).
- Fines Enforcement internal audit.
- Annual reports to State Government re SA Public Health Act/Food Act/Dog & Cat Management Act.
- Internal audit complete on planning in previous internal audit plan.

Detailed Assurance Map Observations

Risk Level	Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent Current			

7. Risk of serious harm or death to Council staff, contractors and volunteers.   Overall level of assurance: High

*Please see appendix for full list of Corporate Risk Register Descriptions for Risk 7	**1st Line** – Detailed Work, Health and Safety (WHS) policies and procedures. – Hazard management is proactive through detailed risk assessments of key hazards including confined spaces, high risk workplaces, plant, chemicals and hazardous manual tasks. – Detailed SWMS, SWPs and SOPs for work undertaken. – Permits to Work for high risk work tasks. – Health, Safety and Environment (HSE) Plan 2019-23 endorsed by Council in August 2019. – WHS induction and training program for CoM staff outlined in TNA. – Incident and near-incident reporting mechanism via SkyTrust. SkyTrust is monitored by CoM staff for delayed actions. – Annual WHS management review of the CoM's progress against the Performance Standards for Self-Insurers (PSSI). – CoM Contractor Management Policy and Procedures. – Workplace Inspections and Safety Observations. – Employee Assistance Program (EAP). – Return to Work Program. – Wellbeing Policy and Program. **2nd Line** – The HSE Committee facilitates collaboration between Management and staff in initiating, developing and implementing measures designed to ensure the wellbeing, health and safety of workers and protection of environmental aspects. – Detailed weekly, monthly and annual reporting procedures including amongst others, a WHS and Risk fortnightly report to ELT, a monthly report to SLT, a monthly report to Council and an annual report to the Risk Working Group and F&AC. **3rd Line** – The Local Government Association Workers Compensation Scheme have performed a number of audits across key WHS processes and controls. – The Local Government Risk Services (LGRS) Audit was last performed in 2020. – Plans are underway to implement a third party external audit program, additionally it is noted the contract for this service has been provided. – The Risk Team have performed a number of audits across key WHS processes and controls.	• It is noted that the CoM have gone to market for an external WHS auditor, and audit program to be developed.

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	Current			
8. Failure to develop and maintain relationships key relationships, including with government and private sector partners				Overall level of assurance: **Low**
H	M	Failure to work with Universities, business peak groups, Regional, State and Federal Govt's to facilitate local economic growth and infrastructure	Overall, it is noted that the CoM's management of `key relationships is embedded in the day to day operations of the Council rather than being guided by formalised policies/processes or plans. **1st Line** – City Activation Work Area Plan with priorities identified. – At a project and program level, stakeholder analysis and relationship management is built into planning and on-going management processes. – Identified within the Risk Management Matrix for consideration. – Developing and maintaining business links with Tonsley and other local business centres. – Cross council collaboration and other working groups/committees is in place to help foster and maintain relationships. – Membership on numerous specialised groups and committees including LGA, Government and business connections. **2nd Line** – Standing item on monthly Council agenda where key stakeholder meetings are listed and reported to Elected Members. – Annual review of work plan to maximise use of existing resources. **3rd Line** – To date 3rd party assurance over this area has not been provided.	• There is an opportunity for the CoM to develop a Relationship Map which documents and maps key relationships for service delivery. This process could also include the CoM clearly defining what a key stakeholder is. • Investigate the opportunity with the new CRM to have key relationships monitored.
H	M	Failure to maximise partnerships, business relationships, networks and opportunities for growth and prosperity		

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	**Current**			

9. Risk of disconnected community and community well being and resilience declines — Overall level of assurance: **Medium**

Inherent	Current	Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
H	L	Failure to deliver quality community wellbeing education, engagement, events and initiatives	**1st Line** – CoM Equity, Access and Social Inclusion Policy outlines the Council's consideration of equity, access and inclusion in its business operations, including relevant services, programs and facilities. – CoM inhouse Wellbeing and CoM Lifelong Learning Programs help to foster a strong sense of wellbeing and connection into the community. – Regular review of the CoM's demographic data/information ensures that regular programs/services are tailored to meet community needs. – Annual Community Needs Analysis conducted ensures relevant programs, events and services are aligned with community need. – Periodic Service Reviews performed which consider impact of the CoM's Programs and opportunities for improvement. – Annual CoM Business Planning process considers a range of CoM services and programs, in alignment to community needs and requirements. – Home Modification assessed by an Occupational (OCC) Therapist and installed to Australian standards. **2nd Line** – A risk assessment is conducted prior to every program/activity being undertaken including those activities/services provided in people's homes. – Service Review recommendations are delivered to ELT and F&AC (e.g. the Neighbourhood Centre Review). – Finance & Audit Committee track the progress of implementation for relevant recommendations. **3rd Line** – Australian Service Excellence Standards (ASES) Audit (Performed by Department of Human Services), with this year's accreditation to start in March 2021. – Quality Aged Care Standards Review/Audit – was scheduled for February 2020 and postponed due to COVID-19; not yet informed for dates in 2021. – All funding requires an annual grant acquittal with the exception of one off and ad-hoc grants. Adult Community Education (ACE) and Families and Community Development fund per annum. Commonwealth Home Support Program (CHSP) and HACC funding per annum. 125 Women's Suffrage Grant 2019; Active Neighbourhoods for Older Australians 2020, and Ageing Well Grant (2019, 2020). – In 2018 Internal Audit performed the Customer Experience Internal Audit, which reviewed the CoM's processes and systems for managing community and other customers requests/queries and complaints.	• There is an opportunity for the CoM to enhance its ability to measure long term community wellbeing.
H	M	Failure to appropriately manage Community Wellbeing activities provided by CoM Staff (such as activities with young and/or vulnerable, individuals in their homes, at Neighbourhood Centres, on excursion, and potential need to deal with inappropriate behaviour)		
H	M	Adverse public health incident arising out of a failure to deliver effective and timely Health & Safety services for the Community (eg: re Food Act, Public Health Act, animals, fire prevention, parking, Local Nuisance and Litter Control, Local Government Act, Council By-Laws)		

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	Current			

10. Risk of fraud and corruption — Overall level of assurance: **High**

| H | M | The perpetration of fraud and/or corruption impacting on the CoM | **1st Line**
 – Fraud and Corruption Policy, Framework and tools.
 – Internal Controls Framework.
 – Corporate Code of Expected Behaviours.
 – Code of Conduct for Elected Members.
 – Code of Conduct training (provided every 3 years) to Elected Members.
 – Public Interest Disclosure (PID) training.
 – Delegations of Authority reviewed and updated annually.
 – Gifts & Benefits Policy & Register (Register is managed centrally).
 – Annual review of CoM financial controls.
 – Procurement Policy & Framework.
 – Purchasing controls, authorised officers and purchasing limits.
 – Cash reimbursement limits and procedures.
 – Corporate Fraud & Corruption Training.
 – Corporate reinforcement of HR Codes/Conduct/Leave Mgt via HR electronic approval process.
 – ICAC training for 'Responsible Officers'.

 2nd Line
 – EOFY Fraud & Corruption Control Reports, for sign off by all Work Areas/SLTs and an overarching corporate sign-off is performed with any identified actions monitored and closed.
 – Gifts & Benefits Register is published quarterly.
 – Annual Fraud & Corruption Controls Report, tabled at SLT, Council & F&AC.

 3rd Line
 – External Audit – review of key internal financial controls.
 – Internal audits which have considered key internal financial controls including: Procure to Pay, Payroll and Remuneration, Contractor Management, Tendering, Fines Enforcement and Waiving. | • There is an opportunity to perform a fraud risk management framework internal audit.
 • There is an opportunity to develop a formal fraud risk register for the CoM. |

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	**Current**			
11. Cyber security threat				Overall level of assurance: **Medium**
E	**M**	Failure to maintain Cyber Security assurance across all CoM systems and worksites	**1st Line** – Cyber Assurance Policy and Framework was developed in 2018. The new IT Governance Framework that includes Cybersecurity is currently with CoM Executive Management for review. – The CoM Cyber Security Manual has recently been updated. – Cyber security and IT training program for CoM staff, focus on acceptable use and security awareness. – Cyber Security Awareness Program. – Office 365 in use, utilising the internal risk score. – Corporate Risk Management Framework. – Assessment of security position of third party vendors. – Tape back up system, performed daily, full back-up weekly, tapes stored externally and tested regularly. – Third party cloud backup for Microsoft 365 and AWS contents and data. – Business continuity plan and disaster recovery in place. – Microsoft Privileged Identity Management in use. – Multi-factor authentication is in use for users and managed by RBAC. – Any identity management access or change is logged and auditable. – Patch management process in place, on premise managed by a third party. – For some business applications, third party supplier's change management procedures are in place. – Email/WEB/end-user protection security solution is in use. **2nd Line** – Digital Transformation Program ELT group and Project Sponsor Steering Committee monitors cyber security assurance measures. – Security Assurance Group. – Incident reporting - engages Incident Management Team. **3rd Line** – A number of internal audits have been performed across a number of key IT controls and processes. Areas covered include IT Governance, IT Security and Cyber Security.	• No metrics tracked against employee cyber security awareness. • Opportunity for penetration testing to be performed by a third party. • Business & Continuity Plan and Disaster Plan will need to be updated (reflect continual changes in the CoM Systems).

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	**Current**			
12. Climate change risk				Overall level of assurance: **High**
E	H	Failure to understand, plan and act to respond to the projected impacts of climate change	**1st Line** – CoM Climate Change Policy has been reviewed internally and externally (on agenda for 9 Feb 2021 for endorsement for public consultation) and is to be put forward to Council for endorsement. – Carbon Neutral Plan being finalised (on Council agenda for endorsement – 9 Feb 2021). – Resilient South Regional Climate Change Adaptation Plan. – Resilient South Local Government Regional Implementation Plan. – Coastal Climate Change Adaptation Plan including baseline monitoring to detect early changes to risk. – Program and schedule of external education via events, networking, workshops, etc. – CoM Employee Environmental Induction includes climate change content. These are run every 6 to 8 weeks with new staff required to undertake this as part of the induction process. This is delivered by a member of the Environmental Sustainability team. – Energy Efficiency and Renewable Energy Plan (endorsed in 2018 - further detail on actions for Council's operations are captured in the Carbon Neutral Plan). – EM and staff induction and education program. Coordinated by two governments. Driven by Mayor and Elected Members. – Integration of environmental impacts and climate change has been incorporated into Asset Management Plans endorsed in 2020. All Asset Improvement Plans now contain an action to "Investigation options to conduct Climate Risk Assessments for CoMassets and forecast the impacts on asset useful lives." **2nd Line** – An Asset & Sustainability Committee has been put in place, and will provide further oversight over climate change risk, with meetings to be held every two months. – Conduct annual corporate risk review. – Plan on a page reporting is provided on a regular basis over climate change risk. **3rd Line** – An external consultant (Informed.City) reviewed across the business on how the CoM is managing climate risk from a governance perspective (staff surveys, interview with staff, recommendations).The relevant report was finalised in July 2019 and a series of recommendations noted.	• There is an opportunity for CoM to have further 2nd line of defence.

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	**Current**			
13. Business continuity planning risk and emergency management risk, risks to safety of community members				Overall level of assurance: **High**
H	**M**	Inability to deliver key Council services due to disruption or loss of critical business systems	**1st Line** – Business Continuity Management Policy, endorsed by Council in September 2019. – Business Continuity Framework, endorsed by Council in September 2019. – Business Continuity Plan, last updated in March 2020. – Business Continuity individual department recovery strategies. – Business Impact Assessment update conducted in February 2020. – ICT Service Recovery Plan. – Incident Management Team (IMT) with clearly defined role and responsibilities. – CoM Community Emergency Management Plan, endorsed in July 2018. – Emergency Management Risk Assessments undertaken on SEMP hazards. – Recovery Transition Group, which has the mission of supporting the CoM and the broader community in understanding and adapting to shifts in societal values, and empowering themselves and others to stay connected and recover well through the formulation of a Recovery Action Plan in response to specific 'disaster events'. An example of a 'disaster event' is COVID-19, for which the CoM developed a disaster plan which addressed all impacted areas (i.e. COVID-19 Response Plan). – Workplace Emergency Management Policy, endorsed by the EPC in February 2019. – Workplace Emergency Management Procedure, endorsed by the EPC in August 2019. – Comprehensive Workplace Emergency Management Plans (WEMP) in place for all CoM sites. – Emergency Control Officers (Wardens) are identified for every site with Chief Fire Warden training provided to all ECOs. – Emergency Drills are undertaken at each site twice per year. **2nd Line** – Risk Working Group (RWG), meets quarterly, and endorses all BCM Policies and Procedures, and monitors the Program to ensure appropriate management of emergencies and the ability to continue business and recover quickly. – Detailed regular reporting procedures. For example, the Risk Team produce a report to RWG post each event and exercise, a monthly report to IMT on the Recovery Action Plan and an annual report to the RWG and F&AC. *(continued on next page...)*	• The CoM existing Business Continuity Framework to be updated to reflect pandemic planning and recovery strategies. • BCP documentation to be updated to record specific detail on recovery response activities. • As per outcome from the COVID-19 response audit, CoM should document key considerations and tasks to enable plans to be re-used in responding to future events. • It is noted CoM have gone to market for an external auditor, and audit program to be developed.
E	**H**	Inability to prevent, prepare, respond to and promote resilience in the community in the event of an emergency i.e. pandemic (human disease), earthquake, flood, extreme heat, bushfire and terrorism		
E	**M**	Inability to evacuate people safely from its buildings and/or quickly recover critical operations in the event of an incident		
H	**L**	Failure to respond effectively to an incident where there is potential for reputational damage or adverse media		

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	**Current**			
**13. Business continuity planning risk and emergency management risk, risks to safety of community members**			Overall level of assurance: **High**
H	M	Inability to deliver key Council services due to disruption or loss of critical business systems	*(…continued from previous page)* **2nd Line (*continued*)** – There is an Emergency Planning Committee, which included representation from the Chief Fire Warden or Site Manager from each site, twice per year. – Emergency Drill Evaluation reports are provided by the external SME. – A range of business continuity governance groups and reporting as outlined in the 2nd line for defence description for risk 13. **3rd Line** – Emergency Drills are evaluated by an external SME twice per year. – A comprehensive external review has recently been undertaken of the WEMPs. – A Local Government Risk Services (LGRS) WHS Audit was performed in 2020. – A number of internal audits have also been performed across various business continuity processes and controls. Audits that have been performed include Business Continuity, IT Disaster Recovery and Emergency Management, and Business Continuity Plan and COVID-19 Response.	
E	H	Inability to prevent, prepare, respond to and promote resilience in the community in the event of an emergency i.e. pandemic (human disease), earthquake, flood, extreme heat, bushfire and terrorism		
E	M	Inability to evacuate people safely from its buildings and/or quickly recover critical operations in the event of an incident		
H	L	Failure to respond effectively to an incident where there is potential for reputational damage or adverse media		

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	Current			
14. Failure to meet the changing needs of the City of Marion residents				Overall level of assurance: **High**
E	**M**	Failure to innovate to meet the changing needs of the CoM's residents	**1st Line** – Business Planning Process includes consideration of changing community needs. – Annual community and operating environment scan performed as part of the Annual Business Planning process, with critical issues and opportunities considered for action as part of the plan development. – Community consultation required on major project basis, for major projects (Section 48 requirement), including prudential reports required which require a detailed analysis of community needs. – Disability Access Inclusion plan and Recreational Access Plan. – Open Space Plan and Transport Plan - these could be better described as a range of community focused strategies, plans and policies, all of which undergo community consultation in their development. – Annual Community Survey led by Communications & Engagement team performed annually. – Community consultation undertaken for development of strategic plans e.g. Asset Management Plans, 4 year Business plan and Annual Business Plan. – Service Review Program that considers community feedback on levels of services, future needs and gaps. **2nd Line** – Council and Committee Meetings held weekly which raise community related emerging issues and opportunities, and key community matters. – Risk Steering Committee, which considers emerging community risks and issues. – F&AC reviews scanning information as part of the Business Planning process with any issues or gaps highlighted. – Asset and Sustainability Committee (to be implemented from 2021 with meetings held bi-monthly), which will include consideration of key community changing needs/emerging issues, which will be supported by relevant reporting. – Planning and Development Committee (meetings occur bi-monthly). **3rd Line** – Engage with external consultants on project specific engagements (e.g. Flinders University deep dive into aging population analysis). – Independent (s48) reviews undertaken by BRM Advisory in last 24 months have included: Mitchell Park Sports and Community Centre redevelopment, BMX Project at Majors Road and Soccer Project at Majors Road.	• There is an opportunity for the CoM to consider implementing 3rd line of defence assurance but it will be important to consider how such assurance would be framed, as well as the relevance of the skills and experience of any potential provider of assurance.

