I hereby give notice that an Audit Committee Meeting will be held on:

Date:	**Wednesday, 13 December 2017**
Time:	**3.00pm**
Location:	**Council Chambers Minlaton Town Hall**
	57 Main Street
	Minlaton

AGENDA

Audit Committee Meeting

13 December 2017

David Harding

DIRECTOR CORPORATE AND COMMUNITY SERVICES

CONFLICT OF INTEREST

Members are reminded of the requirements for disclosure by Members of direct or indirect pecuniary benefit or detriment and non-pecuniary benefit or detriment in relation to a material conflict of interest in accordance with Section 73, or an actual or perceived conflict of interest in accordance with Section 75 of the Local Government Act in items listed for consideration on the Agenda. Section 74 and 75A of the Local Government Act 1999 requires that Elected Members declare any interest and provide full and accurate details of the relevant interest to the Council. In relation to actual or perceived conflicts of interest a member has an obligation to outline how they propose to deal with the actual or perceived conflict of interest prior to consideration of that item on the Agenda.

This requirement does not apply to Ordinary Business Matters prescribed by regulation 8AAA Local Government Act (General) (Accountability and Governance) Variation Regulations 2016.

Each Member of a Council has a duty to vote at all meetings unless excepted by legislation.

The major exception being where a Member has a material conflict of interest.

Agenda

1 Welcome by Chairperson 5
2 Present 5
3 Leave of Absence 5
4 Apologies 5
5 Conflict of Interest 5
6 Minutes of Previous Meeting – for Confirmation 5
7 Visitors to the Meeting 5
REPORTS 7
8 New Business 7
8.1 Audit Committee 2017 Work Plan 7
8.2 2017/2018 September Quarterly Budget Review 12
8.3 2016/2017 External Auditors Report (Audit Opinion) 24
8.4 Audit Committee Annual review and Self Assesment 2017 37
8.5 Internal Audit Plan 2018-2020 48
8.6 Security Assesment Audit Report - CQR Consulting 54
8.7 Draft Major Plant Asset Management Plan 87
8.8 Asset Management Update 89
8.9 Risk Management Report 90
9 General Business 105
10 Next Meeting 105
11 Closure 105

1 WELCOME BY CHAIRPERSON

Meeting declared opened

2 PRESENT

3 LEAVE OF ABSENCE

Nil

4 APOLOGIES

Nil

5 CONFLICT OF INTEREST

6 MINUTES OF PREVIOUS MEETING – FOR CONFIRMATION

Audit Committee Meeting - 25 October 2017

Confidential Audit Committee Meeting - 25 October 2017

7 VISITORS TO THE MEETING

REPORTS

REPORTS

8 NEW BUSINESS

8.1 AUDIT COMMITTEE 2017 WORK PLAN

Document #: **17/87787**

Department: **Corporate and Community Services**

PURPOSE

To consider the revised 2017 Audit Committee Work Plan.

RECOMMENDATION

That the Audit Committee endorse the revised 2017 Audit Committee Work Plan.

LINK TO STRATEGIC PLAN

Goal: 5 Responsible Governance

Strategy: 5.1 Openness and transparency of reporting Council's performance

5.2 Effective leadership and informed decision making

5.3 Meet all legislative requirements and compliance with Council's internal controls

5.5 Undertake effective risk management

5.8 Continuous improvement of Council processes

BACKGROUND

As stated in clause 2 of the Audit Committee Terms of Reference, 26 October 2016, the objective of the Audit Committee is to assist the Council in the conduct of its responsibilities for the management of risk, corporate and financial governance and legal compliance, related to financial reporting and audit initiatives, the internal control system and the audit functions. The committee acts as a source of advice to Council and the Chief Executive Officer in relation to these matters.

DISCUSSION

The Committee will:

- enhance the communication between the external auditor and the Council;
- assist the management of business risks to ensure the protection of Council assets;
- monitor the effectiveness of audit and corporate and financial governance functions;
- enhance the integrity of the financial reporting of the Council; and
- review the effectiveness of the Council's internal controls and risk management systems.

The Terms of Reference are to be read in conjunction with Chapter 8 of the Local Government Act 1999.

The adoption, and constant review, of an Audit Committee Work Plan assists in ensuring the objectives of the Audit Committee are achieved.

There are no major changes to the work plan since the last Audit Committee meeting. Status via colour coding has been updated as appropriate.

COMMUNITY ENGAGEMENT PLAN

Not applicable

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Chief Executive Officer
- Acting Manager Financial Services
- Business Improvement Officer
- Asset Manager
- Risk Management Officer

In preparing this report, the following External Parties were consulted:

- Nil

POLICY IMPLICATIONS

Audit Committee Terms of Reference

BUDGET AND RESOURCE IMPLICATIONS

The orderly and timely review of Council's major financial timetable and reports, internal audit activities and financial reports by the Audit Committee strengthens the credibility of the completed work and reduces risk to Council.

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

A sound control environment will assist in the management of Council's financial risks.

Local Government Act 1999, Chapter 8

ATTACHMENTS

1. 2017 Audit Committee Work Plan

Yorke Peninsula Council
Audit Committee Work Program 2017

Activity	Timeframe (Completed / Current / Deferred)					Notes
	Mar-17	Jun-17	Sep-17	Oct-17	Dec-17	
1. Financial Reporting						
1.1 Review General Purpose Financial Statements				X		Following external audit but prior to Council endorsement
1.2 Review asset revaluations				X		Ensure up to date and soundly based, including having particular regard to local conditions:- > whether land values reflect current local market; > whether infrastructure asset values reflect local replacement costs and the condition of existing assets; > whether an infrastructure asset condition audit has been undertaken recently to assist in making this judgement.
1.3 Review methodology and approach to Depreciation				X		
1.4 Quarterly Budget Reviews - information only	X	X			X	For information only after adoption by Council
2. Internal controls and risk management systems						
2.1 Review progress on Council's Internal Financial controls		X	X	X	X	Status report provided on progress made against matters raised by Council's external auditor. Additional update report on internal controls project provided by Internal Auditor.
2.2 Review Council's internal control policies and procedures		X	X	X	X	Presented as part of the regular Internal Audit activity report
2.3 Review Council's annual Risk Management Action Plan (incorporating Risk Profile Review actions)	X	X	X	X	X	Presented as part of the regular Risk Management update report
2.4 Review Council's annual Risk Profile Review (Audit)				X		Presented as part of the regular Risk Management update report
2.5 Review Council's Strategic Risk Management Plan			X			Presented as part of the regular Risk Management update report
2.6 Review Council's Risk Maturity Assessment		X	>>>>>>>>>>>>>		X	Presented as part of the regular Risk Management update report. Draft RMA Action plan presented to Audit Committee at October 2017 meeting.
2.7 Review Council's Business Continuity Plan (BCP)		X	>>>>>>>>>>>>>		X	]
2.8 Review Council's Risk Management Framework					X	Presented as part of the regular Risk Management update report
3. Whistle blowing						
Identify whether the Council has in place simple, readily accessible arrangements for employees to confidentially raise concerns of alleged malpractice in accordance with legislative provisions. Examine whether Council's whistleblower arrangements are well known to employees and effective having regard to local circumstances.						
3.1 Review Council's whistleblowers protection policy						Next review due 2019

Yorke Peninsula Council
Audit Committee Work Program 2017

Activity	Timeframe (Completed / Current / Deferred)					Notes
	Mar-17	Jun-17	Sep-17	Oct-17	Dec-17	
3.2 Examine the method of informing staff of these policies						Next review due 2019
4. Internal Audit						
4.1 Review annual work program and outcomes of past work	X				X	Presented as part of the regular Internal Audit activity report
4.2 Consider any internal audits conducted	X	X	X	X		Presented as part of the regular Internal Audit activity report
5. External Audit						
5.1 Meet with Council's external auditor to:- > invite presentation of their audit methodology and risk assessments within the audit plan; > discuss any qualifications raised in the most recent audit or comments made in the accompanying audit management letter; > assess the appropriateness of the proposed Council response to matters so raised; and >invite comment on the financial systems and affairs of the Council having regard to comparable benchmarks.				X		
5.2 Review effectivness of external audit				X		
5.3 Review management representation letters before they are signed by management				X		
5.4 Assess the appropriateness of the Council's response to the auditor's findings and recommendations			X		X	
5.5 Oversee action to follow up on matters raised by the external auditor	X					
5.6 Consider appointment/reappointment of auditor in accordance with legislation				X		Contract expires November 2017 - Auditor Has been Engaged

Yorke Peninsula Council
Audit Committee Work Program 2017

Activity	Timeframe (Completed / Current / Deferred)					Notes
	Mar-17	Jun-17	Sep-17	Oct-17	Dec-17	
6. Reporting						
6.1 Report annually to Council:- > activities of the Committee's work program and the results of a self-assessment of performance for the preceding calendar year including whether it believes any changes to its Terms of Reference are needed; > outlining any training needs; > advising future work program proposals; and > inviting comment from Council on all of the above.					X	
7. Strategic, Financial and Management Planning						
7.1 Review Strategic Management Plan						Adopted by Council in July 2016. Next review not due until November 2019.
7.2 Review Long Term Financial Plan	X				X	Updated annually following adoption of Annual Business Plan and Budget
7.3 Review Asset Management Plans/ Strategy			X	X	X	Ongoing as developed and reviewed.
7.4 Review appropriateness of the range and content of Council policies and strategies			X			As per renewal timeframes and legislative requirements
7.5 Review Annual business plan, budget and fees and charges		X				In conjunction with public consultation period
8. Other matters						
8.1 Adopt/review Audit Committee annual workplan	X	X	X	X	X	Updated for each meeting
8.2 Reports on other relevant matters						Ongoing as the need arises
8.3 Appoint Audit Committee Chairperson						Next appointment will be in December 2020

8.2 2017/2018 SEPTEMBER QUARTERLY BUDGET REVIEW

Document #: **17/83819**

Department: **Corporate and Community Services**

PURPOSE

To receive Council's endorsed review of 2017/2018 Budget and associated financial statements and ratios.

RECOMMENDATION

That the Audit Committee receive the Council endorsed September 2017 Budget Review changes as presented in the attached Summary of Changes, Uniform Presentation of Finances and Statement of Comprehensive Income and receive the updated Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Financial Indicators (Ratios) reports.

LINK TO STRATEGIC PLAN

Goal: 5 Responsible Governance

Strategy: 5.1 Openness and transparency of reporting Council's performance

5.2 Effective leadership and informed decision making

5.3 Meet all legislative requirements and compliance with Council's internal controls

5.5 Undertake effective risk management

BACKGROUND

Regulation 9(1) (b) of the Local Government (Financial Management) Regulations 2011 requires that Council undertake one comprehensive budget review each financial year. This review must include preparation of four principal financial statements (excluding notes) and show a revised full year forecast of each item in the budgeted financial statements compared to estimates set out in the original budget.

Council's policy PO142 Budget Reporting and Amendment requires quarterly budget reviews i.e. September, December and March. This means Council undertakes two (2) additional budget reviews than is required by the Regulations. This is the first (as at 30th September 2017) of the three (3) quarterly budget reviews for the 2017/2018 financial year.

DISCUSSION

Budget managers in all directorates have completed a review of their 2017/2018 budgets as at 30 September 2017 and all adjustments allowed in accordance with policy PO142 have been included in the attached documents (refer attachments 1 - 7).

Budgets have been reviewed taking the following into consideration:-

- Additional income likely to be generated or received
- New grants and contributions
- Changes to user and statutory fee income forecasts
- Review of staffing levels to those originally budgeted
- Changes due to amendments in legislation
- Changes to Government fees and charges

- Council decisions made since the adoption of the original budget
- Status of capital projects taking into account projects carried forward from 2016/2017 for completion in the current financial year (refer previous Council decision in August 2017)
- Income and expenditure to date and forecasts for the remainder of the year

A full list of adjustments with reasons for the changes is attached to this report (refer Attachment 1).

Budgeted Operating Surplus/ (Deficit)

As a result of the proposed first quarterly budget review adjustments and previously adopted budgets for projects rolled over, Council's forecast Operating Deficit for 2017/2018 is now $2.913m, which is an increase of $701k to that originally forecast. This significant change to the forecast Operating bottom line (and subsequently Council's forecast Operating Surplus Ratio) is primarily due to the following major impacts:-

- **Projects rolled over – unfavourable impact –** net increase of $233k to operating expenditure for projects not complete as at 30th June 2017 and rolled over to 2017/2018 for completion.
- **Rates income – favourable impact –** net increase of $43k primarily due to the Point Turton sea wall special rate and refuse collection income being more than estimated.
- **Caravan Park income – favourable impact -** $68k more than originally forecast. Some of this extra income has been allocated to undertake expenditure not originally budgeted. The net impact will still remain favourable.
- **Financial Assistance Grant – unfavourable impact –** adjusted to reflect prepayment in 2016/2017 of 50% of the 2017/2018 allocation. Also adjusted to reflect reduction in overall grant allocation ($43k approximately) for Council as determined by Grants Commission SA. Total amount removed from this financial year's Budget is $1.188m. It is not yet known if the Commonwealth Government will provide any advance payments in 2017/2018 for future years.
- **Roads to Recovery (R2R) grant funding – favourable impact -** $576k increase to R2R operating grants. Council's 2017/2018 original Budget included $581k grant funding on the assumption that the balance of $576k would be paid in 2018/2019. On advice from the Commonwealth Government stating that the entire amount would be paid in, and had to be allocated to projects, in 2017/2018, the budget is now being amended. This means that Council will not receive any R2R funding in 2018/2019. The total amount of $1.157m being received in 2017/2018 has been allocated to the South Coast Road project.
- **ATO fuel rebates – favourable impact –** approximately $127k net (total unclaimed rebate less consultants fee) additional income for diesel fuel rebates has been received as a result of an audit of Council's last four (4) years returns.
- **Insurance income and expenditure – favourable impact –** commencing in 2017/2018 Council's insurance schemes have implemented a new system of payments, rebates and special distributions. Unlike previous years, premiums invoiced to Council are now net of rebates and performance bonuses (based on audit results). Council's 2017/2018 Budget was based on the old system of separately budgeting for premiums (expenditure) and rebates and performance bonuses (income). Special distributions are still paid separately to Council and are determined based on the financial performance of the various insurance schemes. The current budget includes $8k for special distributions, however, Council received $90k. A full reconciliation of all insurance income and expenditure has been undertaken and this has resulted in a number of budget adjustments at various levels of the Budget. The overall impact of this reconciliation is additional income of $82k in 2017/2018 which can be attributed to the unbudgeted component of the special distribution.
- **Point Turton sea wall – unfavourable impact –** Council approved funding of $182k for the construction of the Point Turton sea wall, with the amount to be borrowed from the LGFA and to be repaid by the property owners over a ten (10) year term through an annual special rate.

The entire amount has been paid to the property owners as a lump sum in 2017/2018 (post adoption of the Budget) and the proposed budget adjustment seeks to bring the entire amount into the Budget as an expense payment, which uhas an unfavourable impact on Council's operating bottom line in 2017/2018. It should be noted that there is no cost to Council over the full term of the loan as the entire amount plus interest incurred will be recovered via an annual special rate. In future years the financial impact on Council's operating bottom line will be favourable.

More detailed information on the changes to Council's proposed Operating Deficit (and income and expenditure budgets) is available in the attached reports and statements in particular the Budgeted Statement of Comprehensive Income (refer Attachments 1 - 7).

Budgeted Capital Expenditure

Council's proposed capital expenditure budget after the first quarterly budget review adjustments and previously adopted budgets for projects rolled over from 2016/2017, is $11.337m. This includes the initially adopted budget of $9.716m to which projects rolled over from 2016/2017 as adopted by Council worth $1.184m were added in August 2017. Adjustments of $437k are proposed in this budget review, of which $386k is for the Balgowan Beach Access (Council decision) which was not originally budgeted in 2017/2018. Details of all capital adjustments can be found in the reports and updated Statements in particular the Budgeted Statement of Cash Flows (refer Attachments 1 - 7).

Of the proposed budget of $11.337m, $8.508m is budgeted to be spent on renewal and replacement of existing assets, which is an increase of $222k to what was originally budgeted.

Budgeted Cash Flow & Net Lending/ (Borrowing)

Following the proposed adjustments in this budget review, previously adopted rolled over expenditure being included in this year's budget and adjustment of opening balances in line with 2016/2017 audited General Purpose Financial Statements, Council's proposed closing cash and cash equivalents as at 30th June 2018 is now forecast at $3.172m. This is an increase of $1.087m on the originally adopted budget. This increase can be attributed to a better than expected closing cash position as at 30th June 2017.

The proposed end of year Net Lending position has increased from $1.914m to $4.205m which is an increase of $2.291m. $1.395m of this increase is due to budgets adopted by Council for projects not completed as at 30th June 2017 and rolled over to 2017/2018 for completion. The remainder being $896k is due to adjustments being proposed at this budget review.

More detail on the movements in net lending/ (borrowing) for the financial year can be found in the Budgeted Uniform Presentation of Finances (refer Attachment 5).

Budgeted Financial Indicators (Ratios)

As a result of proposed changes in this budget review and inclusion of projects rolled over from 2016/2017, Council's Financial Indicators have had some movement.

Council's Operating Surplus Ratio is now -9.8% compared to the original forecast of -7.4% and is a result of operating adjustments proposed in this budget review and 2016/2017 operating budgets rolled over to 2017/2018. The forecast ratio remains below the industry minimum target of breakeven or 0.0%.

The Net Financial Liabilities Ratio has decreased from 29% to 25%. This decrease is due to the opening balances for provisions, cash and cash equivalents and other items on the Statement of Financial Position, now reflecting actual closing balances as per the audited 2016/2017 year end accounts. This indicator remains well below the industry ceiling of 100%.

Council's forecast Asset Sustainability ratio is now 86%, a 2% increase to the original forecast and is the result of budgets for unfinished capital renewal projects rolled over to 2017/2018 from 2016/2017. This ratio will be achieved if Council completes all capital renewal projects now scheduled in 2017/2018.

More information on Council's Financial Indicators can be found in Attachment 6.

COMMUNITY ENGAGEMENT PLAN

Level 1 Inform – Included in Council meeting agenda and minutes which are published on Council's website

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Corporate Management Team
- Manager Financial Services
- Budget Managers
- Accountant – Financial Management
- Accountant – Financial Operations

In preparing this report, the following External Parties were consulted:

- Nil

POLICY IMPLICATIONS

PO142 Budget Reporting and Amendment Policy

BUDGET AND RESOURCE IMPLICATIONS

Budget and resource implications are as detailed in this report and as presented in the attached reports and statements (refer Attachments 1 – 7).

