



Item No: 19.1

File No: 5.14.1.5

Date: 15 June 2020

Attachment: A, B, C

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|-----------------------------|---|
| Meeting: | Council |
| Title: | Appointment of Independent Member to ERA Water Audit Committee |
| Responsible Manager: | Chief Executive Officer, Kiki Cristol |
| Author: | Chief Executive Officer, Kiki Cristol |
| Key Focus Area: | Strategic Community Plan Focus area 3- Transparent and accountable local tier of Government |
| Type of Report: | Decision Required |

Pursuant to section 83(5) of the *Local Government Act 1999*, the Chief Executive Officer indicates that the matter contained in this report may, if the Council so determines, be considered in confidence pursuant to section 90(2) of the *Local Government Act 1999* on the basis that the information contained in the attached report is information of the nature specified in subsections 90(3)(a) of the Act being information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

Recommendation (Public)

Pursuant to s90(3)(a)

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except Chief Executive Officer, Kiki Cristol, Group Manager Assets & Infrastructure Joshua Bowen, Group Manager Planning, Environment & Regulatory Services Andreea Caddy, Group Manager Customer Experience Danielle Garvey, Manager Community Development & Engagement Fiona Deckert, Business Analyst (Property & Contracts) Scott Reardon, Communications Officer Sarah Spencer, Financial Advisor Michael Richardson and Council Secretariat, Vanessa Davidson be excluded from attendance at the meeting for Agenda Item 19.1 Appointment of Independent Member to ERA Water Audit Committee.

The Council is satisfied that, pursuant to section 90(3)(a) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead), being persons who expressed interest in being appointed as an Independent Member to the ERA Water Audit Committee.

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because disclosure of details may be released to the public before the successful applicant has been formally notified of their appointment.

Recommendation (Confidential)

The Council approves the appointment of Mr Michael Parkinson as the Town of Walkerville's Independent Member to ERA Water Audit Committee for a two year period to commence on or after 16 June 2020.

Recommendation (Public)

Pursuant to s.91(7)

That having considered Agenda Item 19.1 Appointment of Independent Member to ERA Water Audit Committee in confidence under section 90(2) and (3)(a) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the report, minutes and attachments relevant to this Agenda Item be retained in confidence until the matter has been finalised, excepting that Council authorises the release of the minutes to substantive party/parties to enable enactment of the resolution and that pursuant to Section 91(9)(c) of the *Local Government Act 1999* the Council delegates to the Chief Executive Officer the review and power to revoke this Order

and

That Council resolves to end its confidential deliberations pursuant to Section 90(2) of the *Local Government Act 1999* Council and re-admit the public.

Summary

Council is required to consider the nomination of a suitable qualified person to the ERA Water Audit Committee as the term of the Town of Walkerville's current representative, Ms Corrine Garrett, is due to expire on 27 May 2020.

An Expression of Interest process has been undertaken in accordance with Council resolution **CNC279/19-20** and the preferred applicants are presented to the Audit Committee for consideration and the subsequent recommendation of a preferred applicant to Council.

Background

Pursuant to Clause 6.4 ERA Water Charter (Attachment A), ERA Water must establish an Audit Committee to be comprised of between three and five persons determined or approved unanimously by the Constituent Councils.

An Audit Committee is required to be in place to review the financial operations of the entity and provide for appropriate controls and risk mitigation; not having a Committee established creates discernible risks.

The Chief Executive Officer received correspondence from the General Manager ERA Water, on 30 January 2020, informing Council that Ms Corinne Garrett's term as the Town of Walkerville's representative on the ERA Water Audit Committee (Committee) will expire on 27 May 2020. Ms Corinne Garrett has been Walkerville's ERA Water Audit Committee representative since 2016.

The Committee must include at least two members who are not employees or Board Members of the Subsidiary, or employees or Elected Members of a Constituent Council.