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	Current			
15. Decentralised, unsupported and unintegrated ICT systems to support current and future needs				Overall level of assurance: **Medium**
E	**H**	Decentralised, unsupported and unintegrated ICT systems to support current and future needs	**1st Line** – Newly devised Digital Transformation Program (DTP) reshaping service delivery for the CoM is in place to update the CoM's IT systems. The DTP is driven from within the business units with embedded IT resources and governed by ELT oversight, program management and appropriate resourcing. – Implementation of Microsoft 365 across the organisation as part of the DTP. – Dedicated change management, project management and business analyst resources allocated to the projects and involved in program development and roll out. – Corporate services restructure (1 February 2021) to ensure IT resourcing is embedded in business units where the transformation is driven from. **2nd Line** – Monthly DTP ELT meetings and fortnightly program status sponsor meetings to ensure the DTP is effectively governed. – ICT issues brought straight to ELT via the monthly DTP ELT meetings. – OneMarion Digital Transformation updates provided to Council quarterly and the ISC Committee. – Cross Council collaboration to undertake peer review of initiatives. **3rd Line** – Internal Audit projects that have considered IT system risks have included the IT Governance Review and Cyber Security review. Additionally, a number of internal audits have considered the integration and system capacity supporting key processes including the Asset Inspection (in-progress), Leasing, Payroll, IT Security and Procure to Pay.	• Refer to Risk 17 - the CoM's risk of ineffective organisational project and portfolio management. There is an opportunity for a project health check on the digital transformation.

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	Current			
16. Ineffective organisational project and portfolio management				Overall level of assurance: **Medium/Low**
E	**M**	Non compliant, inappropriate and/or ineffective systems and processes for the delivery of strategic projects	**1st Line** – Digital Transformation Governance Framework has been developed that includes defined roles, responsibilities and accountabilities. – Program Scope document has been developed which outlines key program objectives. – Program Roadmap developed, which sets out relevant projects and timelines. – Program Dependencies, Risks and Issues log developed and maintained (noting some risks have not been allocated relevant controls). – Program Decision Log in place, and is updated on a regular basis. – Program Financial Report and Program Status Report completed monthly. – Program Communications Plan. – High level Program Change Management Plan and Stakeholder Assessment has been performed, inclusive of supporting change management tools developed to support CoM Leadership. – Management Framework has been developed with a dedicated Change Manager in place to support the Program. – Program benefits realisation framework in draft. **2nd line** – Program Status Sponsor Meetings (Fortnightly). – Program Steering Committee (Monthly). – Executive Leadership Team (ELT) oversight, including standing item on ELT Agenda. **3rd line** – A 3rd party was engaged in August 2020 to develop the Digital Transformation Governance Framework. To date an independent third party review outside of this 3rd party has not been performed.	• Further change impact assessments to be performed on an individual project basis (subsequent to appointment of relevant vendors). • Program interdependency analysis to be performed subsequent to vendor appointment and timing confirmed. • Program Benefits Realisation Framework to be finalised. • 3rd line of defence opportunity for a third party stage gate or mid-point health check to be performed.
H	**M**	Inability to meet ICT requirements of adopted Corporate projects and programs		
H	**H**	Ineffective & inefficient organisational project and portfolio management/monitoring to deliver strategic objectives and outcome		

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	**Current**			
17. Funding Risk				Overall level of assurance: **Medium**
E	**M**	Inability to attract and preserve external funding for Community Wellbeing programs	**1ˢᵗ Line** – Annual budgeting process includes review of key funding streams. – Long Term Financial Planning and modelling processes. – Business Impact Analysis workshops & strategic assessment. – Staffing associated with delivery of grant funding programs is based on employee contracts terms contingent on receipt of funding (cost aligned to income). – Major Infrastructure Projects include consideration of funding, with feasibility studies and associated funding strategies in place. **2ⁿᵈ line** – Monthly Grant Funding Report, which is provided to Elected Members – Annual budget process includes key review points including review by Executive, ELT, Council and F&AC. – Disability and Inclusion Group, which provide oversight for key community programs and contracts. **3rd line** – Yearly State Government grant acquittal reviews. – Externally performed Aged Care Standards Audit.	• As identified by the F&AC in December 2020, there is the opportunity to continue having a strong focus on environmental and social funding. This may include regular reporting, or a regular occurring agenda item on the Finance & Audit Committee Agenda.
H	**M**	Failure to raise an appropriate level of rate revenue to fund Operational and Capital Renewal requirements		

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	Current			
18. Data Risk				Overall level of assurance: **Low**
E	H	Poor data quality and information governance not supporting informed decision making	**1st Line** – CoM ITT Governance Framework has been developed (currently under review). The Framework defines the key roles in managing IT and data processes and responsibilities across the IT functions (including solution delivery, service delivery, procurement and planning/budgeting). – Defined data governance for new projects (e.g. IOT/smart council) are being developed including data owners, data business champions, ICT contact and data users. – Cyber Security Manual in place and recently updated to reflect transition to cloud services. – Digital Transformation Program. – 9 Business intelligence /data analytics reporting toolset (Microsoft PowerBI) have been deployed to provide the opportunity for dashboard reporting of key CoM data. **2nd Line** – Established Steering Committee to oversee Digital Transformation. This Committee updates CoM ELT on a monthly basis on the progress and any updates of the Transformation. **3rd Line** – CoM IT Governance Review. – Metrics that Mater Internal Audit.	• Updates to relevant policies and frameworks are approved and implemented in a timely manner. • ICT Steering Committee meetings to be re-commenced.

Detailed Assurance Map Observations

Risk Level		Corporate Risk Register Description	Key control and assurance activities performed	Improvement opportunities
Inherent	Current			
19. Confidential Information Risk				Overall level of assurance: **Medium**
E	M	Unauthorised or inadvertent access to, and amendment of, confidential personnel records	**1st Line** – Under the Local Government Act 1999 the CoM is required to review all confidentiality orders at least once a year. – A Confidential Items Register in place which is updated on a regular basis. – Confidential reports provided to Elected Members is on blue paper. – Induction training and Kit for Elected Members and staff. – Information Security Policy. – Strict access to systems that maintain confidential information. – Information Security Policy. – Staff Performance Policy. – Confidential Council Reports have restricted access. – Induction training for all new senior leaders outlining Council reporting requirements including confidential reports. **2nd Line** – A 2020 internal review of confidential items was performed which included benchmarking of process to other councils, with the report presented to Elected Members. – All CoM Confidential Orders are reviewed by the Governance Team in December each year, with relevant reports provided to Elected Members. – Internal review of confidential items including Management meetings. **3rd Line** – To date 3rd party assurance over this area has not been provided.	• There is an opportunity for the CoM to consider implementing 3rd line of defence assurance but it will be important to consider how such assurance would be framed, as well as the relevance of the skills and experience of any potential provider of assurance.

4.0 Appendix

Risk Level Inherent	Risk Level Current	Corporate Risk Register Description	Risk Level Inherent	Risk Level Current	Corporate Risk Register Description
7. Risk of serious harm or death to council staff, contractors and volunteers.					
E	M	Failure to appropriately manage high risk activities by CoM Staff (underground services, excavation, confined space, hot works, etc).	H	M	Ineffective management of high risk governance activities by CoM staff (such as isolated worker, aggression in workplace & high risk activities during investigations, etc.)
H	H	Harm, injury, damage or near miss incident arising out of a failure of CoM contractors to comply with contract conditions and CoM HSE requirements	H	L	An incident adversely impacting on staff or patrons wellbeing or safety as a consequence of antisocial, aggressive or threatening behaviour
E	M	Failure to appropriately manage high risk activities by CoM Staff (underground services, hot works, working @ heights, powered plant, etc.)	H	M	Failure to appropriately manage high risk Open Space Planning and Projects related activities by Contractors (such as work on erecting specialist play equipment, etc.)
E	M	Failure to appropriately manage high risk activities by CoM Staff (working with lifts, hoists, ramps, platforms, hazardous waste materials, on call, etc.)	H	M	Failure to appropriately manage high risk Open Space Planning and Projects related activities by Contractors (such as work on erecting specialist play equipment, etc.)
E	M	Failure to appropriately manage high risk activities by contractors (such as provision of technicians, plant servicing and maintenance, ad hoc training providers, etc.)	E	M	Provision of an unsafe workplace i.e. not in accordance with statutory and legislative requirements
E	M	Failure to appropriately manage high risk activities by Contractors (underground services, excavation, confined space, hot works, etc.)			

Appendix 2 - Staff Consultation

The below table summarises CoM personnel who were involved in discussions and contributed to the findings and actions detailed in this Internal Audit report.

Name	Title
Sorana Dinmore	General Manager Corporate Services
Liz Byrne	Manager Community Connections
Kate McKenzie	Manager Corporate Governance
Karen Cocks	Manager Customer Experience
Warwick Deller-Coombs	Manager Development & Regulatory Services
Mathew Allen	Manager Engineering & Assets
Akos Szonyi	Manager IT and Transformation
Fiona Harvey	Manager Operations
Sherie Walczak	Manager Risk
Adrian Skull	CEO
Sorana Dinmore	General Manager Corporate Services
Ilia Houridis	General Manager City Development

Name	Title
Jaimie Thwaites	Manager Governance & Council Support
Ann Gibbons	Manager Environment and Sustainability
Rebecca Neumann	Senior Environmental Planner
Ben Farrell	Program Manager Digital Transformation
Victoria Moritz	Governance Officer
Ray Barnwell	Manager Finance
Jamie Dunnicliff	Manager Strategic Procurement Services
Greg Salmon	Manager City Activation
Donna Griffiths	Manager Economic and Cultural Development
Anne Minion	Team Leader Community Hubs
Tony Lines	General Manager City Services
Steph Roberts	Manager Human Resources

Appendix 3 - Classification of findings

The following framework for internal audit ratings has been developed and agreed with the CoM's Management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in reports will be discussed and rated with the CoM's Management.

Rating	Definition	Examples of business impact	Action(s) required
Extreme/Critical	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	• Detrimental impact on operations or functions. • Sustained, serious loss in reputation. • Going concern of the business becomes an issue. • Decrease in the public's confidence in the CoM. • Serious decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty. • Life threatening.	• Requires immediate notification to the CoM Finance and Audit Committee via the Presiding Member • Requires immediate notification to the CoM's Chief Executive Officer. • Requires immediate action planning/remediation actions
High	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	• Major impact on operations or functions. • Serious diminution in reputation. • Probable decrease in the public's confidence in the CoM. • Major decline in service/product delivery, value and/or quality recognised by stakeholders • Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty. • Extensive injuries.	• Requires immediate CoM's General Manager notification. • Requires prompt Management action planning/remediation actions (i.e. 30 days)

Appendix 3 - Classification of findings

Rating	Definition	Examples of business impact	Action(s) required
Moderate	Issue represents a control weakness, which could have or is having a moderate adverse effect on the ability to achieve process objectives	• Moderate impact on operations or functions. • Reputation will be affected in the short-term. • Possible decrease in the public's confidence in the CoM. • Moderate decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty. • Medical treatment required.	• Requires CoM's General Manager and/or Senior Manager attention. • Requires short-term Management action.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	• Minor impact on internal business only. • Minor potential impact on reputation. • Should not decrease the public's confidence in the CoM. • Minimal decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty. • First aid treatment.	• Timeframe for action is subject to competing priorities and cost/benefit (i.e. 90 days).

Disclaimers

Inherent Limitations

The scope of this report has been outlined in the Executive Summary. The services provided in connection with the engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance will be expressed.   Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures 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, the CoM's Management and personnel. 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 with the CoM. The internal audit findings expressed in this report have been formed on the above basis.

Third Party Reliance

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

Electronic Distribution of Report

This KPMG report was produced solely for the use and benefit of the CoM and cannot be relied on or distributed, in whole or in part, in any format by any other party. The report is dated February 2021 and KPMG accepts no liability for and has not undertaken work in respect of any event subsequent to that date which may affect the report. Any redistribution of this report requires the prior written approval of KPMG and in any event is to be the complete and unaltered version of the report and accompanied only by such other materials as KPMG may agree. Responsibility for the security of any electronic distribution of this report remains the responsibility of the CoM and KPMG accepts no liability if the report is or has been altered in any way by any person.

Draft Annual Business Plan 2021-22 and Long Term Financial Plan

Originating Officer	Unit Manager Statutory Finance and Payroll - Andrew Doyle
Corporate Manager	Manager Finance - Ray Barnwell
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference:	FAC210223R07

REPORT OBJECTIVE:

The purpose of this report is to provide the Finance & Audit Committee (FAC) with an update on the development of Council's Draft Annual Business Plan (ABP) for 2021-22 and to provide a coinciding update on the development of the Draft Long Term Financial Plan 2021-22 to 2030-31 (LTFP).

RECOMMENDATION

That the Committee provide feedback on:

1. **The development of the Draft ABP 2021-22 and LTFP (Attachment 2)**

2. **The reasonableness, fairness and equity of the potential rating approaches for 2021-22, including in the context of Council's LTFP and on-going financial sustainability.**

DISCUSSION:

Council, at its planning day in January 2021 (EMF210130R06), considered a number of rating models with potential average rate increases ranging from 0% to 1.5%. Following the discussion at planning day, the Draft 2021-22 ABP has been developed using a forecast average rate rise of **1.0%** plus forecast annual growth of 1% (note - Adelaide CPI, Dec 2020 1.0%).

This 1.0% Draft ABP provides Council with a financially sustainable position for 2021-22 and throughout the LTFP with sufficient revenue to fund its operating and capital projects with a balanced or better funding (cash) position over the 10 year term of the LTFP. The first two years of the LTFP are based on a 1% average rate increase with the remaining 8 years gradually moving from a forecast rate increase of 1.5% in year 3 down to a 1.3% increase in years 8 to 10.