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

1. Council's budget is a fundamental instrument of accountability and an essential pre-requisite to deciding the annual rate impost on the community. As such it is important that material variations compared with the original budget be disclosed and explained.

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

ATTACHMENTS

1. Proposed Summary of Changes - September Budget Review 2017-2018
2. Budgeted Uniform Presentation of Finances 2017-2018
3. Budgeted Statement of Comprehensive Income 2017-2018
4. Budgeted Statement of Financial Position 2017-2018
5. Budgeted Statement of Cash Flows 2017-2018
6. Budgeted Statement of Changes in Equity 2017-2018
7. Budgeted Financial Indicators (Ratios) 2017-2018

Attachment 1

YORKE PENINSULA COUNCIL
2017/18 BUDGET
PROPOSED SUMMARY OF CHANGES - 1st QUARTER (SEPTEMBER) BUDGET REVIEW

Type	Note #	Amount Increase/ (Decrease)	Reason for Variance
OPERATING INCOME			
Rates	1	$ 22,594	Point Turton sea wall special rates 2017/2018 - approved post 2017/2018 Budget adoption
	2	$ 5,719	NRM Levy - adjusted to reflect total amount raised being greater than original budget
	3	$ 17,158	Refuse collection service charge - adjusted to reflect total amount raised being greater than original budget
	4	-$ 5,016	CWMS service charge - total net adjustment across all schemes to reflect amounts levied being less than original budget
	5	$ 2,483	Minor adjustments (individually less than $5k) across several budget lines to reflect income raised to date
User Charges	6	$ 20,000	Marion Bay Caravan Park - increase to forecast income based on 2016/2017 year end results
	7	$ 25,000	Point Turton Caravan Park - increase to forecast income based on 2016/2017 year end results
	8	$ 10,000	Port Vincent Caravan Park - increase to forecast income based on 2016/2017 year end results
	9	$ 5,000	Yorketown Caravan Park - increase to forecast income based on 2016/2017 year end results
	10	$ 5,000	Black Point Caravan Park - increase to forecast income based on 2016/2017 year end results
	11	-$ 2,000	Portable toilet hire - reduction in forecast income due to Council decision to cease this service
	12	$ 3,191	Leased Caravan Parks - budgets adjusted to reflect annual lease amounts
Grants, Subsidies, Contributions	13	-$ 807,204	Financial Assistance Grant (General component) - reduction to reflect portion paid in advance in 2016/2017 and net reduction in total allocation as determined by Grants Commission SA
	14	-$ 380,804	Financial Assistance Grant (Roads component) - reduction to reflect portion paid in advance in 2016/2017 and actual supplementary one-off lump sum being paid as advised by Grants Commission SA
	15	-$ 8,300	YP Leisure Options grant funding reduced leading up to NDIS roll out
	16	$ 30,513	CWMS augmentation charges received for Maitland, Bluff Beach and Point Turton - not in original budget
	17	$ 575,926	Roads to Recovery grant funding - increase budget to reflect actual being received in 2017/2018. Original budget assumed that remaining funding could be split over 2017/2018 & 2018/2019 but that is not the case. No funding available in 2018/2019.
Other	18	-$ 25,502	Net reduction to original income budget for insurance rebates, special distributions and insurance claims received to date
	19	$ 193,988	Increased ATO fuel rebate income due to audit of last 4 years' claims. Also adjusted forecast income for balance of 2017/2018 to reflect updated claim.
OPERATING EXPENDITURE			
Employee Costs	20	-$ 125,395	Workers Compensation Insurance premium reduction - commencing in 2017/2018 Council is now charged net of all rebates and invoiced quarterly. This wasn't the case in 2016/2017 and prior, hence the 2017/2018 budget was based on the old arrangement where income from rebates and premium expenditure were separately budgeted, not netted off. This budget adjustment reflects the new arrangement.
	21	$ 7,269	Income Protection insurance - budget increase to reflect actual amount paid to date and forecast expenditure for the remainder of the year

Attachment 1

YORKE PENINSULA COUNCIL
2017/18 BUDGET
PROPOSED SUMMARY OF CHANGES - 1st QUARTER (SEPTEMBER) BUDGET REVIEW

Type	Note #	Amount Increase/ (Decrease)	Reason for Variance
Materials, Contracts & Other	22	-$ 8,871	Public Liability insurance premium - reduction to reflect amount paid to date and forecast expenditure for the remainder of the year. Journey Injury insurance originally budgeted here.
	23	$ 5,648	Personal Accident & Journey Injury insurance premium - increase to reflect amount paid to date and forecast expenditure for the remainder of the year. Journey Injury originally budgeted under Public Liability.
	24	$ 9,557	Asset insurance premium - increase to reflect amount paid to date and forecast expenditure for the remainder of the year.
	25	-$ 9,115	Point Turton CWMS - Pump station replacement budget moved to capital expenditure - budget originally in operating expenditure
	26	-$ 9,760	Ardrossan CWMS - Pump station replacement budget moved to capital expenditure - budget originally in operating expenditure
	27	$ 10,000	Boat ramp permits and ticket machine collection commission paid to community groups and progress associations - not originally budgeted
	28	$ 181,643	Point Turton sea wall funding - approved by Council post 2017/2018 Budget adoption. Entire amount paid in 2017/2018 hence full impact on this year's bottom line. To be repaid via special rate over a ten (10) year period.
	29	$ 43,040	ATO fuel rebate audit - Consultants fee not originally budgeted. Net income received by Council: $127k approximate
	30	$ 9,130	Channel 7 Sunrise TV programme costs - not in original budget - funded from additional forecast income from Caravan Parks
	31	$ 17,500	Increased Caravan Park management fees as a result of forecast increase to income from Caravan Parks
	32	$ 20,100	IT critcial network infrastructure renewal not originally budgeted
Finance Charges	33	$ 3,951	Point Turton seawall - interest on loan repayments not in original budget - Council approved post adoption of 2017/2018 budget
CAPITAL INCOME			
Amounts specifically for new assets	34	$ 6,000	Ardrossan Jetty Shelter - capital project completed in 2016/2017 - final grant payment received in 2017/2018 - not originally budgeted in 2017/2018
	35	$ 560	Special Local Roads grant funding - Clinton Road - balance remaining from 2016/2017 received in 2017/2018
CAPITAL EXPENDITURE - RENEWAL			
Point Turton Caravan Park - Other Assets	36	$ 8,000	Renovation of Manager's residence prior to new Manager's moving in
Various - Other Assets	37	-$ 1,350	Minor adjustments (individually less than $5k) across several budget lines to reflect expenditure to date
Information Technology - Plant and Equipment	38	$ 13,000	Critcial network infrastructure renewal not originally budgeted
CAPITAL EXPENDITURE - NEW/UPGRADE			
Balgowan Beach Access - Other Assets	39	$ 386,000	Council decision to rebuild beach access washed away during storms - not in original 2017/2018 adopted budget
Point Turton - CWMS Infrastructure	40	$ 9,115	Pump station replacement budget moved to capital expenditure - budget originally in operating expenditure. Also refer #25 above.
Ardrossan - CWMS Infrastructure	41	$ 9,760	Ardrossan CWMS - Pump station replacement budget moved to capital expenditure - budget originally in operating expenditure. Also refer #26 above.
Point Turton Caravan Park - Plant & Equipment	42	$ 7,000	Purchase of cleaning van - not originally budgeted
Various	43	$ 5,622	Minor adjustments (individually less than $5k) across several budget lines to reflect expenditure to date

Attachment 2

YORKE PENINSULA COUNCIL
2017/18 BUDGET
BUDGETED UNIFORM PRESENTATION OF FINANCES

	2017/18 Revised Budget $('000)	2017/18 September Budget Adjustments $('000)	2017/18 Carry Forward Projects Adjustments $('000)	2017/18 Adopted Budget $('000)	*2017/18 Notes*
Operating Revenues	29,635	(312)	28	29,919	*1 - 19*
less Operating Expenses	32,546	154	261	32,131	*20 - 33*
Operating Surplus/(Deficit) before Capital Amounts	**(2,911)**	**(466)**	**(233)**	**(2,212)**	
Less: Net Outlays on Existing Assets					
Capital Expenditure on Renewal/Replacement of Existing Assets	8,508	20	202	8,286	*36 - 38*
less Depreciation, Amortisation & Impairment	9,461			9,461	
less Proceeds from Sale of Replaced Assets	376			376	
	(1,329)	**20**	**202**	**(1,551)**	
Less: Net Outlays on New and Upgraded Assets					
Capital Expenditure on New/Upgraded Assets	2,829	417	982	1,430	*39 - 43*
less Amounts Specifically for New/Upgraded Assets	206	7	22	177	*34, 35*
less Proceeds from Sale of Surplus Assets	0			0	
	2,623	**410**	**960**	**1,253**	
Net Lending / (Borrowing) for Financial Year	**(4,205)**	**(896)**	**(1,395)**	**(1,914)**	

Attachment 3

YORKE PENINSULA COUNCIL
2017/18 BUDGET
BUDGETED STATEMENT OF COMPREHENSIVE INCOME

	2017/18 Revised Budget $('000)	2017/18 September Budget Adjustments $('000)	2017/18 Carry Forward Projects Adjustments $('000)	2017/18 Adopted Budget $('000)	*2017/18 Notes*
INCOME					
Rates	21,949	43		21,906	*1 - 5*
Statutory Charges	393			393	
User Charges	3,127	66		3,061	*6 - 12*
Grants, subsidies, contributions	3,340	(590)	28	3,902	*13 - 17*
Investment Income	133			133	
Reimbursements	362			362	
Other Income	330	168		162	*18, 19*
Total Income	**29,634**	**(313)**	**28**	**29,919**	
EXPENSES					
Employee costs	9,084	(118)		9,202	*20, 21*
Materials, contracts & other expenses	13,595	269	261	13,065	*22 - 32*
Depreciation	9,461			9,461	
Finance Costs	407	4		403	*33*
Total Expenses	**32,547**	**155**	**261**	**32,131**	
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	**(2,913)**	**(468)**	**(233)**	**(2,212)**	
Net gain/(loss) on disposal or revaluations	(21)			(21)	
Amounts specifically for new assets	206	7	22	177	*34, 35*
NET SURPLUS/(DEFICIT)	**(2,728)**	**(461)**	**(211)**	**(2,056)**	
Other Comprehensive Income					
Changes in revaluation surplus - IPP&E	0	0	0	0	
Total Other Comprehensive Income	**0**	**0**	**0**	**0**	
TOTAL COMPREHENSIVE INCOME	**(2,728)**	**(461)**	**(211)**	**(2,056)**	

Attachment 4

YORKE PENINSULA COUNCIL
2017/18 BUDGET
BUDGETED STATEMENT OF FINANCIAL POSITION

	2017/18 Revised Budget $('000)	2017/18 September Budget Adjustments $('000)	2017/18 Carry Forward Projects Adjustments $('000)	2017/18 Adopted Budget $('000)	*2017/18 Notes*
ASSETS					
Current Assets					
Cash & Equivalent Assets	3,172	2,482	(1,395)	2,085	
Trade & Other Receivables	1,986	765		1,221	
Inventories	758	(111)		869	
Total Current Assets	**5,916**	**3,136**	**(1,395)**	**4,175**	
Non-Current Assets					
Receivables	0	(530)		530	
Financial Assets	543			543	
Infrastructure, Property, Plant & Equipment	295,796	(4,247)	1,184	298,859	
Total Non-Current Assets	**296,339**	**(4,777)**	**1,184**	**299,932**	
Total Assets	**302,255**	**(1,641)**	**(211)**	**304,107**	
LIABILITIES					
Current Liabilities					
Trade & Other Payables	2,101	312		1,789	
Borrowings	816			816	
Provisions	2,273	403		1,870	
Total Current Liabilities	**5,190**	**715**	**0**	**4,475**	
Non-Current Liabilities					
Borrowings	7,830			7,830	
Provisions	227	(488)		715	
Total Non-Current Liabilities	**8,054**	**(488)**	**0**	**8,542**	
Total Liabilities	**13,244**	**227**	**0**	**13,017**	
NET ASSETS	**289,011**	**(1,868)**	**(211)**	**291,090**	
EQUITY					
Accumulated Surplus	(12,809)	(2,660)	(211)	(9,938)	
Asset Revaluation Reserve	300,690	353		300,337	
Other Reserves	1,130	439		691	
TOTAL EQUITY	**289,011**	**(1,868)**	**(211)**	**291,090**	

Attachment 5

YORKE PENINSULA COUNCIL
2017/18 BUDGET
BUDGETED STATEMENT OF CASH FLOWS

	2017/18 Revised Budget $('000)	2017/18 September Budget Adjustments $('000)	2017/18 Carry Forward Projects Adjustments $('000)	2017/18 Adopted Budget $('000)	*2017/18 Notes*
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Operating Receipts	21,730	43		21,687	
Statutory Charges	393			393	
User Charges	3,096	66		3,030	
Grants, subsidies, contributions	3,340	(590)	28	3,902	
Investment Receipts	132			132	
Reimbursements	362			362	
Other Income	330	168		162	
Payments					
Employee Costs	(8,928)	116		(9,044)	
Materials, contracts & other expenses	(13,637)	(269)	(261)	(13,107)	
Finance Costs	(407)	(4)		(403)	
Net Cash provided by (or used in) Operating Activities	**6,411**	**(470)**	**(233)**	**7,114**	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Amounts Specifically for New/Upgraded Assets	206	7	22	177	
Sale of Renewed/Replaced Assets	376			376	
Repayments of Loans by Community Groups	133			133	
Payments					
Expenditure on Renewal/Replacement of Assets	(8,508)	(20)	(202)	(8,286)	*36 - 38*
Expenditure on New/Upgraded Assets	(2,829)	(417)	(982)	(1,430)	*39 - 43*
Net Cash Provided by (or used in) Investing Activities	**(10,622)**	**(430)**	**(1,162)**	**(9,030)**	
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Proceeds from Borrowings	1,200			1,200	
Payments					
Repayments of Borrowings	(743)			(743)	
Net Cash provided by (or used in) Financing Activities	**457**	**0**	**0**	**457**	
				0	
Net Increase/(Decrease) in cash held	**(3,754)**	**(900)**	**(1,395)**	**(1,459)**	
Opening cash, cash equivalents or (bank overdraft)	6,926	3,382		3,544	
Closing cash, cash equivalents or (bank overdraft)	**3,172**	**2,482**	**(1,395)**	**2,085**	

Attachment 6

YORKE PENINSULA COUNCIL
2017/18 BUDGET
BUDGETED STATEMENT OF CHANGES IN EQUITY

	2017/18 Revised Budget $('000)	2017/18 September Budget Adjustments $('000)	2017/18 Carry Forward Projects Adjustments $('000)	2017/18 Adopted Budget $('000)	*2017/18 Notes*
ACCUMULATED SURPLUS					
Balance at end of previous reporting period	(10,082)	(2,200)		(7,882)	
Net Result for Year	(2,727)	(460)	(211)	(2,056)	
Balance at end of period	**(12,809)**	**(2,660)**	**(211)**	**(9,938)**	
ASSET REVALUATION RESERVE					
Land	73,286			73,286	
Buildings and Other Structures	48,995			48,995	
Transportation Infrastructure	151,160	265		150,895	
CWMS Infrastructure	15,420	939		14,481	
Water Scheme Infrastructure	2,073			2,073	
Stormwater Drainage	9,756	(851)		10,607	
Balance at end of period	**300,690**	**353**	**0**	**300,337**	
OTHER RESERVES					
Balance at end of previous reporting period	1,130	439		691	
Balance at end of period	**1,130**	**439**	**0**	**691**	
TOTAL EQUITY AT END OF REPORTING PERIOD	**289,011**	**(1,868)**	**(211)**	**291,090**	

Attachment 7

YORKE PENINSULA COUNCIL
2017/18 BUDGET
BUDGETED FINANCIAL INDICATORS (RATIOS)

	2017/18 Revised Budget	2017/18 September Budget Adjustments	2017/18 Carry Forward Projects Adjustments	2017/18 Adopted Budget	*2017/18 Notes*
Operating Surplus Ratio - %	(9.8%)	(1.7%)	(0.8%)	(7.4%)	*1 - 33*
Net Financial Liabilities Ratio - %	25%	(8%)	5%	29%	
Asset Sustainability Ratio - %	86%	0%	2%	84%	*36 - 38*

8.3 2016/2017 EXTERNAL AUDITORS REPORT (AUDIT OPINION)

Document #: **17/83791**

Department: **Corporate and Community Services**

PURPOSE

To provide the Audit Committee with the external auditor's report (audit opinion) on Council's General Purpose Financial Statements and Internal Controls for 2016/17 and associated letters, reports and declarations.

RECOMMENDATION

That the Audit Committee receive and note the 2017 external auditor's reports (audit opinions) and associated letters, reports and declarations.

LINK TO STRATEGIC PLAN

Goal: 5 Responsible Governance

Strategy: 5.1 Openness and transparency of reporting Council's performance

5.2 Effective leadership and informed decision making

5.3 Meet all legislative requirements and compliance with Council's internal controls

5.5 Undertake effective risk management

BACKGROUND

At its meeting on 25 October 2017 the Audit Committee considered the 2016/17 audited General Purpose Financial Statements and resolved as follows:

Cr Scott Hoyle Moved Cr John Rich Seconded

That the Audit Committee recommend to Council that the audited General Purpose Financial Statements for the year ended 30 June 2017 be adopted and that:

1. *The Chief Executive Officer and Mayor be authorised to certify the General Purpose Financial Statements; and*

2. *The Chief Executive Officer and the Presiding Member of the Audit Committee sign the Certification of Auditor Independence; and*

3. *The Chief Executive Officer and the Director Corporate and Community Services be authorised to sign the Management Representation Letter to be provided to the Auditor.*

CARRIED 035/2017 (25/10/2017)

Mr Jim Keogh from Council's external auditors, Dean Newbery and Partners, was present at this meeting and presented Audit Committee members with the opportunity to discuss the General Purpose Financial Statements.

On the recommendation of the Audit Committee the 2016/17 audited General Purpose Financial Statements were subsequently considered and adopted by Council at its meeting on 8th of November 2017.

Dean Newbery and Partners have since issued the following documents (refer Attachments 1-6):

- 2017 Balance Date Management Letter
- 2017 Chief Executive Officer's Audit Letter
- 2017 Certification of Auditor's Independence
- 2017 Mayor's Letter Enclosing Audit Opinions
- 2017 Independent Auditor's Report (Audit Opinion)
- 2017 Internal Controls Audit Report (Audit Opinion)

DISCUSSION

Balance Date Management Letter

This letter (refer Attachment 1) is a summary of audit matters the Auditors wish to bring to the attention of Council and the Administration.