The current members of the Committee are as follows:

- Ms Corinne Garrett, independent member, representing the Town of Walkerville
- Ms Brigid O'Neill, independent member, representing the City of Norwood, Payneham & St Peters
- Cr Grant Piggott, representing the City of Burnside.

- Mr Bryan Jenkins, Chair of ERA Water.

As it is a requirement of the ERA Water Charter that at least two members of the ERA Water Audit Committee be independent members, Council must nominate an independent member to the Committee.

Council, at its Ordinary meeting of 17 February 2020, resolved:

CNC279/19-20

1. *That Council requests that Administration conduct an expression of interest process, for the nomination of a suitable person to the ERA Water Audit Committee for a two year term commencing 28 May 2020.*
2. *That at the conclusion of the expression of interest period a report shortlisting suitable candidates be presented to Council in order for Council to select the preferred nominee.*
3. *That Council notes that in accordance with the ERA Water Charter all appointments to the ERA Water Audit Committee must be approved unanimously by the Constituent Council.*

Committee Members must be appointed for a two year term and at the expiry of their term, are eligible for reappointment.

Discussion / Issues for Consideration

In accordance with Council resolution **CNC279/19-20**, Administration commenced an expression of interest process seeking a suitably experienced and qualified candidate who has a broad knowledge of risk management and governance matters, as well as an understanding of the public sector, local government legislation, accounting and reporting standards.

The expression of interest process stated that priority will be given to candidates who have:

- Engineering (Water) or accounting (CPA or CA level) qualifications;
- Experience as an internal or external auditor;
- Experience as a member of an audit committee;
- Substantial risk management experience.

Administrations assessment of applicants was based on the following criteria:

- South Australian Local Government Experience;
- Financial Qualifications;
- Audit Committee Experience;
- Governance (in particular policy review);
- Risk Management;
- Board Experience.

The call for expressions of interest was placed:

- On SEEK for the period 11 March 2020 to 3 April 2020. A copy of the advertisement is included at Attachment A to this report.
- In the Weekly Round Up on 6 March 2020, 13 March 2020, 20 March 2020 and 27 March 2020.

With expressions of interest closing at 5pm on Friday 3 April 2020.

At the close of the expressions of interest period a total of nine (9) applications had been received. It is noted that Ms Corinne Garrett, Council's current representative on the ERA Water Audit Committee did not elect to reapply.

Michael Richardson, Director BRM Advisory and Vanessa Davidson, Council Secretariat ranked the applications received according to the scale below:

| Score | Experience with Relation to Selection Criteria |
|-------|---|
| 1 | No previous experience / qualifications relevant to the criteria |
| 2 | Limited previous experience / qualifications relevant to the criteria |
| 3 | Average experience / qualifications relevant to the criteria |
| 4 | Above average experience / qualifications relevant to the criteria |
| 5 | Extensive experience / qualifications relevant to the criteria |

At the conclusion of the assessment process there were two standout applicants identified:

- Mr Craig Johnson with an average assessment score of 26 out of 35
- Mr Michael Parkinson with a combined score of 24.5 out of 35.

No other applicant received a score above 20. The Assessment Panel recommended the appointment of Mr Craig Johnson to the ERA Water Audit Committee.

In providing their recommendation, consideration was given to the existing skill set on the ERA Water Audit Committee noting that the recent departure of Mr Peter Holmes and Ms Corinne Garrett from the Audit Committee has left a skills gap with relation to professional accountancy and finance skills.

Both preferred applicants have the requisite skills to address the current identified skills gap. No interviews were conducted as part of the Assessment Panels evaluation process.

