CITY OF VINCENT

ATTACHMENTS

Audit Committee

4 May 2021

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CITY OF VINCENT CORPORATE RISK REGISTER

BDO

			Impact Analysis				RISK MANAGEMENT					ACCOUNTABILITY			
Risk Category	Risk Description	Comment	Likelihood	Consequence	Remarks	Actual Risk	Current Risk Management Strategy (what happens now)	Risk Management Actions (RMA)	Strength (S<M<W)	Risk Acceptance (Y/N)	Net Risk (after RMA)	Direction of further RM	Risk Owner	Timetable	Assurances available	Last updated
Finance, Procurement and Contracts																
Any additional row can only be added below this row																
Procurement for facilities (Beatty Park Leisure Centre)	Ineffective procurement processes and management of suppliers resulting in a lack of supplies / parts (i.e. chemicals) which impacts use of pool / pool safety		1	5		M	Building good relationship with suppliers, review alternative suppliers, ensure invoices are processed in a timely fashion - have a stock of chemicals, have an emergency plan	1. Stockpile chemicals - Complete 2. build relationships with suppliers - Complete, continue during procurement and new contract setup 3. Complete supplier/contract management - complete, but ongoing review required	Strong - Continue to liaise with suppliers and finalise supplier agreements.	Y	M	Review supply contracts regularly	CEO (report to Executive Management Committee)	Complete	Review contracts yearly	08-Oct-20
Supplier / contract management	There is a risk that inappropriate contract management in respect to initiation and management of contract with suppliers may result in the City's interests not being protected or the contract terms not being filled resulting in financial losses to the City		5	2		H	Limited controls. Use of some Australian standard contracts. Procurement training provided and procurement policy communicated to all staff.	1. develop contract management framework, train staff in use and communicate - December 2020 2. develop contract register - consultant currently preparing - June 2020 3. update the contract template / use WALGA / AS templates - December 2020 4. monitor compliance with the framework and use of templates - December 2020	Strong	N	M	Need adequate resourcing	Council (report to Audit Committee)	1. 01-Dec-20 2. ~~01-Jun-20~~ Complete 3. 30-Dec-20 4. 30-Dec-20	Monitoring of contracts register and procurement processes ongoing	08-Oct-20
Major project management	Large number of projects, limited resources and ineffective management of projects resulting in financial losses and potentially poor project outcomes for the City		5	2		H	New project management framework and project prioritisation in place, but in early stage of adoption.	1. continue implementation of framework - review currently underway. 2. staff training on implementing framework - June 2020 - delayed to Dec 2020 due to COVID 3. Ensuring timely reporting and accountability by staff - June 20201. Ongoing 4. Ongoing prioritisation of existing projects. New CBP has identified 26 strategic projects. These will be reported on monthly internally and quarterly to Council	Medium	Y	M	Review number and priority of projects against available resources and capacity	Council (report to Audit Committee)	1. Ongoing 2. ~~01-Jun-20~~ 30 Dec 2020 3. Ongoing 4. Ongoing	review of the application of the framework will be included in the internal audit plan, and will form part of other internal and external compliances audits	08-Oct-20
Financial stability, sustainability & reporting	Poor financial and management reporting regime leads to ineffective financial management and results in insufficient resources to operate the City effectively		4	4	Roads to Recovery Breach and Asset Sustainability Ratio have financial implications for the City - therefore currently this is a high risk based on financial consequence	H	No current controls. Noted that City currently has ability to borrow funds.	1. Developing an accurate and updated LTFP which will be adopted by Council. Complete 2. Will commence comprehensive monthly reporting covering cash flow management as well as relevant financial metrics 3. Will assess financial sustainability as part of the development of the City's strategic priorities and masterplans 4. Will report on financial sustainability to the Audit Committee.	Strong	Y	M		Council (report to Audit Committee)	~~All 30 June 2020~~ All ongoing LTFP adopted 18 Aug 2020		08-Oct-20
Asset, sustainability and environment management																
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Inadequate asset management	Inadequate asset management, including accountabilities, controls, framework, accountability and inadequate systems to record and interrogate data to inform Asset renewal programs will result in poor asset management outcomes - financial loss and reputational damage	Event - asset failure Impact - financial losses, reputational damage	5	4		E	Using alternative systems such as spreadsheets, Paywise Annual review of asset renewal plans regular engagement with internal and external stakeholders	1. Allocate additional resources to adequately assess and report on key risks. 2. Continue investigating an Asset Management System in conjunction with the current review of the City's Corporate IT Systems 3. Table auditor's report on condition of assets at EMC and Audit Committee 4. Establish asset specific accountability processes and procedures.	Weak - as only investigating the system/framework	N	H	Determine what asset management strategy is appropriate and implement it	Council (report to Audit Committee)	01-Dec-20		08-Oct-20
Asbestos management	Inadequate framework to manage the risk in respect to asbestos on City owned or managed land, or land adjoining this, will leave the City vulnerable to staff and community harm resulting in financial loss and reputational damage		3	3		M	LGIS has prepared an asbestos register, and has development an asbestos management framework in accordance with the legal advice received.	1. Finalise and implement the asbestos management framework, and communicate to staff. 2. Develop actions based on gaps identified in framework.	Medium - Investment in OSH/Reporting/workflow technology to reduce risk even further.	Y	L		CEO (report to Executive Management Committee)	01-Dec-20		08-Oct-20
Aging / unsafe assets (Leederville Oval grandstand)	Emerging safety risk associated with Leederville Oval grandstand - buildings have electrical and structural issues and will require significant capital work in future to ensure they remain safe.	This risk has signifcant financial implications.	3	3		M	Essential maintenance is carried out, budget permitting. $3,000 is allocated in 20/21 budget for essential electrical works.	1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets. 2. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income.	Medium - relies on budget for the works	N	L		CEO (report to Executive Management Committee)	01-Dec-20		08-Oct-20

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Risk Category	Risk Description	Comment	Likelihood	Consequence	Remarks	Actual Risk	Current Risk Management Strategy (what happens now)	Risk Management Actions (RMA)	Strength (S<M<W)	Risk Acceptance (Y/N)	Net Risk (after RMA)	Direction of further RM	Risk Owner	Timetable	Assurances available	Last updated
Aging / unsafe assets (Beatty Park grandstand)	Emerging safety risk associated with Beatty Park grandstand, as buildings have electrical and structural issues and will require significant capital work in future to ensure they remain safe.	This risk has signifcant financial implications.	3	3		M	Essential maintenance is carried out, budget permitting. Money allocated in 2020/21 budget for essential works at Beatty Park Grandstand.	1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets. 2. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income. 3. Beatty Park 2062 Option Project will identify future use and upgrade options and costs.	Medium - relies on budget for the works	N	L		CEO (report to Executive Management Committee)	01-Dec-20		08-Oct-20
Aging / unsafe assets (Litis Stadium grandstand and buildings)	Emerging safety risk associated with Litis Stadium grandstand and buildings, as buildings have electrical and structural issues and will require significant capital work in future to ensure they remain safe.	This risk has signifcant financial implications.	3	3		M	Essential maintenance is carried out, budget permitting. Grandstand and some buildings proposed for demolition.	1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets. 2. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income.	Medium - relies on budget for the works	N	L		CEO (report to Executive Management Committee)	01-Dec-20		08-Oct-20
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OH&S, employment practices																
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Succession planning	Neglect of succession planning may result in a key person leaving the City, making City operationally vulnerable resulting in inefficient and ineffective operations, not meeting stakeholder needs.		2	3		M	Some work instructions	Continue developing corporate process management framework and develop a succession planning framework.	Strength - Once succession planning framework is completed for critical positions, risk will be low.	Y	L	Succession planning framework to be developed in 2021 per HR Strategy House.	CEO (report to Executive Management Committee)	~~30/06/2021~~ 1 Dec 2020		08-Oct-20
Safety and security practices for staff	Staff working alone, after hours works, accessing building sites and/or private property, negative interaction with members of the community. Lack of comprehensive risk management in respect to safety practices leads to a lack of understanding of the appropriate training needs and potentially inadequate action against risks.		2	4		M	Staff training, patron education, emergency equipment provision and safety audits. Follow working alone procedures, toolbox weekly for handover, vehicle handover and audit of PPE, GPS monitoring enabled enforcement and communication devices. Regular reporting of incidents to foster safety awareness culture	1. Review of safety management plan and systems 2. Identify high risk positions 3. Identify gaps in OH&S procedures 4. Refer to OH&S Committee	Medium	Y	M	Note that this risk depends on behaviour of public - which City can not control. So remains medium risk.	Council (report to Audit Committee)	30-Dec-20		08-Oct-20
Volunteer and contractor management	There is a risk that inappropriate contract management in respect to contractor/volunteer induction and adherence to COV policies and procedures is not appropriately applied to leaving the City vulnerable to contractor/volunteer injury and legal action.		3	3		M	Induction process in place for Contractors, It does rely on the staff who get the contractors in to complete the induction and educate on policies and procedures.	1. Implement a centralised induction system to induct all contractors and volunteers. Ensure all contractors and volunteers have completed mandatory training/compliance (one off compliance training or yearly/bi-yearly) 2. Monitoring contractors and volunteer compliance	Strong - Implementation of a orientation and induction program	Y	L	Budget confirmed for online induction and orientation system and framework currently being developed by April 2020	CEO (report to Executive Management Committee)	30-Jun-20	Annually	08-Oct-20
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Business service disruption																
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Disaster Recovery Plan & Business Continuity Management for Beatty Park Leisure Centre	Building or pool failure leading to an unexpected closure of part or whole of facility may lead to not meeting shareholder expectations and experiencing financial losses.		3	3		M	Asset audits, maintenance programs in place and reviewed regularly, communication strategies for any shutdowns	Locate/create BCP for Beatty Park	Medium - Need to increase Audit of Assets and put plan in place for maintenance including contracts and agreements	Yes - note that Medium risk as plant failure can still occur despite strategies	M	No further action	CEO (report to Executive Management Committee)	01-Jul-20		08-Oct-20
Emergency Management (interagency)	Ineffective collaboration with agencies results in a poor relationship and ineffective cooperation regarding emergency management leading to ineffective disaster management with an Impact of extended service outages, worsened disaster outcomes		2	4		M	Local emergency management arrangements are in place with City of Perth and Western Central Councils	1. Provide additional training for relevant staff members and community agencies. 2. Working towards implementation of exercises with WC LEMC	Strong	Y	L	Conduct 4 desktop exercises per year	CEO (report to Executive Management Committee)	01-Sep-20	Audit of arrangements and the number of desktop exercises per year	08-Oct-20
Critical incident response - Power outage to ICT server room	A lack of power to the on premise ICT systems though extended power outages will result in a failure after 1-2 hours of reserve power supply. If reserve power fails or cannot continue to be supplied, staff will lose access to all electronic systems, potentially leading to loss of data and service levels		2	3	Risk likelihood based on Admin Centre not being available to staff.	M	1. On-premise Back-up server with some offsite copies 2. Restoration of File servers, Email, Authority and Content Manager within 2 days. Up to 1 day data loss.	ICT Strategy House D19/98015 identifies several cloud-first objectives to mitigate server room dependency. July-2020: Offsite business systems (incl. telephony) on standby that can "go live" for Depot/remote access within 4 hours. Up to 1 day data loss. 2021/2022: File, email, records and core business system to move to cloud solutions. Depot/remote access continuous, no data loss.	Strong	Y	L	Link to BCP and BIA - need to understand the business service continuity needs	CEO (report to Executive Management Committee)	01-Jul-20 2021/22	Audit of the systems and server	08-Oct-20