Whilst an unqualified audit report was received, the auditors did wish to highlight a number of factors as a result of work recently completed:

- Sufficient explanations for material variations between 2015/2016 and 2016/2017 have been received
- They are confident that all issues raised in management letters during 2016/2017 have been attend to or are in the process of being attended to
- That Council management had advised that Asset Management Plans relating to Buildings, Community Wastewater Management Systems, Parks and Gardens, Stormwater Drainage and Water Scheme Infrastructure would be reviewed and adopted by Council by 30 June 2018.

Letter to the Mayor Enclosing Audit Opinions

This letter (refer Attachment 4) is issued to the Mayor and details the following:

- No matters need to be reported to the Minister
- Action has been taken to address, or is in the process of addressing, matters previously raised
- The Auditors are satisfied as to the overall standard of Council's accounting practices and financial affairs
- The Auditors are also satisfied that Council's Audit Committee has addressed all prescribed functions
- That an Auditor Independence Declaration has been issued under Section 16A of the Regulations

Independent Auditor's Report (Audit Opinion) on Financial Statements

The Auditor's have a responsibility is to express an opinion on Council's General Purpose Financial Statements. The attached unqualified Audit Opinion (refer Attachment 5) states that, in the Auditor's opinion, the financial report presents fairly, in all material aspects, the financial position of Council for the year ended 30 June 2017.

Independent Auditor's Report (Audit Opinion) on Internal Controls

The Auditor's also have a responsibility to express an opinion on Council's compliance with Section 129(1) (b) of the Local Government Act 1999 in relation to the Internal Controls established by Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law. The attached Audit Opinion (refer Attachment 6) states that it

is the Auditor's opinion, that without qualification, Council has complied, in all material respects, with Section 129(1)(b) of the Local Government Act 1999 in relation to Internal Controls.

COMMUNITY ENGAGEMENT PLAN

Level 1 – Inform

The audited Statements and Auditor's Report will be made publicly available via Council's website and as part of Council's 2017 Annual Report.

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Corporate Management Team
- Manager Financial Services
- Accountant – Financial Operations
- Accountant – Financial Management

In preparing this report, the following External Parties were consulted:

- Dean Newbery and Partners Chartered Accountants

POLICY IMPLICATIONS

Not Applicable

BUDGET AND RESOURCE IMPLICATIONS

Not Applicable

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Local Government Act 1999 – Chapter 8

Local Government (Financial Management) Regulations 2011 – Parts 4 and 6

ATTACHMENTS

1. **2017 Balance Date Management Letter - Yorke Peninsula Council**
2. **2017 Letter to the Chief Executive Officer - Yorke Peninsula Council**
3. **2017 Certification of Auditor's Independence - Yorke Peninsula Council**
4. **2017 Letter to the Mayor - Yorke Peninsula Council**
5. **2017 Audit Report - Yorke Peninsula Council**
6. **2017 Assurance Report on the Internal Controls - Yorke Peninsula Council**

Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

10 November 2017

Mayor Ray Agnew
Yorke Peninsula Council
PO Box 57
MINLATON SA 5573

Dear Mayor Agnew

RE: Completion of Balance Date Audit – Financial Year Ended 30 June 2017

As a result of the work recently completed in connection with our final Balance Date audit of your Council for the financial year ended 30 June 2017, we provide a summary of the audit matters we wish to bring to your attention.

I met with your Council's Audit Committee on 25 October 2017 where the below matters were raised and discussed with members present. Since the meeting with Council's Audit Committee I have issued an unqualified Auditor's Report on the annual Financial Statements and Council's Internal Controls per Section 129 of the *Local Government Act 1999* (the Act) for the financial year ended 30 June 2017.

We wish to highlight to the following matters to you as a result of work recently completed:

1. We have received appropriate explanations for all material variations as between 2015/16 actual and 2016/17 actual (operating and capital).

2. We are confident that all audit matters raised in our Management Letters issued during the 2016/17 financial year audit have, or are in the process of being attended to by the Administration.

3. During the financial year we were advised by the Administration that the Council was in the process of reviewing and updating the Council's Asset Management Plans (AMPs) for the following asset classes;

▪ **Buildings**	*Last adopted January 2013*
▪ **Community Wastewater Management Systems**	*Last adopted August 2012*
▪ **Parks & Gardens**	*Last adopted August 2012*
▪ **Stormwater Drainage**	*Not previously adopted*
▪ **Water Scheme Infrastructure**	*Not previously adopted*

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We acknowledge a decision was made by the Administration to defer the adoption of the Asset Management Plans noted above in order to capture a number of key strategic changes to the Council assets. The Administration advised us that it was expected the AMPs will be completed and adopted by Council by during the 30 June 2018 financial year.

4. There remain no misstatements that have not been adjusted by the Administration that have been identified during the course of our audit or that in our assessment, require to be reported to the Council or Audit Committee.

Summary

Given this is my final year as Council's External Auditor, I would like to thank the Council and its Administration for all the support provided to me and my audit team over the term of my appointment.

If any additional information is required on any of the audit matters raised above, please feel free to contact me on the details provided below.

Yours sincerely
DEAN NEWBERY & PARTNERS

Jim Keogh
Partner

T: 8267 4777
E: jimkeogh@deannewbery.com.au

C. Council's Audit Committee

C. Council's Chief Executive Officer

2

Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

10 November 2017

Mr Andrew Cameron
Chief Executive Officer
Yorke Peninsula Council
PO Box 57
MINLATON SA 5573

Dear Andrew

We are pleased to advise that we have completed our audit for the financial year ended 30 June 2017. We have issued an unqualified audit opinion on the Financial Report and on Council's Internal Controls in relation to Section 129 of the *Local Government Act 1999* (the Act) for the year ended 30 June 2017.

In accordance with Section 129 of the *Local Government Act 1999*, our audit opinions have been separately issued to the Principal Member of the Council, with a copy also sent to Council's Audit Committee.

Our 2017 Balance Date Management Letter has been prepared in accordance with Sections 129 (4) and (5) of the Act and will shortly be issued to both the Principal Member of the Council and to the Audit Committee.

Please contact me on 8267 4777 or jimkeogh@deannewbery.com.au if any additional information is required.

Yours Sincerely
DEAN NEWBERY & PARTNERS

Jim Keogh
Partner

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Certification of Auditor's Independence

I confirm that, for the audit of the financial statements of the Yorke Peninsula Council for the year ended 30 June 2017, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011.*

JIM KEOGH

Partner

DEAN NEWBERY & PARTNERS

CHARTERED ACCOUNTANTS

Dated this 10th day of November 2017

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Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

10 November 2017

Mayor Ray Agnew
Yorke Peninsula Council
PO Box 57
MINLATON SA 5573

Dear Mayor Agnew

RE: EXTERNAL AUDIT: PROVISION OF 2017 AUDIT OPINIONS TO COUNCIL

Please be advised that in accordance with the *Local Government Act 1999* (the Act), we have now completed the statutory audit of the Yorke Peninsula Council (Council) for the financial year ended 30 June 2017.

We have enclosed the 2017 Audit Opinions in relation to the audit of Council's Financial Statements and Internal Controls which has been signed without reference to any qualification in relation to audit opinions issued under Section 129(1)(a) and 129(1)(b) of the Act.

Under Section 129(4) of the Act "*The auditor must also provide to the council a report on particular matters arising from the audit*".

Our report under Section 129(4) to the Council is as follows:-

1. Audit Correspondence issued during the 2017 Financial Year

Various audit matters have been formally communicated through our issued Management Letters to you from time to time during the year. We are satisfied that action has, or is being taken to address all matters raised.

2. Accounting Practices and Management of the Council's Financial Affairs

In reaching our audit opinion, we are satisfied as to the overall standard of Council's accounting practices and management of Council's financial affairs.

3. Council's Audit Committee

We are satisfied that Council's Audit Committee has addressed all of its prescribed functions as outlined in Section 126 (4) of the Act.

4. Auditor's Independence Declaration

Please note that our signed Auditor Independence Declaration will be issued to the Chief Executive Officer, as required by Section 16A of the *Local Government (Financial Management) Regulations 2011*.

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5. 2017 Balance Date Management Letter

Our 2017 Balance Date Management Letter will be separately issued to you shortly, with a copy forwarded to Council's Audit Committee.

Please contact me on 8267 4777 or jimkeogh@deannewbery.com.au if additional information is required.

Yours sincerely
DEAN NEWBERY & PARTNERS

Jim Keogh
Partner

C. Audit Committee

Enc:

2017 Independent Auditor's Report on the Financial Statements – Section 129(1)(a)

2017 Independent Assurance Report on the Internal Controls – Section 129(1)(b)

2

Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

INDEPENDENT AUDITOR'S REPORT

To the members of the Yorke Peninsula Council

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Yorke Peninsula Council (the Council), which comprises the Certification of Financial Statements on the annual statements giving a true and fair view of the financial position and performance, the Statement of Comprehensive Income, the Statement of Financial Position, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended 30 June 2017 and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial report of the Council is in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulation 2011*, including;

(i) giving a true and fair view of the Council's financial position as at 30 June 2017 and of its performance and cash flows for the year then ended; and

(ii) that the financial records kept by the Council are such as to enable financial statements to be prepared in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Council in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Chief Executive Officer for the Financial Report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*. This responsibility includes determining that the basis of preparation described in Note 1 is appropriate to meet the need of the members. The Chief Executive Officer's responsibility also includes designing, implementing and maintaining internal controls relevant to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

The Chief Executive Officer of the Council is responsible for overseeing the Council's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that the audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

JIM KEOGH
PARTNER

Signed on the 10th day of November 2017,
at 214 Melbourne Street, North Adelaide

2

Dean Newbery & Partners
CHARTERED ACCOUNTANTS ABN 30 164 612 890

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE YORKE PENINSULA COUNCIL

We have audited the Internal Controls of the Yorke Peninsula Council (Council) under the requirements of *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2016 to 30 June 2017 have been conducted properly and in accordance with law.

The Council's Responsibility for the Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Auditor's Responsibility

Our responsibility is to express an opinion on the Council's compliance with *Section 129(1)(b) of the Local Government Act 1999* in relation only to the Internal Controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls specified above for the period 1 July 2016 to 30 June 2017. ASAE 3100 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

Our procedures included obtaining an understanding of controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities, evaluating management's assessment of these controls, assessing the risk that a material weakness exists, and testing and evaluating the design of controls on a sample basis based on the assessed risks.

Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) of the Local Government Act 1999* in relation to the Internal Controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on internal controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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Independence

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion, the Council has complied, in all material respects, with *Section 129(1)(b) of the Local Government Act 1999* in relation to Internal Controls established by the Council relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2016 to 30 June 2017.

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS

JIM KEOGH
PARTNER

Signed on the 10th day of November 2017
at 214 Melbourne Street, North Adelaide, South Australia, 5006

2

8.4 AUDIT COMMITTEE ANNUAL REVIEW AND SELF ASSESMENT 2017

Document #: **17/85983**

Department: **Corporate and Community Services**

PURPOSE

For the Committee to review and self-assess its performance for the 2017 calendar year, in accordance with the Terms of Reference (TOR), report the outcome to Council in the form of an annual report and recommend any changes to its Terms of Reference.

RECOMMENDATION

That the Audit Committee:

1. endorse the 2017 Audit Committee Annual Review and Self-Assessment for the period 1 January 2017 to 31 December 2017;
2. endorse the 2017 Audit Committee Annual Report and recommend to Council that it be adopted; and
3. endorse the 2018 Audit Committee Work Plan for the period 1 January 2018 to 31 December 2018.

LINK TO STRATEGIC PLAN

Goal: 5 Responsible Governance

Strategy: 5.1 Openness and transparency of reporting Council's performance

5.2 Effective leadership and informed decision making

5.3 Meet all legislative requirements and compliance with Council's internal controls

BACKGROUND

Clause 13 of the Audit Committee Terms of Reference (TOR) requires the Committee to conduct an annual review and self-assessment of its performance with the aim being to ensure that the Committee is operating at maximum effectiveness and also provides an opportunity to recommend any changes to Council that are considered necessary.

The review should include consideration of the TOR and recommendations for changes to them.

This review is for the period 1 January 2017 – 31 December 2017.

DISCUSSION

Work Program – 2018

In December each year the Committee endorses a work program for the following calendar year. At each meeting through the year the Committee monitors progress against each activity in the work plan. The attached (refer attachment 3) is the draft work plan suggested, including suggested meeting dates of which are similar to the scheduled 2017 meetings and take in to consideration the required timing for the completion of actions.

Self-Assessment

As part of the annual review each Committee member is asked to complete a self-assessment questionnaire which assists in assessing the effectiveness of the Committee. The questionnaire

contains a number of questions which have been assessed by members using a scale of 1 (poor) to 5 (excellent).

A summary of the self-assessment results have been included as an attachment to this report (refer attachment 2). In which the results obtained have been summarised and aggregated. Comments from committee members have been summarised, and data used to form one self-review assessment.

Annual Report for Council

Clause 13 of the Committee's TOR requires that the outcome of the annual review and self-assessment be reported to Council. The draft Annual Report (refer Attachment 1) has been prepared in the format recommended by the Local Government Association Financial Sustainability Information Paper 3 – Audit Committees. Any amendments made by the Audit Committee as a result of the annual review will be included in the report to Council.

COMMUNITY ENGAGEMENT PLAN

Not applicable

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Councillor members of Audit Committee
- Director Corporate and Community Services
- Acting Manager Financial Services
- Asset Manager
- Risk Management Officer

In preparing this report, the following external parties were consulted:

- Independent members of Audit Committee

POLICY IMPLICATIONS

Audit Committee Terms of Reference

BUDGET AND RESOURCE IMPLICATIONS

Costs associated with the operation and administrative support required by the Audit Committee have been included in Council's relevant adopted operating budget.

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Medium risk that the annual work plan is not completed within the stated timeframes.

Non-compliance with TOR if annual review and self-assessment not undertaken and/or not reported to Council.

Local Government Act 1999 - Chapter 8

Local Government (Financial Management) Regulations 2011 – Part 5

ATTACHMENTS

1. **Annual Audit Committee Report 1st January until 31st December 2017**
2. **Audit Committee Self-Assessment Analysis**
3. **2018 Draft Audit Committee Work Plan**

YORKE PENINSULA COUNCIL AUDIT COMMITTEE

ANNUAL REPORT FOR THE PERIOD 1 JANUARY 2017 TO 31 DECEMBER 2017

This report presents a summary of the Committee's activities undertaken and recommendations made during the period 1 January 2017 to 31 December 2017.

Conduct of Meetings

The Committee met on five (5) occasions during the year with summaries as below. It should be noted that the summaries below have been made under the assumption that all members will attend the December Meeting.

Date	No of Members Attending
8th March 2017	5
7th June 2017	4
13th September 2017	**4**
25th October 2017	4
13th December 2016	5 (TBC)

Committee Member	No of Meetings Attended
Peter Brass	5
Robert Reimann	5
Cr Scott Hoyle	5
Cr John Rich	4
Cr Tania Stock	2

Committee Activities

The table sets out the principal matters addressed by the Committee during the year.

Principal Issues Examined	Comment(s)	Recommendation(s) to Council
Internal Audit	Review audits undertaken and recommendations actioned	Received and noted
Internal Control	Review updates to internal controls and recommendations actioned	Contents noted

External Audit	Review interim and balance date audits, opinions and reports	Received and endorsement of management response to Audit letter
Long Term Financial Plan	Review updated LTFP	Endorsement for adoption along with comments referred to Council
Budget Reviews	Quarters 1, 2 and 3	Contents noted
EDRMS implantation	Review implementation plan and timelines	Received and noted
Annual Work Plan	Prepare and review progress	Adoption of 2017 work plan
Risk Management	Review and update on various matters, audits and progress on recommended actions	Received and noted. Comments referred to Council and CMT.
Asset Management	Review and update on various matters including asset revaluations and asset management plans	Received and noted. Comments referred to Council and CMT.
Draft Stormwater Infrastructure Asset management Plan	Reviewed the Stormwater Infrastructure Asset Management Plan put to council and endorsed for the public consolation phase of the process.	Received and noted
Annual Business Plan	Review draft ABP and Budget	Adoption
Strategic Management Plan	Review and provide comments	Adoption
Policy Review	Viewed and endorsed Multiple reviews of financial policies	Received and noted and also received and suggested for council adoption depending on timing of Meeting
Appointment of External Auditors	Appointment of External Auditors for the 2017/2018- 2021/2022 Audits	Received and endorsement of recommendation
General Purpose Financial Statements	Review statements, notes and management representation letter	➢ CEO & Mayor be authorised to certify accounts ➢ CEO & Presiding Member sign the Certification of Auditor Independence ➢ CEO & DCCS be authorised to sign Management Representation letter to Auditors

Committee Training

None of the members attended training relating to their roles on the Committee during the reporting period.

Audit Committee Evaluation

The Committee undertook a self-assessment of its performance in relation to its Terms of Reference. The opportunity to undertake this was offered to all Committee members in October 2017. It took account of factors such as:-

- Work plan;
- Operating environment;
- Stage of maturity of Committee;
- Council's strategic directions;
- Council's risk and control environment; and
- Current and emerging trends and factors.

The Committee's comments and recommendations resulting from its evaluation are summarised in Attachment (2).

Work Plan – 2018 (Proposed)

A proposed work plan for the period 1 January 2018 to 31 December 2018 is attached (refer Attachment 3).

The proposed work plan schedules five (5) meetings of the Committee in 2018 in the months of March, June, September, October and December. This will allow the Committee to undertake the activities as listed in the attached work plan.

As has been current practice, the proposed work plan when endorsed, will continue to be reviewed and updated at each Committee meeting.

YORKE PENINSULA COUNCIL

PRINCIPAL OFFICE:
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Telephone (08) 8832 0000
ALL CORRESPONDENCE TO:
PO Box 57, MAITLAND, SA 5573
Fax (08) 8853 2494
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AUDIT COMMITTEE SELF-ASSESSMENT	SF098
	Responsible Officer: DCCS
	Issue Date: 18/07/2017
	Next Review Date: 01/07/2018

Annual Self-Assessment of Committee Performance – Survey of Members

To assess the effectiveness of the Audit Committee, the following questionnaire may be useful when completed by each member of the Committee. It is important to consider each point carefully in determining strengths and areas in need of improvement.

Rate effectiveness 1 to 5 (1 = Very Ineffective; 2 = Ineffective; 3 = Neither Effective or Ineffective; 4 = Effective; 5 = Very Effective)
The Committee performance using the above rating scale can also be considered from 1 = Poor to 5 = Excellent.