Key Assumptions

In developing the draft 2021-22 ABP and LTFP the following key assumptions and variables were applied:

Service levels - Where changes to service delivery have been prioritised and approved by Council subject to financial capacity, these have been incorporated into the Draft 2021-22 ABP/LTFP. Where no other endorsement exists, service delivery levels are maintained at current levels.

Indexation - The Draft 2021-22 ABP has been based off historical actuals adjusted where appropriate by Adelaide CPI (currently - 1% December 2020). From year 2022-23 indexation is set at 1.5% increasing in increments of 0.5% per annum to 2.5% in 2024-25 and staying at 2.5% for the remainder of the LTFP. This indexation is applied to operating income and expenditure amounts, with the following exceptions:

- **Rates -** The first two years of the LTFP are based on a 1% average rate increase plus growth of 1% with the remaining 8 years of the LTFP gradually moving from a forecast rate increase of 1.5% in year 3, down to a 1.3% increase in years 8 to 10.

- **Employee Costs -** a 2% increase is applied in 2021-22 and 2.3% per annum applied thereafter in the LTFP with consideration given to the timetable relating to the change in the Superannuation Guarantee. The scheduled change in superannuation guarantee is still proposed to commence on 1 July 2021 - with five annual increases of 0.5% each currently incorporated into the LTFP. The Super Guarantee increases currently being debated by the Commonwealth Government may change.

- **Interest expenses -** are directly related to Council borrowings and cash flows.

- **Interest revenues -** are directly related to Council investments and cash flows and will be carefully monitored in line with interest rate movements.

- **Adjustments -** An adjustments schedule has been developed to account for any future variations in operating activities (e.g. an adjustment is made for election expenses to reflect that they only occur once every 4 years).

- **Grants & Subsidies -** Capital grants, subsidies and monetary contributions reflect tied monies received in relation to the purchase/construction of new assets and are budgeted in accordance with information known at the time of preparing this report.

Asset Management Plans - The funding requirements identified in Council's recently adopted Asset Management Plans have now been aligned and incorporated into Council's LTFP.

Key inputs to the Draft 2021-22 ABP are detailed in Attachment 1 and the Draft LTFP 2021-2031 is included as Attachment 2.

ATTACHMENTS:

#	Attachment	Type
1	Draft ABP 2021-22 - Key Inputs	PDF File
2	Draft LTFP 2021 - 2031	PDF File

Attachment 1

Rating Options

The Draft 2021-22 ABP has been developed using a forecast average rate rise of 1.0% plus forecast annual growth of 1% (note - Adelaide CPI, Dec 2020 1.0%). Council considered several rating options at its planning day in January 2021 with potential average rate increases ranging from 0% to 1.5%.

This 1.0% Draft ABP provides Council with a financially sustainable position for 2021-22 and throughout the LTFP with sufficient revenue to fund its operating and capital projects with a balanced or better funding (cash) position over the 10-year term of the LTFP. The first two years of the LTFP are based on a 1% average rate increase with the remaining 8 years gradually moving from a forecast rate increase of 1.5% in year 3 down to a 1.3% increase in years 8 to 10.

Council have endorsed several significant projects for submission to attract funding from the **Local Government Infrastructure Partnership Program (LGIPP)**. The success or otherwise of these applications will not be known until late March 2021 and the successful outcomes from these submissions will impact the Council's proposed capital works program currently factored into the Draft 2021-22 ABP. The potential rating options will be further reviewed as the outcomes are known which may impact on the currently proposed 1% average rate increase.

In considering alternative rate models it should be noted that for every 0.1% movement in the average rate increase applied it equates to a difference of $78,025 in 2021-22.

A detailed LTFP funding statement is included as Attachment 2 to this report.

Movement in Council's Accounting Reserves

Councils currently adopted LTFP and subsequent council resolutions in 2020-21 include several planned Reserve transfers. In addition, there are further proposed reserve fund transfers as outlined in the table below, which have been incorporated into the draft 2021-22 ABP and LTFP.

The 2020-21 ABP forecasts the use of $7.876m from Reserves. The 2021-22 Draft ABP forecasts a further allocation of reserve funds which will reduce Councils Reserves by $5.033m. Beyond 2021-22 there is a further $4.49m resolved by council to be quarantined for specific projects leaving an available balance for future projects of $4.7m (excluding the $2m set aside for major infrastructure failure).

| Council Reserves ($000s) | Asset Sustainability reserve | | | | | | | Oaklands Wetlands - Water Supply Opportunities | Open Space Reserve | TOTAL ALL RESERVES |
	Major Infrastructure Failure	General	Walking & Cycling	Energy Efficiency	Major new projects	CFPP	Total ASR			
Forecast Closing Balance 30/06/2021	2,000	6,914	860	0	1,525	1,947	13,246	888	2,093	16,227
Transfers to Reserve 2021-22	0	0	200	40	0	20	260	15	10	285
Transfers from Reserve 2021-22	0	(2,471)	(277)	0	(1,500)	(1,070)	(5,318)	0	0	(5,318)
Current Budgeted Closing Balance 30/06/2022	2,000	4,443	783	40	25	897	8,188	903	2,103	11,194
Quarantined Funds	0	(2,507)	(783)	0	0	(320)	(3,610)	(884)	0	(4,494)
Projected Available Balance	2,000	1,936	0	40	25	577	4,578	19	2,103	6,700

Forecast Transfers from Reserves – 2021-22

The draft 2021-22 ABP includes the impact of several Council Resolutions with planned **transfers from** Reserves for the following key projects:

- Coastal Walking Trail $1.247m (GC191126R07)
- Soccer in the South $3.070m (SGC191125F01)
- Destination Playground Contribution $1.000m (remaining 50% of $2m contribution)
                                                              $4.247m

Forecast Transfers to Reserves – 2021-22

The draft 2021-22 ABP also includes planned **transfers to** Reserves including:

- Walking & Cycling Trails $200k
- Energy Efficiency $ 40k
- Water Supply Opportunities $ 15k
- Morphettville Sports Telstra Tower $ 20k
- Open Space Reserve $ 10k
                                                           $285k

Beyond 2021-22 Council has **committed funds** for the following key projects:

- Coastal Walking Trail $1.053m (GC191126R07)
- MCC Plaza (subject to grant funding) $1.200m (GC200623R16)
- Alternative water supply (subject to grant funding) $1.795m (GC201124F01)
                                                                                $4.048m

Forecast remaining balances available in Council's Reserves for future projects are:

Asset Sustainability Reserve	$ 2.001m (excluding $2m set aside for major infrastructure failure)
CFPP	$ 0.577m
Water Supply Business	$ 0.019m
Total ASR	**$2.597m**
Open Space Reserve	$ 2.103m
	$ 4.700m

Key Projects – Funded with Forecast Completion in 2021-22

There are 3 multi-year major projects forecast for completion in 2021-22 as follows:

- **Mitchell Park Sports and Community Centre ($16.250m Project)**
  Council's LTFP includes provision for the redevelopment of Mitchell Park Sports and Community Centre. During 2019-20 Council was successfully awarded Federal Government grant funding of $5m, the remainder of this project is to be funded with $10.920m of forecast borrowings, reserve transfers and funds from the Open Space budget. Construction is expected to be complete in 2021-22 with an allocation of $9.250m included in the 2021/22 LTFP including $8.920m of the forecast total borrowings, $0.080m in reserve transfers and $0.250m to be funded from the Open Space budget.

- **Soccer in the South ($7.0m project)**
  Council has committed to contribute $4.5m funded from Reserves towards this $7.0m development. The transfer of the remaining $3.070m of reserve funds are budgeted to occur in 2021-22 with the project anticipated to be complete in September 2021.

- **Sam Willoughby International BMX Facility (5.8m project)**
  No further funding is included in the 2021-22 Draft Budget for the BMX Facility Current funding in the budget for 2020-21 is $5.8m consisting of State Government Grant funding of $3.3m, Councils contribution of $1.75m along with City of Onkaparinga's contribution of $0.750m. It is anticipated that this project will be completed in 2020-21 although delays in progress may result in funding being retimed to 2021-22.

Labour Budgets

The total labour budget for 2021-22 is forecast at $38.889m. This includes increases from the enterprise agreements of 2.0%. The AWU (outdoor staff) enterprise agreement will expire in June 2021 and is currently under negotiation.

Superannuation Guarantee – the scheduled change in superannuation guarantee is still proposed to commence on 1 July 2021 – with five annual increases of 0.5% each currently incorporated into the LTFP. The Super Guarantee increases currently being debated by the Commonwealth Government may change.

Borrowings

Council is set to incur additional borrowings of $8.920m in 2021-22 bringing Council's total borrowings outstanding at the end of 2021-22 to $14.301m. Council's borrowings are currently set to peak in 2022-23 at $15.408m reducing to $1.666m by the end of the LTFP.

External Loans Outstanding - General Fund

Year	Amount
2021	6,390,110
2022	14,300,948
2023	15,408,199
2024	13,219,857
2025	11,617,848
2026	9,962,040
2027	8,250,270
2028	6,480,274
2029	4,649,676
2030	3,177,243
2031	1,665,846

The additional borrowings in 2021-22 relate to Council's contribution towards the Mitchell Park Sports & Community Centre. Any changes to the timing and scope of the Mitchell Park Sports and Community Centre project may reduce the funding and in turn requirement for borrowings currently factored into the Draft 2021-22 ABP.

As indicated below by Council's Debt Servicing Ratio further capacity exists for Council to increase borrowing should it be necessary to do so. The below debt servicing ratio is based on a baseline 0% average rate rise for the next two years, as the rate rise increases per the other modelling options, so does council's ability to increase its borrowings.

Debt Servicing Ratio										
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Debt Servicing Ratio	1.4%	2.5%	2.8%	2.0%	2.0%	1.9%	1.9%	1.8%	1.4%	1.4%
Target	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

The following factors should be considered in deciding whether borrowings should be utilised by Council, including:

- Capacity to Pay (Affordability) – The forecast cash positions and financial ratios in Council's adopted LTFP indicate a capacity for further borrowings.

- Intergenerational Equity – Due consideration will be given to inter-generational equity for the funding of long-term infrastructure projects and therefore the equitable sharing of the debt burden between the past, current and future generations. Council's current position of utilising current cash reserves that have been contributed by current and past ratepayers and applying them in the short-term in providing service improvements and outcomes in the LTFP would be considered sound and reasonable.

- Long-term financial sustainability – Council delivers 2 core services for its community in the form of Operational Services (e.g. Libraries, Waste Collection, Community Services, etc.) and Capital Services for the ongoing renewal (i.e. effectively cyclical maintenance) of existing infrastructure (e.g. roads, footpaths, drains, etc.). It is considered sound and prudent business practice to not borrow for the delivery of core services and there have been many cases where the non-adherence to this principal has resulted in an organisations downfall. Council's Treasury Management Policy supports borrowings for major new infrastructure projects only, where this is considered necessary.

- Cash – The key to the long-term financial sustainability of any organisations, whether they be public or private, is Cash and Cash Flow. As part of Council's LTFP Framework Council maintains, on average, a break-even or better funding (cash) position over the LTFP.

- Prevailing interest rates – the following table provides a basic interest rate sensitivity analysis per $1m in borrowings on current indicative market rates over the 10-year term of the LTFP:

Interest on $1m borrowings Over 10 Years		
Current Indicative rate	2.1%	$113,894
Sensitivity Adjustment	-0.5%	$86,119
	+0.5%	$142,077

Capital Works Funding

The total Capital works program for 2021-22 is currently forecast at $34.442m. For each of the Asset Management Plan categories the following capital works funding is included:

Classification	2020/21 Original Budget	2021/22 Draft Budget
Civil		
Road Reseals (including KWT)	3,665,502	5,215,000
Drains	2,721,267	2,680,000
Footpaths	2,000,000	2,190,000
Kerb Ramps	315,000	400,000
Traffic Control Devices	446,034	425,000
Streetscape	3,750,000	2,200,000
Other Infrastructure	2,650,585	2,636,604
Total Civil	**15,548,388**	**15,746,604**
Open Space		
Open Space Reserves	2,622,291	1,978,119
Total Open Space	**2,622,291**	**1,978,119**
Property & Buildings		
Property & Buildings	3,461,777	2,738,182
Sports Courts & Facilities	300,000	300,000
Furniture & Fittings	202,365	108,436
Total Property & Buildings	**3,964,142**	**3,146,618**
Other Capital		
Fleet Replacement	905,000	980,500
IT Hardware	298,000	270,000
Local Roads/Infrastructure Works (Grant Funded)	1,057,753	-
Total Other Capital	**2,260,753**	**1,250,500**
Subtotal Capital Works Program	**24,395,574**	**22,121,841**
Major Projects		
Sam Willoughby UCI BMX Track	5,726,568	-
Southern Soccer Facility	6,315,000	3,070,000
Marion Outdoor pool	429,554	-
Mitchell Park Sports Club Development	6,605,000	9,250,000
Tarnham Road Reserve	1,640,000	-
Total Major Projects	**20,716,122**	**12,320,000**
Total Capital Works Budget	**45,111,696**	**34,441,841**

It should be noted that the original budget for 2020-2021 included $2.5m for Southern Soccer Facility that is proposed to be retimed to 2021-2022. The amount in the draft budget for Mitchell Park includes $8.0m of the original $15m. Additional funding of $1.250m has now also been endorsed by Council bringing the total project budget to $16.250m.

Other Impacts on Council's Proposed Capital Works Program 2021-22

In addition to the proposed capital works program above the following items will influence the delivery of works in 2021-22.

- **Local Roads and Community Infrastructure Grant - 2nd Round - $3,161,621**
  There are several projects submitted for approval in the 2nd round of stimulus funding. These projects are likely to commence late this financial year with a significant amount of this funding carried over to the 2021-22 year.

- **Local Government Infrastructure Partnership Program (LGIPP)**
  As noted earlier Council have endorsed several significant projects for submission to attract funding from the LGIPP. The successful outcomes from these submissions will impact the proposed capital works program currently factored in the Draft 2021-22 ABP.

- **Capital Works currently forecast to be carried over from 2020-21 to 2021-22**
  The table below provides indicative capital works funding currently forecast to be carried over from 2020-21 into 2021-22. This includes an estimate of the LRCIG 2nd round funding likely to be retimed to 2021-22.