Council's Audit Committee considered this matter at its meeting held on 4 May 2020. After considered debate, the Committee resolved as follows:

AC44/19-20

1. *The Audit Committee notes Administration's recommendation to Council that Mr Craig Johnson be appointed as the Town of Walkerville's Independent Member to ERA Water Audit Committee for a two year period commencing 28 May 2020.*
2. *That the Audit Committee expresses concern and requests Council seeks clarification from ERA Water as to the appointment process for future appointments to the ERA Water Audit Committee.*
3. *That referee checks and interviews be conducted for the preferred applicants by the Chair of the Audit Committee and the CEO and that a recommendation be then put to Council.*

Subsequent to the Audit Committee's resolution (item 3) interviews were conducted on Tuesday 12 May 2020. Following the interviews, the CEO conducted reference checks. The Audit Committee Chair and CEO then discussed the outcome of the reference checks and unanimously concluded that Mr Michael Parkinson be recommended as the preferred candidate to Council.

Options for Consideration

Option 1

The Council approves the appointment of Mr Michael Parkinson as the Town of Walkerville's Independent Member to ERA Water Audit Committee for a two year period to commence on or after 16 June 2020.

Option 2

That Council approves the appointment of Mr Craig Johnson as the Independent Member to ERA Water Audit Committee for a two year period to commence from the final date of approval made by the remaining Constituent Councils.

Analysis of Options

Option 1 recognises that a thorough and full recruitment process has been undertaken. This option is recommended by Mr Greg Connor (Councils Independent Audit Committee Chair and the CEO, after conducting interviews and reference checks.

Financial Implications

There are no know financial implications to Council in appointing Mr Michael Parkinson to ERA Water Audit Committee. All sitting fees are borne by ERA Water.

Community Implications

There are no known community implications in appointing Mr Michael Parkinson to ERA Water Audit Committee.

Regional Implications

The City of Burnside and City of Norwood Payneham & St Peters are fellow Constituent Council Members. Mr Parkinson can only be appointed to the ERA Water Audit Committee if all Member Councils are unanimous in the determination and approval. The commencement date of appointment will likely be the date that the last Member Council considers and approves his appointment.

The City of Burnside considered this matter in confidence at their 26 May 2020 meeting and resolved to appoint Mr Michael Parkinson as the Town of Walkerville's Independent Member to the ERA Water Audit Committee for a two year period to commence on or after 16 June 2020.

Governance Implications

Pursuant to Clause 6.4 ERA Water Charter (Attachment A), ERA Water must establish an Audit Committee to be comprised of between three and five persons determined or approved unanimously by the Constituent Councils.

The Committee must include at least two members who are not employees or Board Members of the Subsidiary, or employees or Elected Members of a Constituent Council.

Appointment to the ERA Water Audit Committee must be by the unanimous decision of all three Member Councils.

Preferred Option & Reasoning

Option 1 is the preferred option. A thorough EOI process was undertaken, followed by the Audit Committee considering the applicants as well as face to face interviews and reference checks being conducted. The Audit Committee Chair and CEO are unanimous in their recommendation that Mr Michael Parkinson should be appointed to the ERA Water Audit Committee.

Attachment

| | |
|--------------|---|
| Attachment A | Call for Expressions of Interest as appearing on SEEK |
| Attachment B | Mr. Craig Johnson application |
| Attachment C | Mr Michael Parkinson application |

Eastern Region Alliance Water Audit Committee - Independent Member

The Corporation of the Town of Walkerville

The Council is inviting expressions of interest from individuals who would like to be appointed an Independent Member to the Eastern Region Alliance (ERA) Water Audit Committee representing the Town of Walkerville.

The Committee - which is responsible for monitoring the risk management and internal control environment of ERA Water's operations - currently has a vacancy for one Independent Member.

Council is seeking a suitably experienced and qualified candidate who has a broad knowledge of risk management and governance matters, as well as an understanding of the public sector, local government legislation, accounting and reporting standards.

Priority will be given to candidates who have:

- Engineering (Water) or accounting (CPA or CA level) qualifications;
- Experience as an internal or external auditor;
- Experience as a member of an audit committee;
- Substantial risk management experience.

Selection will be based on the following criteria:

- South Australian Local Government Experience;
- Financial Qualifications;
- Audit Committee Experience;
- Governance (in particular policy review);
- Risk Management;
- Board Experience.