Creating & Running an Effective Committee	Yes / No	Comments
Do you understand and agree with the functions of the Committee as detailed in its Terms of Reference? If not, why?	Yes	
Does the committee collectively have sufficient skills, experience, time and resources to undertake its duties? If not, why?	Yes	
	Rate 1 - 5	
Does the committee work constructively as a team and work well with others attending the meetings? If not, how do you suggest this is addressed?	**4**	
Does the relationship between committee members strike the right balance between challenge and mutuality? If not, please provide comments.	**4.2**	
Do the meeting arrangements enhance the Committee's effectiveness (e.g. frequency, timing, duration, venue and format) to allow sufficient time for the discussion of agenda items?	**4.1**	• Teleconference meeting be considered when appropriate • Uncertainty around meeting times & dates is a concern, and was reflected in my mark
Are the reports for each meeting sufficiently comprehensive and yet understandable enough for you to make informed decisions?	**4.4**	

Are the presentations an interesting and helpful way of informing members about various issues?	**4.2**	• Minimal presentations and could be more informative
Are effective minutes prepared, distributed and followed up?	**4**	
How do you rate the overall efficiency and effectiveness of the Committee? Please provide reasons for your ranking	**4**	• Meetings contain a full agenda and items are completed and not usually carried over • Seems to be a good mix of experience and contribution
Do staff and members conduct themselves in accordance with high standards of behaviour (e.g. Code of Conduct and Corporate Values)?	**4.8**	
How do you rate the performance of the Presiding Member in preparing for and conducting the meetings? What are the reasons for your ranking?	**4.375**	• Excellent conduct of meetings – Ensures participation • Capable Chair – Input from other councils useful
How do you rate the performance of the other members of the Committee in fulfilling their role on the Committee? What are the reasons for your ranking?	**4**	• Committee members are well prepared and contribute to discussions on agenda items • A good complementary group that work well together
How do you rate your performance as a member of the Committee? What are the reasons for your ranking?	**3.7**	• Well prepared for meetings and ensure involvement of committee members, management and staff in discussing agenda items • Still coming to terms with competencies of a larger council
How do you rate the performance of the support staff in facilitating the Committee's role and function? What are the reasons for your ranking?	**4.5**	• Committee is well supported to ensure meetings are effective • Good reports, easily understood
Overseeing Governance, Risk Management and Internal Control		**Comments**
Does the Committee assure itself that the Executive take responsibility for risk identification and control, and give formal assurance through reporting that key risks are being adequately managed?	**4.3**	• Risk Profile presentations from management will provide additional assurance

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Before using a printed copy, verify that it is the current version. Updated 18/07/2017

Is the Committee satisfied that there is an effective program in place to ensure that risk management becomes an integral part of the way in which Council conducts business?	**4.6**	• Program is progressing and cultural integration will take some time
Are internal audit findings and recommendations responded to in a timely and appropriate manner?	**4**	• Extensions to complete actions are adequately explained
Overseeing Financial Reporting and External Audit	**Yes / No**	**Comments**
Does the Committee review the work of the external auditor?	yes	• Management letters reviewed and annual in-camera meeting • Review of Management letter & meeting with Auditor
Does the Committee review and discuss the external auditor's management letter?	yes	• Follow up actions regularly reported
Is the Committee effective in managing and monitoring the relationship with the external auditor?	yes	• Independence declaration
General	**Comments**	
Do you have any suggestions for improving any aspect of the Committee's performance, role or functions?	• Really pleased with some new aspects & reporting styles that have been initiated by staff. • Job stability & job satisfaction with staff in senior positions is an area of risk that has been identified & is a difficult one to bench mark. • Relationships between senior staff and Elected Members is an area that has been identified as a critical focus by external auditors.	

Please return this questionnaire to the Executive Assistant to the Director Corporate and Community Services via email admin@yorke.sa.gov.au or fax 08 8853 2494, so that responses may be collated for the next Audit Committee Meeting.

Yorke Peninsula Council
Draft Audit Committee Work Program 2018

Activity	Timeframe					Notes
	Mar-18	Jun-18	Sep-18	Oct-18	Dec-18	
	28th	13th	26th	24th	12th	
1. Financial Reporting						
1.1 Review General Purpose Financial Statements				X		Following external audit but prior to Council endorsement
1.2 Review asset revaluations				X		Ensure up to date and soundly based, including having particular regard to local conditions:- > whether land values reflect current local market; > whether infrastructure asset values reflect local replacement costs and the condition of existing assets; > whether an infrastructure asset condition audit has been undertaken recently to assist in making this judgement.
1.3 Review methodology and approach to Depreciation				X		
1.4 Quarterly Budget Reviews - information only	X	X			X	For information only after adoption by Council
2. Internal controls						
2.1 Review progress on Council's Internal Financial controls	X	X	X	X	X	Status report provided on progress made against matters raised by Council's external auditor. Additional update report on internal controls project provided by Internal Auditor.
2.2 Review Council's internal control policies and procedures	X	X	X	X	X	Presented as part of the regular Internal Audit activity report
3. Risk Management Systems						
3.1 Risk External Audit (conducted by LGAWCS biennial due December 2019)						Presented as part of the regular Risk Management update report
3.2 Assess the appropriateness of the Councils response to the auditor's findings and recommendations	X					Presented as part of the regular Risk Management update report
3.3 Review Council's annual Risk Management Action Plan (incorporating Risk External Audit actions)	X	X	X	X	X	Presented as part of the regular Risk Management update report
3.4 Review Council's Risk Management Plan			X			Presented as part of the regular Risk Management update report
3.5 Review Council's Strategic Risk Register (in line with Strategic Management Plan - next review November 2019.)						Presented as part of the regular Risk Management update report
3.6 Review Council's Emergency Managment Systems (BCP, Emergency Response, etc.)		X				Presented as part of the regular Risk Management update report

Yorke Peninsula Council
Draft Audit Committee Work Program 2018

Activity	Timeframe					Notes
	Mar-18	Jun-18	Sep-18	Oct-18	Dec-18	
	28th	13th	26th	24th	12th	
3.7 Review Council's Risk Management Systems (Framework, policy, procedure, training, etc.)				X		Presented as part of the regular Risk Management update report
4. Whistle blowing						
Identify whether the Council has in place simple, readily accessible arrangements for employees to confidentially raise concerns of alleged malpractice in accordance with legislative provisions. Examine whether Council's whistleblower arrangements are well known to employees and effective having regard to local circumstances.						
4.1 Review Council's whistleblowers protection policy						Next review due 2019
4.2 Examine the method of informing staff of these policies						Next review due 2019
5. Internal Audit						
5.1 Review annual work program and outcomes of past work					X	Presented as part of the regular Internal Audit activity report
5.2 Consider any internal audits conducted	X	X	X	X	X	Presented as part of the regular Internal Audit activity report
6. External Audit						
6.1 Meet with Council's external auditor to:- > invite presentation of their audit methodology and risk assessments within the audit plan; > discuss any qualifications raised in the most recent audit or comments made in the accompanying audit management letter; > assess the appropriateness of the proposed Council response to matters so raised; and >invite comment on the financial systems and affairs of the Council having regard to comparable benchmarks.				X		
6.2 Review effectivness of external audit				X		
6.3 Review management representation letters before they are signed by management				X		
6.4 Assess the appropriateness of the Council's response to the auditor's findings and recommendations			X		X	
6.5 Oversee action to follow up on matters raised by the external auditor	X					
7. Reporting						

Yorke Peninsula Council
Draft Audit Committee Work Program 2018

Activity	Timeframe					Notes
	Mar-18	Jun-18	Sep-18	Oct-18	Dec-18	
	28th	13th	26th	24th	12th	
7.1 Report annually to Council:- > activities of the Committee's work program and the results of a self-assessment of performance for the preceding calendar year including whether it believes any changes to its Terms of Reference are needed; > outlining any training needs; > advising future work program proposals; and > inviting comment from Council on all of the above.					X	
8. Strategic, Financial and Management Planning						
8.1 Review Strategic Management Plan						Adopted by Council in July 2016. Next review not due until November 2019.
8.2 Review Long Term Financial Plan		X				Updated annually in conjunction with adoption of Annual Business Plan and Budget
8.3 Review Asset Management Plans/ Strategy		X				Ongoing as developed and reviewed.
8.4 Review appropriateness of the range and content of Council policies and strategies			X			As per renewal timeframes and legislative requirements
8.5 Review Annual business plan, budget and fees and charges		X				In conjunction with public consultation period
9. Other matters						
9.1 Adopt/review Audit Committee annual workplan	X	X	X	X	X	Updated for each meeting
9.2 Reports on other relevant matters						Ongoing as the need arises

8.5 INTERNAL AUDIT PLAN 2018-2020

Document #: **17/85075**

Department: **Executive Services**

PURPOSE

The Business Improvement Officer seeks an endorsement of the updated Internal Audit Plan for 2018 – 2020.

RECOMMENDATION

That The Audit Committee endorse the three year Internal Audit Plan for 2018 - 2020.

LINK TO STRATEGIC PLAN

Goal: 5 Responsible Governance

Strategy: 5.1 Openness and transparency of reporting Council's performance

5.3 Meet all legislative requirements and compliance with Council's internal controls

5.8 Continuous improvement of Council processes

BACKGROUND

The objective of the Yorke Peninsula Council's ("Council") internal audit function is to enhance business performance by ensuring compliance to policies and procedures and recommending improvements in process effectiveness, efficiency and economy.

The three year Internal Audit Plan covering 2018 - 2020 sets out the proposed internal audit projects to be undertaken by Council.

DISCUSSION

This Internal Audit Plan was updated to focus the limited internal audit resources to areas of most importance and concern to Council Management for the 2018 calendar year.

The internal audit plan was updated using the following considerations:

- Discussions with the Chief Executive Officer and a number of Directors and relevant Managers / staff on key issues and concerns currently arising
- Internal audits, identified as a priority, that were not fully completed in the 2017 Internal Audit Plan year will be rolled over
- Professional judgement of internal audit.

Project planned for 2019 and 2020 projects are also listed, but the Internal Audit Plan will be continually reviewed and revised where necessary. Whilst projects listed in the Internal Audit Plan will be undertaken, the Plan will retain a level of flexibility to reallocate resource and defer or replace projects based on risk or control issues which may emerge.

COMMUNITY ENGAGEMENT PLAN

Not applicable

CONSULTATION PROCESS

In preparing this report, the following Council officers were consulted:

- Chief Executive Officer
- Director Development Services
- Director Corporate & Community Services
- Manager Business & Public Relations
- Corporate Services Officer
- Risk Management Officer
- Leader Systems & Technology

POLICY IMPLICATIONS

PO156 Internal Financial Control

BUDGET AND RESOURCE IMPLICATIONS

Not applicable

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Local Government Act (SA) 1999

ATTACHMENTS

1. 2018-2020 Internal Audit Plan

Internal Audit Plan 2018 - 2020

1. OBJECTIVE

The objective of the Yorke Peninsula Council's ("Council") internal audit function is to enhance business performance by ensuring compliance to policies and procedures and recommending improvements in process effectiveness, efficiency and economy.

The updated three year Internal Audit Plan covering 2018 – 2020 sets out the proposed internal audit projects. This plan will be reviewed at the end of the 2018 calendar year.

2. METHODOLOGY

This Internal Audit Plan was updated to focus the limited internal audit resources to areas of most importance and concern to Council Management for the 2018 calendar year.

The internal audit plan was developed using the following considerations:

- Discussions with the Chief Executive Officer, Directors and other relevant staff on key issues and concerns currently arising
- Discussions with other Local Government Internal Audit Officers in regards to emerging risks and audit areas
- Professional judgement of internal audit.

3. REPORTING

The Business Improvement Officer(s) will report on the following to the Chief Executive Officer and Audit Committee (on at least a quarterly basis):

- Ongoing status of the Internal Audit Plan
- Outcomes / reports of individual engagements and any identified significant risk, control, fraud or governance issues
- Status of implementation of agreed actions resulting from internal and external audits, internal controls project and other external bodies.

DRAFT

4. INTERNAL AUDIT PLAN

The following table presents the proposed audit projects, for the immediate calendar year with a tentative scope and proposed timing. Planned 2018 & 2019 projects are also included, but will be continually reviewed and revised where necessary.

Project timing remains flexible and may change depending on organisational priorities. In addition, please note that whilst projects listed in the Plan will be undertaken, the Plan will retain a level of flexibility to reallocate resource and defer or replace projects based on risk or control issues which may emerge.

	Project	Scope Overview	Proposed Timing	2018	2019	2020
1	Cemeteries	A review to assess the risks and controls associated with Council's cemetery management. The specific objectives of the audit will be confirmed at a later stage, but will include: • Compliance with the Burial and Cremations Act 2013 • Compliance with Council's internal Cemetery Management Policy (PO132) and procedures.	August 2018	✓		
2	Financial Management – Payroll	Audit of the procedures and controls relating to the fortnightly processing of the payroll. Consideration of the new ElementTime application and the relating control environment will be included.	January 2018	✓		
3	Mobile Phones	This review will assess the processes for allocation of mobile phones, usage and ongoing monitoring processes.	July 2018	✓		
4	Work, Health & Safety	A review to assess performance against the Strategic Risk Management Plan, WHS program objectives and compliance with policies, procedures and processes. Specific scope will be developed in consultation with the Risk Administrator at a later stage.	October 2018	✓	✓	✓
5	Community Grant Funding	Audit of procedures related to grants paid by Council, including the assessment and allocation of grants and follow up requirements. This will consider compliance with Council's Community Grants Scheme Policy (PO149).	March 2018	✓		
6	Internal Financial Controls	Undertake verification of staff's self-assessment of internal financial controls.	May 2018	✓	✓	✓
7	Management Requests	Allowance for special projects, investigations and requests by Management that may arise during the year. In addition, smaller type audit will be considered here (e.g. purchase orders, petty cash and follow up of caravan park audits).	Ongoing	✓	✓	✓

DRAFT

	Project	Scope Overview	Proposed Timing	2018	2019	2020
1	Business Continuity and IT Disaster Recovery	This project will focus on the arrangements and adequacy of business continuity and IT disaster recovery for YPC. The review will include IT infrastructure, data centres, and associated policies which support YPC's disaster recovery and business continuity. Please note some specialist work may be required in undertaking this audit.	TBA		✓	
2	Financial Management - Accounts Payable	A review of key accounts payable controls including approval and disbursement process, maintenance of supplier master file and general ledger reconciliations.	TBA		✓	
3	IT Penetration and Vulnerability	A further review of the controls deployed relating to the integrity, confidentiality and availability of information passing over the IT network and communications environment to provide assurance that the controls are effective and appropriate. Please note this internal audit will be required to be performed by a specialist.	TBA		✓	
4	Contractor Management	To assess the Council's overall management framework in place to manage contractors. It will include consideration of processes in place to manage compliance with contract obligations, supplier performance, relationship management, reporting and risks.	TBA		✓	
1	Town Hall and Council Asset Hire	Review of the processes associated with hiring of hall and other assets to the community. Including financial, WHS, risk management and insurance controls.	TBA			✓
2	Corporate Governance	The objective of the review will be to assess the adequacy of Council's governance mechanisms (policies, structures, processes and information) to provide strategic direction and oversight of activities in support of the department. Specifically: • Attitude and culture of Corporate Management in regards to Corporate Governance (Tone at the Top) • Strategic Planning and Budgeting • Internal Controls, Internal Audit and Risk Management • Formally established Council and Management committees • Performance Monitoring and Reporting • Legislative Compliance	TBA			✓

	Project	Scope Overview	Proposed Timing	2018	2019	2020
3	Borrowing & Investments	A review of financial borrowing and investment controls including a review of the processes regarding the decisions to borrow taking into consideration the impacts on the financial sustainability of Council.	TBA			✓
4	Financial Management – Accounts Receivable	A review of key accounts receivable controls including receipting, banking, debtor follow up process and general ledger reconciliations.	TBA			✓

DRAFT

8.6 SECURITY ASSESMENT AUDIT REPORT - CQR CONSULTING

Document #: **17/87809**

Department: **Executive Services**

PURPOSE

To present the Audit Committee with an IT Security Assessment Audit Report performed by external provider, CQR.

RECOMMENDATION

That the report be received.

LINK TO STRATEGIC PLAN

Goal: 5 Responsible Governance

Strategy: 5.1 Openness and transparency of reporting Council's performance

5.3 Meet all legislative requirements and compliance with Council's internal controls

5.7 Improved mobility, accessibility, efficiency of staff via Information Technology solutions

5.8 Continuous improvement of Council processes

BACKGROUND

CQR (an external IT Security Consultant) was engaged by Council to perform an IT security assessment of Council's internet perimeter and web applications. The review was conducted in July 2017. The final report is presented to the Audit Committee for consideration.

DISCUSSION

The security assessment identified 11 vulnerabilities in total. Of the 11 vulnerabilities:

- Four were rated as moderate risks
- Three rated as low risk and;
- Four were shown as informational findings.

There were no items requiring immediate action by Council. The four moderately rated vulnerabilities were related to the internet perimeter and the web application security, mainly in session management and input validation. The technical details of the findings are provided in the full report.

All vulnerabilities and findings have been reviewed by the Leader Systems and Technology and also an external Network expert. All findings are currently being addressed.

It should be noted that the report commended Councils internet systems security and no system compromises were achieved by CQR during the project.

COMMUNITY ENGAGEMENT PLAN

Not applicable

CONSULTATION PROCESS

In preparing this report the following Yorke Peninsula Council officers were consulted:

- Leader Systems and Technology

In preparing this report, the following External Parties were consulted:

- IT Security consultants, CQR

POLICY IMPLICATIONS

PO153 Information Systems Access Control Policy

PO156 Internal Financial Control

BUDGET AND RESOURCE IMPLICATIONS

Not applicable

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Local Government Act (SA) 1999

ATTACHMENTS

1. CQR - External Network Security Assessment - 2017

Security Assessment

Yorke Peninsula Council

PREPARED BY CHRIS MONTAUTI 13 JULY 2017 VERSION 1.0 RELEASE

CONFIDENTIAL

Document Control

Author	Chris Montauti
Issue Date	13-Jul-2017
Review Date	13-Jul-2017
Version	1.0 Release
Location	Adelaide
Description	Security Assessment
Security Classification	Confidential

Date	Version	Description of Modification	Modified By
13-Jul-2017	1.0 Release	Initial release to client	CM

Contents

1	Executive Summary	1
1.1	Introduction	1
1.2	Objectives and Scope	1
1.3	Summary	1
1.4	Key Findings and Recommendations	2
2	Summary	3
2.1	Internet Perimeter	3
2.2	Web Application	3
3	Internet Perimeter	4
3.1	Host Information	4
3.2	Findings	4
3.3	Exposures	6
4	Web Application	8
4.1	Web Application Information	8
4.2	Findings	8
4.2.1	Information Gathering	8
4.2.2	Configuration Management	9
4.2.3	Session Management Testing	10
4.2.4	Authentication Testing	10
4.2.5	Session Authorisation Testing	11
4.2.6	Business Logic Testing	12
4.2.7	Data Validation and Client Side Testing	12
4.3	Exposures	13
5	Appendix A – SSL Issues	23
5.1	SSL Certificate Expired	23
5.2	SSL Certificate Signed Using Weak Hashing Algorithm	23
5.3	SSL Self Signed Certificates	23
5.4	SSLv3 and Weak Ciphers	23
5.5	SSL Certificate Cannot Be Trusted	23
6	Appendix B – Risk Categories	24
6.1	Impact	24
6.2	Likelihood	25
6.2.1	Logical Controls	25
6.2.2	Administrative Controls	25
6.2.3	Physical Controls	25
6.3	Risk	26
7	Appendix C – Definitions	27
7.1	Assessment Methodology	27
7.2	Risk Management	27
7.3	Security Terms	28
7.4	Remediation Complexity	28

1 Executive Summary

1.1 Introduction

CQR was engaged by Yorke Peninsula Council to perform a security assessment of the internet perimeter and web applications. This review was conducted during July 2017 and this report presents the findings of the review and recommended actions to address areas of residual risk.