Forecast Capital Works Retimed/Carryovers 2020/21 (including Grants funded projects)	$		Details
Infrastructure			
Marion Central Streetscapes	1,527,005	*	works likely to commence during 2021/22
Sturt Road Streetscapes	250,000		works currently out to tender, potentially will not be complete at 30 June 2021
Total Infrastructure	**1,777,005**		
Major Projects			
Mitchell Park Sports Club	n/a		Multi year project that will be in progress at 30 June 2021
BMX Track Development	n/a		Works anticipated to be completed by 30 June however there may be some funding carried over from 2020/21 budget
Southern Soccer Facility	n/a		Works expected to be completed in the first quarter of 2021/22 so some funding will be carried over from the 2020/21 budget
Total Major Projects	**n/a**		
Open Space Planning			
Capella Reserve Stage 2	860,000	*	works likely to commence late in 20/21 with majority works completed in 21/22
Total Open Space Planning	**860,000**		
Land & Property			
Tarnham Road Tennis Courts & Playground	1,640,000		seeking grant funding towards project
Sport & Community Facility Lighting upgrades	774,616	*	works to commence late in 20/21 with majority works completed in 21/22
Marion Golf Park Clubroom Upgrade	500,000		seeking further grant funding towards project
Total Land & Property	**2,914,616**		
Total Forecast Carryovers	**5,551,621**	**	

* funded through the 2nd Round Local Roads and Community Infrastructure Grant of $3,161,621, likely to be works completed in 2021/22. Not currently loaded into the budget

** forecast carryovers does not include any pending successful grant applications submitted as part of the Local Government Infrastructure Partnership Program

City of Marion
10 Year Financial Plan for the Years ending 30 June 2031
BUDGET SUMMARY - GENERAL FUND
Scenario: LTFP 2020-2030 Working File

	Current Year 2020/21 $'000	2021/22 $'000	2022/23 $'000	2023/24 $'000	2024/25 $'000	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000
Rates Indexation		1.00%	1.00%	1.50%	1.50%	1.40%	1.40%	1.40%	1.30%	1.30%	1.30%
Income											
Rates	80,044	81,693	83,337	85,420	87,556	89,659	91,813	94,019	96,186	98,403	100,672
Statutory Charges	2,161	2,106	2,138	2,180	2,235	2,291	2,348	2,407	2,467	2,528	2,592
User Charges	2,278	2,827	2,869	2,926	3,000	3,075	3,152	3,230	3,311	3,394	3,479
Grants, Subsidies and Contributions	7,824	5,976	6,013	6,133	6,287	6,444	6,605	6,770	6,939	7,113	7,290
Investment Income	755	347	376	383	400	434	443	527	588	684	754
Reimbursements	1,164	1,222	1,172	1,195	1,225	1,256	1,287	1,319	1,352	1,386	1,421
Other Income	1,234	538	541	544	549	553	558	562	567	572	577
Net gain - equity accounted Council businesses	365	-	-	-	-	-	-	-	-	-	-
Total Income	95,826	94,709	96,445	98,783	101,251	103,712	106,205	108,835	111,410	114,080	116,784
Expenses											
Employee Costs	37,959	38,889	39,874	40,940	41,935	43,072	44,062	45,076	46,112	47,173	48,258
Materials, Contracts & Other Expenses	35,148	34,508	35,029	34,611	35,340	36,222	37,772	38,054	39,005	39,979	40,977
Depreciation, Amortisation & Impairment	15,708	16,000	16,640	17,306	17,998	18,718	19,466	20,245	21,055	21,897	22,773
Finance Costs	322	293	471	480	401	347	291	233	172	115	76
Total Expenses	89,137	89,690	92,014	93,336	95,673	98,358	101,592	103,608	106,344	109,164	112,085
Operating Surplus	6,689	5,019	4,432	5,447	5,577	5,353	4,613	5,227	5,066	4,916	4,700
Operating Surplus Ratio	6.98%	5.30%	4.60%	5.51%	5.51%	5.16%	4.34%	4.80%	4.55%	4.31%	4.02%
Amounts Received Specifically for New or Upgraded Assets	8,163	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit) for the Year	14,851	5,019	4,432	5,447	5,577	5,353	4,613	5,227	5,066	4,916	4,700
Capital (Balance Sheet) and Reserve Movements											
Capital Expenditure	(45,112)	(34,442)	(21,853)	(19,133)	(20,209)	(21,530)	(20,247)	(21,404)	(21,058)	(22,736)	(21,830)
Loan Repayments (External)	(1,245)	(1,009)	(1,853)	(2,188)	(1,602)	(1,656)	(1,712)	(1,770)	(1,831)	(1,472)	(1,511)
New Loan Borrowings (External)	2,000	8,920	2,960	-	-	-	-	-	-	-	-
Proceeds from Sale of intangible & tangible Assets	-	-	-	-	-	-	-	-	-	-	-
Net Transfers (to)/from Reserves	14,317	5,806	180	(783)	(783)	(783)	(783)	(783)	(783)	(783)	(783)
Total Capital (Balance Sheet) and Reserve Movements	(30,040)	(20,725)	(20,566)	(22,104)	(22,594)	(23,968)	(22,741)	(23,957)	(23,671)	(24,991)	(24,124)
Net Result (including Depreciation & Other non-cash items)	(15,189)	(15,706)	(16,134)	(16,657)	(17,016)	(18,615)	(18,128)	(18,729)	(18,605)	(20,075)	(19,424)
Add back Depreciation Expense (non-cash)	15,708	16,000	16,640	17,306	17,998	18,718	19,466	20,245	21,055	21,897	22,773
Less Other Income (non-cash)	(365)	-	-	-	-	-	-	-	-	-	-
Cash Budget Surplus	154	294	506	648	982	103	1,339	1,516	2,450	1,822	3,349
Closing Cash Balance	38,082	29,731	30,150	31,440	33,323	34,366	36,794	39,105	42,506	45,282	49,590

External Audit Engagement for the Year Ending 30 June 2021

Originating Officer	Unit Manager Statutory Finance and Payroll - Andrew Doyle
Corporate Manager	Manager Finance - Ray Barnwell
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	FAC210223R08

REPORT OBJECTIVE

The objective of this report is to provide details of Deloitte's proposed audit engagement plan for the year ending 30 June 2021 and allow the Finance and Audit Committee opportunity to comment on and discuss the proposed Audit Plan with our external auditors Deloitte.

EXECUTIVE SUMMARY

Deloitte's have provided a report which outlines their audit plan in relation to the 30 June 2021 audit (Attachment 1).

RECOMMENDATION

That the Finance and Audit Committee:

1. **Considers the outline of Deloitte's Audit Plan for the financial year ending 30 June 2021.**
2. **Notes the scope of the audit to be carried out by Deloitte for the year ending 30 June 2021.**
3. **Notes that the Chief Executive Officer will execute the acknowledgement of engagement letters.**

GENERAL ANALYSIS

BACKGROUND:

The objective of Council's external audit is to provide an independent audit opinion of the accounts and annual financial reports of the City of Marion for each financial year covered by the term of the audit appointment. The external audit will also provide an independent audit opinion on the controls exercised by Council, to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions. The audit must meet both statutory requirements and Australian Auditing Standards.

In February 2017, on the recommendation of the Finance and Audit Committee, Council endorsed the engagement of Deloitte as Council's external auditor for a term of 5-years in accordance with Section 128 of the *Local Government Act 1999* (the Act). The 2020-21 audit will be the final audit conducted under this agreement.

Section 125 and 129 of the Act together with the Local Government (Financial Management) Regulations 1999 set out the requirements for the conduct of Council's annual audit.

ANALYSIS:

Provided at Attachment 1 is a copy of the Audit Plan for the financial year ending 30 June 2021 prepared by Deloitte. This sets out the responsibilities of Deloitte and Council in undertaking the audit, the scope of the audit, and various administrative matters including the audit timetable and fees.

The Audit Engagement letters have not yet been received and will be supplied by Deloitte prior to the Finance and Audit Committee meeting. It is noted that the scope of the audit proposed by Deloitte is expected to be in line with the scope of services detailed in the Contract for Services and as required under the Act. Furthermore, the fees are also expected to be consistent with those quoted in the original Deloitte tender for services, with appropriate approved budget allocations made.

CONCLUSION:

Undertaking an audit of Council's financial statements on an annual basis is a statutory requirement under the Act.

The proposed scope of services outlined in the Audit Plan for the year ending 30 June 2021 is consistent with the requirements of the Act and the Contract for Services between Council and Deloitte.

Attachment

#	Attachment	Type
1	Attachment 1 - CoM Deloitte Audit Service Plan 2021	PDF File

Deloitte.
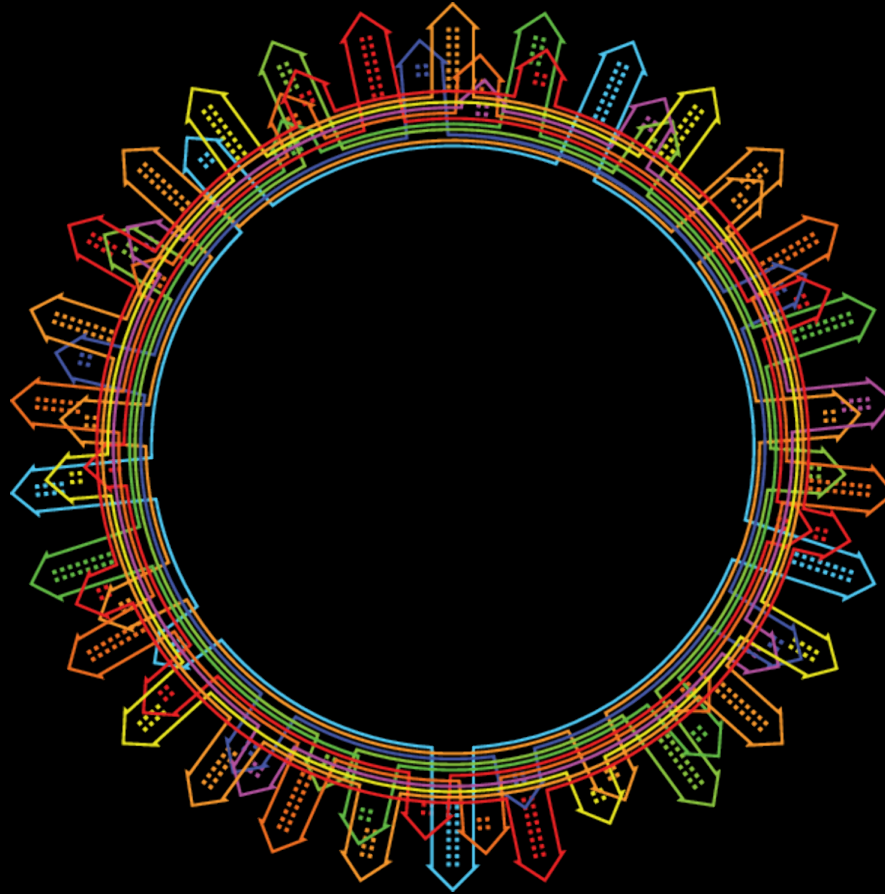
City of Marion
Audit Service Plan
30 June 2021

Contents

Foreword

23 February 2021

Mrs Emma Hinchey
Chair, Finance and Audit Committee
City of Marion
245 Sturt Road
STURT SA 5047

To the Members of the Finance and Audit Committee

Thank you for the opportunity to present our audit service plan for the City of Marion (the "Council") for the year ending 30 June 2021.

We have an evolving audit plan that is established with input from the Council's management. The audit plan is tailored to the Council's environment and revised throughout the year to adjust for business developments, additional relevant matters arising (including the impact of the COVID-19 pandemic), changes in circumstances and findings from activities performed.

As the basis of our planning is the identification and assessment of risks that will impact the business operations of the Council, this document outlines the audit focus areas that have been identified, assesses the impact that they potentially may have on the financial statements, and documents our approach to address these audit focus areas as part of our audit and review process.

This plan is intended for the Finance and Audit Committee of the Council and should not be distributed further. It also provides details of the Deloitte team, and proposed lines and processes for communication of significant issues arising during the audit.

I am personally committed to ensuring you receive and experience the best of Deloitte with the services that we provide and look forward to serving you as your Lead Audit Partner.

Please feel free to contact me if you have any questions or would like to discuss the content of this plan further.

Yours sincerely

Lee Girolamo
Lead Audit Partner

General use restriction disclaimer

This advice is prepared solely for the internal use of City of Marion. The advice is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The advice has been prepared for the purpose set out in our engagement letter dated 23 Feb 2021. You should not refer to or use our name or the advice for any other purpose.

Executive Summary

Item	Overview
Introduction	This document details our proposed scope for the audit of the City of Marion (the "Council") for the year ending 30 June 2021.
Scope of the audit	We will conduct an audit of the Council for the year ending 30 June 2021 in accordance with Australian Auditing Standards to enable an opinion to be formed as to whether the financial report of the Council has been prepared in accordance with the Local Government Act 1999. The scope of the statutory audit regarding the internal controls exercised by the Council will include such procedures as required to enable us to provide an opinion whether the controls exercised by the Council, during the financial year in relation to: ▪ the receipt, expenditure and investment of money, ▪ the acquisition and disposal of property; and ▪ the incurring of liabilities were sufficient, in all material respects, to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative provisions.
Areas of audit focus	The audit focus areas that we have identified as part of our overall audit strategy are: ▪ Revenue – rates and statutory charges and grant revenues ▪ Expenditure ▪ Non-current assets ▪ Internal control assessment
Materiality	Materiality levels will be determined using judgement in relation to benchmarks such as total equity, net surplus/deficit, revenue, operating expenditure, total comprehensive income and total equity. We will continue to report to the Finance and Audit Committee on all unadjusted misstatements greater than 5% of materiality.
Covid-19 Impact	The impact of COVID-19 is posing an unprecedented challenge for the world. We have assessed the impact of COVID-19 on the financial report (FY19/20) of the City of Marion, and will continue to assess the impact in financial year 2021. The evaluation will be undertaken through discussions with management, knowledge of your organisation and review of economic forecasts on the impact of COVID-19.

Executive Summary

Item	Overview
Assessment and engagement quality	Upon completion of our service cycle, we will meet with the Council's senior management and Finance and Audit Committee to obtain an evaluation of our performance against your expectations.
Client service team	We have assigned individuals to the engagement who are familiar with the Council's personnel, operations and accounting policies and the industry within which you operate so we can retain the value of past experience. Lee Girolamo will be the audit engagement partner and be responsible for our overall audit strategy and for signing the audit reports. He will be supported by Richard Wong (Manager) and Emma Xie (Senior Analyst). We will also engage specialists in the following areas: • Valuation experts to assess external valuation firm's assumptions.
Independence	Deloitte has developed important safeguards and procedures in order to ensure our independence and objectivity. Specific safeguards include: • the provision of a statement of independence from Deloitte to the Elected Members of the City of Marion; • the adoption of a partner rotation policy; and • we have included the City of Marion in our list of restricted clients to ensure that as a firm we maintain and monitor the strict requirements in relation to the City of Marion. We will reconfirm our independence for the year ending 30 June 2021 in our final report to the Finance and Audit Committee and directly to the Council.
Timetable and communication of plan	Our audit timetable has been developed through discussion with the Council's management team so as to maximise our efficiency and compliance with reporting timetables. We have outlined our timing of work and estimated delivery dates in the "Timetable & Communication Plan" tab. At the time of writing this document, our timetable has been developed based on the preliminary reporting timetables. We will update our plan should this timetable change.

Your Client Service Team

Our audit of the City of Marion will be led by Lee Girolamo as Audit Engagement Partner.

Lee will oversee the co-ordination of the audit and have primary responsibility for working with Council's senior management.

Supporting Lee Girolamo will be Richard Wong as the Engagement Manager.

Richard will be the primary point of contact for the Council's finance team and be responsible for managing technical accounting matters as and when they arise.

Richard, along with Emma Xie, will oversee the day to day execution of our audit.

Supporting our audit team will be a range of specialists dedicated to serving the Corporation of the City of Marion in connection with our audit and where complex accounting matters arise.