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Primary site Internet outage	Loss of Internet will result in reduced staff access to business systems including web, email and cloud-based systems resulting in reduced or non compliance with service levels.	Impact - service outages	3	2	Communication Links review completed in 2019 to enable redundant architecture decisions.	M	1. Internet-based systems accessible via 4G-enabled tablets. 2. 2 x 4G Wi-Fi dongles available to business teams for up to 15 staff each. 3. Offsite backup to Library remains operational.	July-2020: Redundant Internet supply (and supporting security infrastructure including firewalls) implemented. Up to 1 hour outage.	Strong	Y	L		CEO (report to Executive Management Committee)	01-Jun-20		08-Oct-20
Mapping data	Inaccurate mapping data may lead to poor or incorrect business decisions and possible safety issues resulting in financial loss to the City and potential harm to the community		4	2	Risk consequence considered Minor due to current limited use of spatial layers by staff. Public spatial layers have minimal data likely to cause more than Minor consequence	M	GIS contract resource onsite fortnightly to respond to any data issues raised by staff.	April-2020: GIS and Assets officer is being recruited in 2019/2020 and this will help mitigate this risk.	Strong	Y	L	Dependant on additional resources.	CEO (report to Executive Management Committee)	01-Jul-20	Process to check GIS updates and verify data	08-Oct-20
Cyber Security	The City suffers a material breach of information Security through ineffective protocols and processes	This is trending as an escalating risk in many organisations	3	4	Technical Security Review completed against Australian Signals Directorate "Essential 8". For Technical Security Review and current action item status, see D19/128564	H	Anti-virus software deployed for computers, web traffic and email filtering.	July-2020: ongoing staff awareness training; upgraded anti-virus software for computers and email filtering; new anti-virus software for server environment; data loss protection config in Office 365 for external file sharing; data loss protection controls are being deployed as part of Office 365 implementation - to be completed in 2019/2020; multi-factor authentication for Office 365 and remote access.	Strong	Y	M		Council (report to Audit Committee)	01-Jul-20		08-Oct-20
COVID-19 pandemic	Disruption to City service delivery, local business and community group operations and staff and community well being	Global pandemic, declared state emergency and public health emergency	4	3	City has very limited capacity to control risk due to global nature	H	COVID-19 Relief and Recovery Committee formed, strategy and action plan developed and being implemented, staff working from home, public health directives are being implemented, community support is being provided, City's operations being reviewed	Implement COVID-19 Relief and Recovery Strategy - all risk management actions are encompassed within this document	Strong	Y	H	The Strategy and Implementation Plan are being updated every week	Council (report to Audit Committee)	Ongoing	Administration is accountable to the COVID-19 Relief and Recovery Committee	08-Oct-20
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Governance, misconduct and fraud																
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Corporate governance / legislative compliance	Lack of an effective governance framework and culture, including risk management, leads to complacency in corporate governance, risk management and legislative compliance, potentially resulting in a failure to comply with legislative requirements and poor decision making		3	3		M	1. Governance team undertakes manual checks to ensure legislative compliance and communicates governance principles and legislative requirements to organisation. 2. Audit Log monitors some financial and audit related risks, and improvements required, and is reported to EMC monthly and to Audit Committee. 3. Currently no clear documentation of requirements.	1. Compliance calendar and Governance Framework is being developed and will be communicated to all staff - August 2020 2. Internal audit plan and improvement plan are being reviewed and will be reported to Audit Committee (will be informed by reg 17 review) - November 2020 3. Regulation 17 review being undertaken in 2020 (internal controls, legislative compliance and risk management) - September 2020	Strong RMA once implemented, however, resourcing required to implement actions identified by previous reg 17 review (improvement plan) and implement a compliance calendar, and ongoing monitoring / compliance checks.	N	M		CEO (report to Executive Management Committee)	1. Complete - adopted 18 August 2020 2. ~~Nov 2020~~ Internal Audit Plan to be prepared by March 2021 ~~3. Sept 20~~ Complete	1.reg 17 review 2. planned internal audit 3. Compliance calendar creates checklist 4. Audit Log is reported to EMC and Council	08-Oct-20
Fraud Risk Management	A lack of coordinated approach to identification, mitigation, management and monitoring of fraud, through a fraud risk framework increases the Risk of fraud occurring potentially leading to reputational damage, and financial losses		4	3	Initial consideration by City has identified following fraud risk areas: 1. Payroll 2. Theft (property / money) 3. Credit card use 4. Procurement (invoices)	H	1. A number of fraud risks have been identified as a result of the OAG's Fraud Performance Audit in 2019, which recommended that the City have a coordinated approach to fraud management and a mechanism for reporting fraud. 2. These items are being actioned and progress is reported to Audit Committee. 3. Procurement risks are managed by two level approval process for purchases. 4. Note, No specific current policies & procedures to prevent, detect and respond to fraud other than step 3 above	1. Develop and communicate a fraud risk management plan, and provide staff training - December 2020 (consultant to be engaged). 2. Testing for fraud will form part of the internal audit plan, and random checks will be undertaken by procurement. - December 2020 3. Recruitment and selection process review - April 2020 4. Procurement review supplier verification - June 2020	Strong RMA, however, fraud risks must first be comprehensively identified and resourcing required to develop plan, train staff and undertake fraud testing / internal audits	N	M		Council (report to Audit Committee)	1. 30-Jun-20 2. 01-Dec-20 3. 01-Apr-20 4. 01-Jun-20	Audit Log is reported to EMC and Council; random checks on transactions, inventory and processes (e.g. HR and payroll)	08-Oct-20
Polices & Procedures	Outdated policies, procedures and controls leads to a failure to properly execute on its mandate and protect its assets leading to errors, omissions and delays in service delivery		3	2		M	1. Policies are reviewed and updated on an ad hoc basis. 2. New template, Policy Development and Review Policy and Policy Review Plan being prepared. 3. Council approval of policies is required, which functions as a form of control.	1. Finalise and implement the policy review plan - September 2020 2. Develop guidance on policy content - new Policy Development and Review Policy - Council approval required, align with SCP objectives - September 2020 3. Communicate to all staff - October 2020 4. process improvement - Continue trialling the use of a corporate process management	Strong	Yes, policy review plan and framework will provide clear guidance on policy requirements and drafting. Corporate Process Management is assisting with process documentation	M		CEO (report to Executive Management Committee)	1. 01-Sept-20 2. 01-Sept-20 3. 01-Oct-20 4. 01-Dec -20	Internal audit on policies and procedures, and their operational effectiveness	08-Oct-20

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Complex land management / maintenance requirements	Management and maintenance of City controlled land within the Swan River Foreshore, Aboriginal Heritage Sites and Development Control Areas		3	3	Urgent remedial path works at Banks Reserve undertaken in Feb 2019 , no s 18 consent obtained. Caution issued by DPLH, may result in reputational damage, and if further non-compliances occur that could adversely impact relationship with DPLH	M	No formalised approach/ checklist for ensuring compliance with legislation relevant to works / management of land within the Swan River Foreshore, Development Control Area or Aboriginal Hertiage Site.	1. Governance to develop a checklist of approvals required and communicate to relevant staff - December 2020 2. DPLH (Director of Heritage) to present to relevant staff on changes to Aboriginal Heritage Act and explain approval process - by December 2020	Strong	Y	L		CEO (report to Executive Management Committee)	Dec-20	Annual review of process.	08-Oct-20
Non-compliance with drafting requirements for local laws	Additional administrative time and costs associated with redrafting of local laws to meet legislative requirements for local laws	Drafting of new Local Government Property Local Law, Parking Local Law and Animal Local Law occuring	4	2	Joint Standing Committee on delegated legisaltion found errors in Parking Local Law which resulted in need for it to be repealed	M	Drafting of local laws in line with Department of Local Government's guidelines	Discuss drafting further with Department, to ensure drafting meets Joint Standing Committee's requirements	Medium	Y	L		CEO (report to Executive Management Committee)	Jul-21		08-Oct-20
State-Wide Cladding Audit	Community safety and reputational impact associated with implementation of regulatory requirements following cladding audit undertaken by DMIRS.		2	4		M	All directions to building owners are managed by the Executive Director.	Ensure safety measures are implemented where appropriate to reduce likelihood of fire events. Any further enforcement action considered by Executive Director in accordance with Risk Management Policy.	Strong	Y	L		CEO (report to Executive Management Committee)	Q2 2021		08-Oct-20
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Information & Systems Management																
Authority database security - Confidential	See Confidential Log					H					L					
Vulnerability Management - Confidential	See Confidential Log					H					L					
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Community Services																
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Fraudulent booking/use of City facilities resulting in damage to facilities and public nuisance	There are inadequate processes in place to prevent malicious or fraudulent bookings of a City facility, which could result in misuse of a City facility and potentially damage to the facility or nuisance to the public.		4	2		M	Administration reviews each booking; Applies a bond to bookings considered high risk;	1. Requirement for photo identification for all bookings in community facilities; 2. High scrutiny and review placed on weekend bookings; 3. Updated to Terms and Conditions to include requirement for bond for bookings on weekends from 6.00pm - midnight; 4. Update of Terms and Conditions to include requirement for photo identification 5. Reduction in number of bookings approved for use on weekends between 6.00pm and midnight	Medium	Y	L		CEO (report to Executive Management Committee)	01-Dec-20	Annual review of process	08-Oct-20
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Responsible directorate	Office of the CEO.
Responsible team	Corporate Strategy and Governance.
Responsible officer	Executive Manager, Corporate Strategy and Governance.
Affected teams	All Staff.
Legislation / local law requirements	Regulation 17 of the *Local Government (Audit) Regulations 1996.*
Relevant delegations	Nil.
Related policy procedures and documents	Risk Management Procedure (D20/240006) supports this Policy – defines the systems and processes in place to facilitate good practice risk management, and assigns responsibilities for the identification, management and treatment of risks.

PURPOSE

Risk management facilitates the efficient delivery of the City of Vincent's (**City's**) strategic, ~~and~~ operational and project objectives. This Policy establishes the City's risk management approach and the risk management responsibilities of Council and Administration.

POLICY

The City supports an organisation-wide risk management approach to identify and manage risks and opportunities associated with the performance of the City's functions and the delivery of services. This Policy applies to all service and project delivery and any other decision making activities. It ensures risks are identified and understood and the risk treatment is incorporated into service unit planning and resource allocation.

The City will develop and implement effective risk management systems and processes, as further defined in the City's Risk Management ~~Framework~~Procedure, that:

- Facilitate the achievement of the City's vision, strategies and objectives;
- Provide transparent and formal oversight of risks and the controls implemented, to enable effective decision making;
- Provide guidance on the level of risk versus return associated with the City's services and projects ~~and~~
- Eensure risk controls and treatments ~~(controls implemented)~~ align with the City's risk appetite and tolerance;
- Embed appropriate and effective controls to mitigate risk;

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- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations;
- Enhance organisational resilience;
- Identify and provide for the continuity of critical operations; and
- Ensure risk management becomes part of day-to-day service and project management and processes.

Risks will be identified and managed in accordance with the risk consequence and likelihood criteria at **Attachment 1**. Risks are to be classified in accordance with the risk classification matrix at **Attachment 2**. Once classified, risks are to be managed in accordance with the risk rating at **Attachment 3**. The acceptance and treatment of risk is dependent on the risk classification and risk rating. The treatment of residual (i.e. with controls) risks classified as high or extreme ~~(with controls)~~ will be subject to ~~approval~~ review by the Audit Committee and Council.

SCOPE

This Policy applies to Council, the Audit Committee and all employees and contractors of the City of Vincent.

Responsibilities for identifying, managing and treating risks, dependant on the risk rating, is detailed in the Risk Management ~~Framework~~Procedure.