The review was designed to provide Yorke Peninsula Council with a level of assurance that the controls deployed relating to the confidentiality, integrity and availability of information passing over the external network and web applications are effective and appropriate.

1.2 Objectives and Scope

The objective of the review was to validate the effectiveness of the security controls currently implemented. This was achieved by performing a technical assessment of the external internet range hosted and maintained by the Council and a web application penetration test of the eCouncil portal.

CQR and the Council were unable to receive permission from the hosting company Web24 to test the www.yorke.sa.gov.au site which was originally in scope. For this reason, the site was removed from scope and not tested during this engagement.

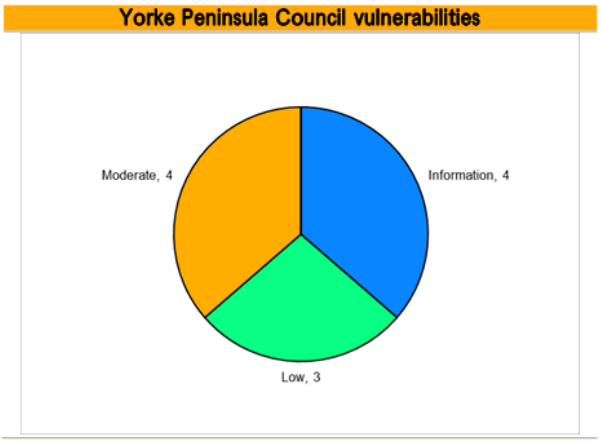
1.3 Summary

Our assessment has identified the nature and extent of potential or existing exposures that may compromise the information managed in Yorke Peninsula Council's production environment. To assist Yorke Peninsula Council to further improve the security of its environment we have provided recommendations on appropriate corrective actions to address each of the security vulnerabilities identified.

A vulnerability is a flaw or weakness in a system's design, implementation or operation which has the potential to allow a threat to occur with greater frequency, greater impact, or both. This includes software bugs, insecure configuration and inadequate management processes.

A total of **11** vulnerabilities were highlighted. This was mainly in the security of the web application and the deployment of weak security protocols. The risks range in significance from moderate to low risk with three informational findings.

The following diagram highlights the relative distribution of vulnerabilities raised in this report.



1.4 Key Findings and Recommendations

The overall security posture of the internet systems hosted by the Council are that of a good nature and no system compromises were achieved during the period of the engagement.

The publicly available services being exposed on the internet perimeter are adequate and contain no significant security risks. The area of concern noted for the systems in this environment is the deployment of weak encryption settings for a variety of services, such as web and voice. These services utilise SSL encryption for data security but are configured to support protocols and configurations which are considered insecure. It is recommended to replace the current certificates for all identified and publicly available services with officially signed certificates from a third-party trusted Certificate Authority (CA) and that the systems be configured to only support currently recommended encryption protocols and cipher suites.

The eCouncil portal web site which is a deployment of the Civica system highlighted several areas of concern. The web application is susceptible to a number of issues, in particular in relation to user sessions. The application is susceptible to a cross site scripting (XSS) attack which would assist a malicious user in gaining user session cookies. In addition to this, the security of the session cookies are poorly implemented with no security protection offered. Lastly, user sessions are not correctly terminated once a user closes the browser along with no new cookie being issued to the user once authenticated. This highlights a weak session management schema being operated by the application and places the users at risk.

The remainder of the vulnerabilities discovered with eCouncil are either rated as Low or Informational risk and relate to weaknesses in the application and web server configuration, such as leaking software details in error responses and not configuring secure HTTP headers.

The vulnerabilities discovered should be discussed with the software vendor with an aim of fixing the highlighted security concerns in the next deployed release of the software.

The exposures reported in this document form a moderate risk to Yorke Peninsula Council. We recommend that the risk management technique to be used is to **Correct** the exposures causing the risks (refer to Section 7.2 – Risk Management).

2 Summary

An explanation of the risk ratings is found in Appendix B – Risk Categories.

Based on the areas examined and the scope of this review, the overall risk has been benchmarked as Moderate, requiring vendor attention.

2.1 Internet Perimeter

Refer to section 3.3 for details.

Overall Rating	Comments	Risk	Count
	The overall internet presence of the systems hosted by the Council are of a secure nature. The only area of concern is the deployment of weak SSL protocols and ciphers which are considered a security risk to the users of those services.	Extreme	0
		High	0
		Moderate	1
		Low	0
		Information	1

2.2 Web Application

Refer to section 4.3 for details.

Overall Rating	Comments	Risk	Count
	The application tested is prone to a number of security issues, mainly in session management and input validation. Cookies are not securely configured which increases the overall risk of user's having their sessions compromised.	Extreme	0
		High	0
		Moderate	3
		Low	3
		Information	3

3 Internet Perimeter

The methodology used for examining the network security is based on the common methodology of Discovery, Enumeration, Vulnerability Mapping and Exploitation.

The methodology is designed to not only identify any vulnerabilities in the SANS Top 20 vulnerabilities, but also ensure that the security of the systems is assured.

The methodology performs tests and examinations using a range of automated and manual processes. The results of these tests are then analysed and investigated to identify the extent of the security vulnerabilities and how the vulnerabilities can be mitigated.

3.1 Host Information

Testing was conducted against the following hosts.

Scan Started	Scan Completed	Source IP Address
23/06/2017	23/06/2017	180.148.84.75 180.148.84.67

Target Owner	From IP Address	To IP Address
Internode	150.101.10.169	150.101.10.174

3.2 Findings

The following services were detected.

IP Address	Hostname	TCP Ports	UDP Ports	ICMP
150.101.10.168	-	80, 443, 4224	-	-
150.101.10.169	-	1032, 1033, 1034, 1038, 8032, 8033, 8034, 8038	-	-
150.101.10.170	mail.yorke.sa.gov.au gw.yorke.sa.gov.au intranet.yorke.sa.gov.au sts.yorke.sa.gov.au	25, 443, 4222, 4223	-	-
150.101.10.171	-	443	-	-
150.101.10.172	maps.yorke.sa.gov.au	80, 443	-	-
150.101.10.173	vpn.yorke.sa.gov.au ypcucexe01.yorke.sa.gov.au	443, 1720, 5060, 5061, 5222, 8443	-	-
150.101.10.174	mail.yorke.sa.gov.au	-	-	-

The following domains were discovered.

DNS Domain	Registrant	DNS Name Servers
yorke.sa.gov.au	Digital Transformation Agency admin@yorke.sa.gov.au	ns1.on.net (203.16.213.172)

The following table provides a high level summary of the tests conducted and the results observed.

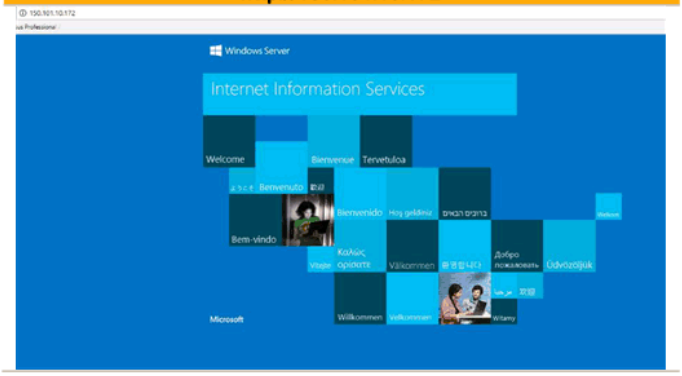
Test	Result	Observations
Identify dangerous, extraneous or unused network services.	OK	Network scanning revealed no dangerous services which may cause a direct security concern to the internet services hosted on the internet perimeter. A number of services were identified which would not respond to standard connection requests, which could indicate some level of access filtering is in place. No vulnerabilities were identified.
Identify unrestricted management services.	OK	No unrestricted management interfaces were identified.
Identify services that leak information.	INTERNET-2	The default IIS server installation page is publicly available on one server, revealing the version of the underlying web software.
Identify insecure remote access.	OK	A SSH service was discovered and was subjected to a brute force attack. No access was gained during the time period indicating that authentication security is of an adequate standard to protect from casual attackers.
Identify services with weak security settings.	INTERNET-1	The web services offered by numerous servers support the vulnerable SSLv3 protocol along with weak ciphers.
Enumerate usernames for authenticated services.	OK	No services discovered allowed for username enumeration.
Identify insecure DNS configurations.	OK	No DNS services were identified as being hosted on the internet perimeter. Checks of the public DNS records for associated Yorke domains were found to be configured appropriately with no risks being found.
Compare identified services and applications against a database of known vulnerabilities.	OK	Of the services which could be identified via fingerprinting methods, none had publically known vulnerabilities associated with them.
Attempt exploitation techniques against potentially vulnerable network services identified in previous phases of the test.	n/a	No publically active exploits discovered for any of the exposed services hosted on the internet perimeter.

3.3 Exposures

Reference:	INTERNET-1
Vulnerability:	SSL protocol weaknesses.
Exposures:	Refer to Appendix A – SSL Issues
Risk:	Moderate [3C]
Security domains:	Confidentiality, Integrity.
Technical details:	The ability to encrypt data between a client and the serving servers ensures the data is protected in transit. This also provides assurance to the connecting body that the data is protected and all information is kept confidential. Several issues were discovered which place this level of assurance at risk, and may in some circumstances lead to data being compromised by Man-in-the-middle (MiTM) attacks and the publicised POODLE and SWEET32 attacks. The issues identified are: • Certificates signed using a weak algorithm (SHA1); • Self-signed certificates on external services; • Expired certificates; • SSL v2 & v3; • RC4 cipher suites. The use of weak protocols and ciphers increases the risk of MiTM attackers being able to decrypt sensitive data. The use of certificates which cause validation errors trains users to accept browser warnings, reducing protection against server impersonation attacks and encourages other risky behaviour.
Mitigating controls:	None.
Recommendation:	The certificate issues can be remediated if the certificates on the hosts are replaced with a trusted certificate from a certificate authority provider. The use of the stronger TLS v1.2 protocol and strong cipher suites should also be used for encryption. Industry guidance on recommended protocols and ciphers is available at: • https://github.com/ssllabs/research/wiki/SSL-and-TLS-Deployment-Best-Practices • https://wiki.mozilla.org/Security/Server_Side_TLS
Remediation complexity:	Considerable.
Implementation issues:	None.
Corrective action taken:	

Reference:	**INTERNET-2**
Vulnerability:	Information disclosure through default installation page.
Exposures:	150.101.10.172
Risk:	**Informational**
Security domains:	Confidentiality.
Technical details:	The web server returns the installation default web page. This is usually the case when the site has been installed but no content added. The contents of the default web page allow the server to be fingerprinted.

http://150.101.10.172



Mitigating controls:	Currently there is one low security concern with IIS 8.5 but requires set conditions for the exploit.
Recommendation:	If the site is not in use, disable the service. If the site is in use, but the URL is not public, change the default page to be a blank page or a redirector back to a valid web site.
Remediation complexity:	Routine.
Implementation issues:	None.
Corrective action taken:	

4 Web Application

The methodology used to review the eCouncil application is:

- scan the server with an automated vulnerability scanner;
- use a tool to spider the website, constructing an offline copy;
- identify potential vulnerabilities through tools and manual checks;
- attempt exploitation of the vulnerabilities.

The results of the review are then analysed and investigated to identify the extent of the security vulnerabilities and how the vulnerabilities can be mitigated.

4.1 Web Application Information

The following web site was reviewed.

IP Address	Port	Hostname	Description
150.101.10.171	443	ecouncil.yorke.sa.gov.au	Payment Portal

4.2 Findings

4.2.1 Information Gathering

The first phase of an application security assessment is to gather as much information about the target as possible.

Useful information may be found in public information resources (such as search engines, DNS and Whois databases). The environment may be fingerprinted using network analysis tools, or the application may be found to leak technical information when responding to certain requests (for example in detailed error messages or debugging information).

Test	Result	Observations
Spiders, robots and crawlers	OK	The main site contains a valid robots file which is configured to disallow spidering and crawling from search engines.
Search engine discovery/reconnaissance	OK	The site is available via search engines and is accessible via the public. No sensitive information was identified which would cause a risk.
Identify application entry points	OK	A single public login page is identified as the only application entry point for the application. There are no authentication or authorisation issues which expose the application to risk.
Testing web application fingerprint	WEB-7	The version of the underlying web server is revealed in the HTTP response headers.
Application discovery	OK	The application login page reveals the software name of Civica Pty Ltd.
Analysis of error codes	WEB-5 WEB-7	Error codes received during testing highlighted that application is written in java and is utilising an IBM WebSphere deployment. Error codes also revealed the version of Apache server.

4.2.2 Configuration Management

Analysis of the infrastructure and topology architecture can reveal information about a web application and its operation. Information such as source code, HTTP methods permitted, administrative functionality, authentication methods and infrastructural configurations can be obtained.

Test	Result	Observations
SSL/TLS testing	WEB-3	The server is configured to use SSL protocols and ciphers with known weaknesses.
	WEB-5	The server is not configured to use Strict Transport Security (HSTS).
	WEB-8	A wildcard SSL certificate is being used which has the potential to expose the server to impersonation attacks.
Database listener testing	OK	Network level scanning of the hosting server showed no database listener or unrequired ports being exposed to the internet.
Application and infrastructure configuration management testing	OK	The application does not reveal or expose any infrastructure or management configuration areas which could be targeted. The host was scanned with network mapping tools and only appropriate underlying web services are exposed. There are no management or configuration areas identified or vulnerabilities which pose a risk.
Testing for file extensions handling	OK	There are no file upload functions identified within the application. Fuzzing of file extensions did not result in any unexpected or risky behaviour.
Old, backup and unreferenced files	OK	There were no old, backup or unreferenced files identified for the application.
Testing for HTTP methods and XST	WEB-9	The site is allowing for the TRACE and HEAD option, however these options do not cause an immediate threat and should be disabled on the next security deployment.
Testing for UI redressing (clickjacking)	WEB-5	The application is prone to the clickjacking attack, as no X-Frame-Options is included within the HTTP header.

4.2.3 Session Management Testing

HTTP is a stateless protocol, meaning that web servers respond to client requests without linking them to each other. Session Management is the way in which an application maintains state and thereby controls user interaction with the site, often through the use of cookies, headers, nonces and other dynamic variables.

In this phase of the assessment, we examine the application's method for establishing, maintaining and expiring the sessions of anonymous and authenticated users.

Test	Result	Observations
Testing for session management schema	WEB-4	The cookie is not destroyed by the server once the browser is closed without using the logout option. Additionally, idle sessions do not timeout after a set period of time. A session is still active after sixty minutes. A number of cookies were captured to test the randomization and strength of the cookie. Tests showed that no pattern was present and cookie forgery would not be possible.
Testing for cookie attributes	WEB-2	Cookies are missing essential security settings such as HttpOnly and Secure
Testing for session fixation	WEB-2 WEB-4	Session cookies do not renew upon logging in. This, combined with protective measures missing from the session cookies and XSS vulnerabilities is allowing for session fixation attacks against users.
Testing for CSRF	OK	Manual and automated testing discovered no instances of cross site request forgery.

4.2.4 Authentication Testing

Authentication within the context of a web application or web service can be implemented in a variety of ways. The aim of this section of the assessment is to identify any authentication methods in use and to determine if the method is susceptible to account enumeration, dictionary, and brute force attacks. The security of user credentials in transit and storage is also assessed.

Test	Result	Observations
Credentials transport over an encrypted channel	OK	All users authentication credentials and application data is encrypted.
Testing for guessable (dictionary) user account	OK	Attempts to guess user accounts and password result in no compromise. Over 10,000 variations were attempted with no success.
Brute force testing	OK	Attempts to brute force the testing account resulted in account lockout after seven attempts.
Testing for bypassing authentication schema	OK	In was not possible to access any area of the site without being authenticated. Attempts to access cached pages failed and required authentication.

Test	Result	Observations
Testing for vulnerable remember password and reset	OK	The option to reset a user password provides a generic message which removes the threat of account enumeration. A reminder question is required to be entered by the user to verify the username.
Testing for logout and browser cache management	OK	The logout function correctly terminates the user session and any further access requires authentication. The appropriated cache control is applied in the HTTP header.
Testing for CAPTCHA	N/A	CAPTCHA verification has not been implemented for the site.
Testing for multiple factor authentication	N/A	Multi factor authentication has not been deployed for the site.

4.2.5 Session Authorisation Testing

Authorisation is the concept of controlling access to resources by previously authenticated users.

In this phase of the assessment, we aim to understand how the authorisation process works, and using that information to circumvent the authorisation mechanism. Authorisation is a process that comes after a successful authentication, so the tester will verify this point after he holds valid credentials associated with a well-defined set of roles and privileges. During this kind of assessment, it should be verified if it is possible to bypass the authorisation schema, find a path traversal vulnerability, or find ways to escalate the privileges assigned to the tester.

Test	Result	Observations
Testing for path traversal	OK	Attempts manually and via automation resulted in no discovery of path traversal.
Testing for bypassing authorisation schema	OK	It was not possible for an anonymous user to access any application data without first being authenticated. Test user accounts with varying permissions were also used in order to test authorisation between accounts, and this was implemented appropriately.
Testing for privilege escalation	OK	Attempts to escalate from a standard user to a more privileged account failed. Generic application error messages were returned.