Lee Girolamo
Audit Engagement Partner

Richard Wong
Manager

Specialists

Andrew Scarff
Partner - Valuations

David Hobbis
Partner – IT

Emma Xie
Senior Analyst

Materiality

Establishing an appropriate materiality level is critical to our risk identification process and is an important variable in designing and evaluating the results of our audit procedures. We determine materiality by considering a range of both qualitative and quantitative factors when applying our professional judgement.

If we find a variance or deviation through conducting our audit procedures, we will investigate and understand the specific and overall impact to the audit and any further audit procedures that may need to be completed.

We will aggregate items that are above the "Clearly Trivial Threshold" determined for the audit and report these to you in a timely manner.

Year-end audit approach

Our audit approach is based on our global audit methodology, which we tailor to the organisational structure, business processes, people and systems of the City of Marion. It is focused on addressing the critical financial risks facing the Council.

Your client service team

In order to effectively understand and meet the Council's needs, the planning and performance of the audit is driven by significant time commitment from our partners, maximising use of their experience and knowledge of your business and industry.

Your client service team was selected to ensure we bring the best people to the Council in the right locations.

Assessment of performance

To assist us in meeting the needs and expectations of the Council, periodically we request from senior management and a selection of Those Charged With Governance an assessment of our performance.

We will continue to utilise face-to-face interviews as the mechanism for obtaining feedback. The feedback received during this process is used to assist us in focusing our audit service plan and tailoring our approach to address the Council's risks and requirements.

Audit strategy and risk assessment

Our audit approach is underpinned by the identification of relevant material audit risks and tailoring appropriate audit responses to address those risks.

We combine the Council's business risk profile, our understanding of the Council and the insight and experience of our team to focus our audit procedures on the areas that matter most.

We will not only focus on risks currently impacting the City of Marion but also those emerging in the medium and long term.

Focus on systems and controls

Our external audit strategy for the year ending 30 June 2021 will place reliance on the Council's internal controls reducing the extent of substantive audit procedures.

By taking this 'controls reliance' approach we will be able to identify areas where the Council's controls require improvement or where we believe the available systems could be utilised more effectively.

Independence

Deloitte operates under a comprehensive ethical framework that focuses on maintaining audit independence, timely identification of potential independence issues and the implementation of appropriate actions and safeguards.

We will provide written confirmation of our independence on an annual basis for inclusion in the annual financial report.
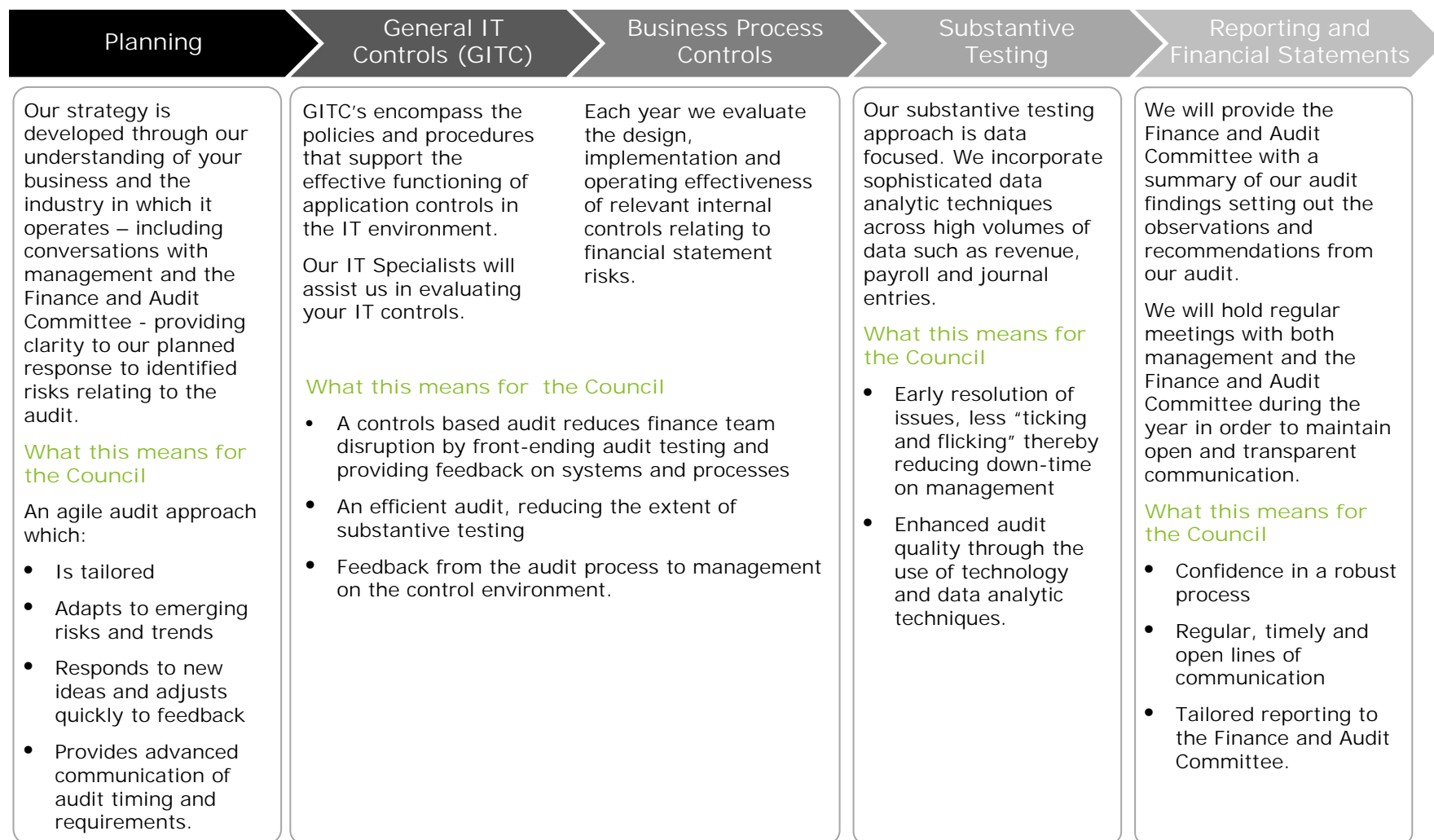
Year-end audit approach

Planning	General IT Controls (GITC)	Business Process Controls	Substantive Testing	Reporting and Financial Statements

Planning

Our strategy is developed through our understanding of your business and the industry in which it operates – including conversations with management and the Finance and Audit Committee - providing clarity to our planned response to identified risks relating to the audit.

What this means for the Council

An agile audit approach which:

- Is tailored

- Adapts to emerging risks and trends

- Responds to new ideas and adjusts quickly to feedback

- Provides advanced communication of audit timing and requirements.

General IT Controls (GITC)

GITC's encompass the policies and procedures that support the effective functioning of application controls in the IT environment.

Our IT Specialists will assist us in evaluating your IT controls.

What this means for the Council

- A controls based audit reduces finance team disruption by front-ending audit testing and providing feedback on systems and processes

- An efficient audit, reducing the extent of substantive testing

- Feedback from the audit process to management on the control environment.

Business Process Controls

Each year we evaluate the design, implementation and operating effectiveness of relevant internal controls relating to financial statement risks.

Substantive Testing

Our substantive testing approach is data focused. We incorporate sophisticated data analytic techniques across high volumes of data such as revenue, payroll and journal entries.

What this means for the Council

- Early resolution of issues, less "ticking and flicking" thereby reducing down-time on management

- Enhanced audit quality through the use of technology and data analytic techniques.

Reporting and Financial Statements

We will provide the Finance and Audit Committee with a summary of our audit findings setting out the observations and recommendations from our audit.

We will hold regular meetings with both management and the Finance and Audit Committee during the year in order to maintain open and transparent communication.

What this means for the Council

- Confidence in a robust process

- Regular, timely and open lines of communication

- Tailored reporting to the Finance and Audit Committee.

Timeline of activity

There is constant communication between our team and key management representatives during the year. Our formal communications to the Finance and Audit Committee and other key audit milestones are summarised below.

Feb 2021
- Presentation of Audit Service Plan to the Finance and Audit Committee 23 Feb 2021

June 2021
- Planning meeting and discussion of key business risk for year end audit.
- Finalise planning for year end audit
- Control Testing
- Interim audit testing

August 2021
- Perform the audit for 30 June 2021 financial year (including small audit of grants)

October 2021
- Report to the Finance and Audit Committee 12 October 2021
- Council Meeting 26 October 2021

Reporting to the Finance and Audit Committee

Feb 2021
- Provide audit service plan

October 2021
- Report to the Finance and Audit Committee – 2021 Audit Results

Internal Controls

Obtaining an understanding of internal controls relevant to the audit

In accordance with Australian Standards on Auditing, for controls considered to be 'relevant to the audit' we are required to evaluate the design of the controls and determine whether they have been implemented ("D&I").

The controls that are determined to be relevant to the audit are those:

- where we plan to obtain assurance through operating effectiveness;

- relating to identified risks (including this risk of fraud in revenue recognition) or areas of audit focus; and

- where we are unable to obtain sufficient audit assurance through substantive procedures alone.

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of substantive audit testing required will be considered.

If key controls cannot be relied upon or do not operate as expected, we will have to revise our audit plan in order to extend our substantive work, with the associated impact on our costs. We will work closely with you and communicate our results at the earliest opportunity.

Our audit is not designed to provide assurance as to the overall effectiveness of the controls operating within the Organisation, although we will report to management any recommendations on controls that we may have identified during the course of our audit work.

Business cycles

We adopt a rotation plan for testing operating effectiveness of internal controls within business cycles. The table below sets out when internal controls in a business cycle were last tested and when they will be next tested:

Selected for testing Operating Effectiveness				
Business cycle	2018	2019	2020	2021
Fixed Assets*	Yes	No	No	Yes
Expenditure*	No	Yes	No	No
Payroll*	No	No	Yes	No

* Deloitte will test controls for design & implementation during the years they are not selected for operating effectiveness testing.

We will leverage testing on these business cycles based on our design & implementation testing of internal controls discussed on page 9.

Audit Focus Areas - Detail

We continue to apply a risk based audit approach. Through considering the combination of risk factors affecting the Council, and our judgement of the likelihood and magnitude of potential misstatements associated with these risk factors, we identify and classify risks specifically relating to the audit of the City of Marion.

The classification of the risks we have identified relating to the audit of the Council guides our assessment of where we focus our efforts and what testing procedures we plan to perform. This assists us in focusing on the areas that matter most to the audit, and limit testing in areas that have minimal or lower risk. For each audit focus area identified in our preliminary risk assessment, we have detailed the key financial statement impacts and the audit procedures to be completed, in the table below. The table highlights the direct link between our audit focus area and our audit procedures, summarising our risk based audit approach

Audit Focus Areas - Detail (Cont.)

Audit Focus Areas	Financial Statement Balance	Audit Approach	Audit Procedures
Revenue	• Rates and statutory charges • Grant revenue	Substantive testing	**Rates and statutory charges** As a material transaction cycle, revenues recognised from rates and statutory charges will be assessed for validity and completeness. The design and implementation of controls will be assessed combined with substantive testing. **Grant revenues** We shall consider the extent to which grant revenues have been appropriately recognised in accordance with grant agreements and cash received, we will substantively test the detail of these transactions.
Expenditure	• Employee costs • Materials, contracts & other expenses • Depreciation, Amortisation & Impairment	Substantive testing	Given the volume, magnitude and public accountability of Council expenditures the preventative and detective controls over expenditures, including the budgetary cycle will be given consideration. Substantive detailed testing will be performed to assess the validity of the underlying expenditures. Depreciation expenditure will be analysed for each asset category for compliance with Council approved policy with an assessment of useful lives and residual values.
Non-current assets	• Infrastructure, property, plant & equipment	Substantive testing	Major project expenditures will be assessed to determine whether expenditure has been appropriately capitalised. Progress against budget will also be reviewed. In particular, review of capital expenditure approvals at inception of the project as well as verification of expenditure against Delegated Authorities throughout the project life. The methodology and basis for the determination of fair value of assets as well as the level of appropriate disclosures will be assessed. Independent review of the external valuation firm's assumptions by the audit team and our Deloitte infrastructure valuation specialist.

Audit Focus Areas - Detail (Cont.)

Audit Focus Areas	Financial Statement Balance	Audit Approach	Audit Procedures
Internal Controls Assessment	• Internal controls report	Testing of controls	Control assessment will be performed on a rotation basis for each of the six risk categories. In the current financial year, Deloitte will perform testing on Assets and External Services. We will also include controls outside of the rotation where we have pinpointed that there may be further risk, including: • Where there are changes in staff • Controls that have changed • Variance of 2 or more between preparer or reviewer rating • Controls rated 1 or 2 (out of 5) • Other factors which we consider relevant The rotation plan is set out below:

Risk Category Rotation Plan			
Business Cycle	2019	2020	2021
Strategy	Yes		
Assets			Yes
Liabilities	Yes		
Revenue		Yes	
Expenses		Yes	
External Services			Yes

REPORTS FOR NOTING

Internal Audit Program - Implementation of Recommendations

Originating Officer	Governance Officer - Angela Porter
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager City Services - Tony Lines
Report Reference	FAC210223R09

REPORT OBJECTIVE

To provide the Finance and Audit Committee (FAC) with an update of the status of implementation of recommendations from the Internal Audit (IA) program.

EXECUTIVE SUMMARY

The FAC was provided with a status report at its meeting on 8 December 2020 regarding the City of Marion's Internal Audit Program. A number of items were pending endorsement of the ITT Governance Framework which will be signed off by the end of February 2021.

The implementation of recommendations from these reports continues to be monitored by the FAC. A short summary of the status of recommendations for each audit is provided in **Attachment 1**. The relevant outstanding recommendations and agreed actions for items that have been commented on are included in the summary to give context to the comments made against each project.

RECOMMENDATION

That the Finance and Audit Committee:

1. **Notes the status of the Internal Audit Program (Attachment 1).**

Attachment

#	Attachment	Type
1	FAC210223 - Internal Audit - Implementation of Recommendations - Attachment 1	PDF File

Overall Summary

Project	Findings	On Track	Overdue	Completed	Not Commenced	General Comments
Capital Works Program 2015/16	Complete (August '19)					
Corporate Performance Reporting 2016/17	Complete (December '19)					
Accounts Receivable 2016/17	Complete (February '19)					
ICT Cyber Security Maturity (2016/17)	Complete (April '20)					
Policy Review (2016/17)	Complete (August '18)					
Property Portfolio Management (2016/17)	Complete (November '19)					
Volunteer Management (2017/18)	Complete (August '18)					
NDIS (2017/18)	1	1				Maintain watching brief
Contractor Management (2017/18)	Complete (April '20)					
Regulatory Fines and Enforcements (2017/18)	Complete (July '19)					
Development Assessment (Planning) (2017/18)	Complete (June '19)					
Procure to Pay (2018/19)	9		2	7		There are 2 outstanding recommendations. These are Performance Improvement Opportunities and will be captured through the Finance Transformation Project. Market responses to RFP expected end of Feb 2021.
Customer Experience	Complete (June '20)					
Cyber Security 2019	6	1	1	4		1 outstanding item is on track with 1 item overdue. Some items will be subsumed into the Digital Transformation Projects which will be reported separately.
Tendering 2019	Complete (March '20)					
BCP and Emergency Management	Complete (June '20)					
Payroll 2020/21	6	5		1		All items have commenced and 1 has been completed in its entirety. Procurement process is underway for a Payroll/HRIS system and contract negotiations have commenced with the preferred supplier.
ITT Governance	11	2	4	5		All items have now commenced with a number of items due in October now at 99% completion pending endorsement from ELT.
Metrics that Matter	3	3				All items have now commenced and are on track. 1 item is pending commencement of a Cross Council Chief Data Officer scheduled for 9 March.
Collaborative Leasing	12	6		6		6 items are now complete with extensions granted for a number of items.