OFFICE USE ONLY	
Initial Council adoption	**DATE:** <APPROVAL DATE>, **REF#** <TRIM REF>
Reviewed / Amended	**DATE:** <APPROVAL DATE>, **REF#:** <TRIM REF>
Ne**xt Review Date**	**DATE:** <REVIEW DATE>,

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ATTACHMENT 1 – RISK CONSEQUENCE AND LIKELIHOOD CRITERIA

1.1 Consequence criteria

RATING	PEOPLE (SAFETY)	INTERRUPTION TO SERVICE	REPUTATION	COMPLIANCE (LEGAL & TECHNICAL)	PROPERTY	NATURAL ENVIRONMENT	FINANCIAL IMPACT	CONTRACT / PROJECT
Low (1)	Physical injuries/illnesses requiring limited first aid treatment onsite only. No expected ongoing psychological impacts. Minor injury or ailment to staff.	Impact managed through normal City business practices. Failure of assets / disruption which results in inconvenience but no material service interruption (resolved within one day).	Isolated individual's issue-based complaint with no media coverage. An incident with low impact on community trust which is covered in a community newspaper and/or has a social media profile for maximum of a day.	Breach of procedure but no noticeable regulatory or statutory impact. Minor compliance (technical or legal) breach which is not reportable and can be resolved within 24 hours.	Localised damage to City property which can be rectified by routine internal procedures and is within operating budget $20,000 (0.035% of operating budget).	Contained, local environmental impact and/or negligible impact on heritage asset. Immediately rectifiable. Environmental damage or harm which can be contained by an internal response within 1 week, and any damage / harm can be reversed by	Short term impact on operating funds, or financial loss less than $20,000 (0.035% of operating budget).	Insignificant breach of contract or delay in project which has a minor impact on service delivery, consistent with 'low' rating.
Minor (2)	First aid injury or illness treated on site with < 3 days attributable lost time. Psychological Impacts treated on site. Injury or ailment to staff resulting in loss of time between 5-10 days.	Impact requires additional City management effort or response or redirection of resources to respond. Failure of assets / disruption which results in temporary interruption which can be resolved within one week (backlog cleared within one week).	Local community impacts restricted to one area or single-issue based concerns. Public embarrassment, some impact on community trust, covered in community newspaper and/or social media profile which lasts for less than a few days.	One or more temporary non compliances. Low or medium audit or regulator findings. More than one minor compliance breach or minor breach with potential for minor damages or monetary penalty.	Localised damage to City property requiring additional resources to rectify (reallocation within operating budget – $20,001 – $100,000 (0.035% - 0.17% of operating budget).	Environmental damage or harm which requires additional management resources to rectify by external agencies or contractors and can be contained within 1 week, and any damage / harm can be reversed by the City's actions but can be contained and r reversible.	Medium term impact on operating funds, or financial loss between $20,001 - $100,000 (0.035% - 0.17% of operating budget).	Minor breach of contract or delay to project which will have minor financial impact or delay service delivery, consistent with 'minor' rating.

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Moderate (3)	Physical injury/illness requiring professional treatment, hospitalisation and/or lost time between 3 – 10 days. Psychological impact requiring professional treatment. Injury or ailment to staff resulting in loss of time greater than	Delays in City-critical functions, services, activities or programs. Administration subject to significant review or change, with City - critical outcomes only partially achieved. Impact requires short term significant management and organisational resources to respond. Failure of assets / disruption which results in one	Negative community impacts and concerns publicly expressed. Reduced confidence publicly expressed by community and stakeholders. Covered in community newspaper and social media profile which lasts for more than a few days, attention by regulators or state	Short term non-compliance but with significant regulatory requirements imposed and/or significant internal audit findings. Short to medium term non-compliance which may result in prosecution / fine. Investigation may be required.	Significant damage across to City-critical properties requiring ongoing management attention for a period of up to three months ($100,001 to $250,000 (0.17% - 0.43% of operating budget).	Environmental damage or harm which requires additional management resources by the City and external agenciesorganisations or contractors and takes 1 week – 1 month to contain, and any damage / harm which is containable and reversiblecan be reversed by the City's actions.	Impact to service delivery due to impact on operating funds, or financial loss between $100,001 to $250,000 (0.17% - 0.43% of operating budget).	Breach of contract or delay to project which will impact service delivery or result in damages payable by the City, consistent with 'moderate' rating.
Major (4)	Serious physical injury/illness requiring immediate emergency response or prolonged hospitalisation. Serious psychological injury requiring medium/long term professional medical treatment, counselling or ongoing	Long term viability of the City is threatened. One or more critical functions, services, activities or programs cannot be delivered. Majority of City-critical outcomes only partially achieved or a single City- critical outcome not achieved. Impact requires long term significant management and	Considerable and prolonged negative community impact and dissatisfaction publicly expressed. Criticism and loss of confidence and trust by community and stakeholders in City's processes and capabilities. Organisation's integrity in question. Significant media	Non-compliance results in cessation of City-critical services or imposed penalties. Significant external audit or regulator investigations and /or intervention. Non-compliance results in termination of services or imposed penalties to City / Staff.	Significant damage across to City-critical properties requiring ongoing additional resources and approvals to rectify (Council approval of funds required, $250,000 - $1 million (0.43% to 1.7% of operating budget) Period of restitution up to six months.	Environmental damage or harm which remains is uncontained, for over a month and requires a coordinated response from the City and multiple external organisations and is irreversible external agencies, but is reversible by coordinated response.	Significant impact to service delivery due to impact on operating funds, or financial loss between $250,001 to $1 million (0.43% to 1.7% of operating budget)	Significant changes to a project or breach of contract which may result in termination of contract and significantly impacts service delivery. Impact consistent with 'major' rating.

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RISK MANAGEMENT POLICY

CITY OF VINCENT

CONTROLS RATING TABLE

Extremec atastrophic (5)	Death or severe permanent disablements. Permanent/long term psychological damage requiring extensive remedial intervention. Fatality to staff member, or public exposed to a hazard which is attributable to the City and results in widespread adverse health	Majority of City-critical functions, services, activities or programs cannot be delivered. Majority of City-critical outcomes not achieved. Impact cannot be managed within the City's existing resources and threatens survival of the organisation.Failure of assets / disruption which results in a prolonged interruption of core or essential services	Significant adverse community impact and condemnation. Consistent ongoing community loss of confidence and trust in City's capabilities and intentions. High widespread media.Public embarrassment with significant reputational damage, widespread loss of community trust, widespread and sustained community, state and national newspaper and TV coverage and social	Non-compliance results in criminal charges or loss of City's social license to operate. Non-compliance results in criminal charges or significant damages or penalties to City / staff.	Extensive damage requiring prolonged period of restitution or complete loss of City-critical plant, equipment and buildingw, or over $1,000,000 (1.7% of operating budget)	Environmental damage or harm which is uncontained, requires the lead of an external organisation and is widespread across the City and irreversibleEnviron mental damage or harm which can not be contained and is not reversible by a coordinated response.	Insufficient operating funds over sustained period, or loss of more than $1 million (over $1.7% of operating budget).	Major project can not be completed or critical breach of contract resulting in significant damages payable by the City or non delivery of service for extended time. Impacts consistent with 'extreme' rating.

1.2 Likelihood criteria (refer to the description or the frequency)

Level	Rating	Likelihood description	Likelihood frequency	PROBABILITY
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year	>95%
4	Likely	The event will probably occur in most circumstances	At least once per year	75-95%
3	Possible	The event should occur at some time	At least once in three years	25-75%
2	Unlikely	The event could occur at some time	At least once in ten years	5-25%
1	Rare	The event will only occur in exceptional circumstances	Less than once in 15 years	<5%

CONTROLS RATING TABLE

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RISK MANAGEMENT POLICY

CITY OF VINCENT

LEVEL	DESCRIPTOR	DESCRIPTION
FE	Fully Effective	Controls are adequate, appropriate and fully effective. Overall control environment provides reasonable assurance that the risk is being managed. Control objectives are being met and no improvements to controls have been identified.
A	Adequate	A few specific control weaknesses noted however the overall control environment is adequate, appropriate and effective. Certain controls may require improvement to ensure that the overall environment will continue to operate effectively.
I	Inadequate	Numerous specific controls weaknesses or gaps were noted. Overall control environment is not adequate or effective and fails to provide reasonable assurance that risks are being managed and control objectives are being met. The control environment needs improvement.

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RISK MANAGEMENT POLICY

CITY OF VINCENT

ATTACHMENT 2 - RISK CLASSIFICATION MATRIX

Consequence / Likelihood		Low	Minor	Moderate	Major	~~Extreme~~Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium	~~High~~ Medium	High	Extreme	Extreme
Likely	4	Low	Medium	High	~~High~~ Extreme	Extreme
Possible	3	Low	Medium	Medium	High	High
Unlikely	2	Low	Low	Medium	Medium	~~High~~ Medium
Rare	1	Low	Low	Low	Low	Medium

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ATTACHMENT 3 - RISK RATING AND MANAGEMENT

Risk Classification	Action	Risk management process	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to ongoing monitoring	Manager
MEDIUM	Monitor	Risk acceptable with adequate ~~and effective~~ controls, managed by specific procedures and subject to ongoing monitoring	Executive Director
HIGH	Urgent Attention Required	~~Risk acceptable with fully effective controls~~~~Risk treatment subject to Council approval~~. Risk treatment requires approval by Audit Committee and Council.	CEO + Council

RISK MANAGEMENT POLICY

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Risk Classification	Action	Risk management process	Responsibility
EXTREME	Unacceptable	Risks will typically be unacceptable. They require fully effective controls and additional risk treatment is required subject to CEO, Audit Committee and Council approval.	CEO + Council

***Extreme risks require a risk treatment plan which is reported to the CEO (via the Executive Management Committee) and the Audit Committee until the risk rating is at an acceptable level.*

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CITY OF VINCENT

RISK MANAGEMENT PROCEDURE

Responsible directorate	Office of the CEO.
Responsible team	Corporate Strategy and Governance.
Responsible officer	Executive Manager, Corporate Strategy and Governance.
Affected teams	All Staff.
Legislation / local law requirements	Regulation 17 *Local Government (Audit) Regulations 1996.*
Relevant delegations	Nil.
Related policy procedures and documents	This document supports the Risk Management Policy by further defining the systems and processes in place to facilitate good practice risk management.

PURPOSE

To set out the framework within which the City of Vincent (**City**) will manage its strategic, operational and project risks.

BACKGROUND

The City has a Risk Management Policy (**Policy**) approved by Council (16 June 2020 Council Meeting). The Policy sets the tone for the City's risk management approach and establishes the risk management responsibilities of Council, the Audit Committee, City employees and contractors and other relevant parties as required.

This Procedure supports the Policy by defining the systems and processes in place to facilitate good practice risk management and the roles and responsibilities of City employees.

PROCEDURE

1. RISK MANAGEMENT APPROACH

The City's approach to risk management determines how the City will go about managing its risks.

The City's risk management approach aligns with the *AS31000:2018 Risk Management – Guidelines*.

RISK MANAGEMENT PROCEDURE

CITY OF VINCENT

2. OTHER RISK DOCUMENTS

Corporate Risk Register

The Corporate Risk Register (**Register**) lists the City's 'whole of organisation' strategic, operational and project risks. The risks are assessed without controls (*i.e. inherently*), with controls (*i.e. residually*) and following the proposed risk management actions (*i.e. post-treatment*).

The Register is divided into a list of residually-rated medium, high and extreme risks (which require reporting to the Executive Management Committee, Audit Committee and Council) and residually-rated low and medium risks for each service area. Timeframes and ownership for the implementation of the risk management actions are included.

Risk Appetite and Tolerance Statements

'Risk Appetite' sets out the risk type and levels that the City is looking to pursue to meet and optimise opportunities. 'Risk Tolerance' reflects how much risk the City is able to accept in the pursuit of its strategic, operational and project objectives.

Strategy House Service Area Risk Matrix

Each of the City's service areas has a risk matrix which sets out its strategic (where relevant), operational and project risks which are specifically considered, where appropriate, within the context of the specific Strategy House.

A number of documents and guidelines are also relevant to the City's risk management. These include:

- *Business continuity plan (BCP)* – This document describes how the City will respond to and function in the event of a business interruption event. It is a 'mitigative' control as it seeks to reduce the consequences of risks eventuating.
- *ICT disaster recovery plans* – these plans assist the City to recover from Information and Communication Technology (**ICT**) interruption events, from a routine, operational incident through to a large-scale ICT event. The plans will ultimately align with the City's BCP and, again, are 'mitigative' controls in seeking to reduce the consequence of a risk eventuating.
- *Event risk management plans* – These are formal plans to mitigate any foreseeable risks that may arise from place activation, and planning and delivering events.
- *Procurement risk assessments* – A systematic, documented assessment of risks associated with all significant purchases, as set out in the Procurement Plan. Procurement risk assessments are required for procurement of greater than $50,000, and the level of detail required for the risk assessment will vary depending on the significance of the purchase. Note that although the $50,000 mandatory threshold has been set by the City, the contract value of a procurement does not define its

RISK MANAGEMENT PROCEDURE

CITY OF VINCENT

risk to the City so there is discretion – which should be exercised – in contract values below this figure.