4.2.6 Business Logic Testing

Application logic can have security flaws that may allow a user to do something that is not intended or allowed by the business.

This area of security testing is intentionally vague as it pertains to the unique business requirements and functionality of each application. To identify flaws in application logic the tester must be familiar with the general usage, functionality and flow of the application.

An example of a logic flaw is where the application expects a user to perform a certain set of actions in a sequence; however, an attacker may discover that he can perform these actions out of sequence (or omit a step), breaking the logical flow of the application.

Test	Result	Observations
Testing business logic	OK	Business logic testing focuses on interacting with the application with typical use cases and attempting to break out of the indented application flow in ways which could cause unexpected behaviour or vulnerabilities. The application is structured appropriately to facilitate the core functions and no business logic vulnerabilities were identified.

4.2.7 Data Validation and Client Side Testing

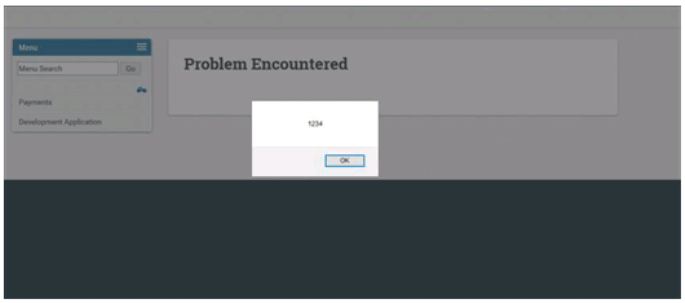
The majority of web application vulnerabilities are the result of not properly validating user-supplied data and user-controlled inputs. Poor input validation is the root cause of a wide range of vulnerabilities including SQL injection, cross-site scripting, traversal attacks and buffer overflows.

Modern complex applications have a large number of entry points and a very large "attack surface", which makes it difficult for developers to catch and validate every unique form of user-supplied input.

This phase of the assessment forms the core of the web application penetration test: to identify application forms and inputs, and to exhaustively test each input for as many input validation issues as possible within the timeframe allocated for the assessment.

Test	Result	Observations
Testing for cross site scripting (XSS)	WEB-1	The application is susceptible to XSS and allows for client-side commands to be run.
Testing for SQL injection	OK	Attempts to perform SQLi both manually and via automation failed. User input is correctly being validated.
Testing for other data validation	OK	Attempts to input invalid characters for fields resulted in appropriate error responses.

4.3 Exposures

Reference:	WEB-1
Vulnerability:	Cross-site scripting (reflected).
Exposures:	https://ecouncil.yorke.sa.gov.au/eservice
Risk:	Moderate [3C]
Security domains:	Confidentiality, Integrity.
Technical details:	Cross-site scripting (also known as XSS) occurs when a web application copies malicious data from a user into an application response in an unsafe manner. Reflected cross-site scripting occurs when the data from a URL or form parameter is used in the response to that request. Stored cross-site scripting occurs when data from a database or other persistent data store is used to generate an application response. A successful attack allows an attacker to cause JavaScript code supplied by the attacker to be executed within the context of a user's browser. The malicious code can perform a variety of actions, such as stealing the victim's session cookie or logon credentials, performing arbitrary actions on the victim's behalf, logging their keystrokes and delivering malware. 
Mitigating controls:	None.
Recommendation:	Ensure that all content derived from user input or databases is appropriately escaped before sending it to the browser. Escaping requirements vary with data context, but are described in detail at the following reference: https://www.owasp.org/index.php/XSS_(Cross_Site_Scripting)_Prevention_Cheat_Sheet
Remediation complexity:	Considerable.
Implementation issues:	None.
Corrective action taken:	

Reference:	WEB-2
Vulnerability:	Cookie security attributes are not set.
Exposures:	https://ecouncil.yorke.sa.gov.au/eservice
Risk:	Moderate [3C]
Security domains:	Confidentiality, Integrity.
Technical details:	Session cookies were detected without the HttpOnly and Secure flags set. HttpOnly is an optional flag that can be included in the Set-Cookie HTTP response header. Using the HttpOnly flag when generating a session cookie helps mitigate the risk of client-side scripts accessing the session cookie when a compliant web browser is used. When a client-side script attempts to read a session cookie the web browser will return an empty string instead of the session cookie. This helps prevent malicious code such as Cross Site Scripting (XSS) from reading session information and forwarding it to an attacker. Both attributes are not set for the cookies presented by the application. JSESSIONID_live=0000KhkWE31EKL7jh_XTu:-1; Path=/
Mitigating controls:	All communication between the server and client browser is encrypted, mitigating vulnerabilities related to not setting the Secure attribute. However, this does not address exposures related to not setting the "HttpOnly" attribute.
Recommendation:	Configure the application to set the Secure and HttpOnly attributes on all cookies. Further information can be located here: http://blog.modsecurity.org/2008/12/fixing-both-missing-httponly-and-secure-cookie-flags.html
Remediation complexity:	Routine.
Implementation issues:	Some applications may require that cookies be accessible to JavaScript.
Corrective action taken:	

Reference:	WEB-3
Vulnerability:	SSL protocol weaknesses.
Exposures:	https://ecouncil.yorke.sa.gov.au/eservice
Risk:	Moderate [3C]
Security domains:	Confidentiality, Integrity.
Technical details:	The ability to encrypt data between a client and the serving servers ensures the data is protected in transit. This also provides assurance to the connecting body that the data is protected and all information is kept confidential. Several issues were discovered which place this level of assurance at risk, and may in some circumstances lead to a data being compromised by Man-in-the-middle attacks and the much-publicised POODLE and SWEET32 attacks. The issues discovered are: - Certificates signed using a weak algorithm (SHA1); - SSL v2 & v3; - RC4 cipher suites. The use of weak protocols and ciphers increases the risk of MiTM attackers to decipher secure data. The use of certificates which cause validation errors trains users to accept browser warnings, reducing protection against server impersonation attacks.
Mitigating controls:	None.
Recommendation:	The certificate issues can be remediated if the certificates on the hosts are replaced with a trusted certificate from a certificate authority provider. The use of the stronger TLS v1.2 and strong cipher suites should also be used for encryption. Industry guidance on recommended protocols and ciphers is available at: - https://github.com/ssllabs/research/wiki/SSL-and-TLS-Deployment-Best-Practices - https://wiki.mozilla.org/Security/Server_Side_TLS
Remediation complexity:	Considerable.
Implementation issues:	None.
Corrective action taken:	

Reference:	WEB-4
Vulnerability:	Session management vulnerabilities.
Exposures:	https://ecouncil.yorke.sa.gov.au/eservice
Risk:	Low [2D]
Security domains:	Confidentiality, Integrity.
Technical details:	User sessions are not terminated by closing the browser tab or the browser (instead of logging out). Unauthorised access to an account is possible by simply reopening the browser and entering the URL (or restoring last known pages). In addition, idle session timeouts are not being correctly implemented. During testing, our test user account was still logged in after a 60+ minutes of inactivity. The longer a session stays unnecessarily active for increases the exposure of that session being used by an attacker. The application is also vulnerable to session fixation attacks. As a session cookie is provided to an unauthenticated user on the login page, it does not change when the user authenticates. By not generating a new session cookie for authenticated events presents a risk of an attacker being able to plant a cookie on the victim's browser and that cookie is used once the user authenticates, granting the attacker access to the victim's account. The overall risk of these session management issues is increased due to the application being susceptible to XSS (WEB-1) and the lack of cookie security (WEB-2).
Mitigating controls:	None.
Recommendation:	Re-architect the application session management schema so that the cookie is invalidated at the end of each session, including closing the browser and browser tab, and ensuring a reasonable timeout period is defined to terminate the session (e.g. 15 minutes of idle time). Refer to the following OWASP guidelines for implementing secure session management: https://www.owasp.org/index.php/Session_Management_Cheat_Sheet
Remediation complexity:	Considerable.
Implementation issues:	None.
Corrective action taken:	

Reference:	WEB-5
Vulnerability:	HTTP protection headers have not been implemented.
Exposures:	https://ecouncil.yorke.sa.gov.au/eservice
Risk:	Low [2D]
Security domains:	Confidentiality, Integrity.
Technical details:	The web server is missing HTTP headers which assist in hardening the overall security posture of the associated web applications. The headers which have not been configured are: X-XSS-Protection: Modern browsers come with XSS filters enabled by default; however, it is possible to disable these. This header instructs the browser to enforce the filter on all sites with this header configured. This helps protect end users from XSS attacks which may exist within the application. Strict-Transport-Security: This header should be configured for all sites where an HTTPS alternative is available. By configuring this header, the browser will redirect all communications to the alternate HTTPS URL for the duration configured. This prevents downgrade attacks where the client may be forced to access the site over HTTP, thus divulging sensitive information to a listening attacker. X-Frame-Options: This header instructs the browser to allow or disallow the loading of iframes within the application from trusted or untrusted sources. If not configured, it is possible for an attacker to load a malicious frame within the context of the application which leads to clickjacking attacks where a user inadvertently interacts with the attacker's page and can cause theft of credentials to malware infection.
Mitigating controls:	None.
Recommendation:	Configure the following HTTP headers on both servers: X-XSS-Protection: 1; mode=block This enables the built-in XSS browser filter and prevents the rendering of the page if an XSS attack is detected. Strict-Transport-Security: max-age=31536000 ; includeSubDomains This option ensures that the browser remembers that the web page is only accessible over HTTPS and includes all associated subdomains. Note that this will also affect internal applications under the affected domain, and is difficult to roll back prior to the expiry of the header. X-Frame-Options: Deny This prevents framing altogether. As framing was not identified within the application, this is the most secure option.
Remediation complexity:	Routine.

Reference:	WEB-5
Implementation issues:	Implementing HSTS affects all resources on a site. Any embedded components such as images, advertising and analytics providers should all support HTTPS before HSTS is considered. If the includeSubDomains option is set, internal sites and services published under the same domain name will also be required to correctly implement HTTPS. Once a user's browser has seen an HSTS header, the user will not be able to fall back to HTTP until the header expires. HSTS should not be enabled publicly until ongoing HTTPS-only support is ensured. A graduated implementation, commencing with a small max-age value and increasing the value over time, can reduce the risk from implementation errors. Older browsers may not support these HTTP headers in which case they will be ignored.
Corrective action taken:	

Reference:	WEB-6
Vulnerability:	Error messages overly verbose.
Exposures:	https://ecouncil.yorke.sa.gov.au/eservice
Risk:	Low [2D]
Security domains:	Confidentiality.
Technical details:	The application produced error messages with overly excessive application information. Researching the messages showed the system is running IBM WebSphere server. Although the information displayed did not reveal sensitive information. **Problem Encountered** zqj1w at com.ibm.ws.webcontainer.extension.DefaultExtensionProcessor.handleRequest (DefaultExtensionProcessor.java:601) at com.ibm.ws.webcontainer.webapp.WebApp.handleRequest(WebApp.java:3994) at com.ibm.ws.webcontainer.webapp.WebGroup.handleRequest(WebGroup.java:276) at com.ibm.ws.webcontainer.WebContainer.handleRequest(WebContainer.java:945) at com.ibm.ws.webcontainer.WSWebContainer.handleRequest(WSWebContainer.java:1592) at com.ibm.ws.webcontainer.channel.WCChannelLink.ready(WCChannelLink.java:191) at com.ibm.ws.http.channel.inbound.impl.HttpInboundLink.handleDiscrimination(HttpInboundLink.java:454) at com.ibm.ws.http.channel.inbound.impl.HttpInboundLink.handleNewRequest(HttpInboundLink.java:516) at com.ibm.ws.http.channel.inbound.impl.HttpInboundLink.processRequest(HttpInboundLink.java:307) at com.ibm.ws.http.channel.inbound.impl.HttpICLReadCallback.complete(HttpICLReadCallback.java:84) at com.ibm.ws.tcp.channel.impl.AioReadCompletionListener.futureCompleted(AioReadCompletionListener.java:175) at com.ibm.io.async.AbstractAsyncFuture.invokeCallback(AbstractAsyncFuture.java:217) at com.ibm.io.async.AsyncChannelFuture.fireCompletionActions(AsyncChannelFuture.java:161) at com.ibm.io.async.AsyncFuture.completed(AsyncFuture.java:138) at com.ibm.io.async.ResultHandler.complete (ResultHandler.java:204) at com.ibm.io.async.ResultHandler.runEventProcessingLoop(ResultHandler.java:775) at com.ibm.io.async.ResultHandler$2.run(ResultHandler.java:905) at com.ibm.ws.util.ThreadPool$Worker.run (ThreadPool.java:1662) --> **Problem Details** A problem has occurred while processing your request. Please try this again at a later time. Return To Home Page Error pages were also identified which include the underlying web server type and version as shown below: Apache/2.2.15 (Red Hat)
Mitigating controls:	None.
Recommendation:	The application should be configured to display a generic error responses which do not include application or server information. Ideally, customer error pages be implemented for all error responses. It is advisable that the Council contact Civica for a resolution on this finding.
Remediation complexity:	Routine.
Implementation issues:	None.
Corrective action taken:	

Reference:	WEB-7
Vulnerability:	Information leakage.
Exposures:	https://ecouncil.yorke.sa.gov.au/eservice
Risk:	Informational
Security domains:	Confidentiality.
Technical details:	The version of Apache server is being revealed in the HTTP response header. This allows for information gathering on the support infrastructure for the web site. HTTP/1.1 404 Not Found Date: Wed, 05 Jul 2017 00:42:18 GMT **Server: Apache/2.2.15 (Red Hat)** $WSEP: Connection: close Content-Type: text/html;charset=ISO-8859-1 Content-Language: en-US Content-Length: 14038 This version of Apache is reported to contain known vulnerabilities with the most critical relating to a Denial of Service (DoS). A tool to check the existence of this vulnerability was used and it was found the ecouncil application is not vulnerable.
Mitigating controls:	Additional vulnerabilities discovered for the version of Apache require a number of specific configurations to be met.
Recommendation:	Ensure the latest software patches are deployed to the hosting server to ensure the server is adequately protected. Remove the Apache version from the HTTP response to minimise information leakage. Details on how to achieve this is below: http://ask.xmodulo.com/turn-off-server-signature-apache-web-server.html
Remediation complexity:	Routine.
Implementation issues:	None.
Corrective action taken:	

Reference:	WEB-8
Vulnerability:	Wildcard certificate in use.
Exposures:	https://ecouncil.yorke.sa.gov.au/eservice
Risk:	Information
Security domains:	Confidentiality, Integrity.
Technical details:	The server uses a wildcard certificate. If the server is compromised, access to this certificate exposes any other hosts or applications under the yorke.sa.gov.au domain to impersonation. Similarly, a compromise of any other server using this certificate could expose the application. Any server protected by this certificate could be impersonated using this wildcard certificate. The certificate is shown below:

Certificate Details	
Issued to:	*.yorke.sa.gov.au
Issued by:	COMODO
Valid from:	July 20, 2016 at 9:30:00 AM
Valid to:	July 29, 2019 at 9:29:59 AM

Mitigating controls:	None.
Recommendation:	The certificate should be issued to the FQDN of the web server. Purchase a new certificate which matches the FQDN of the server.
Remediation complexity:	Routine.
Implementation issues:	A cost is likely involved in obtaining a new SSL certificate.
Corrective action taken:	

Reference:	WEB-9
Vulnerability:	HTTP Trace method enabled.
Exposures:	https://ecouncil.yorke.sa.gov.au/eservice
Risk:	Information
Security domains:	Confidentiality.

Technical details:	The HTTP TRACE method is designed for diagnostic purposes. When enabled, the web server responds to requests that use the TRACE method by echoing in its response the exact request that was received.
	
	This behaviour is often harmless, but occasionally leads to the disclosure of sensitive information such as internal authentication headers appended by reverse proxies.
	
	Request
	
	`TRACE / HTTP/1.1`
	`Host: ecouncil.yorke.sa.gov.au`
	`Cookie: 7ia9tspnen`
	`Connection: close`
	
	Response
	
	`HTTP/1.1 200 OK`
	`Date: Wed, 05 Jul 2017 00:23:01 GMT`
	`Server: Apache/2.2.15 (Red Hat)`
	`Connection: close`
	`Content-Type: message/http`
	`Content-Length: 212`
	
	`TRACE / HTTP/1.1`
	`Host: ecouncil.yorke.sa.gov.au`
	`Cookie: 7ia9tspnen;`
	`JSESSIONID_live=0000jeGlW1EdL10KsmeOFgmgVxl:-1;`
	`_ga=GA1.4.296425186.1499214062;`
	`_gid=GA1.4.385821545.1499214062; _gat=1`
	`Connection: close`

Mitigating controls:	None.
Recommendation:	Disable the TRACE method for the server to remove this threat.
Remediation complexity:	Routine.
Implementation issues:	None.
Corrective action taken:	

5 Appendix A – SSL Issues

The listed hosts are allowing for the use of weak SSL versions, ciphers and expired certificates.

5.1 SSL Certificate Expired

Host IP	Expiry Date
150.101.10.172	Sep 25 00:00:00 2015 GMT

5.2 SSL Certificate Signed Using Weak Hashing Algorithm

Host	Port	Hashing Algorithm
150.101.10.173	5061	SHA1
150.101.10.173	5222	SHA1
150.101.10.173	8443	SHA1

5.3 SSL Self Signed Certificates

Host	Port Number
150.101.10.172	443
150.101.10.173	5061
150.101.10.173	5222
150.101.10.173	8443

5.4 SSLv3 and Weak Ciphers

Host	SSL Version	Port Number	Cipher
150.101.10.168	3	443	RC4
150.101.10.169	3	443	RC4
150.101.10.172	3	443	RC4
150.101.10.173	3	443	RC4

5.5 SSL Certificate Cannot Be Trusted

Host	Issuer	Port
150.101.10.172	yorkegis.yorke.local	443
150.101.10.173	Internal CA	5061
150.101.10.173	Internal CA	5222
150.101.10.173	Internal CA	8443

6 Appendix B – Risk Categories

The following tables are used to rate the risk due to the exposures. The methodology is derived from ISO 31000.