Procure to pay

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QRTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
It is recommended that the CoM perform a business process review to investigate the transition to an online procure to pay system which would help to reduce the need for manual invoice approval processing. This process should include benchmarking of the procure-to-pay cycle times and the average cost of processing per invoice against other Government agencies.	0	The CoM will investigate on-line invoice approval options that exist with Civica to reduce the level of manual processing that currently exists. The CoM will also investigate the software options available and implementation costs for automatic invoice validation.		31/12/2019	Not on Track	0%	The RFP developed for CoM's Financial Transformation includes a number of requirements that cover off on these opportunities including electronic workflow and invoice matching automation.	Not on Track	0%	The RFP developed for CoM's Financial Transformation includes a number of requirements that cover off on these opportunities including electronic workflow and invoice matching automation. The market responses are expected by end of February 2021.
It is further noted that a number of other Councils in South Australia have transitioned the invoice validation process to a third-party vendor. These services include the use of machine learning technologies to match purchase orders to invoice payments and contract, and automating invoice approvals within a defined set of business rules. It is recommended that this option is also considered as part of the business process review.	0	as above		31/12/2019	Not on Track	0%	The RFP developed for CoM's Financial Transformation includes a number of requirements that cover off on these opportunities including electronic workflow and invoice matching automation.	Not on Track	0%	The RFP developed for CoM's Financial Transformation includes a number of requirements that cover off on these opportunities including electronic workflow and invoice matching automation. Market responses to RFP are expected end of February 2021.

Cyber Security 2019

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PEV QUARTER AP %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
The following should be considered as recommendations for increasing maturity in the Information Risk Management domain, particularly when implementing, operationalising, and embedding the Cyber Security Assurance Framework and Cyber Security Operating Manual: 1. Clearly define and communicate the requirements for sharing of information both internally and externally. Consideration should be also given to implementing controls for removable and portable media control as part of a data loss prevention strategy, such as storage, handling, whitelisting allowed USB devices, encryption and destruction.	3.1	Implement Data Governance Framework to classify CoM's information and define appropriate resources to manage this function to communicate requirement for information sharing.		~~31/03/2020~~ Revised Due Date 30/06/2021	On Track	65%	Recruitment commenced in November 2020, interviews being held early December.	On Track	65%	Recruitment is now complete. Cross Council Chief Data Officer to commence March 2021.
1. Ensure that defined recovery objectives have been communicate and validated with IT to ensure that these are achievable.	4.1	1. Review validity of departmental recovery objectives and in conjunction with Risk Department run BCP workshops where recovery objectives are unrealistic or unachievable.		30/06/2020	Not on Track	85%	No further Update, As noted last update the request next action due be changed to Sept 2021 - Set up meeting with ITT to review action and date-line. SW. Many systems have been moved to the cloud and departmental system BCP has changed/improved. The response to Covid19 has meant improved system availability through work from home options and the Digital Transformation Program is continuing a shift of systems from on-prem to cloud. It is recommended that a comprehensive business impact analysis review be undertaken in the first quarter of 2021/22 to review the first stage of system improvement achieved during 2020/21 and provide direction for future needs.	Not on Track	85%	No further Update. As noted last update the request next action due be changed to Sept 2021 - Set up meeting with IT to review action and date-line. SW. Many systems have been moved to the cloud and departmental system BCP has changed/improved. The response to Covid19 has meant improved system availability through work from home options and the Digital Transformation Program is continuing a shift of systems from on-prem to cloud. A comprehensive business impact analysis review will be undertaken in 2021/22 to review the first stage of system improvement achieved during 2020/21 and provide direction for future needs. This depends on the availability of a resource

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PEV QUARTER AP %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
										to do the work, currently expected to be recruited by March 2021.

Payroll 2020/21

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Investigate system opportunities with specific focus on increased functionality, reporting, elimination of manual processes, and systems integration.	1.1	The findings and relevant recommendations identified across this review, and specifically from Finding 1, will be addressed through the CoM's Digital Transformation Program. It is further noted that a number of separate projects are also currently in progress.		30-Jun-21	On Track	20%	Payroll/HRIS RFP is complete and currently out to market with tender evaluation set to occur over Nov/Dec 2020.	On Track	25%	Currently in contract negotiations with preferred supplier for Payroll/HRIS system and expected to be finalised in February. Project resources (Project Manager and Business Analyst) have commenced with City of Marion in February.
Work to ensure that all internal audit recommendations are actioned and implemented as soon as practicable to ensure identified risks are mitigated, and issues are resolved. This should apply for all findings listed in this report, and previous internal audit findings that are not completely addressed.	3.1	Since the 2016 Payroll internal audit, CoM has increased the frequency of reconciliations, particularly around accruals, from annually/quarterly to monthly to improve its financial reporting against budget and enable better variance analysis. Through the Digital Transformation process, CoM will be aiming for these accruals to be built into the new system, removing the need for manual calculations to be performed. Before this is implemented we will focus on improving the timeliness of reconciliations. Capability around one source for record keeping relating to employee recruitment and retention will also be included as a key requirement for the new system.		30-Jun-21	On Track	20%	Monthly reconciliations for accruals are currently occurring. Payroll/HRIS RFP has been reissued to market.	On Track	50%	Monthly reconciliations for accruals are currently occurring. Currently in contract negotiations with preferred supplier for Payroll/HRIS system and expected to be finalised in February. Project resources (Project Manager and Business Analyst) have commenced with City of Marion in February.
Investigate system opportunities that would allow for capture and reporting of staff overtime, and enable more effective reporting mechanisms including live dashboards. As first priority, work to implement overtime reporting to ensure overtime can be appropriately monitored and managed (CCS and CoM).	PIO1	City of Marion currently has limited payroll/HR reporting available in a PowerBI dashboard. We are looking to further extend these capabilities. CoM will also ensure that these recommendations are incorporated into the requirements as part of its Digital Transformation project.		30-Jun-21	On Track	20%	Payroll/HRIS RFP is complete and currently out to market with tender evaluation set to occur over Nov/Dec 2020.	On Track	25%	. Currently in contract negotiations with preferred supplier for Payroll/HRIS system and expected to be finalised in February. Project resources (Project Manager and Business Analyst) have commenced with City of Marion in February.
The CCS and the CoM consider conducting more regular reviews over payroll activities and processes. This may be in the form of audits or spot checks of key controls for high rated risks.	PIO2	Payroll financial controls (both system and manual) are assessed for effectiveness on an annual basis, with independent review performed by Council's external auditors. These controls are applied throughout the year and where issues/weaknesses are identified these are actioned to reduce the likelihood and/or consequence of any risks. We will be aiming to automate as many of these controls in a new payroll/HR system.		30-Jun-21	On Track	20%	Payroll/HRIS RFP is complete and currently out to market with tender evaluation set to occur over Nov/Dec 2020.	On Track	25%	Currently in contract negotiations with preferred supplier for Payroll/HRIS system and expected to be finalised in February. Project resources (Project Manager and Business Analyst) have commenced with City of Marion in February.

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Ensure that reconciliation activities are undertaken in a timely manner (i.e. within one to two weeks) at the defined intervals.	4.1	Since the 2016 Payroll internal audit, CoM has increased the frequency of reconciliations, particularly around accruals, from annually / quarterly to monthly to improve its financial reporting against budget and enable better variance analysis. Through the Digital Transformation process, the CoM will be aiming for these accruals to be built into the new system, removing the need for manual calculations to be performed. Before this is implemented we will focus on improving the timeliness of reconciliations. Capability around one source for record keeping relating to employee recruitment and retention will also be included as a key requirement for the new system.		30-Jun-21	On Track	50%	Monthly reconciliations for accruals are currently occurring. Payroll/HRIS RFP has been reissued to market.	On Track	50%	Monthly reconciliations for accruals are currently occurring. Currently in contract negotiations with preferred supplier for Payroll/HRIS system and expected to be finalised in February. Project resources (Project Manager and Business Analyst) have commenced with City of Marion in February.

ITT Governance

RECOMMENDATION	ACTION #	AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Investigate opportunities to consolidate all the principles into an overarching ITT governance framework.	1.1	In reviewing the allocation of work and responsibilities across the ITT team, the development of an ITT Governance Framework will be prioritised and delivered over the first quarter of FY2021. To note, the Cross Council Service Review identified this as a priority and a Solution Development Framework was created in response.		31/10/2020	Not on Track	99%	The IT Governance framework has been developed and is currently being reviewed by GM for presentation and endorsement by ELT, expected in December/January. The governance framework covers all key elements of IT, including IT change management, service delivery, security, IT procurement and IT strategy and planning.	Not on Track	99%	The IT Governance framework has been shared with KPMG and the IT managers of CCS and PAE for their feedback. It is also being reviewed by ELT.
Define how Corporate Governance ITT Principles and ITAS Principles will be applied.	1.2	ITT and ITAS principles will be aligned and incorporated into the new governance framework.		31/10/2020	Not on Track	99%		Not on Track		
Work to embed principles in ITT policies and procedures, change management practices, workforce planning, business engagement protocols and data stewardship practices.	1.3	The new governance framework will be based on COBIT5 principles that assures coverage of all relevant topics such as resource planning, change management and business engagement protocols		31/10/2020	Not on Track	99%	Current policies and procedures have been reviewed, updated and incorporated into the framework.	Not on Track	99%	The IT Governance framework has been shared with KPMG and the IT managers of CCS and PAE for their feedback. It is also being reviewed by ELT.
For ITT practices and ITAS related works, embed regular (i.e. quarterly) reviews and reporting, to ensure principles are being adhered to and achieved through ongoing ITT operations and initiatives.	1.4	The ITT Governance framework regulates all relevant reviews, reporting, committee meetings.		31/10/2020	Not on Track	99%	The IT Governance framework has been developed and is currently being reviewed by GM for presentation and endorsement by ELT, expected in December/January. The governance framework covers all key elements of IT, including IT change management, service delivery, security, IT procurement and IT strategy and planning.	Not on Track	99%	The IT Governance framework has been shared with KPMG and the IT managers of CCS and PAE for their feedback. It is also being reviewed by ELT.
Develop, agree and implement an ITT policy and documentation framework, to provide an appropriate level of governance and guidance to the IT team and help drive consistency amongst work practices and behaviours.	2.1	The ITT Governance Framework will include the required IT policies. This work is expected to be completed prior to the Finance and Audit Committees' December 2020 meeting (8 December 2020).		8/12/2020	On Track	99%		Not on Track		

Consideration should be given to inclusion of policy or standard statements in relation to the following aspects of technology: • Cloud Computing • Privileged Access management • Change Management • Software Asset Management • BYOD • Remote Access • Management of Third Party ITT Service Providers • Service Desk • IT induction, ITT literacy and training.	2.2	The new governance framework will be based on COBIT5 principles that assures coverage of all relevant topics		8/12/2020	On Track	99%	As part of the framework CoM's Cyber Security Manual has been reviewed and updated as well. The new document addresses all related recommendation.	Completed	100%	The Cyber Security Manual was shared with KMPG and discussed on the RWG meeting
Develop and implement a Privileged Access Policy or Standard that outlines: • What types of access is considered privileged • Required approvals for privileged access • Whether privileged users should have a standard account and a privileged account • The extent of regular reviews over privileged access • How system and service accounts that require privileged access are managed • How accountability is assigned or monitored for the use of generically named privileged accounts • What segregation of duties is required across the ITT team.	3.1	The current security review program has 3 key deliverables: • Definition of privileged access • All infrastructure (Cloud & on premise) related privileged access rights are reviewed and reconfigured according to best practices. • Business application related privileged access rights are reviewed and reconsidered		31/10/2020	Not on Track	99%	The new Cyber Security Manual covers privileged access right management.	Completed	100%	The Cyber Security Manual was shared with KMPG and discussed on the RWG meeting
Develop and implement Privileged Access Guidelines / Procedures that outline how to conduct various activities stipulated in the policy or standard so staff can perform privileged access duties consistently.	3.2	CoM already contacted KPMG to seek best practices guidelines to devise the Policy		31/10/2020	Not on Track	99%		Completed	100%	The Cyber Security Manual was shared with KMPG and discussed on the RWG meeting
Consider which technology assets need to be included in the register and managed under IT Asset Management governance processes (e.g. software licences, software subscriptions, SaaS, desktops, laptops, mobile devices, servers, IaaS, PaaS, etc.). Develop and implement a framework and processes for ongoing management of IT assets.	5.2	Following the ITT restructure a dedicated resource will be charged with the responsibility for the FreshWorks Asset management. In addition, CoM will introduce and embed an IT asset management policy to ensure compliance.		31/10/2020	Not on Track	95%	Documentation has been created and incorporated into the knowledge base. Policy/communication is needed to be developed.	Not on Track	99%	The IT Governance framework has been shared with KPMG and the IT managers of CCS and PAE for their feedback. It is also being reviewed by ELT.
Based on these determinations, develop and implement formal vendor performance management procedures that aligns to broader organisational procurement and contract management policies.	7.3			30/09/2020 Revised due date 31/03/2021	On Track	66%	Given the focus on procurement resourcing for the Digital Transformation Program, this is still yet to be completed.	On Track	70%	
Update and finalise the Data / Information Governance Framework and receive approval from the Finance and Audit Committee.	9.1	CoM is working with its partner councils PAE and CCS on developing a joint framework across the three, following the recruitment of a joint CDO. Following this, the associated policies and procedures will also be developed.		30/06/2021	On Track	50%	Recruitment process has started, Data governance draft from CoM was circulated across the other 2 partners and work has begun.	On Track	70%	
Implement the Framework and develop any further policies and procedures required to embed and operationalise data management processes within the organisation.	9.2			30/06/2021	On Track	10%	Recruitment process has started for CDO who will finalise the process across the three partner councils.	On Track	70%	
Develop and implement a process for translating best practice standards and legislative updates/changes into policies and procedures.	PIO1.1	CoM agrees with the recommendations and plans to introduce the recommended compliance register		31/12/2020	On Track	20%	Compliance register is in the design phase. It will be implemented in SharePoint. Process needs to be developed to upload data to the Compliance register.	Completed	100%	Compliance register has been implemented in SharePoint. Information upload is scheduled as part of BAU