3. RISK CATEGORIES

Strategic Risks

Strategic risks relate to the uncertainty of the City achieving its long-term, strategic objectives. They are usually owned and managed by Council and/or the Executive Management Committee. Strategic level risks may include risks associated with achieving the objectives of the Strategic Community Plan, Corporate Business Plan and the Long-Term Financial Plan.

Operational Risks

Operational risks relate to the uncertainty associated with developing or delivering the City's services, functions and other activities. These risks typically have day to day impacts on the organisation or more widely. These risks are owned and managed by the person who has responsibility for the activity, service or function to the level of their delegated authority or capability.

Project Risks

Project risks typically sit underneath operational risks and will be managed in accordance with the City's Project Management Framework and depending on their progress.

4. RISK MANAGEMENT PROCESS

Step 1 - Establishing the scope, context and criteria

Prior to commencing risk management, the context for the activity is clearly specified. This includes defining:

- the purpose of the risk exercise and the expected outcomes;
- the scope, boundaries, assumptions and interrelationships;
- the environment, objective, strategy, activity, process, function, project, product, service or asset under consideration; and
- the risk assessment methodologies or approach.

Once this is determined, the essential personnel who need to be involved in the assessment are identified.

Step 2 - Risk Assessment

A. Risk Identification

The context defined in the previous step is used as the starting point for identifying risks. A practical and effective approach to risk identification is to consider what is critical to the successful achievement of the

RISK MANAGEMENT PROCEDURE

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objectives related to that particular context, and what are the potential opportunities or 'roadblocks' arising from areas of uncertainty (*e.g. assumptions, limitations, external factors, etc*). Included in this consideration are any internal or external events or situations which may give rise to a risk, and also any risks identified through internal or third-party audits, assessments and reviews. Typically, risks are worded either with the use of '*critical success factors*' (**CSFs**) or through '*cause-event-consequence*' (**CEC**) statements:

1) **CSFs -** When considering an activity, consider what is critical that you get right about the activity (*e.g. with City reporting, it may be timeliness and accuracy*), and word the risk based on this critical activity (*e.g. failure to ensure timely and accurate City reporting*);

2) **CECs -** Consider the event that you are most concerned about (*e.g. timely reporting*), the principal potential cause (*e.g. Inadequate reporting systems*) and the principal potential consequence (*e.g. sub-optimal decision making*). These can then be constructed into a statement (*e.g. Inadequate systems cause untimely reporting leading to suboptimal decision making*).

Both ways of phrasing risks are acceptable to the City. Each risk requires a risk owner who is responsible for managing the risk and is accountable for determining if the risk level can be accepted, reviewing the risk, monitoring the controls and risk treatments. High and extreme risks require the risk management action to be approved by Council, via the Audit Committee.

B. Risk analysis and evaluation

For each risk, possible causes of the risk eventuating are identified. Each risk may have one or more causal factors which can either directly or indirectly contribute to it occurring. Identifying the range of causes assists in understanding the risk, identifying the most appropriate controls, evaluating the adequacy of existing controls and designing effective risk treatments. This step also considers the potential consequences of the risk, including knock-on or cascading effects.

Comparing the level of risk with the contents of the risk assessment criteria determines the acceptability of the risk. Risk analysis is undertaken with varying degrees of detail, depending on the risk, the purpose of the analysis, and the information, data and resources available. Analysis is qualitative, semi-quantitative or quantitative, or a combination of these, depending on the circumstances. Such techniques are comprehensively considered in 'ISO 31010: Risk Assessment Techniques', a companion to AS ISO 31000:2018. Risk analysis and evaluation involves identifying and evaluating any existing controls and analysing the risk in terms of consequences and likelihood, taking into account the effectiveness of the controls (*i.e. 'Residual Risk'*). Understanding the following terms is key:

RISK MANAGEMENT PROCEDURE

CITY OF VINCENT

- Controls - Controls are the measures that are currently in place (*i.e. at the time of the risk assessment*), that materially reduce the consequences and/or likelihood of the risk. Controls are tangible, auditable and documented. A 'Hierarchy of Control' is applied which ensures the most effective controls are considered first (*e.g. eliminate entirely, substitute it, isolate it and engineer it out prior to relying on administrative controls*). At the City, controls are considered to be either 'preventative' (i.e. affecting likelihood), 'mitigative' (i.e. affecting consequence) or both.
- Consequence - A risk that eventuates may impact the City to a greater or lesser extent across multiple areas. Consequences of the risk can be assessed across the relevant consequence categories, which are defined in the risk assessment criteria tables.
- Likelihood - This describes how likely it is that a risk will eventuate with the defined consequences. Likelihood can be assessed in terms of terms of probability or frequency, depending on what is most appropriate for the risk under consideration. When you are rating the likelihood of residual risk, ask "*How likely is it for this risk to occur, given the existing controls, to the level of consequence identified?*"
- Level of Risk - The Level of Risk (LoR), or Risk Rating, is calculated by multiplying the consequence and likelihood ratings. For any risk, there may be a number of different consequence/ likelihood scenarios. Within each category there may be multiple scenarios ranging from 'minor but likely' to 'catastrophic but rare'. The City expects the most realistic worst-case scenario to be rated. In some instances, it may be appropriate to rate the same consequence category more than once. Where there are multiple ratings for a risk, the highest combination of consequence/likelihood is taken as the LoR. The LoR is then compared to the defined risk criteria to assist the risk owner in determining whether a risk requires further treatment. The City captures three different 'Levels of Risk' – Inherent risk (*i.e. before controls are applied*), Residual risk (*i.e. after controls are applied*) and 'Post-treatment' (*i.e. a prospective level of risk considering further treatments*).

Step 3 - Risk Treatment

Once a risk has been analysed and evaluated, the risk owner makes an informed decision to do one of the following:

- Accept the risk – the opportunity outweighs the risk, the existing controls meet the criteria specified in the Risk Assessment Criteria and the risk is within the defined tolerance and appetite of the City;
- Avoid the risk – do not carry on with the activity that is associated with the risk;
- Treat the risk – reduce the consequence, likelihood or both and/or improve the controls rating by strengthening existing controls or developing new controls so that the risk can be accepted. The treatment selection and implementation will typically be based on financial, technical and operational viability and alignment to the City's values and objectives. Note: It is expected that any risks associated

RISK MANAGEMENT PROCEDURE

CITY OF VINCENT

with health and safety are managed to a level which the City considers to be "as low as reasonably practicable" (ALARP).

Risk-based decisions are made in line with the criteria outlined in the risk assessment criteria tables.

Communication and consultation with external and internal stakeholders/interested parties is an essential and valuable part of the risk management process at the City. A collaborative approach is preferred as it provides the opportunity for different perspectives and expertise. The City has an expectation this will occur throughout the steps 1 to 3 documented. Communication and consultation should include, amongst others, staff of the City, Councillors, contractors, rate payers and residents. Some of this consultation and communication will be formalised through workshops and training and some – for example with ratepayers and residents – may be less formal. Risk management training will be provided to staff, commencing at induction. In addition, regular risk management awareness information will be communicated via the Vintranet.

Monitoring and Review and Recording & Reporting are considered integral parts of the planning, management and oversight activities of the City to ensure contemporary, relevant and evidential risk management. The Corporate Risk Register is updated as risks are identified and is reported to the Executive Management Committee monthly, and to the Audit Committee quarterly or more frequently as required.

Ad-hoc review of risks may also occur where:

- There is a change to the risk environment, for example, changes to legislation or to the SCP or the CBP;
- An internal audit or other review highlights a new or changed risk;
- A material risk treatment is implemented or a key control is considered no longer effective or adequate;
- Major changes are made to the organisation including change of key personnel; or
- The complaints or learnings in relation to processes indicate a new or changed risk to the City.

5. RISK MANAGEMENT CULTURE

A risk aware culture is essential to good risk management. The Policy and this Procedure will be communicated across the organisation and embedded into practices and processes rather than be viewed or practiced as a separate activity.

It's important that all staff support and encourage a positive risk management culture by:

- playing an active part, and not simply mandating production of reports;

- empowering employees to manage risks effectively;
- acknowledging, rewarding and publicising good risk management;
- having processes that promote learning from errors, rather than punishing;
- encouraging discussion and analysis of unexpected outcomes, both positive and negative; and
- not over-responding to problems by introducing restrictive, complicated or one-size-fits-all controls.

Council and the EMC have a key role in promoting risk by setting the tone from the top and in allocating sufficient resources for risk management activities.

6. RISK MANAGEMENT RESPONSIBILITIES

The City's Audit Committee is responsible for:

- Facilitating effective management of the City's risks through regular review and challenge of the City's Corporate Risk Register, and reporting the high and extreme risks to Council for approval of the proposed risk treatment.
- Considering the CEO's performance indicators in relation to the effectiveness of risk management and providing advice to Council on performance in this area.
- On an annual basis, providing a report to Council on the effectiveness of the City's risk management.

The Executive Management Committee is responsible for:

- On a monthly basis, reviewing and updating the Corporate Risk Register and confirming that risks are appropriately captured, rated and managed (or identifying exceptions where they exist).
- Presenting the Corporate Risk Register, including the proposed risk treatments for high and extreme risks, to the Audit Committee on a quarterly basis, or more frequently if required.
- Ensuring all staff are aware of their risk management responsibilities.

Each Executive Director is responsible for:

- Reviewing risks for their directorate to ensure risks are appropriately managed and included in the Corporate Risk Register as appropriate (medium, high and extreme risks to be included in Corporate Risk register).
- Approving the risk treatments for medium level risks.

Each Manager is responsible for:

- Approving the risk treatment for low level risks.

RISK MANAGEMENT PROCEDURE

CITY OF VINCENT

- Providing updates on new and emerging risks (medium, high and extreme) and control effectiveness to the Governance team so they can be included in the Corporate Risk Register.
- Ensuring their Strategy House Risk Register is contemporary and comprehensive.
- Alerting the relevant Executive Director of changes to the risk environment including changes to control adequacy and effectiveness or increases or decreases to ratings of likelihood and consequence.