6.1 Impact

Level	Descriptor	Examples
1	Insignificant	Read-only access to user/unprivileged data Service fingerprinting where known vulnerabilities exist External server ping Audit records not correlated
2	Minor	Read-write access to user/unprivileged data Read-only access to system/privileged data User service compromise User service denial-of-service Single IP address denial-of-service Lack of user activity auditing
3	Moderate	User account compromise Service denial-of-service User denial-of-service User disciplinary action or sanctions Lack of privileged activity auditing Lack of configuration control/documentation
4	Major	Server/device administrative compromise External routed network compromise Read-write access to system/privileged data Server/device denial-of-service
5	Catastrophic	Domain administrative compromise Datacentre/network denial-of-service Business can no longer function

6.2 Likelihood

6.2.1 Logical Controls

Level	Descriptor	Examples
A	Almost certain	Demonstrated compromise
B	Likely	Exploit tool publicly available No exploit tool required Detective control does not alert
C	Possible	Publicly analysed vulnerability Published manual process available Detective control alerts via e-mail
D	Unlikely	Vulnerability announced but no public disclosure Physical access required Specialist knowledge required Detective control alerts in real-time
E	Rare	Brute force required Attack is theoretically possible Detective control is monitored by a person in real-time

6.2.2 Administrative Controls

Level	Descriptor	Examples
A	Almost certain	Behaviours actively encouraged
B	Likely	Policy does not exist or is ambiguous Staff are not trained
C	Possible	Policy exists but is not enforced Staff training is out of date
D	Unlikely	Policy breach will cause disciplinary action or termination Documentation does not exist Staff training is not regular or reinforced
E	Rare	Policy breach will cause civil or criminal charges Documentation exists but is incomplete or has minor inaccuracies Staff are not independently certified

6.2.3 Physical Controls

Level	Descriptor	Examples
A	Almost certain	Open door
B	Likely	Unmonitored public access areas
C	Possible	Loss of power due to supply failure
D	Unlikely	Temperature or humidity outside of normal operating range
E	Rare	Fire, flood or other major environmental damage

6.3 Risk

	Impact				
	1	2	3	4	5
Likelihood	**Insignificant**	**Minor**	**Moderate**	**Major**	**Catastrophic**
A **Almost certain** (Likely or possible weekly)	Moderate	High	High	Extreme	Extreme
B **Likely** (Likely or possible monthly)	Moderate	Moderate	High	High	Extreme
C **Possible** (Likely or possible annually)	Low	Moderate	Moderate	High	High
D **Unlikely** (Maybe once in 5 years)	Low	Low	Moderate	Moderate	High
E **Rare** (Maybe once in 20 years)	Information	Low	Low	Moderate	Moderate

Symbol	Risk	Description
	Extreme	Immediate action is required. This is a critical problem that is almost certain to cause some loss.
	High	Senior management attention is needed. Failing to implement this recommendation as soon as possible introduces a high probability of loss of some sort.
	Moderate	Management responsibility must be specified. It is possible that failing to implement this recommendation will result in a loss of some sort. Rectification should be performed during the next scheduled maintenance.
	Low	Manage by routine procedures. This issue should be considered during normal administration duties and planning processes.
	Information	The exposure is provided for information purposes.

7 Appendix C – Definitions

7.1 Assessment Methodology

Discovery
No matter what environment is being tested, it is important to obtain as much information as possible about the target organisation within a reasonable period of time. Typically, this is referred to as "foot printing," and is often the most important (yet overlooked) component of zero-knowledge attacks.

Enumeration
Once specific domain names, networks and systems have been identified through discovery, the penetration tester should gain as much information as possible about each one. The key difference between discovery and enumeration is the level of intrusiveness.

Vulnerability Mapping
Vulnerability mapping, one of the most important phases of penetration testing, occurs when security practitioners map the profile of the environment to publicly known—or, in some cases, unknown—vulnerabilities. The tester's most mundane but critical work is performed during the discovery and enumeration phase. If executed haphazardly, the vulnerability-mapping phase will be less effective.

Exploitation
The exploitation phase begins once the target system's vulnerabilities are mapped. The penetration tester will attempt to gain privileged access to a target system by exploiting the identified vulnerabilities. This may take the form of launching a password guessing attack using user names collected during the enumeration phase. For example, published exploit code can be used to exploit vulnerabilities found during the vulnerability mapping stage. Whatever the method used, the goals of the test are any of:

- User-level access;
- Privileged access;
- Information snooping, theft or corruption.

7.2 Risk Management

Corrected
The exposure is such that the level of risk to the business would result in a higher cost to the business if the exposure is not addressed than if the exposure was addressed. That is, fixing the problem will cost less than the data is worth. This is a direct cost benefit.

Mitigated
The exposure is such that the value of the information is less than the cost of rectifying the exposure, or the exposure is not able to be rectified because of technical limitations in the platforms, or due to business or application requirements. In this case other controls may be used to reduce the level of exposure. That is, the application or platform does not support the required level of protection, but other controls will reduce the level of risk.

Acknowledged
These exposures must be highlighted to the management and business owners; however, the level of risk is low or the cost of correcting the exposure is such that the rectification of the exposure would cost more than the business is willing to spend or the data is worth. That is, the data is not worth the cost of protecting it or the risk is small enough to not warrant the rectification of the exposure.

Transferred
The exposure is such that the risk to the information is best addressed by transferring the risk, i.e. insurance.

7.3 Security Terms

Integrity
In lay usage, information has integrity when it is timely, accurate, complete, and consistent. However, computers are unable to provide or protect all of these qualities. Therefore, in the computer security field, integrity is often discussed more narrowly as having two facets: data integrity and system integrity. "Data integrity is a requirement that information and programs are changed only in a specified and authorised manner." National Research Council, Computers at Risk, (Washington, DC: National Academy Press, 1991), p. 54. System integrity is a requirement that a system "performs its intended function in an unimpaired manner, free from deliberate or inadvertent unauthorised manipulation of the system." (National Computer Security Centre, Pub. NCSC-TG-004-88.)

Availability
A "requirement intended to assure that systems work promptly and service is not denied to authorised users." (Computers at Risk, p. 54.)

Confidentiality
A requirement that private or confidential information not be disclosed to unauthorised individuals.

Risk
The potential for harm or loss is best expressed as the answers to these four questions:

- What could happen? (What is the threat?)
- How bad could it be? (What is the impact or consequence?)
- How often might it happen? (What is the frequency?)
- How certain are the answers to the first three questions? (What is the degree of confidence?)

Threat
This term defines an event (e.g. a tornado, theft, or computer virus infection), the occurrence of which would have an undesirable impact.

Vulnerability
This term characterises the absence or weakness of a risk-reducing safeguard. It is a condition that has the potential to allow a threat to occur with greater frequency, greater impact, or both. For example, not having a fire suppression system could allow an otherwise minor, easily quenched fire to become a catastrophic fire. Both expected frequency (ARO) and exposure factor (EF) for fire are increased as a consequence of not having a fire suppression system.

Security Risk
A security risk is the probability of a threat compromising a vulnerability during a specific time period.

7.4 Remediation Complexity

Routine
A routine mitigation action can be accomplished within the scope of business-as-usual. Impact is limited to a small number of systems or staff and effort is measured in hours.

Considerable
Considerable complexity reflects a need to create new processes, policies or programs. Coordination of several teams or impact to many users is likely. Effort is measured in days or weeks.

Extensive
An extensive mitigation action will require a significant change in process or major environment change. Several teams will be involved in deployment and effort will be measured in months.

8.7 DRAFT MAJOR PLANT ASSET MANAGEMENT PLAN

Document #: **17/87480**

Department: **Assets and Infrastructure Services**

PURPOSE

To advise the Audit Committee that the draft Major Plant Asset Management Plan (provided under separate cover) will be presented to Council to seek endorsement to undergo public consultation.

RECOMMENDATION

That the Audit Committee recommend that Council endorse the draft Major Plant Asset Management Plan to undergo public consultation.

LINK TO STRATEGIC PLAN

Goal: 2 Community Connected through Infrastructure

Strategy: 2.1 Develop and deliver on Asset Management Plans for all asset classes

BACKGROUND

As required by the Local Government Act 1999 Council must develop and adopt an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by Council for a period of at least ten (10) years.

The draft Major Plant Asset Management Plan is presented as a way forward in managing major plant assets. It includes the following:

- levels of service;
- future demand;
- lifecycle management;
- financial summary;
- plan improvement; and
- a proposed ten (10) year capital renewal budget.

DISCUSSION

The draft Major Plant Asset Management Plan has been developed to demonstrate responsive management of major plant assets, including the services provided from these assets; compliance with regulatory requirements; and to communicate the funding needed to provide the required levels of service over the ten (10) year planning period.

The draft Major Plant Asset Management Plan takes into account Council's Asset Management Policy (PO128), Strategic Management Plan, Long Term Financial Plan (LTFP), Annual Business Plan and budget.

The Yorke Peninsula Council owns and maintains a fleet of major plant, which is essential to support the delivery of services throughout the Council area, including the maintenance and construction of assets.

Major plant assets were categorised and uploaded into Conquest, Council's Asset Management Software, in June 2017. These assets have a replacement value of $12.2 million.

The draft Major Plant Asset Management Plan shows that the projected outlays necessary to provide major plant assets; including operations, maintenance, renewal and upgrade of existing major plant assets over the ten (10) year planning period is $29.8 million or $2.98 million per year. The estimated available funding included in the LTFP for this period is $34.3 million or $3.43 million per year. This

equates to 115% of the cost to provide these assets, which results in a funding excess of $449,000 on average per year. However, it needs to be noted that the review of replacement costs of plant and volatility of operating expenses such as fuel will have an impact on the projected figures.

The draft Major Plant Asset Management Plan will be used as a guide for Council to develop future budgets and capital works programs. In addition, further development of the asset condition profile of the major plant assets and the continued review of useful lives, replacement costs and residual values of each asset category will enhance the planning of capital renewal and replacement programs.

COMMUNITY ENGAGEMENT PLAN

Level 2 Consult – Public Notice placed in the Yorke Peninsula Country Times, on Council's website and Facebook page.

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Corporate Management Team
- Asset Manager
- Operations Manager
- Works Manager
- Manager Financial Services
- Accountant Financial Operations

In preparing this report, the following External Parties were consulted:

- Nil

POLICY IMPLICATIONS

PO128 Asset Management Policy

BUDGET AND RESOURCE IMPLICATIONS

The draft Major Plant Asset Management Plan has been developed with reference to the current LTFP. The expenditure and valuation projections in the draft Major Plant Asset Management Plan are based on the best available data.

The draft Major Plant Asset Management Plan provides Council with a guide to ensure that sufficient funding is available to maintain major plant assets at an appropriate level over a 10 year planning period.

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Local Government Act 1999

ATTACHMENTS

1. Draft Major Plant Asset Management Plan (under separate cover)

8.8 ASSET MANAGEMENT UPDATE

Document #: **17/88418**

Department: **Assets and Infrastructure Services**

PURPOSE

To update the Audit Committee members on Asset Management activities.

RECOMMENDATION

That the report be received.

LINK TO STRATEGIC PLAN

Goal: 2 Community Connected through Infrastructure

Strategy: 2.1 Develop and deliver on Asset Management Plans for all asset classes

2.2 Utilise technology to provide easy access to Council information (e.g. planned infrastructure works, location of public facilities, events etc.)

2.5 Explore provision of new infrastructure

BACKGROUND

The report provides the Audit Committee with a summary of the works / activities undertaken within Asset Management.

DISCUSSION

Asset Management Plans

The Stormwater Infrastructure Asset Management was adopted by Council at the November Council meeting.

A draft Major Plant Asset Management Plan will be presented to Council for endorsement to undertake public consultation at the December Council meeting and is provided to the Audit Committee for reference as part of the Agenda for this meeting.

A draft Buildings and Other Structures Asset Management Plan has been developed and workshopped by staff, with further review and discussion required prior to the plan being presented to Council.

Data Collection

Staff continue to undertake data collection and inspections of all asset classes and also investigate the use of new ideas and technologies to undertake and record these inspections.

ATTACHMENTS

Nil

8.9 RISK MANAGEMENT REPORT

Document #: **17/88852**

Department: **Corporate and Community Services**

PURPOSE

The Risk Management Officer presents an update on the progress of Council's Risk Management Framework.

RECOMMENDATION

That the report be received

LINK TO STRATEGIC PLAN

Goal: 5 Responsible Governance

Strategy: 5.5 Undertake effective risk management

5.8 Continuous improvement of Council processes

BACKGROUND

The objective of the Yorke Peninsula Council's (Council) risk management framework is to provide an essential and coherent link between our strategic goals, our risk management policies, procedures, processes and our day to day activities.

DISCUSSION

This report provides a status update on risk management activity performed from October to November 2017, including:

- Focus and preparation for upcoming Risk Audit Risk and WHS Evaluation Audits (05-06 December 2017).
- Updated Risk Management LGAMLS Review Action Plan.
- Risk Management Plan – Development Status Summary

COMMUNITY ENGAGEMENT PLAN

Not applicable

CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Manager People and Culture
- Risk Management Officer.

In preparing this report, the following External Parties were consulted:

- Nil

POLICY IMPLICATIONS

PO091 Risk Management Policy

PR098 Risk Management Procedure

BUDGET AND RESOURCE IMPLICATIONS

Not applicable

RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS

Local Government Act (SA) 1999

Work Health and Safety Act (SA) 2012

Work Health and Safety Regulations (SA) 2012

ATTACHMENTS

1. **Risk Management Activity Report - December 2017**
2. **Risk Management and Profile Review Action Plan 2016-2017 (extract) - December 2017**
3. **Risk Management Plan Development Status Summary - December 2017**

Risk Management Framework

2017

1. Risk Management Activity Report – October 2017 – November 2017

No.	Project	Scope Overview	Project Status
1	**Local Government Association Mutual Liability Scheme (LGAMLS) Risk Profile**	Actions on the 2016/2017 Risk Management Action Plan continue to be review until the 2017 audit has been undertaken and a new plan developed.	**In Progress**
2	**Risk Maturity Assessment (RMA)**	Allocation of responsible persons and due dates will be allocated in the RMA Action Plan after the Risk Profile and KPI Audits have been completed and results reviewed.	**In Progress**
3	**Business Continuity Plan (BCP)**	Business Continuity Sub Plans to be developed.	**In Progress**
4	**Risk Management Framework**	Development of Councils Risk Management Framework has commenced.	**In Progress**
5	**Risk Management Plan**	Development of the Risk Management Plan has commenced with a number of tools (drafts) to assist with the process have been created.	**In Progress**
6	**Risk Portfolios**	Review Councils Departmental risk portfolios. Findings to be reported back to the Audit Committee.	**On Hold**

Risk Profile Review Action Plan
June 2016 - July 2017

ACTION #	Risk Review	ACTION REQUIRED	RESPONSIBILITY	DUE DATE	COMMENTS / PROGRESS
1	Jul-15	Review Risk Management Procedure to ensure it reflects the process to assess and manage risk.	Risk Management Officer/Risk Officer	~~30/06/2016~~ ~~30/09/2016~~ ~~30/06/2017~~ 31/12/2017	Draft 2015-2020 Strategic Risk Management Plan (Plan) was completed but the strategic risk in the Plan will need to be reviewed and aligned with the 2016-2020 Strategic Management Plan (once it has been endorsed and adopted). Endorsement and adoption is scheduled for approximately April 2016. Final draft of the Plan will be reviewed by the Corporate Management Team (CMT). Now, endorsement and adoption is scheduled for approximately July 2016. Strategic Plan adopted June 2016 13/10/2016 - Action changed to reflect the actual Risk Profile Standards Reference. Due Date extended to allow time for Risk Framework to be completed see Action 23 - Roxanne White 18/07/2017 - Request for extension of due date to 13/12/2017. 18/07/2017 - Request for extension approved - Manager People and Culture - Bobbi Pertini
3	Jul-15	Review Emergency Response Procedure to ensure Council policy for plant and staff in an emergency is defined.	Risk Management Officer	~~30/09/2016~~ ~~30/06/2017~~ 31/12/2017	Emergency Response Procedure is under review. I-Responda framework from the LGA is under review and was tabled at the WHS Committee meeting (09/02/2016). This framework looks at council employees role in the event of an emergency I-Responda framework to be assessed for suitability to Councils Emergency Response Procedure. Procedure to be reviewed. Due Date extended to allow time for Emergency Management System to be defined - Roxanne White
17	Jul-15 May-16	Create a Tree Management Policy/Procedure.	Natural Environment & Sustainability Officer	31/12/2016 ~~30/06/2017~~ 31/12/2017	Currently Council staff members are trained in tree care, pruning and maintenance and garden staff undertake the majority of tree pruning requests. Tree Management Policy to be drafted for review an endorsement by Councils Elected Members. Policy will address tree management based on the following principles: Value of trees; Enhancing Biodiversity; Risk Management and Resources Availability; Tree Planting; Tree Maintenance; Tree Removal; Tree Replacement; Tree Vandalism; Tree on Private Land; Seed and Fruit Collection; Roadside Timber; Climate Change 6/02/2017 - Policy in progress, due date extended to 30/06/2017 due to other priorities (authorised Stephen Goldsworthy- Operations Manager). 07/04/2017 - Documents still being developed, due date extended to 30/12/2017 in line with Action 18 as per Manager Operations discussion. 22/11/2017 - Update from Letitia Dahl-helm - Tree Policy and associated Tree Management Process Flowchart - A few more edits to be made, then will distribute them internally for comment. Once that process is complete, they will be submitted to Council for their review & endorsement.
18	Jul-15 May-16	Development of Climate Change Adaptation Plan.	Natural Environment & Sustainability Officer	31/12/2017	Climate change to be included as a Principle of a Tree Management Policy.
22	May-16	Review training completed by Elected Members and include in the Training Needs Analysis (TNA) Risk Management Framework Awareness session if not previously undertaken.	Risk Management Officer	~~30/06/2017~~ 31/05/2018	*Jess Kirk from LGARS can provide training to Elected Members. 18/07/2017 - Extenstion to due date requested to 31/05/2018. This action cannot be completed until the Risk Management Framework has been completed and endorsed. 18/07/2017 - Request for extension approved - Manager People and Culture - Bobbi Pertini 27/11/2017 - Emailed Executive Assistant (Mayor and CEO) for the following information: • Have the current Elected Members undertaken any Risk Management Training? • If they have, what training was undertaken and when? • If Risk Management Training listed on the Elected Member Training Needs Analysis (TNA)? • If it is not listed on the Elected Members TNA, can you please add "Risk Management Framework Awareness" training to the TNA. This training will be undertaken with Elected Members and relevant employees when Councils Risk Management Framework has been completed and endorsed which will be next year.