Recommendation	Ref	Agreed Management Action		Action Due Date	Previous Quarter Action Progress	Previous Quarter Action Progress %	Previous Quarter Action Progress (Comments)	Action Progress	Action Progress %	Action Progress (Comments)
Develop and implement a compliance register that lists any specific requirements the organisation must comply with. This may also include self-elected compliance items, such as the ISO27001 standard to help ensure the organisation is aligned to the standard.	PIO1.2	Once the ITT organisation restructure is complete, dedicated function is created for governance/security/compliance. The compliance register will be part of the CoM governance framework.		31/12/2020	On Track	30%	Compliance register is in the design phase. It will be implemented in SharePoint.	Completed	100%	Compliance register has been implemented in SharePoint. Information upload is scheduled as part of BAU
Investigate opportunities to update training and induction processes with more information regarding security practices and requirements.	PIO2.2	CoM agrees with the recommendation and security awareness is made part of the Digital Literacy project		31/12/2020	On Track	50%	CoM intends to redesign the Staff IT Induction process.	Not on Track	50%	It is part of the Digital Transformation Program, Computer Literacy and Cyber security awareness project
Work to ensure that technology infrastructure is capable of supporting remote working and cloud connectivity. It is acknowledged this has been an ongoing process during the COVID-19 period.	PIO2.3	There is an ongoing project to improve the customer experience on both office and remote working arrangement. With the reinforcement of the VMView Virtual desktop environment, CoM users can securely access the same environment from Home or from the Office		31/12/2020	On Track	90%	CoM continuously upgrades the VMWare environments to improve user experience. Next step is OneDrive integration.	Completed	100%	VMView environment improvement is transferred to BAU task

Metrics that Matter

RECOMMENDATION		AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
It is recommended that the CoM ensures that as the use of Power BI for KPI reporting increases, so the complete implementation of the Data Governance and Management Framework should be undertaken in parallel. This should include: • Ensuring it is up to date and formally approved • Key roles are formally assigned, and • The necessary policies and procedures are developed and operationalised in order to embed the framework across the organisation. This will be fundamental to helping build and maintain confidence in the data and the resultant reporting.	1.1	Aligned to the Internal Audit finding 9 in the ITT Governance Review, CoM is working with its partner councils PAE and CCS on developing a joint framework across the three, following the recruitment of a joint Chief Data Officer. Following this, the associated policies and procedures will be finalised.		31/06/2021	On Track	50%	Recruitment for the position has commenced in November 2020 with interviews scheduled for December 2020.	On Track	80%	Recruitment for this position is now complete. The cross council Chief Data Officer is due to commence on 9 March 2021.
Future projects should ensure that change management and training issues are fully considered as early as possible in the project so that successful implementation of a solution can be better ensured. A formal process of benefits realisation delivery and tracking will help ensure that lessons are learnt from the rollout process and that meeting the original justification and objectives of the project can be appropriately assessed. The CoM should ensure that these requirements are part of the new Solution Delivery Framework.	PIO1.1	Agree – this will be incorporated into process.		31/06/2021	On Track	25%	Change Management Plan developed for Digital Transformation Program. Change Management Plans currently being developed for CRM, Finance and Asset Management projects under the DTP. Change Readiness baselining surveys have been undertaken in Digital Literacy, Esri GIS and AV Access in meeting rooms projects and reports produced for CoM leaders. Change Workshop held with LEAD participants September 2020. Design of future service delivery model under Planning Reforms conducted in October 2020.	On Track	50%	Change Management update (MB): CM documentation developed against the ADKAR methodology. Consultation and engagement continues on the Digital Transformation Program, including with SLT and DTP Roadshows. Development of the DTP Intranet site, a Leaders' Toolkit and dedicated Change Management site to assist Managers in leading change . Stakeholder assessments and Change Canvasses developed in: Digital Literacy and Cybersecurity, CRM, HRIS. CM support to Planning Reforms including a CM workshop.

RECOMMENDATION		AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
								On Track		Benefit Realisations update (AS): According to the X-Council Solution Delivery framework, benefit realisation is documented on the project level.
Future projects should ensure full identification, documentation and management of risks to the project. These should be monitored and reported to the Steering Group on a regular basis such that potential problems are identified and managed early. Typically risks, as they arise, flow into 'issues' where active management and action tracking ensures their resolution in a timely manner. The CoM should ensure that these requirements are part of the new Solution Delivery Framework.	PIO2.1	Agree – this action will be included within the Risk Management 3 Year Strategic Plan (currently under development) and work in partnership with the ITT Manager and the new Change Manager to embed better risk management practices with the CoM Project Management Framework.		31/06/2021	On Track	50%	The X-council Solution Delivery Framework has been reviewed and integrated into the IT Governance Framework.	On Track	99%	All new projects are managed through the X-Council Solution Delivery Framework that was incorporated into the IT Governance Framework. The IT Governance Frameworks has been shared with KPMG and the IT managers of CCS and PAE for their feedback and is being discussed by ELT.

Collaborative Leasing

RECOMMENDATION		AGREED MANAGEMENT ACTION	ACTION START DATE	ACTION DUE DATE	PREVIOUS QUARTER ACTION PROGRESS	PREVIOUS QUARTER ACTION PROGRESS %	PREVIOUS QUARTER ACTION PROGRESS (COMMENTS)	ACTION PROGRESS	ACTION PROGRESS %	ACTION PROGRESS (COMMENTS)
Internal Audit recommends the CoM should investigate system opportunities to implement a property management system to support management of the lease and licensing process.	1.1	The CoM will undertake an assessment around the requirements of a property management system to support the management of leases and licensing process and will incorporate the requirements into the organisational wide Digital Transformation Project.	01/09/2020	31/12/2020 Revised due date 30/06/2021	On Track	75%	Business requirements have been developed and finalised for the Property Management System (PMS), incorporating this into the broader Digital Transformation Business Requirement Project.	On Track	75%	Business requirements have been developed and finalised for the Property Management System (PMS), currently working with the Digital transformation team to investigate system opportunities as part of the broader Digital Transformation Business Requirement Project.
Investigate system opportunities to implement a property management system to support the management of building inspections (see Joint Finding 1 for further information).	2.1	As noted in finding 1, the CoM will include as a requirement to include a system to support the management of building inspections.	01/09/2020	31/12/2020 Revised due date 30/06/2021	On Track	75%	The requirements to support management of building inspections have been incorporated into the PMS business requirements.	On Track	75%	Business requirements have been developed and finalised for the Property Management System (PMS), currently working with the Digital transformation team to investigate system opportunities as part of the broader Digital Transformation Business Requirement Project.
The Property team should ensure that work flowing and integration of inspection activities are considered as part of the functional specification of the digital transformation program.	2.2	As noted in finding 1, the CoM will include as a requirement to include a system to support the management of building inspections.	01/09/2020	31/12/2020	On Track	75%	The requirements to support the need for workflow and integration of inspection activities have been incorporated into the PMS business requirements.	Completed	100%	The requirements to support the need for workflow and integration of inspection activities have been incorporated into the overall PMS business requirements refered to in recommendation 1.1,2.1.

Recommendation	Ref	Management Comment	Start Date	Due Date	Status	%	Update	Status	%	Update
As part of the Digital Transformation Program, it is also recommended that the review over the monitoring of insurance as part of the broader contracts module is considered in relation to leases and licenses. This would include providing automated system functionality such as notifications for tenant insurance that will expire within two months.	3.2	As noted in finding 1, the CoM will include as a system requirement that is able to monitor the insurances and provide automated system functionality for notifications around tenants insurance that are due to expire within a certain period of time.	01/09/2020	31/12/2020	On Track	75%	The business requirements to include the need for an automated system functionality for notifications around tenants insurance have been incorporated into the PMS business requirements.	Completed	100%	The requirements to support the need for an automated system functionality for notifications around tenants insurance have been incorporated into the PMS business requirements referred to in recommendation 1.1,2.1.
Internal Audit recommends both Councils investigate introducing a standard method for assessing required levels of public liability insurance on a case by case basis for each lease or licence. This would allow leases or licences with a higher public liability risk to pay a higher premium, and leases and licences with a lower public liability risk	J3.1			31/12/2020 Revised due date 30/04/2021	On Track	25%	Focus has been reviewing the public liability levels within the L&L portfolio, the focus now will be to establish a PL matrix.	On Track	70%	Investigations have commenced with Council's insurer and peak bodies regarding insurance requirements for the different associations to finalise the PL matrix. Extension granted until 30/4/2021 to enable finalisation of this action.
Investigate system opportunities to implement a property management system to support the monitoring and tracking of lease and licence agreement expiry (see Joint Finding 1 for further information).	4.1	As noted in finding 1, the CoM will include as a system requirement that is able to monitor and track lease and license agreement expiries. System reporting will also be investigated as part of the requirements for a new system.	01/09/2020	31/12/2020	On Track	50%	The business requirements for the Property Management System includes the requirement to monitor and track agreement expiries.	Completed	100%	The requirements to monitor and track agreement expiries have been incorporated into the PMS business requirements referred to in recommendation 1.1, 2.1.
Having alerts set to begin negotiating new lease agreements 6 to 12 months prior to expiry. This will allow adequate time to discuss new terms with tenants and review whether the agreement will be extended.	J4.1	As noted in finding 1, the CoM will include as a system requirement that is able to monitor and track lease and license agreement expiries. System reporting will also be investigated as part of the requirements for a new system.	01/09/2020	31/12/2020	On Track	75%	The requirements to include the need for alert setting options of leases prior to the expiry, have been incorporated into the PMS business requirements.	Completed	100%	The requirements to include the need for alert setting options of leases prior to the expiry, have been incorporated into the overall PMS business requirements referred to in recommendation 1.1,2.1. A process has been established to flag lease agreements 6-12 months prior to expiry.
Upcoming lease or licence expiry reports to be provided to relevant Management staff, with ongoing monitoring and discussions held regarding the status of lease and licence renewals and the number of leases and licences holding over.	J4.2	As noted in finding 1, the CoM will include as a system requirement that is able to monitor and track lease and license agreement expiries. System reporting will also be investigated as part of the requirements for a new system.		31/12/2020 Revised due date 31/05/2021	On Track	75%	The requirements to include the reporting function of lease status have been incorporated into the PMS business requirements.	On Track	75%	The requirements to include the reporting function of lease status have been incorporated into the PMS business requirements referred to in recommendation 1.1,2.1. Currently also working on Power BI report to provide live dashboard data reporting based on the current L&L excel register. Extension granted until 31/5/2021 to enable time to finalise the Power BI dashboard.
Have staff conduct an annual review of lease and licence documentation to ensure all documents are retained.	J5.1	The CoM will schedule in annual review of lease and license documentation to ensure that they are current and relevant.		31/12/2020	Not Commenced		Annual review will be scheduled for April-May of each year. Process documents are to be prepared during December 2020.	Completed	100%	An initial review was undertaken in December 2020 with an annual review scheduled for April-May 2021 and will be annual process each April-May. This will include a hardcopy file of key documentation being maintained.
Reinforce the documentation and record keeping requirements with all relevant staff.	J5.2	City Property team to collaborate with the records team to stream line and ensure that documentation and record keeping requirements are being adhered to.		31/12/2020	On Track	25%	The City Property team are currently working with the records team to develop a revised structure within Sharepoint to ensure simplicity for all users across the	Completed	100%	The team have been advised of the Organisation's record keeping requirements. As part of this recommendation, we are implementing share point rules

							team. This process will incorporate consultation with staff within CP and subsequent training as well.	Completed (green)		regarding document management including naming conventions and documentation to be saved. This will continue to be developed through the implementation of the new SharePoint structure project for the wider City Property team.
Consider establishing response times to tenant maintenance requests, these should give reference to: • Customer expectations; and • Where it is not possible to meet customer expectations, understand why this is not possible and have clear communication in place to bridge the gap with customer expectations.	6.3	The CoM will consider establishing response times and establishing KPIs to monitor the performance of these requests.		31/10/2020 Revised due date 31/12/2020	On Track	70%	The Land and Property Team have developed response times and are currently mapping the process and finalising a procedure. Expected completion Dec 2020.	Completed	100%	The process has been mapped and currently includes a process for all priority 1 requests to provide tenants with a response and update regarding progress. Response for priorities is being considered for future systems.
Internal Audit recommends for both Councils to establish departmental KPIs as appropriate that are relevant to the status of customer maintenance requests, and ensure these are monitored and regularly reported on.	J6.1	The CoM will consider establishing response times and establishing KPIs to monitor the performance of these requests.		31/10/2020 Revised due date 31/12/2020	On Track	70%	The Land and Property Team have developed response times and are currently mapping the process and finalising a procedure. Customer request system is being reviewed to determine if this can be implemented and tracked through the CES. Expected completion Dec 2020.	Completed	100%	KPIs have been developed for the different priorities of maintenance requests and have been rolled out.
Investigate all leasing agreements in place which are currently being charged under a specified value. Where it is identified that the annual rental income has not been updated for a number of years, consider opportunities to re-align the rental fee to market conditions. Where appropriate, the 93% market subsidiary would be applied.	M1.1	The CoM to investigate the agreements in place to ensure that the rental fee aligns with Council's current policy and the subsidy of up to 93% is applied appropriately.		~~31/12/2020~~ Revised due date 30/04/2021	On Track	80%	The Land & Property team have investigated the agreements in place. A number of agreements are leases entered into prior to the new lease and license policy endorsement. New leases entered into post policy are in accordance with the policy, with the exception of leases where the tenants have requested a longer tenure or reduced rentals. These are subject to Council resolution and community consultation. Currently working through all the leases that are in hold over. The majority of these are with the Department of Education and preliminary discussions with DECS have occurred with a mutual in principle agreement on way forward.	On Track	80%	The Land & Property team have investigated the agreements in place. A number of agreements are leases entered into prior to the new lease and license policy endorsement. New leases entered into post policy are in accordance with the policy with the exception of leases where the tenants have requested a longer tenure or reduced rentals. These are subject to Council resolution and community consultation. The application of the 93 % subsidy is being reviewed in M.1.2 which once completed will complete this item. Extension granted until 30/4/2021 to enable finalisation of this action.
Review the current process for monitoring and determining the level of rent subsidy to ensure that tenants are adequately meeting their obligations according to their relevant lease or licence agreement and Council policy.	M1.2	The CoM to undertake a review of the process for monitoring and determining levels of rent subsidy to ensure tenants are meeting their obligations.		~~31/12/2020~~ Revised due date 30/06/2021	Not Commenced	0%	This work will commence December 2020 and will be completed during the third quarter of the financial year.	On Track	50%	All tenants under the new policy have been contacted and requested to provide all the necessary documentation to support the subsidy arrangements. The information is currently being assessed with further follow up to occur during February. Extension granted until 30/4/2021 to enable finalisation of this action.
It is recommended that the CoM further review and consider the current policy of obtaining external valuations for club and community properties.	M1.3	The CoM to undertake a review of the current policy in determining the rental fee via external valuations and potential consideration for another fee structure for consideration.		~~31/12/2020~~ Revised due date 30/04/2021	Not Commenced	0%	This work will commence December 2020 and will be completed during the third quarter of the financial year.	Not Commenced	0%	This work will be completed as part of the leasing and Licencing Policy review scheduled for second half of 2021 when the policy is due for review.