The Corporate Strategy and Governance team is responsible for:

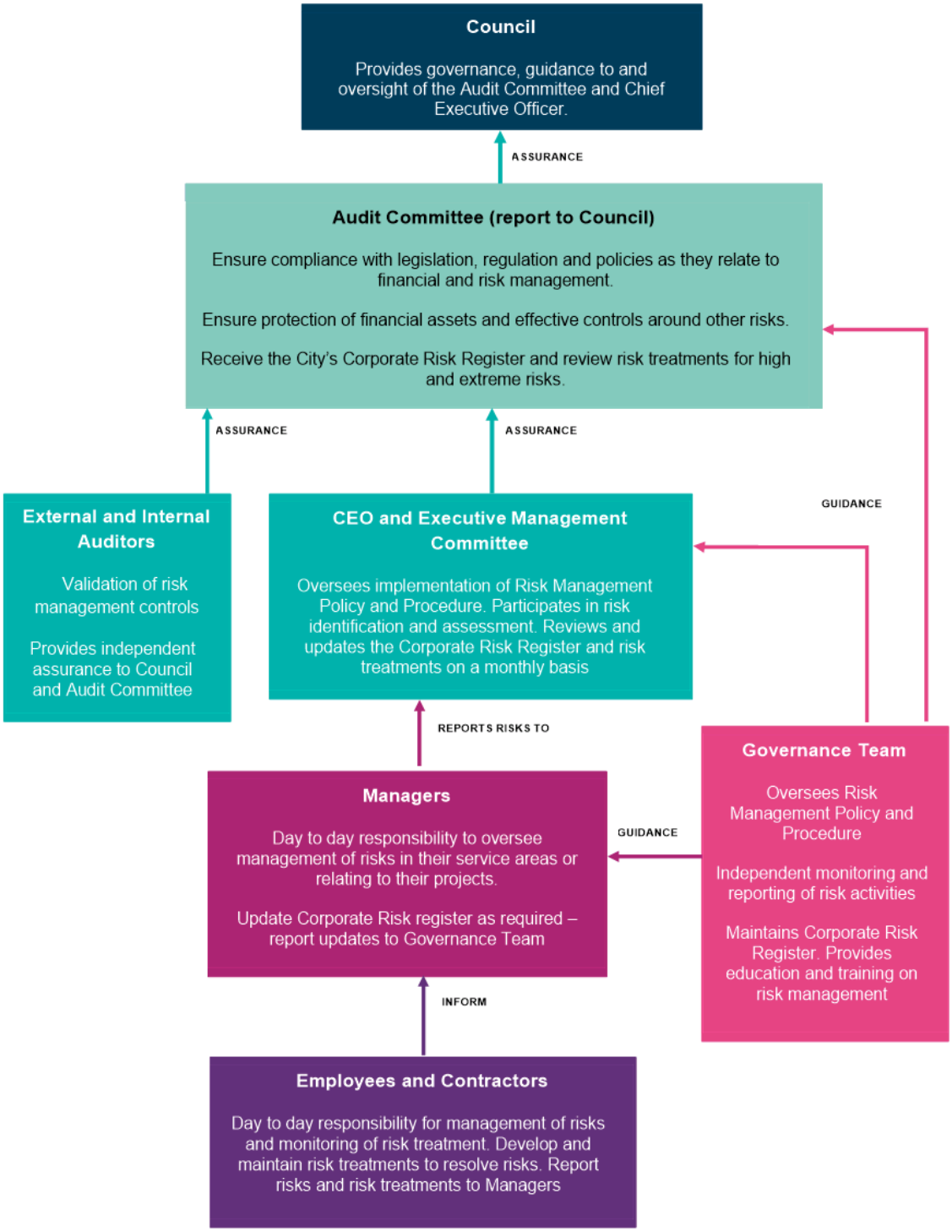
- Ensuring the City's Corporate Risk Register is reviewed monthly and presenting it to the Executive Management Committee.
- Presenting the Corporate Risk Register to the Audit Committee.
- Reviewing the Policy and Procedure annually to ensure they remain relevant and reflect the City's risk management approach.
- Organising annual training for all staff on risk management and communicating the Policy and Procedure to relevant staff.

A flow chart detailing responsibilities for risk management is attached at **Attachment 1**.

RISK MANAGEMENT PROCEDURE

CITY OF VINCENT

ATTACHMENT 1 – RISK RESPONSIBILITY



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Next Review Date	DATE: <REVIEW DATE>,

INTERNAL AUDIT PROGRAM 2021/22 – 2023/24

CITY OF VINCENT

Responsible directorate	Office of the CEO.
Responsible team	Corporate Strategy and Governance.
Responsible officer	Executive Manager, Corporate Strategy and Governance.
Affected teams	All
Legislation / local law requirements	Regulation 17 *Local Government (Audit) Regulations 1996.*
Relevant delegations	Nil.
Related policy procedures and documents	Risk Management Policy and Procedure Corporate Risk Register

PURPOSE

To set out the City of Vincent's internal audit program for the next three years, commencing in 2021/22.

The internal audit program takes a risk-based approach. It is aimed at addressing the City's key high risks, which relate to non-compliance and fraud, corruption and misconduct (see below). The purpose of this internal audit program is to test the effectiveness and adequacy of the City's controls, processes and practices aimed at managing these two high risks.

BACKGROUND

The internal audit program has been developed based on the following:

- City's key strategic risks as set out in the Corporate Risk Register
- Results and recommendations of the regulation 5 and regulation 17 audits completed by Stantons International in November 2020
- Office of the Auditor General's Financial and Information Systems Audit for 2019/20

The City's Corporate Risk register includes the following two high risks:

- Non-compliance with the City's legislative and governance obligations under the *Local Government Act 1995;* and
- Failure to ensure robust corporate governance, including preventing occurrences of fraud, corruption and misconduct.

The actions identified in response to these risks are:

- Develop and implement an internal audit program to monitor compliance and performance.
- Undertake independent audits of high risk areas, including payments made and services delivered pursuant to high value / high risk contracts.
- Conduct regular internal audits on fraud and corruption.
- Conduct regular audits against findings by integrity bodies like CCC, PSC and OAG (for example, OAG performance audits).

INTERNAL AUDIT PROGRAM 2021/22 – 2023/24

CITY OF VINCENT

The internal audit program includes the audit item (with the associated risks listed based on the critical success factor risk identification), the risk causes, the inherent risk rating, the risk categories and the associated audit actions required. The audit items have been prioritised based on the high risk areas and when an audit was last undertaken.

There are six internal audits proposed for each year.

IMPLEMENTATION OF PROGRAM AND REPORTING

The City will engage a suitable qualified auditor to undertake the audits set out in this program independently. The auditor will be appointed for a one year term, with two one year extensions, subject to the satisfactory completion of all the audits listed for the first year.

The audit plans for each specific audit will be prepared by the appointed internal auditor (party independent of the City) in consultation with the Executive Manager Corporate Strategy and Governance and the Audit Committee.

The appointed auditor will liaise only with the Executive Manager Corporate Strategy and Governance and the Audit Committee Chair, if required.

The outcomes of each audit will be reported to the City's Executive Management Committee and the Audit Committee.

Actions identified as a result of the audits will be added to the City's Audit Log and monitored until complete. It is intended that the findings of the audits will lead to improvements to the effectiveness of risk management, internal controls, legislative compliance and governance processes.

INTERNAL AUDIT PROGRAM 2021/22 - 2023/24

CITY OF VINCENT

AUDIT PLAN 2021/22 – 2023/24

Audit Item	Risk causes identified	Risk rating (inherent)	Audit Focus Area	Admin comment - March 2021
YEAR 1 – 2021/22				
Tender contracts/contractors – risk of failure to detect and prevent overcharging, fraud and corruption	Lack of oversight/review of expenditure on high value maintenance contractors/contracts	Medium risk – reputation, compliance and finance	Review and assessment of items charged/invoiced to the City by contractors where that contractor was procured via a tender process. To include one or more of the City's general maintenance contractor/contracts.	Identified by Council as an area of risk, requires separate review
Records management - including FOI process – risk of non-compliance with governance and legislative requirements	Unclear processes and roles and responsibilities	Medium risk - reputation, compliance, financial	Review use of document management system Review FOI process	Stantons Audit Nov 2020 recommended that a review of the useability of the Records Management System occur. Compliance testing of record keeping required.
Credit card use - risk of failure to detect and prevent occurrences of fraud and corruption	Lack of oversight in use/lack of checks	High risk - reputation, compliance, financial	Review relevant policies and processes	High risk area, needs separate review.
Swimming pool inspection process - risk of non-compliance with legislative requirements and damage to public health	Documentation of processes. Clarity of delegations.	Medium risk – reputation, compliance, financial, public safety	Random review of approval assessment process, including online processes and disclosure of COI.	Not previously reviewed independently.
Gifts and COI – risk of failure to detect and prevent occurrences of fraud and corruption and non-compliance with good governance and legislative requirements	Unclear gift provisions and lack of understanding by staff	High risk - reputation, compliance, financial	Review Governance Framework and COI requirements, including communication to all staff Review induction and training material	Stantons Audit Nov 2020 recommended that legislative compliance form part of internal audit. Noted governance framework created, need to check implementation

INTERNAL AUDIT PROGRAM 2021/22 - 2023/24

CITY OF VINCENT

			Review COI and gift registers and record keeping	
Detection and reporting of fraud and corruption, PID disclosures, whistleblowing and cyber security - risk of failure to detect and prevent occurrences of fraud and corruption and non-compliance with good governance and legislative requirements	Unclear roles and responsibilities and avenues for reporting	High risk - reputation, compliance, financial	Review Fraud Plan and Policy, Governance Framework and anonymous reporting system, and implementation / communication to organisation	Stantons Audit Nov 2020 noted that anonymous reporting system had been set up, needs to be tested. OAG Performance Audit 2019 – Fraud Prevention – Plan prepared to meet requirements of Audit, Training provided in April 2021
Fleet, assets and CCTV management – risk of misuse of fleet and resources, including ICT assets and buildings	Lack of verification and controls	High risk – property, reputation, financial, safety	Review relevant strategies, policies and processes – Asset Strategy and CCTV Policy	Not previously reviewed independently. Ageing assets pose significant risk to City. High risks relating to ICT systems.
YEAR 2 – 2022/23				
Procurement and contract management – risk of failure to detect and prevent occurrences of fraud and corruption and non-compliance with good governance and legislative requirements	Poor procurement and contract management awareness.	High risk – property, reputation, financial, compliance	Review relevant policies, frameworks and processes. Review training process. Review separation of duties. Compliance testing – contracts, quotes, journals, variations of POs.	External audits and Stantons Audit Nov 2020 identified this as high-risk area. Significant improvements made, need to test effectiveness.
HR policies and procedures, including payroll – risk of failure to maintain staff health and wellbeing, and act in compliance with legislation and good governance	Outdated policies and processes	Low risk – reputation, compliance, financial	Review policies and procedures and communication to staff. Review payroll practices / compliance testing.	Policies updated in 2018 and in need of review.
Business continuity and emergency planning – risk of lack of service continuity in business disruption or emergency (including ICT response)	Unclear roles and responsibilities, lack of documented processes	Medium risk – reputation, financial, people, safety, property	Review BCP and emergency management plans, and communication to staff. Annual business continuity scenario / workshop.	Not previously reviewed independently. Need to test BCP which was developed in March 2020 and reviewed in March 2021.

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Project management – risk of failure to ensure projects are delivered within scope	Unclear framework and roles and responsibilities	Medium risk – reputation, financial, project	Review effectiveness and adequacy of current framework and how it aligns with current practices	Not previously reviewed independently. Significant changes implemented since 2019. Need to review effectiveness and adequacy.
Audit Committee role and functions– risk of failure to detect and prevent occurrences of fraud and corruption and non-compliance with good governance and legislative requirements	Unclear roles and responsibilities and lack of knowledge across organisation	Medium risk – reputation, financial, people, compliance	Review Audit Committee Terms of Reference and current practices and processes. Review OAG Better Practice Guide. Review induction materials and training for members.	Audit Committee not previously reviewed independently. Significant changes made in 2020 – need to review adequacy and effectiveness of current practices.
Information security – risk of information loss, compromise and availability	Poor ICT systems (vulnerability and lack of controls)	Medium risk - reputation, compliance, financial	Review information security Review privacy policy	Compliance testing of information security required.
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Risk management - Lack of robust (financial and non-financial) risk management	Unclear roles and responsibilities and knowledge across organisation. Lack of ownership by managers / directors.	Low risk – property, reputation, compliance, financial	Review effectiveness and adequacy of Risk Management Policy and Procedure. Review reporting of risks through Corporate Risk Register. Review risk appetite and tolerance statements.	Stantons Audit Nov 2020 found that RMF well documented. Senior staff received training on applying Risk Management Policy and Procedure in December 2021. Need to assess adequacy and effectiveness of new RMF annually.
Documentation of processes – risk of lack of continuity of services and inconsistency in decision making / service delivery	Poor documentation of processes due to time / training / access	High risk - property, reputation, compliance, financial	Review Corporate Process Management Charter and documentation by teams. Review use of Promapp – including consistency and controls. Review use of Content Manager.	Corporate process management charter and framework adopted and licence with ProMapp. Documentation of processes occurring by some teams (available to all teams). Testing of adequacy and effectiveness of documentation required.