File: HPRM SC16/1118 - 16/21094 Page 1 of 2 Print Date:4/12/2017

ACTION #	Risk Review	ACTION REQUIRED	RESPONSIBILITY	DUE DATE	COMMENTS / PROGRESS
23	May-16	Develop, endorse and implement Risk Management Framework.	Risk Management Officer	~~31/12/2016~~ ~~31/08/2017~~ 30/10/2017	Action due date extended to 31/12/2017 as Risk Management Framework has not been started due to other priorities (authorised Bobbi Pertini - Manager People and Culture) 07/04/2017 - LGARS have release Risk Framework Template Risk Management Framework still to be developed, request for extension to Due Date to 30/08/2017. 07/04/2017 - Request for extension approved - Manager People and Culture - Bobbi Pertini. 30/10/2017 - Requested for extension to due date to 30/04/2018. 30/10/2017 - Request for extension approved - Manager People and Culture - Bobbi Pertini.
24	May-16	Schedule and complete general awareness training on Risk Management Framework to relevant employees.	Risk Management Officer	30/08/2017 31/05/2018	Jess Kirk from LGARS may be able to provide training to employees. 18/07/2017 - Extenstion to due date requested to 31/05/2018. This action cannot be completed until the Risk Management Framework has been completed and endorsed. 18/07/2017 - Request for extension approved - Manager People and Culture - Bobbi Pertini
26	May-16	Develop Operational Risk Register.	Risk Management Officer	~~30/06/2017~~ 30/06/2018	18/07/2017 - Extension to due date requested to 30/06/2018. This action is quite complicated and involves all areas of Council and will take some time to complete. 18/07/2017 - Request for extension approved - Manager People and Culture - Bobbi Pertini
28	May-16	Review iResponda Program and provide report on the suitability of the program and if it should be adopted by Council.	Risk Management Officer	~~30/04/2017~~ ~~31/07/2017~~ 30/04/2018	24/05/2017 - Extension to due date requested, approved by Manager People and Culture (Bobbi Pertini). 30/10/2017 - Requested for extension to due date to 30/04/2018. 30/10/2017 - Request for extension approved - Manager People and Culture - Bobbi Pertini.
31	May-16	Review legislative requirements and develop guidelines or information sheet on the requirements to manage swimming pools.	Risk Management Officer	~~31/03/2017~~ ~~31/08/2017~~ 31/05/2018	04/07/2017 - Requested extension to the due date to 31/08/2017 to allow time to develop the Swimming Pool management strategy. 07/04/2017 - Request for extension approved - Manager People and Culture - Bobbi Pertini 30/10/2017 - Requested for extension to due date to 31/05/2018. 30/10/2017 - Request for extension approved - Manager People and Culture - Bobbi Pertini.

Risk Management Plan Development Status Summary

The development of Councils Risk Management Plan has commenced. The Risk Management Plan will assist with the management of Councils operational risks and help to reduce or mitigate any potential risks prior to the activity or event taking place.

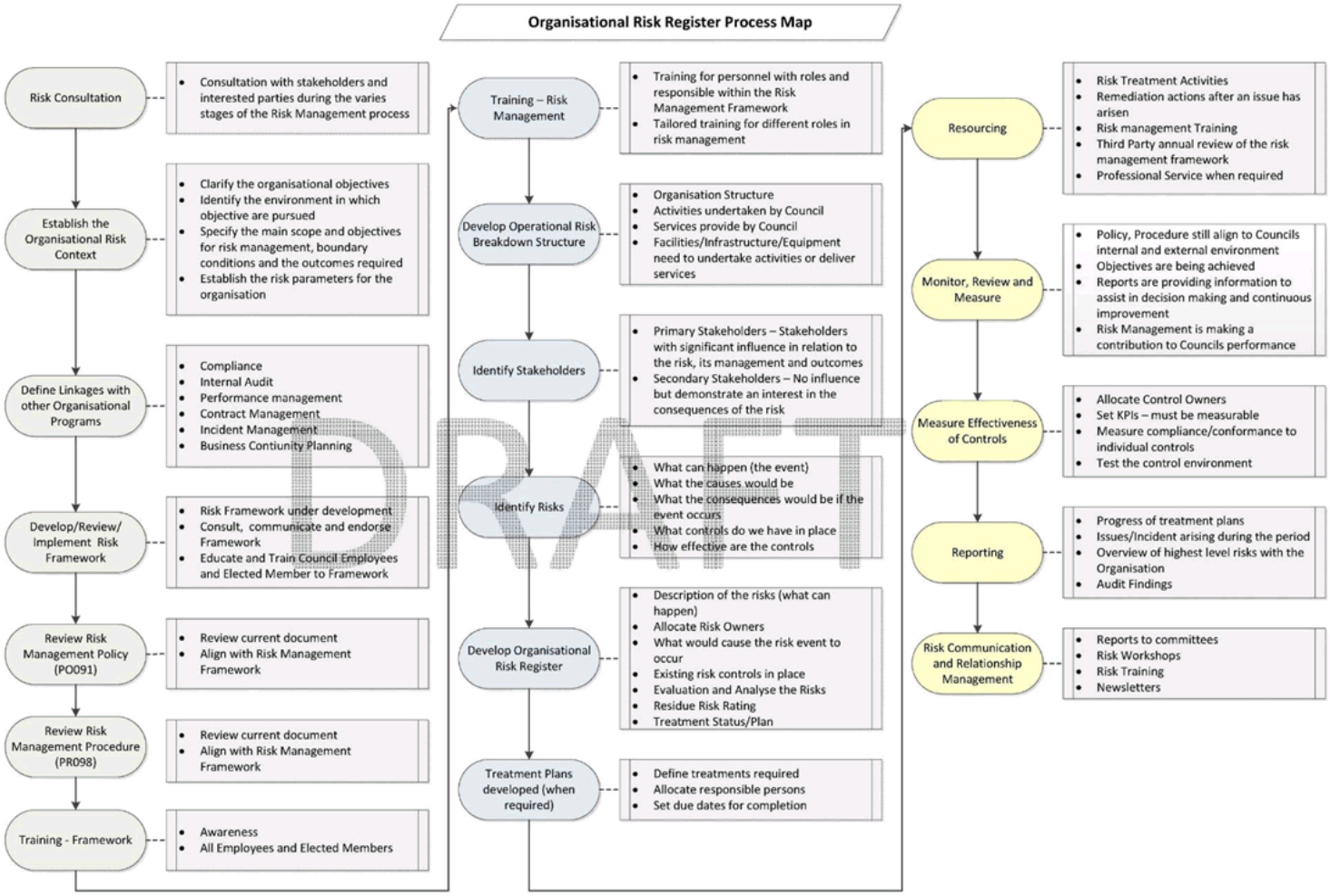
In maintaining this Risk Management Plan, Council is committed to managing risk in accordance with the Australian Standard/New Zealand and International Organisation for Standardisation 31000 – Risk Management – Principals and Guidelines (AS/NZS ISO 31000), by identifying, analysing, assessing, treating, monitoring and communicating risk exposures associated with Councils activities or functions.

The delivery of this plan requires a systemic approach in recognition of any activities undertaken by Council. A process map has been developed (refer Appendix 1 - Operational Risk Register Process Map (Draft)) which shows the steps to be undertaken to ensure there is a systematic and consistent approach to managing risk.

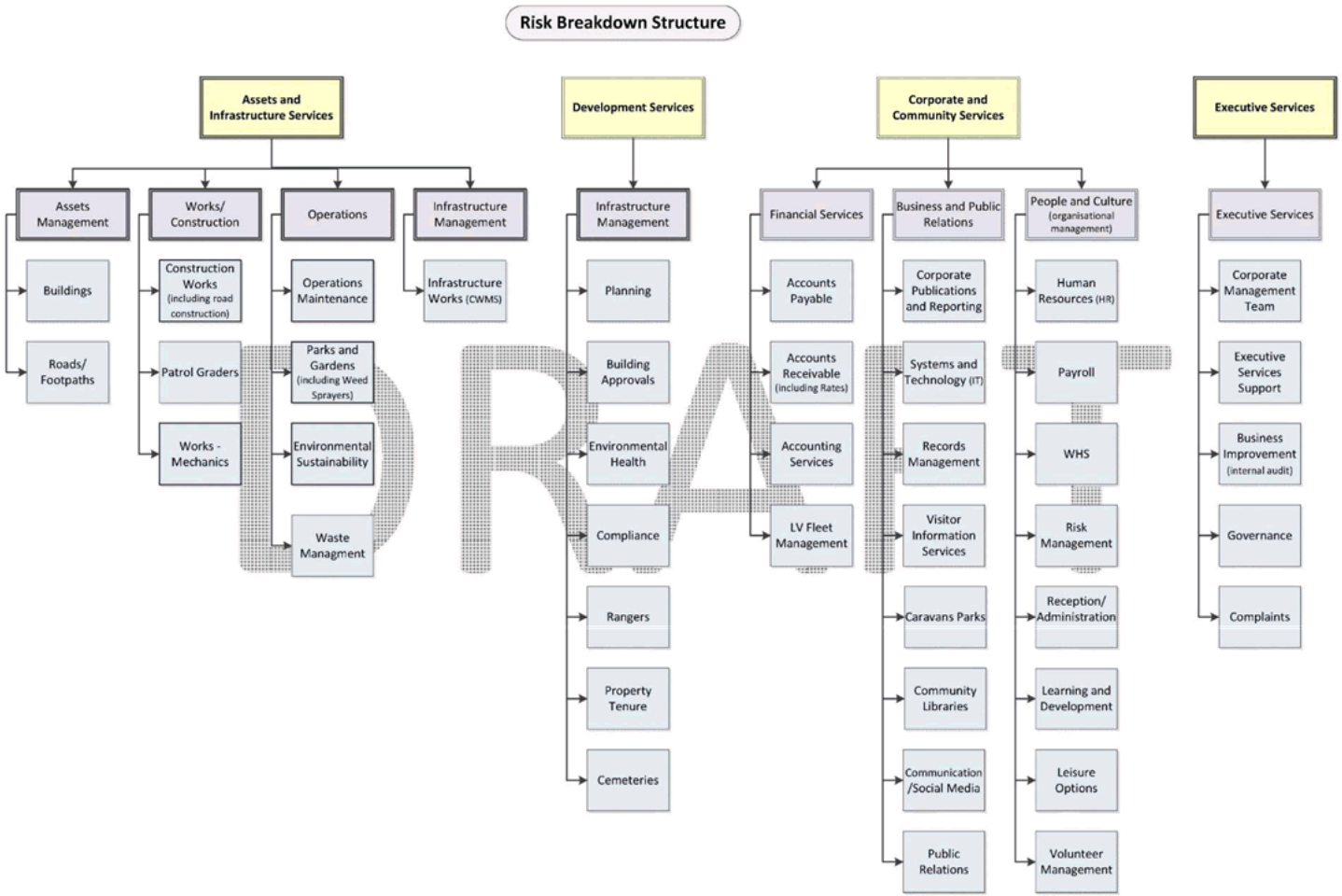
A number of tools have been drafted to assist in the risk management process, refer to the following Appendix's:

- Appendix 2 Operational Risk Breakdowns Structure
- Appendix 3 Organisational Risk Register
- Appendix 4 Identify Stakeholders

Appendix 1 -Operational Risk Register Process Map (Draft)



Appendix 2 Operational Risk Breakdowns Structure (Draft)



Appendix 3 Organisational Risk Register (Draft)

Yorke Peninsula Council

Operational Risk Register

Risk #	Risk Event (Description)	Cause(s) / Trigger(s)	Risk Consequences (What is the impact on Council should this risk eventuate?)	Controls in Place (aligned to Cause(s))	Control Owner	Applicable Hierarchy of Controls	Control Effectiveness	Comments in Relation to Control Effectiveness (e.g. how is effectiveness to be improved?)	Risk Assessment (with current controls)						Are additional controls required?	Treatment Plan/s (new control)	Treatment Owner	Planned Completion Date	Progress	Risk Assessment (with additional controls)						Control Effectiveness	Comments in Relation to Control Effectiveness (e.g. how is effectiveness to be improved?)	Monitor and Review
										Consequences											Consequences							
									Likelihood	Reputation	Compliance / Legal	Service Provision	Financial	Risk Rating						Likelihood	Reputation	Compliance / Legal	Service Provision	Financial	Risk Rating			

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Appendix 4 - Operational Risk Stakeholders (Draft)

Executive Services

Section	Sub Section	Internal Stakeholder	External Stakeholder
Corporate Management Team		Chief Executive Officer (CEO)	Mayor
		Director Development Services	
		Director Assets and Infrastructure Services	
		Director Corporate and Community Services	
		Governance Officer	
		Risk Management Officer	
Executive Administration Services		Chief Executive Officer (CEO)	
		Executive Assistant to Chief Executive Officer and Mayor	Mayor
		Executive Assistant – Director Development Services	
		Executive Assistant – Director Assets and Infrastructure Services	
		Executive Assistant – Director Corporate and Community Services	
		Executive Support Officer	
		Risk Management Officer	
Business Improvement		Chief Executive Officer (CEO)	Audit Committee Representative
		Business Improvement Officer	
		Governance Officer	
		Risk Management Officer	
Governance		Chief Executive Officer (CEO)	
		Governance Officer	
		Business Improvement Officer	
		Risk Management Officer	

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Corporate and Community Services

Section	Sub Section	Internal Stakeholder	External Stakeholder
People and Culture	Human Resources (HR)	Director Corporate and Community Service's	
		Manager HR	
		HR Officer	
		Business Improvement Officer	
		Risk Management Officer	
	Work Health and Safety (WHS)	Risk Management Officer	
		Manager HR	
		WHS Officer	
		WHS High Risk Officer	
	Risk Management	Risk Management Officer	
		Manager HR	
		Business Improvement Officer	
	Reception/ Administration	Manager HR	
		HR Officer	
		Clerical Officer	
		Clerical Officer	
		Risk Management Officer	
	Learning and Development (Training)	Manager HR	
		Learning and Development Officer	
		Risk Management Officer	
	Leisure Options	Manager HR	Parent of Client
		Leisure Options Coordinator	Volunteer Representative
		Living Skills Team leader	
		Risk Management Officer	
	Volunteer Management	Manager HR	Volunteer Representative
		Leisure Options Coordinator	
		Risk Management Officer	
Finance	Payroll	Director Corporate and Community Services	
		Manager HR	
		Manager Finance	
		Payroll Officer	
		HR Officer	
		Risk Management Officer	
	Accounts Payable	Manager Finance	
		Financial Accountant	
		Accounts Payable Officer	
		Executive Assistant – Director Corporate and Community Services	
		Risk Management Officer	
	Accounts Receivable	Manager Finance	
		Financial Accountant	
		Senior Rates Officer	
		Rates Officer	
		Clerical Officer	
		Risk Management Officer	
	Accounting Services	Director Corporate and Community Services	
		Manager Finance	
		Financial Accountant Management	
		Financial Accountant	
		Financial Operations Officer	
		Risk Management Officer	
	Fleet Management	Director Corporate and Community Services	
		Executive Assistant – Director Corporate and Community Services	
		Manager Finance	

DRAFT

		Manager HR	
		Accountant	
		Risk Management Officer	
Business and Public Relations	Public Relations	Director Corporate and Community Services	Progress Representative
		Manger Business and Public Relations	Progress Representative
		Communications Officer	Elected Member
		Visitors Information Services Coordinator	Elected Member
		Lead Systems and Technology	
		Officer HR	
		Risk Management Officer	
	Systems and Technology (IT)	Director Corporate and Community Services	Elected Member
		Manger Business and Public Relations	
		Lead Systems and Technology	
		Senor System Analyst	
		IT Officer	
		Risk Management Officer	
	Records Management	Manger Business and Public Relations	
		Lead Systems and Technology	
		Senior Records Officer	
		Records Officer	
		Risk Management Officer	
	Visitors Information Services	Manger Business and Public Relations	Volunteer Staff Member
		Visitors Information Services Coordinator	
		Visitor Information Officer	
		Information Officer	
		Risk Management Officer	
	Caravan Parks	Manger Business and Public Relations	Caravan Park Manager
		Corporate Services Officer	Caravan Park Manager
		Risk Management Officer	
	Libraries	Manger Business and Public Relations	
		Corporate Services Officer	
		Library Officer	
		Library Officer	
		Risk Management Officer	

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Development Services

Section	Sub Section	Internal Stakeholder	External Stakeholder
Planning		Manager Development Services	
		Senior Development Officer	
		Planning Officer	
		Planning Officer	
		Clerical Officer Development	
		Risk Management Officer	
Building Approvals		Manager Development Services	
		Senior Development Officer	
		Building Officer	
		Building Officer	
		Clerical Officer Development	
		Risk Management Officer	
Environmental Health		Manager Development Services	
		Environmental Health Officer	
		Clerical Officer Development	
		Risk Management Officer	
Compliance		Manager Development Services	
		Senior Compliance Officer	
		Clerical Officer Development	
		Clerical Officer	
		Risk Management Officer	
Rangers		Manager Development Services	
		Senior Compliance Officer	
		Ranger	
		Ranger	
		Risk Management Officer	
Properties Tenures		Manager Development Services	
		Senior Development Officer	
		Accountant Financial Manager	
		Risk Management Officer	
Cemeteries		Manager Development Services	McQueens Funeral Director
		Senior Development Officer	
		Risk Management Officer	

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Assets and Infrastructure Services

Section	Sub Section	Internal Stakeholder	External Stakeholder
Asset Management	Buildings	Director Assets and Infrastructure Services	
		Director Development Services	
		Manager Assets	
		Risk Management Officer	
	Roads/Footpaths	Director Assets and Infrastructure Services	
		Manager Assets	
		Manager Works	
		Risk Management Officer	
Works - Construction	Construction Works	Manager Works	
		Leading Worker - North	
		Leading Worker - South	
		Works Team Member - North	
		Works Team Member - South	
		Works Team Member - North	
		Works Team Member - South	
		Works - HSR	
		Risk Management Officer	
	Patrol Graders	Manager Works	
		Leading Worker - North	
		Leading Worker - South	
		Grader Driver	
		Grader Driver	
		Grader Driver	
		Grader Driver	
		Works - HSR	
		Risk Management Officer	
	Mechanics	Manager Works	
		Leading Worker - North	
		Leading Worker - South	
		Mechanic - North	
		Mechanic - South	
		Works - HSR	
		Risk Management Officer	
Operations	Operational Works	Manager Operations	
		Operations Coordinators	
		Supervisor – North	
		Supervisor - Central	
		Supervisor - South	
		Operations Team Member - South	
		Operations Team Member - North	
		Operations Team Member - Central	
		Operations - HSR	
		Risk Management Officer	
	Waste Management	Director Assets and Infrastructure Services	
		Manager Operations	
		Operations Coordinators	
		Supervisor – North	
		Supervisor - Central	
		Supervisor - South	
		Operations Team Member - South	
		Operations Team Member - North	
		Operations Team Member - Central	
		Operations - HSR	
		Risk Management Officer	
	Environmental Sustainability	Manager Operations	
		Environmental Sustainability Officer	

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		Risk Management Officer	

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9 GENERAL BUSINESS

10 NEXT MEETING

Wednesday 28th March 2018, 3.00pm.

11 CLOSURE