The term of appointment will be two years. Independent Members are paid a \$385 per meeting allowance. They are not entitled to receive travel reimbursements.

To obtain further information regarding this opportunity, please contact Katy Bone, Town of Walkerville Group Manager Corporate Services, on [8342 7134](tel:83427134).

All applications must be submitted through Seek for consideration.

Applications close 5pm on Friday 3 April 2020.

Craig Johnson Consulting



Katy Bone,
Group Manager Corporate Services
Town of Walkerville
March 27, 2020

To Katy

I am responding to the Seek advert for Independent Members for the Eastern Region Alliance Water Audit Committee.

Currently, I am delivering independent consulting services (governance, risk management, internal audit, business continuity management) to a range of clients including Department for Environment and Water, PIRSA, City of Onkaparinga, Junction Housing, Burnside Council, Centacare, St John Ambulance, SA Water, Coorong Council, Minda and Adelaide Oval.

I am a previous partner of Deloitte Risk Services and left that position in December 2013 after being a partner for almost 4 years. Currently, I am also serving on the City of Salisbury Audit Committee and I am keen to continue to provide further input and support to other organisations.

I have extensive relevant and recent local government experience, some examples include:

- Being responsible for the internal audit and risk management services for Hobart City Council and Glenorchy City Council from 2010-2012
- Developing the internal control framework and documentation of controls for Adelaide City Council, City of Playford and City of Onkaparinga
- Delivering risk management consulting services for City of Victor Harbor, Yorke Peninsula Council and The Barossa Council
- Delivering internal audit projects for Burnside City Council
- Delivering budget consulting services for The Coorong Council.

I believe I can provide strategic overview and advice to the Council, given my significant experience and background in audit, corporate governance, risk management, internal control frameworks, internal audit (including internal audit strategic planning) and project and program management.

Please refer below to my full resume which outlines my previous experience and core capabilities. As such, I am confident that I am well qualified for this position. Please call me to discuss further or to arrange a meeting in person or with other members of the Committee. I may be contacted 0403 789 982. Thank you in advance for considering my application.

Sincerely

A handwritten signature in black ink, appearing to read 'C Johnson'.

Craig Johnson

Craig Johnson Consultant



Summary

- Risk and corporate executive focused on demystifying risk management and related disciplines (governance, internal control frameworks and program management)
- My field of experience is diverse. I have 25+ years' experience in business and professional services primarily in Financial Services (Banking and Wealth Management) and Government (Federal, State and Local)
- Currently an independent consultant and most recently employed as a partner of Deloitte, leading the Adelaide Risk Services team focusing on risk management consulting, compliance, internal audit and governance services to corporate and government clients across diverse industries
- Demonstrated ability to lead teams to deliver complex projects and creating better business governance, structure and operating models. i.e. *business process improvement* – identifying ways for business to focus on 'core business' whilst maintaining better practice, fit-for-purpose processes to support the core operations.

Consultant key focus areas:

Risk Management | Governance | Internal Control Frameworks | Internal Audit | Project Management

Risk Management

Strategic, operational, project risk assessments
Risk Management workshop facilitation
Risk Management function establishment and framework development
Enterprise Risk Management System (ERMS) identification, selection, implementation
Risk management training, culture development
Program and project risk governance
Business Continuity Management

Governance

Better practice governance assessments
Governance component development (charters, structure, reporting lines)
Stakeholder workshops and reviews

Internal Control Frameworks

Internal compliance and control framework development
Internal control assessments and efficiency reviews
Process improvement

Internal Audit

Internal Audit function establishment and improvement
Risk based internal audit plan development
Internal audit and compliance projects and reviews

Project Management

Complex system implementation
Project management structure, frameworks and control

Craig Johnson Consultant

Professional Experience

Independent Consultant Jan 2014 – Present

Currently assisting various organisations with risk management, governance and related project management, including (for example):