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Legislative compliance and Council processes - risk of failure to detect and prevent occurrences of fraud and corruption and non-compliance with good governance and legislative requirements	Unclear processes, lack of checks	Medium risk - reputation, compliance, financial	Review processes – compliance calendar, CAR, Council reporting, Governance Framework	The City now has a compliance calendar and dedicated communication channel for legislative changes / requirements. Stantons Audit Nov 2020 recommended that legislative compliance form part of the internal audit plan. CAR also assists with legislative compliance (annual).
Electoral Roll – risk of failure to detect and prevent occurrences of fraud and corruption and non-compliance with good governance and legislative requirements	Lack of oversight / random checks of electoral roll	High risk - reputation, compliance, financial	Undertake random checks of electoral roll, identify patterns	Identified as risk area in City of Perth Inquiry. Random compliance testing will be conducted by Rates Team prior to 2021 election.
ICT systems and security – risk of failure to provide adequate and effective ICT systems, ensure good governance and prevent fraud and corruption	Inadequate security, systems and controls	High risk - reputation, compliance, financial	Review changes implemented as a result of 2020 ICT audit by OAG.	OAG audit on ICT systems identified significant shortfalls in City's controls and systems. Changes implemented to address these. Need to test these.
Integrated planning and reporting framework (SCP, CBP, CWP, LTFP, budget) – risk of failure to make decisions and delivery projects ad services in line with strategic priorities and legislation	Unclear roles and responsibilities	Medium risk – reputation, compliance, financial	Review corporate calendar and IPRF process for compliance and best practice.	Not previously reviewed independently.

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OFFICE USE ONLY	
Approved by CEO	DATE: <APPROVAL DATE>, REF# <TRIM REF>
Reviewed / Amended	DATE: <APPROVAL DATE>, REF#: <TRIM REF>
Next Review Date	DATE: <REVIEW DATE>,

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Summary of open Confidential items **Office of the Auditor General Information Systems Audit:** 1. EA:2020/10 (1) (a) and (b) — High 2. EA:2020/10 (3) — Moderate 3. EA:2020/10 (7) — Moderate 4. EA:2020/10 (9) — Moderate 5. EA:2020/10 (10) — Moderate 6. EA:2020/10 (11) — Moderate 7. EA:2020/10 (12) — Moderate 8. EA:2020/10 (14) — Moderate 9. EA:2020/10 (22) — Moderate **Stanton Reg 5 & 17 Review** 10. EA 2020/12 (9) — Moderate **Office of the Auditor General – Financial Audit** 11. EA 2020/12 (14) — Significant			

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AUDIT DETAILS	MANAGEMENT RESPONSE	ACTION	PROPOSED COMPLETION DATE
EA:2019/7 **Office of the Auditor General's Performance Audit 2019 - Fraud Prevention in Local Government - Findings and Recommendations** **Finding:** 1. Entities have not implemented a coordinated approach to manage their fraud risk. 2. Entities could make themselves more fraud resistant if they strengthen their controls; and 3. Better reporting avenues would help entities detect and respond to fraud. **Recommendation:** Develop a fraud and corruption control plan and review at least every 2 years. **Risk Rating (prior to controls):** High **Risk Rating (with current controls):** High	**Responsible Officer:** Executive Manager Corporate Strategy and Governance **Comments:** Governance will review the City's current Fraud and Corruption Prevention Policy and prepare a control plan which incorporates this policy. The proposed implementation date for the plan is June 2020. The plan will be reported to Audit Committee annually and updated as required.	**November 2019** Governance to engage a consultant to undertake review and implementation of the fraud control plan in January 2020. The two-yearly review of the plan will be included in the compliance calendar. **February 2020** Yet to commence. Further resourcing or a consultant is required. **March 2020** Initial discussions with City of Nedlands in respect to a shared resource / consultant have occurred, but currently on hold due to change in priorities due to COVID-19. **June 2020** No progress to date **July 2020** No progress to date. **August 2020** No progress to date. **October 2020** No progress to date. **November 2020** The updated draft policy and fraud and corruption control plan have been drafted. The updated policy is subject to Council approval and public consultation. **January 2021** Plan has been completed and was circulated to the Audit Committee members in December 2020. Minor amendments were provided by the Chair and have been made. **February 2021** The policy will be presented to Council for advertising at the 23 March 2021 Ordinary Council Meeting. Training for all staff is scheduled for ~~February and~~ March and April 2021. **March 2021** Policy approved for advertising at 23 March 2021 and is being advertised in April 2021. Results of advertising will be presented to the 25 May 2021 Ordinary Council Meeting. Training is being provided to all staff in April 2021.	~~30/06/2020~~ 31 December 2020 **Complete** ~~April 2021~~ May 2021
EA:2020/10 (1) (a) and (b) **Office of the Auditor General Information Systems Audit – CONFIDENTIAL** **Risk Rating (prior to controls)** High	**Responsible Officer:** Executive Manager Information and Communication Technology	See Confidential log	

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EA:2020/10 (3) **Office of the Auditor General Information Systems Audit – CONFIDENTIAL** **Risk Rating (prior to controls)** Moderate	**Responsible Officer:** Executive Manager Information and Communication Technology	See Confidential log	
EA:2020/10 (4) **Office of the Auditor General Information Systems Audit – Information Security Policy** **Finding** We found that the City does not have an adequate *Information Security Policy* to cover key areas of information security. The current policy is in draft as the City is in the process of developing it. **Implication** Without adequate policies and procedures, there is an increased risk that the City will not achieve its objectives for information security. Additionally, staff may not be aware of management expectations relating to security of information. **Recommendation** The City should reviewing and update its current policies and procedures or develop new ones appropriately address all relevant areas of information security. Management should endorse the new policies and notify all employees and relevant stakeholders of updates. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Low **Related Audit Query** **EA:2020/11 (10)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** As noted in the Finding, Administration has a draft Information Security Program and will seek to formalise it and align all security activities and improvements to it. The document is based on standards used by the Office of the Auditor General during this audit. **December 2020** The Information Security Program will be tabled at Executive Management Committee in December 2020. Completion of this activity is now aligned to training outcome in EA 2020/10(6) **January 2021** On track. Information Security Program endorsed by Executive Management Committee in December 2020. **February 2021** On track. Cyber security training solution now implemented in pilot ahead of full staff rollout. **March 2021** Completed. Baselining of staff cyber behaviour has commenced with a training program staged across the year.	~~December 2020~~ March 2021 **Complete**

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EA:2020/10 (5) **Office of the Auditor General Information Systems Audit – Operational ICT Risks** **Finding** We found that the City's ICT risks have not been appropriately identified. The current IT risk register is limited to high-level business continuity risks and does not include the broader listing of operational risks and controls associated with IT functions. **Implication** An incomplete risk register limits the ability to assess the effectiveness of specific controls against risk and their treatments. This could result in control gaps going undetected and/or control deficiencies left unresolved. **Recommendation** The City should expand on its information risk management process to ensure: • the ICT risks within the risk register are up to date and maintained • all relevant risks are appropriately documented in the ICT risk register • the ICT risk management process aligns with the broader organisation risk register • controls are appropriately assessed and assigned relevant ratings in line with internal guidelines. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Low	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Developing and maintaining a broad register of ICT operational risks will be formally included inside a managed services agreement. Administration will maintain risk ownership while managed service resourcing will help coordinate risk maintenance and controls. **December 2020** On track. An initial review of operational risks is in progress. **January 2021** In draft **February** Review of draft delayed due to other priorities. To be completed by ICT team in February 2021. **March 2021** Completed. To be reviewed monthly.	~~January 2021~~ February 2021 **Complete**

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EA:2020/10 (6) **Office of the Auditor General Information Systems Audit – Information Security Training and Awareness** **Finding** We found that the City does not have a formalised induction training and an ongoing awareness program covering information security responsibilities and cyber risks relevant to the City. We note that the City informs its staff about phishing scams via emails. **Implication** Without a formal induction training and ongoing information security awareness program, there is an increased risk that individuals will not understand security risks relevant to the City and their personal responsibilities. This may result in inappropriate actions, which affect the confidentiality, integrity and availability of information. **Recommendation** The City should establish an appropriate induction and ongoing information security awareness program. The program should be used to help maintain awareness of the information security and cyber risks relevant to the City. It should also ensure individuals are aware of their personal responsibilities for information security. The awareness program should be updated regularly so it stays in line with policies, procedures and any new or emerging threats. It should also incorporate any lessons learned from information security incidents along with relevant details from information security good practices. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Low	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Administration will establish induction training and an ongoing information security awareness program. **December 2020** Training is now aligned to delivery of Information Security Program in EA 2020/10(4). **January 2021** On track. Information Security Program endorsed by Executive Management Committee in December 2020. **February 2021** On track. Cyber security training now in pilot ahead of full staff rollout. Solution procured from a local City of Vincent business (Blue Zoo). **March 2021** Completed. Baselining of staff cyber behaviour has commenced with a training program staged across the year.	March 2021 **Complete**
EA:2020/10 (7) **Office of the Auditor General Information Systems Audit – CONFIDENTIAL** **Risk Rating (prior to controls)** Moderate	**Responsible Officer:** Executive Manager Information and Communication Technology	See Confidential log	
EA:2020/10 (9) **Office of the Auditor General Information Systems Audit – CONFIDENTIAL** **Risk Rating (prior to controls)** Moderate	**Responsible Officer:** Executive Manager Information and Communication Technology	See Confidential log	
EA:2020/10 (10) **Office of the Auditor General Information Systems Audit – CONFIDENTIAL** **Risk Rating (prior to controls)** Moderate	**Responsible Officer:** Executive Manager Information and Communication Technology	See Confidential log	
EA:2020/10 (11) **Office of the Auditor General Information Systems Audit – CONFIDENTIAL** **Risk Rating (prior to controls)** Moderate	**Responsible Officer:** Executive Manager Information and Communication Technology	See Confidential log	
EA:2020/10 (12) **Office of the Auditor General Information Systems Audit – CONFIDENTIAL** **Risk Rating (prior to controls)** Moderate	**Responsible Officer:** Executive Manager Information and Communication Technology	See Confidential log	

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EA:2020/10 (14) **Office of the Auditor General Information Systems Audit – CONFIDENTIAL** **Risk Rating (prior to controls)** Moderate	**Responsible Officer:** Executive Manager Information and Communication Technology	See Confidential log	
EA:2020/10 (17) **Office of the Auditor General Information Systems Audit – IT Asset Management** **Finding** We found that the City's IT asset management process is not effective. The following issues were identified: • The City does not have up to date IT asset register information and relevant asset details such as asset status and owner are not recorded. • The City does not have any formal procedure to ensure that all sensitive data and licensed software has been removed or securely overwritten as part of the disposal and re-use of IT assets process. **Implication** Without an effective IT asset management process there is an increased risk that IT assets will be lost or stolen. Without appropriate procedures to manage the disposal and re-use of IT assets, there is a higher risk that sensitive data may not be removed or securely erased. As a result, the City may suffer financial loss and damage to its reputation. **Recommendation** The City should: • establish an effective IT asset management process. This process should ensure IT assets are appropriately managed throughout their lifecycle (from acquisition to disposal) • relevant information on IT assets accurately recorded and maintain relevant information about IT assets in the IT asset register. Periodic audits of IT asset information against physical IT assets should be undertaken to ensure the information is accurate and up to date. Any anomalies with IT assets should be appropriately rectified • ensure that all IT assets containing storage media are appropriately sanitised or destroyed as part of the disposal process. Accurate documentation and records relating to IT asset disposals must be maintained. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Low **Related Audit Query** **EA:2020/11 (6)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Administration notes that an ICT asset management system was already being introduced during the time of audit and will capture all physical and software/license assets. IT asset management acquisition, tracking and disposal processes will be formalised per the Information Security Program noted in OAG Finding 5. **December 2020** On track. System registration of assets is progressing and now tracks ownership of all staff devices. Along with data sanitisation, WA State Supply Commission guidelines will be used for disposal of goods: *ethically, equitably, efficiently and safely, in a manner that maximises a value outcome for government whilst minimising any negative impacts of disposal of the good* **January 2021** On track. **February 2021** On track. **March** Completed. Registration and tracking of assets in place and ongoing. Re-use and disposal procedure documented.	May 2021 **Complete**