									Extension of this item granted until 30/6/2021.
Investigate system opportunities to implement a property management system which includes workflows for the rent review process (see Joint Finding 1 for further information).	M2.1	The CoM will undertake an assessment around the requirements of a property management system to support the management of leases and licensing to include rent review process and will incorporate the requirements into the organisational wide Digital Transformation Project.		~~31/12/2020~~ Revised due date 30/04/2021	On Track	75%	The business requirements to include the workflow for the rent review process have been incorporated into the PMS business requirements.	Completed	100%	The business requirements to include the workflow for the rent review process have been incorporated into the PMS business requirements referred to in recommendation 1.1,2.1 and they will be captured within that action.
Update the rent review calculation sheet to provide further detail of the review calculation.	M2.2	The CoM to undertake the review of the rent review process.		~~31/12/2020~~ Revised due date 30/04/2021	Not Commenced	0%	This work will commence December 2020 and will be completed during the third quarter of the financial year.	On Track	50%	Processing mapping to be completed February 2021. Rent review process review to be completed March 2021. Extension granted until 30/4/2021 to enable finalisation of this action.
Implement a delegation of authority for authorising rent reviews. This should include the relevant staff sign off within the updated SOES template.	M2.3	The CoM to implement revised process to incorporate appropriate checklist and appropriate delegations are in place to sign off on rent reviews.		~~31/12/2020~~ Revised due date 30/04/2021	Not Commenced	0%	This work will commence December 2020 and will be completed during the third quarter of the financial year.	On Track	50%	Processing mapping to be completed February 2021. Rent review process review to be completed March 2021. Extension granted until 30/4/2021 to enable finalisation of this action.

Service Review Program and Recommendations - Progress Update

Originating Officer	Business Improvement Officer - Melissa Nottle-Justice
	Performance and Innovation Lead - Vicky Travers
Corporate Manager	Manager Customer Experience - Karen Cocks
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	FAC210223R10

REPORT OBJECTIVE

To provide the Finance and Audit Committee with a progress update on:
- The overall status of the Service Review Program for FY2020/21; and
- The implementation of the Service Review Program recommendations as at 29 January 2021

Executive Summary

Service Review Program
At the 9 June 2020 meeting of General Council, Council adopted the Service Review Program for FY2020/21 (GC200609). This program focuses on carrying out ten cross council service reviews to allow the City of Marion to focus on the delivery of the Digital Transformation Project.

Three of the planned FY2020/21 service reviews have been completed. With the departure of a key resource, a new model is being considered and will be trialled through the Capital Construction and Maintenance review.
The plan to review two other services will be re-assessed to align with current cross council strategic priorities.
The tracked progress of all reviews is below:

Table 1: Service Review Program FY2020/21 – Progress Update as at 29/1/21

Service Review Title	No. of Services	Current Status	Comments
Cross Council Service Reviews			
Capital Construction and Maintenance	5	In progress	• Initial analysis undertaken • Service review expected to be completed by 30 June 2021
Open Space Planning and Construction (previously referred to as Open Space Recreation and Planning)	1	On hold	• Recommend that the plan to review this service be re-assessed to align with current cross council strategic priorities
Fleet Management and Maintenance (previously referred to as separate reviews, now combined)	2	Complete	• Final report to be shared (FAC210223)
Public Litter	1	Complete	• Final report shared (FAC200812)
Sport and Recreation	1	On hold	• Recommend that the plan to review this service be re-assessed to align with current cross council strategic priorities
Total	**10**		

Implementation of recommendations from service reviews

Significant focus has been given to the completion of the current service review actions. The Performance and Innovation Team have committed to support teams to complete the 50 actions due this financial year.

To date nine of the 50 actions have been implemented, the majority of the remaining actions are expected to be completed by 30 June 2021.

Key highlights of actions implemented in this period include:
- The Community Safety Inspectorate Service Review recommendations have now all been closed, the one remaining action will be achieved through CoM's Digital Transformation Program (DTP).
- ICT decision making, project delivery and ICT role and responsibility frameworks and disciplines across all three organisations have been developed and implemented.
- A Solution Delivery Framework has been developed and is being used for ICT projects. Work is continuing to embed the collaborative ICT Strategy Development Framework into ICT project delivery practices.
- The Neighbourhood and Community Centres have conducted a Community Needs Analysis, consulting with a wide cohort of the community, community leaders, organisations and others. This information will support program-related and use of centre space planning.

Refer Appendix 1 for more detail.

The timeframes will be reviewed and re-set for three of the ICT service review actions (due this financial year) to allow for:

- The IT Governance and Cyber Security Lead (currently being recruited for) to devise and implement a Cyber Security Strategy (one action) for CoM in collaboration with the Cities of Charles Sturt and Port Adelaide Enfield.

- Discussions to be held to determine the priority of two actions lead by our partnering councils. These two actions also have strong links to CoM's DTP.

RECOMMENDATION

That the Finance and Audit Committee:

1. **Notes the overall status of the Service Review Program for FY2020/21 (Table 1)**
2. **Notes the implementation progress of the Service Review Program recommendations (Appendix 1)**
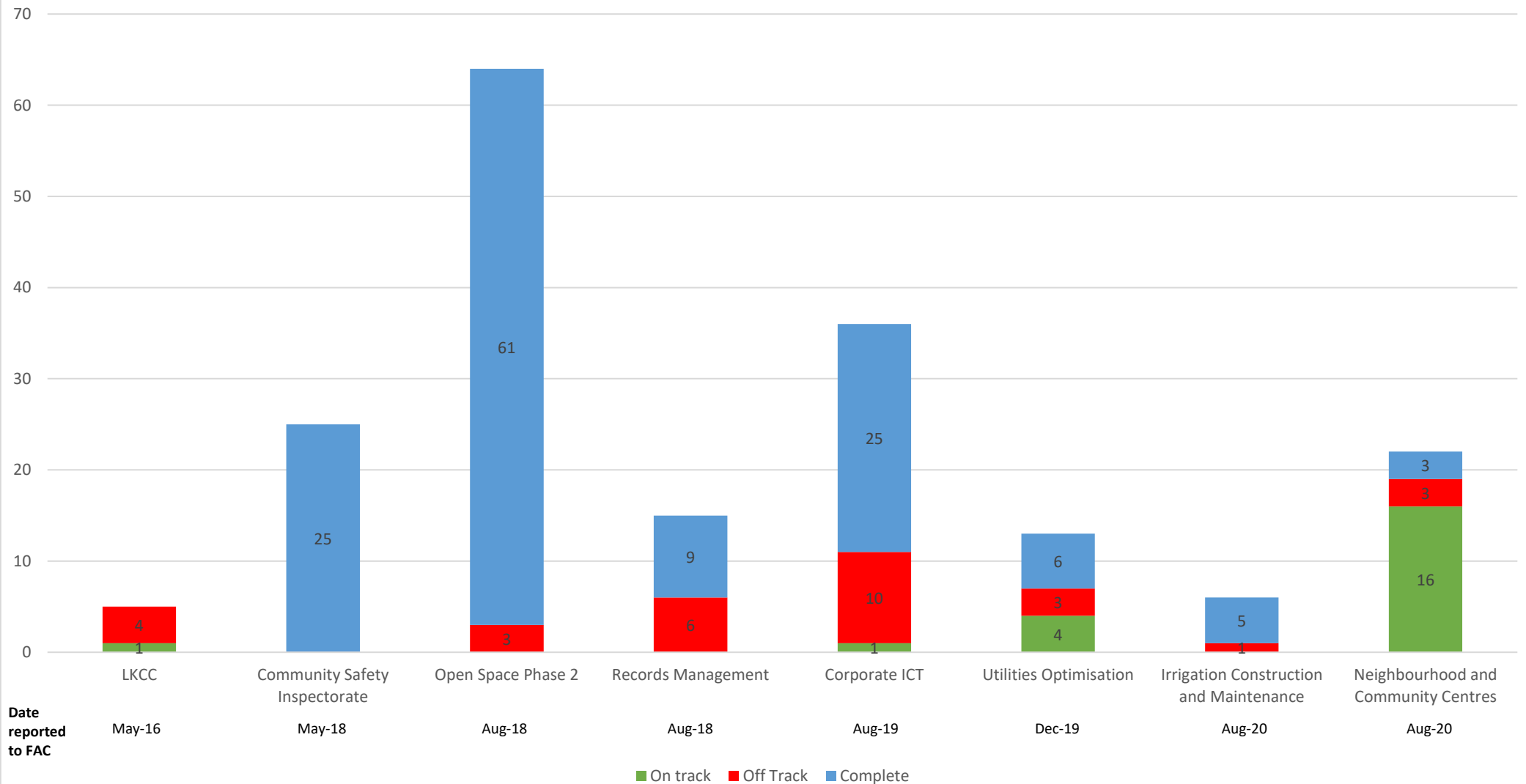
Attachment

#	Attachment	Type
1	FAC210223 - Service Review Program and Recommendations - Progress Update - Appendix 1	PDF File

All Open Service Review Recommendations - Progress Update (Appendix 1)

(Status as at 29/1/2021 based on tracking against original completion dates)

CITY OF
MARION

Implementation of all SR Recommendations
Status by Actions of Open SRs

Date reported to FAC								
	LKCC	Community Safety Inspectorate	Open Space Phase 2	Records Management	Corporate ICT	Utilities Optimisation	Irrigation Construction and Maintenance	Neighbourhood and Community Centres
	May-16	May-18	Aug-18	Aug-18	Aug-19	Dec-19	Aug-20	Aug-20

■ On track ■ Off Track ■ Complete

Key

● Complete   ● Watch Closely

● On Track   ● Off Track

CITY OF MARION

Division	Department	Service Review	Date Reported to FAC	Original Full Implementation Date	# of Recommendations	# of Actions	# On Track Actions	# Off Track Actions	# Actions Complete	% of Actions Complete	Comments
City Development	City Activation	Living Kaurna Cultural Centre	May-16	Dec-17, Dec-21	5	5	1	4	-	0%	A proposal of a private Kaurna business was endorsed by KYAC for presentation to Council by the August 31 deadline. This proposal was discussed at the Elected Member forum on 15 October 2020. GM City Services to meet with proponent to request further information on the proposal to present to Council, for a decision on next steps. In the interim, recommendations from the service review are being implemented to include a business plan, KPIs and working group.
	Development and Regulatory Services	Community Safety Inspectorate	May-18	Jul-19	7	25	-	-	25	100%	The remaining recommendation for this service review to provide Community Safety Inspectors with digital devices (including appropriate software) has been closed, this will be achieved through the Digital Transformation Program.
		Division Total			**12**	**30**	**1**	**4**	**25**	**83%**	
	Operations	Open Space Phase 2	Aug-18	Jun-22	20	64	-	3	61	95%	Routes have been optimised using Forestree data and some level of automation. We are currently experimenting further with automatic closure for trees have been watered. Watering data has greatly improved and will improve over time. A business case to be created for 2021/22 planting season for a 3rd water truck. Discussions have been held with ESRI to discuss needs of open space regarding collector and workforce management.

Open Service Reviews - Recommendations - Progress Update
(Status as at 29/1/2021 based on tracking against original completion dates)

Key
- Complete
- On Track
- Watch Closely
- Off Track

CITY OF MARION

Division	Department	Service Review	Date Reported to FAC	Original Full Implementation Date	# of Recommendations	# of Actions	# On Track Actions	# Off Track Actions	# Actions Complete	% of Actions Complete	Comments
	Engineering, Assets and Environment	Irrigation Construction and Maintenance (cross council)	Aug-20	Dec-20	6	6	-	1	5	83%	The evaluation process for the irrigation tender was extended and is expected to be finalised by the end of January 2021.
	Corporate Governance	Records Management	Aug-18	Dec-19	15	15	-	6	9	60%	Highlights of progress include: - Archive backlog project down to the last 150 boxes, scheduled to be completed in February 2021. - SharePoint and Teams site records configuration update scheduled to be rolled out in Quarter 1 2021.
City Services	Community Connections	Neighbourhood and Community Centres	Aug-20	Jun-22	22	22	16	3	3	14%	The review recommendations are being initiated however the impact of Covid-19 on daily operations has caused some delays in implementing these in a timely fashion. The Workforce Plan is still progressing in relation to succession planning, staff skills audit and establishing a successful workforce structure for the future. We look forward to seeing this plan come to fruition. Data and systems will be a focus for the next few months to ensure good decision making and reporting for our external funding partners. At the end of 2020 the team undertook an open market tender for the delivery of exercise programs across the four centres. An outcome of this approach has been consistency and accountability from the supplier and we look forward for a constructive working relationship with them as they deliver new and improved programs in 2021.
		Division Total			**63**	**107**	**16**	**13**	**78**	**73%**	

Open Service Reviews - Recommendations - Progress Update

(Status as at 29/1/2021 based on tracking against original completion dates)

Key
● Complete   ● Watch Closely
● On Track   ● Off Track

CITY OF MARION

Division	Department	Service Review	Date Reported to FAC	Original Full Implementation Date	# of Recommendations	# of Actions	# On Track Actions	# Off Track Actions	# Actions Complete	% of Actions Complete	Comments
Corporate Services	ITT	Corporate ICT (cross council)	Aug-19	June-21	15	36	1	**10**	25	69%	Progress since last update: - Completed: 1.0 Implement Consistent ICT Governance Frameworks. - Completed: 2.0 Implement Collaborative ICT Strategy Development and Project Delivery. - Progress: Discussions are underway to re-commence cross council collaborative activities that were put on hold due to COVID-19.
Corporate Services	Strategic Procurement	Utilities Optimisation (cross council)	Dec-19	Feb-23	10	13	4	**3**	6	46%	Data review and resolution still ongoing, refunds for incorrect charging continue to be received. Evaluation of the Utilities Management System is in progress. Work has commenced on the strategy piece relating to Net Zero energy at each council. Formal Governance meetings (across the three councils) are continuing, detailing the achievements to date and progress in all activities. Monthly updates are now communicated on achievements and the upcoming plans.
				Division Total	**25**	**49**	**5**	**13**	**31**	**63%**	

***A Service Review is considered Off Track when an action has not been completed by the original completion date

CITY OF
MARION

Completed Service Reviews (Recommendations have been fully implemented)
(March 2016 – Current)

Department	Service Review	Date Reported to FAC	Original Complete Date	Actual Complete Date
Community Connections	Libraries	28-Feb-2017	31-Mar-2017	10-Oct-2017
Human Resources	Recruitment	15-Dec-2016	31-Dec-2017	29-May-2018
City Property	Marion Outdoor Swim Centre	15-Dec-2016	31-Oct-2017	02-Oct-2018
Corporate Governance	Council Reporting and EM Support	15-Dec-2016	31-Aug-2017	02-Oct-2018
Engineering and Field Services	Management of Recycling Depot and Stores	30-May-2017	29-Dec-2017	02-Oct-2018
Finance and Contracts	Public Place Litter	12-Dec-2017	30-Jun-2018	02-Oct-2018
Engineering and Field Services	Drainage	30-May-2017	30-Jun-2018	11-Dec-2018
Engineering and Field Services	Roads	15-Aug-2017	29-Jun-2018	11-Dec-2018
Engineering and Field Services	Hard Waste and Dumped Rubbish	08-Mar-2016	01-Jul-2019	26-Feb-2019
City Property	Maintenance of Council Facilities	10-Oct-2017	30-Nov-2018	28-May-2019
Community Connections	Marion Celebrates	30-May-2017	30-Mar-2019	28-May-2019
Development and Regulatory Services	Parking Management and Regulation	30-May-2017	31-Dec-2018	28-May-2019
Engineering and Field Services	Open Space Phase 1	12-Dec-2017	30-Jun-2022	28-May-2019
Customer Experience	Customer Service	27-Feb-2018	31-Mar-2020	20-Aug-2019
Engineering, Assets and Environment	Asset Management	15-Aug-2017	30-Jun-2018	20-Nov-2020

WORKSHOP / PRESENTATION ITEMS - Nil

OTHER BUSINESS

MEETING CLOSURE