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EA:2020/10 (18) **Office of the Auditor General Information Systems Audit – Contract Management** **Finding** We found that the City's contract management process is not effective. We identified that: • the City does not have an up-to-date *Contract Management Framework* and contract register • the configuration of the new contract management system is under development and the relevant staff are not fully aware of the functionality of the system. As a result, there is no comprehensive contract reporting in place. We acknowledge that the City recently established a centralised contract management tool and *Contract Management Framework* is in draft. **Implication** Without an appropriate contract management process, the City is at a higher risk of failing to identify: • unsuitable working arrangements with vendors, which may result in a failure to realise business benefits • unexpected cost increases or inappropriate practises in a timely manner • unauthorised access or changes to the contract register. **Recommendation** The City should: • review its *Contract Management Framework* and, where appropriate, centralise vendor management practices • develop suitable guidelines to manage the City's contract register • complete regular supplier performance reviews of all vendors as required. Records of reviews should be retained • maintain records of all contracts within its contract management system, including key financial details relevant to the contracts • complete the access and system configuration of its new contract management system. Subsequently, review access to the system and monitor key contract financial information regularly. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Moderate **Related Audit Query** **EA:2020/11 (1)**	**Responsible Officer:** Executive Manager Financial Services	**October 2020** The noted draft Contract Management Framework and system will be completed, formalised and communicated to staff. **December 2020** Administration has focused on improving contract management over the last 12 months, which has included the implementation of a new contract's management module in Authority and creation of a contract register in Authority. A contract management framework has also been drafted and will be presented to Executive Management Committee early next year. Training will then be rolled out to all staff that manage contracts at the City. **February 2021** The draft contracts management framework will be presented to March audit committee. The training and roll-out plan of the framework is being finalised. **April 2021** Training material and roll-out plan is being finalised. Training is scheduled to be rolled out in May 2021	~~March 2021~~ June 2021

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EA:2020/10 (19) **Office of the Auditor General Information Systems Audit – Disaster Recovery Plan** **Finding** We found that the City does not have an ICT disaster recovery plan (DRP). **Implication** Without an adequate DRP and appropriate testing, there is an increased risk that key business functions and processes may not be restored in a timely manner after a disruption, affecting the operations of the City. **Recommendation** The City should develop and test its DRP to confirm that systems can be recovered in accordance with business expectations and key staff should be familiar with the plan and their specific roles and responsibilities in a disaster situation. The results of testing should be recorded, and the relevant actions taken to improve the plan where necessary. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Moderate	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Administration will introduce managed backup and infrastructure services that include disaster recovery capability. Disaster recovery and information security continuity processes will then be will be formalised per the Information Security Program noted in OAG Finding 5. A formal plan will then be prepared for publication to staff and testing purposes. **December 2020** On track. **January 2021** On track. Disaster Recovery policy now in place. Operational systems (backup and recovery) now compliant for onsite backup. Bandwidth upgrade procured to enable transit of backup files for offsite storage. **February 2021** On track. Offsite backup/recovery service commissioned and providing partial coverage. Bandwidth upgrade scheduled for April 2021 to enable full coverage. **March 2021** On track. Formal DR plan being documented, including 6 monthly test schedule.	April 2021
EA:2020/10 (20) **Office of the Auditor General Information Systems Audit – Business Continuity Plan – Testing** **Finding** We found that appropriate tests of the business continuity plan (BCP) have not been undertaken. Due to the lack of testing, the effectiveness of the plans and the City's ability to execute them is unknown. **Implication** Without appropriate testing of the BCP there is an increased risk that key business functions and processes may not operate as expected during a major incident. In addition, the key business functions may not be appropriately recover following a major incident. This is likely to impact business operations and the delivery of key services. **Recommendation** The City should undertake appropriate tests to verify the effectiveness of the BCP. These tests should also verify that key staff are familiar with the plans and their specific roles and responsibilities in a disaster situation. The results of these tests should be recorded and the relevant actions taken to improve the plan where necessary. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Moderate	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Administration notes that there has been 0% interruption to non-library/recreational facility services throughout COVID-19 disruptions in Perth. COVID-19 has been a major incident and required significant change to how business functions operated. City staff who continue to work remotely are effectively testing part of the City's business continuity systems on a daily basis. Through improvements to data backup and infrastructure recovery noted in OAG Finding 20, Administration will expand business continuity testing to include system and infrastructure incidents as part of a managed services agreement. **December 2020** On track per EA:2020/10 (19) above. Completion date updated to align with Disaster Recovery Plan activities. **January 2021** On track. **February 2021** On track. **March 2021** On track. Backup recovery being tested in offsite environment for complete Admin building disaster scenario.	~~March 2021~~ April 2021

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EA:2020/10 (21) **Office of the Auditor General Information Systems Audit – Information Security Incident Management Plan** **Finding** We found that the City does not have an information security incident management plan. **Implication** Without a developed and documented security incident response plan there is an increased risk that the IT department may not be able to respond to IT security incidents in an effective and timely manner. **Recommendation** The City should develop an appropriate information security incident management plan. This plan should include relevant procedures to ensure the effective response and management of all information security related incidents. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Low	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** An incident management and response plan will be formalised per the Information Security Program noted in OAG Finding 5. **December 2020** On track. The City is preparing for a system upgrade to help reduce the overhead of incident response and management. The system will form part of an incident response and management plan. **January 2021** On track. Incident management plan policy now in place. Cyber incident management processes in place through external service. **February 2021** No change. **March 2021** Completed. Incident response mapped, including sub-process of external service provider.	March 2021 **Complete**
EA:2020/10 (22) **Office of the Auditor General Information Systems Audit – CONFIDENTIAL** **Risk Rating (prior to controls)** Moderate	**Responsible Officer:** Executive Manager Information and Communication Technology	See Confidential log	
EA:2020/10 (23) **Office of the Auditor General Information Systems Audit – Standard Operating Environment** **Finding** We found that a standard operating environment is not used on workstations. We identified that: • there is no monitoring of compliance with secure workstation configuration • relevant staff will not be notified if users attempt or successfully change their workstation configuration, including the installation/removal of software. **Implication** Without monitoring compliance with secure workstation configuration, there is an increased risk that unauthorised system configuration changes are made to computers. These changes could compromise the confidentiality, integrity and availability of information. **Recommendation** The City should develop its standard operating environment process and monitor compliance with secure workstation configuration. The process should include efficient notifications to relevant staff of critical changes or attempts to change workstation configuration. **Risk Rating (prior to controls)** Minor **Risk Rating (with current controls)** Low	**Responsible Officer:** Executive Manager Information and Communication Technology	**October 2020** Monitoring of workstation compliance will be included inside a managed services agreement. Once implemented, notification processes will then be considered as part of a review to determine the feasibility and threat of staff being able to install software without administrative assistance. **December 2020** On track. An improved approach to SOE (Standard Operating Environment) deployment and management is being developed. This will also assist with remote deployment and remove the dependency of Admin office visits for software updates. **January 2021** Progressing, albeit with technical challenges. Vendor escalation has been required to help diagnose and remediate issues. **February 2021** Delayed. Technical issues not yet resolved. SOE itself is prepared, but the automated deployment process has not been completed. Aiming for March 2021 completion. **March 2021** Completed. Deployment process complete and now being rolled out across workstations.	**Complete**

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EA:2020/12 (1) **Stanton Reg 5 & 17 Review – Contract Management Procedure and Framework** **Finding** The City's previous contract management processes were inadequate. Contracts were currently managed within the different business units leading to poor oversight by the City on existing contracts, the City had no assurance that contracts were being managed adequately and spending was in accordance with the City's delegations or if there were duplicate contracts in place providing identical/similar services/goods. However, the City is currently in the process of improving their contract management processes, the updated and revised contract management policy and framework reflecting this new process and the use of the new contract management module within Authority are still in draft and awaiting Council endorsement. **Recommendation** Audit recommends that the City promptly review and present to Council the revised contract management policy and contract management framework outstanding to be endorsed. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Moderate **Related Audit Query** **EA:2020/10 (18)**	**Responsible Officer:** Executive Manager Financial Services	**December 2020:** Administration has focused on improving contract management over the last 12 months, which has included the implementation of a new contract's management module in Authority and creation of a contract register in Authority. A contract management framework has also been drafted and will be presented to Executive Management Committee early next year. Training will then be rolled out to all staff that manage contracts at the City. **February 2021** The draft contracts management framework will be presented to March audit committee. The training and roll-out plan of the framework is being finalised. **April 2021** Training material and roll-out plan is being finalised. Training is scheduled to be rolled out in May 2021	30 June 2021
EA:2020/12 (2) **Stanton Reg 5 & 17 Review – Reporting on Contracts** **Finding** The City does not centrally report and monitor the status of current contracts or review the effectiveness of their management or check for any ongoing issues. **Recommendation** Audit recommends that the City regularly report contract spending, upcoming contract expiry dates, contract variations or extensions or any contentious contract issues to senior management, this could be done via the weekly Corpex or monthly EMC meetings. The transition to the contract management module within Authority should easy facilitate the compiling of this information so it can be reported. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Moderate	**Responsible Officer:** Executive Manager Financial Services	**December 2020:** Management will ensure that information relating to new contracts, contracts to expire in the next 6 months, any contracts that have contentious issues and any contract with excess spend will be included in EMC's monthly reporting. **February 2021** This information will be included in the March EMC report. The team however will be working on the completeness of the contracts register as part of the Contracts management roll-out. **April 2021** Contract management information have been included in EMC monthly reporting. Compliance testing will also be conducted to ensure the contracts register has been updated.	31 March 2021 **Complete**

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EA:2020/12 (3) **Stanton Reg 5 & 17 Review – Access Management on Phoenix System** **Finding** There was no evidence that random live tests of user access are performed over the Phoenix system at Beatty Park. **Recommendation** The City should randomly review user access on the Phoenix system to ensure it is line with what the actual user requirements. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Moderate	**Responsible Officer:** Manager Beatty Park Leisure Centre	**December 2020:** The City will conduct an access review immediately and then schedule 6 monthly reviews of all users on Phoenix. **April 2021:** Access has been completed and review implemented.	31 December 2020 **Complete**
EA:2020/12 (4) **Stanton Reg 5 & 17 Review – Updating Asset Policy and Procedure** **Finding** The City's current asset policy and related asset procedures do not reflect the recent changes the City made requiring the different service areas to maintain their own asset register for assets less than $5,000 **Recommendation** Audit recommends the City updates their asset process to reflect that asset registers for assets less than $5,000 are to be maintained by the different services areas. **Risk Rating (prior to controls)** Minor **Risk Rating (with current controls)** Minor	**Responsible Officer:** Executive Manager Financial Services	**December 2020:** The City's asset procedure will be updated, and training and guidance will be provided to staff on the basics of asset management, including maintenance of asset register for assets less than $5,000. **February 2021:** Asset procedure has been updated and training is planned to be completed by end of March. **April 2021:** Asset procedure has been updated and forwarded to all asset managers. Compliance testing by the finance team will be conducted on an ongoing basis.	31 March 2021 **Complete**
EA:2020/12 (5) **Stanton Reg 5 & 17 Review – Procedure on Verification of Assets** **Finding** The City's current asset policy and asset procedures do not disclose the City's procedure for counting and revaluing assets. The City currently counts and revalues assets by category on an annual rotating basis. **Recommendation** Audit recommends the City updates their asset process to reflect that the City counts and revalues assets by category on an annual rotating basis. **Risk Rating (prior to controls)** Minor **Risk Rating (with current controls)** Minor	**Responsible Officer:** Executive Manager Financial Services	**December 2020:** The City currently revalue assets every 3-5years as per the requirement of the Financial Management Regulations. The City's asset procedure will be updated, and training and guidance will be provided to staff on the basics of asset management, including verification of assets. **February 2021:** Asset procedure has been updated and training is planned to be completed by end of March. **April 2021:** Asset procedure has been updated which includes validating the verification of asset. This has been forwarded to all asset managers. Compliance testing by the finance team will be conducted on an ongoing basis.	31 March 2021 **Complete**

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EA:2020/12 (6) **Stanton Reg 5 & 17 Review – Verification of Assets** **Finding** Through our inquiries regarding asset stock counts and sighting assets within the City's premises, audit noted that assets (office furniture) not tagged or barcoded. **Recommendation** Assets not tagged and barcoded cannot be counted correctly. All assets should be barcoded. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Low **Related Audit Query** **EA:2020/10 (17)**	**Responsible Officer:** Executive Manager Financial Services	**December 2020:** Tagging or barcoding of assets will not be utilised, as an alternative Administration will ensure all asset registers are maintained for assets less than $5000 by the respective manager. Finance will conduct compliance testing and accuracy of these asset registers every 6 months. Asset procedures will also include details of how and when verification of assets should be conducted. **February 2021:** Asset procedure has been updated and training is planned to be completed by end of March. **April 2021:** Asset procedure has been updated and forwarded to all asset managers. Compliance testing by the finance team will be conducted on an ongoing basis.	31 March 2021 **Complete**
	Responsible Officer: Executive Manager Information and Communication Technology	**December 2020:** IT Equipment, asset register for portable assets is in the process of being updated on a new software, Asset Sonar. This work has commenced in March 2020. **January 2021** On track. **February 2021** On track. **March 2021** Completed. Registration and tracking of assets in place and ongoing. Re-use and disposal procedure documented.	**Complete**

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EA:2020/12 (8) **Stanton Reg 5 & 17 Review – Manual Timesheet** **Finding** The City uses manual timesheets, predominately for those employees who work in the depot and recreational leisure centre. **Recommendation** The use of manual timesheets should be eliminated, it is worth noting that the City has already noted this as a finding within their own audit log. **Recommendation** **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Low	**Responsible Officer:** Executive Manager Human Resources and Executive Manager Information and Communication Technology	**December 2020:** The City requires a robust online time-sheeting system which is fit for purpose of a casual workforce (i.e. Beatty Park) that is flexible, easy to use and aligned to the relevant cost centres and employment. Administration has determined that Civica's online time-sheeting module will be suitable for the City. The module however can only be implemented once work orders are activated as part of the Chart of Accounts project scheduled for completion in July 2021. Online time-sheeting will have a mobile option as well. The scoping of this project will be requested to commence in March next year with implementation in December 2021. **January 2021** No change. **February 2021** No change. **March 2021** On track. Beatty Park workforce now trialling mobile application rostering and time-sheeting solution. Future rollout to other casual staff (Depot) pending trial results. Authority ERP electronic time-sheeting to be reviewed post system upgrade in late 2021.	31 December 2021
EA:2020/12 (9) **Stanton Reg 5 & 17 Review – CONFIDENTIAL** **Risk Rating (prior to controls)** Moderate	**Responsible Officer:** Executive Manager Information and Communication Technology	See Confidential log	

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EA:2020/12 (10) **Stanton Reg 5 & 17 Review – IT Security Framework** **Finding** IT Controls are lacking across a few areas including a formal IT security framework or policy, out of date supporting policies, user training, vulnerability management, staff screening, change control, BCP testing and document maintenance. **Recommendation** 1. IT Controls need enhancement including the creation of an IT security framework or policy, ensuring supporting policies such as the Information and Communications Technology Conditions of Use is reviewed and updated, implementing user security training, having vulnerability management such as an intrusion prevention and detection system. Also there needs to be staff screening implemented for sensitive position holders (high financial delegations/high system privileges), formal change control such as a change advisory board, defined BCP testing regime and ensuring IT documents are maintained and kept up to date. **Recommendation** **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Low **Related Audit Query** **EA:2020/10 (4)**	**Responsible Officer:** Executive Manager Information and Communication Technology	**December 2020** The City will formalise its draft Information Security Program to document and govern security training, vulnerability management, change control and continuity testing. *(Refer to OAG IS Finding 4)* **January 2021** On track. Information Security Program endorsed by Executive Management Committee in December 2020. **February 2021** On track. Cyber security training now in pilot ahead of full staff rollout. Solution procured from a local City of Vincent business (Blue Zoo). **March 2021** Completed. Baselining of staff cyber behaviour has commenced with a training program staged across the year.	31 March 2021 **Complete**
EA:2020/12 (11) **Stanton Reg 5 & 17 Review – Record Keeping** **Finding** Poor retrievability of information 'term container used' Record keeping of contract documentation is inefficient and leads to poor retrievability. The record keeping system does not facilitate the use of sub folders which results in all documented related to a subject/topic being saved in a 'container'. With regards to contracts, there are a large number of supporting documentations within these 'containers' thus it can take some time to retrieve the sought-after document **Recommendations** The City should review useability of their record keeping system ensuring that it is operating effectively. For process efficiency allow user to amend and delete own purchase requisition. **Risk Rating (prior to controls)** Minor **Risk Rating (with current controls)** Minor	**Responsible Officer:** Executive Manager Information and Communication Technology	**December 2020** The City will review its record keeping system to ensure it is operating effectively. **January 2021** No change. **February** On track. Functionality of the system reviewed with external support provider: the use of folders will be introduced. A staff survey for system satisfaction as well as improvement suggestions will commence in March 2021. **March 2021** Delayed. Vendor support for staff survey has been delayed to May 2021.	~~31 March 2021~~ June 2021

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EA:2020/12 (13) **Stanton Reg 5 & 17 Review – Compliance Procedures and Systems** **Finding** Legislative compliance procedures and systems are not internally reviewed and audited. **Recommendation** Audit recommends when developing the City's strategic audit plan, legislative compliance reviews should be included to be performed, this will also cover off on the City's future requirements to perform legislative compliance reviews under reg. 17. However, it is worth noting that the City has identified quarterly compliance auditing as a recommendation per their own risk management, internal control, and legislative compliance improvement plan. **Risk Rating (prior to controls)** Medium **Risk Rating (with current controls)** Medium	**Responsible Officer:** Executive Manager Corporate Strategy & Governance	**December 2020** This will form part of the annual internal audit program. The draft internal audit program will be prepared in early 2021 and presented to Audit Committee. **January 2021** Preparation of draft internal audit program delayed due to other priorities. **February 2021** The draft internal audit program is proposed to be presented to the 4 May 2021 Audit Committee meeting. **March 2021**: On track. Will be presented to the 4 May 2021 Audit Committee meeting.	~~30 April 2021~~ 4 May 2021 **Complete**
EA:2020/12 (14) **Office of the Auditor General – Financial Audit – CONFIDENTIAL** **Risk Rating (prior to controls)** Significant	**Responsible Officer:** Executive Manager Information and Communication Technology	See Confidential log	

CITY OF VINCENT AUDIT LOG

EA:2020/12 (18) **Office of the Auditor General – Financial Audit – Adverse trends in financial ratios** **Finding** During our audit we noted the adverse trends in the following ratios when considering the basic standard set by Department of Local Government, Sport and Cultural Industries ("the department"): Below the basic requirements for 3 years: - Asset sustainability - Operating surplus Below the basic requirement and below proceeding two years actual result: - Debt service cover **Implication** Ratios which are below the basic standards as determined by the Department indicate the short term financial performance of the City is likely unsustainable. Additionally, in accordance with the *Local Government (Audit) Regulations 1996* ratios with adverse trends will be reported within the audit opinion. **Recommendation** Management should implement measures to ensure the basic requirements are achieved, where the requirements are not able to be achieved plans for correction action should be made. **Risk Rating (prior to controls)** Significant **Risk Rating (with current controls)** Significant	**Responsible Officer:** Executive Manager Financial Services	**December 2020:** 1. Debt Service Ratio – As a result of the once-off contractual balloon payment of $5.3m for the DLGSC loan, this ratio has been skewed only for the 2019/2020 financial year. The Debt service ratio is expected to normalise for the following years as per the City's current debt portfolio. 2. Operating Surplus - In order to improve this ratio, new funding sources has to be looked at and also the current fees and charges (including rates) need to be analysed to determine if they are sufficient. Strategies will also be developed to improve this ratio when preparing the 2021/2022 -2030/2031 LTFP. 3. Asset Sustainability Ratio – The asset sustainability ratio has improved compared to last year from 0.30 to 0.45 This is an indicator that administration has focused their attention on ensuring capital spend is focused on renewal instead of new expenditure. The City has implemented the following initiatives since last year: • Made a concerted effort on spending on renewal instead of new; • Prepared a 4-year capital works program 2020/21-2023/24; • The City's Asset Management Strategy is in the process of being finalised; and • Adopted the 2020/21-2029/30 LTFP which reflects the projected asset sustainability ratio will reach the benchmark ratio by 2024/25. The following will be the action plans for this year: • Adopting the new asset management strategy; • Updating and aligning the asset management plans to the asset management strategy; and • Updating and preparing the LTFP for 2021/22-2030/31 by incorporating the additional depreciation of NIB stadium into the asset sustainability ratio and revising strategies to attain the benchmark ratio. Department of Local Government Sport and Cultural Industries is in the process of reviewing the current local government ratios as part of the Local Govt Act Reform and some of the benchmarks will be reviewed to be aligned based on the size of the Local Government. **February 2021:** Work has commenced on the LTFP and 4 year capital works program and strategies on how to improve the asset sustainability and operating surplus ratios is being explored. **April 2021:** On track	**Completed** 30 June 2021 30 June 2021

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EA:2020/12 (19) **Office of the Auditor General – Financial Audit – Periodic cleansing of the supplier masterfile** **Finding** During our audit, we identified that there were several old and outdated supplier records. The City of Vincent does not have a formalised process to periodically review its supplier master file to remove/deactivate old, unused or duplicate supplier records. The supplier master file is a comprehensive file in the financial system which stores key information about suppliers for processing payments to suppliers, including information on bank accounts and addresses. **Rating: Moderate** **Implication** The presence of old and unused supplier records increases the risk of duplicate records which also increases the risk of duplicate payments being made. It also increases the risk of fraud, as the unused records can be modified and used to make unauthorised payments. **Recommendation** Management should perform a periodic review of the supplier master file to remove/deactivate inactive, old, unused or duplicate records. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Moderate	**Responsible Officer:** Executive Manager Financial Services	**December 2021:** A detailed process will be developed to ensure the Creditors master file will be reviewed. This will be conducted every 6 months to ensure inactive, old, unused or duplicate creditors records are removed or deactivated. **February 2021** On track **April 2021** The detailed procedure of cleansing the supplier Masterfile has been completed and the initial review has been completed. Going forward the supplier Masterfile will be reviewed every 6 months to ensure it is accurate.	31 March 2021 **Complete**

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EA:2020/12 (21) **Office of the Auditor General – Financial Audit – Quotations - minimum number not obtained** **Finding** Council's purchasing policy states that where the value of a purchase is between $200 and $20,000, at least two written quotes must be obtained and recorded. During our expenditure testing, which included reviewing the procurement process, we identified 3 purchases in this range, out of a sample of 36, where there was insufficient documentation to indicate that the requisite number of quotations had been obtained. **Implication** If purchases are made without obtaining sufficient quotes, there is a risk of favouritism of suppliers and not obtaining value for money. **Recommendation** i) For purchases below the tender threshold, quotes should be obtained, in accordance with the City of Vincent's purchasing policy ii) If instances arise where it is impractical to obtain the requisite number of quotations, the reasons should be recorded and attached to the purchase order at the time of the purchase being made. **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Moderate	**Responsible Officer:** Executive Manager Financial Services	**December 2020:** The following actions will be taken: -The Procurement team will schedule training for individual directorates to reinforce City's Procurement Framework and Policy; and -Ongoing procurement audits will be conducted to ensure compliance. **February 2021** Procurement training has commenced for all directorates. The additional resource in procurement will be able to assist with the compliance audit. In the process of finalising the recruitment for this role. **April 2021** Procurement training, including minimum quotations training has been completed. Procurement will be conducting ongoing compliance audits.	31 March 2021 **Complete**