- Delivering numerous Strategic Risk workshops (and related registers with Treatment Plans) – Department for Environment and Water, PIRSA, Adelaide Oval, SANFL, St Peter's College, Epic Energy, Junction Australia, Barossa Council, Yankalilla Council, Victor Harbor Council
- Establishing BCP and Disaster Recovery policy and procedures for numerous entities (Department of Environment and Water, SANFL, Adelaide Oval, SACA)
- Undertaking numerous Internal Audit projects for Department for Environment and Water, Burnside Council, City of Onkaparinga, PIRSA.
- Review of SA Health budget management processes for the SA Auditor-General
- Serving as an independent member on Salisbury Council Audit Committee (current) and DPTI Audit & Risk Committee (2014-16)
- Serving as an independent member on Basketball SA Finance Committee (2015-17)
- Project Health check – current status of projects to ensure on time, budget and quality
- Undertaking financial and business analysis of the change options for a significant school within the University of Adelaide; delivering in excess of 10 financial models for the University for various schools, operations and functions; Determining profitability of an overseas operational entity for the University; Developing a financial model for a faculty and a professional services entity at the University of Adelaide
- Project risk management – delivering risk workshops specifically focused on events or projects
- Developing and implementing organisational-wide risk frameworks (numerous clients)
- Delivering extensive risk workshops at an organisational and divisional level; delivering numerous risk and compliance maturity analyses
- Review of fraud controls post a significant fraud for St John Ambulance
- Review of multiple contract management systems and frameworks (for example DPTI, Onkaparinga Council)
- Delivering financial modelling and analysis for a SANFL football club and licenced club
- Developing a comprehensive policy and procedure framework, including financial management control framework for Adelaide Oval and the SANFL (separate projects)
- Undertaking strategic planning and operational project planning for a sports retail client
- Developing the risk management framework and profile for PAC; Undertaking a Risk and Compliance gap analysis for St Peter's College and implementing recommendations
- Establishing an internal audit and risk management strategy for a large government department
- Selecting and implementing risk management and financial controls systems; Acting as an SME on the enhancement and development of a Risk, Compliance and Control self-assessment system.

Deloitte Touche Tohmatsu: Partner 2010 – 2013

Responsible for the delivery of Deloitte's full suite of risk and related services to a broad client base, overseeing a \$2m revenue target and a 10-member team. Initially this included the Tasmanian Risk Services Practice, prior to returning to South Australia in January 2012. Direct responsibility for client service, business development, technical service delivery and team management.

Experience covers a range of industries and organisations, including:

- Financial Services (Banking and Insurance)
- Infrastructure (Water, Department of Infrastructure, Rail)
- State government (policy agencies and service delivery), includes coverage of the responsible agencies for Education, Universities, Health, Environment, Infrastructure, Public Trustee, Economic Development, Emergency Services and Defence
- Local government.

Achievements Tasmania:

- Led the turnaround of Deloitte's Tasmanian Risk Services practice by taking an under-performing team with the loss of a partner to above-plan revenue within 12 months. This included retention of key staff and clients and bringing in new revenue to the value of \$600k

Craig Johnson Consultant

- Won the contract for the establishment and delivery of the internal audit of Tasmanian Water and Sewerage Corporation, the largest Deloitte Tasmania client
- Undertook risk assessments for transition of back office processes to Mercer for Retirement Benefits Fund (Tasmania). This included the overall outsourcing project, specific issue risk assessments, transition business continuity and ongoing business continuity and contingency planning
- Established the risk management framework and ongoing risk reporting for the \$585m redevelopment of the Royal Hobart Hospital
- Successfully delivered the internal audit services for MyState Financial Ltd which included the retail bank and Tasmanian Perpetual Trustees. Projects led include:
 - Review of the operation of the liquidity model, unit pricing and credit assessment process for Managed Investment Schemes mortgage funds.
 - Corporate controls and transaction processing surrounding IT security and system administration, data integrity, management fee revenue, processing of fund redemptions and expenditure payments
 - Trustee services: Will preparation, Power of Attorney and private client services processes, distributable deceased estates and ongoing trust management services
 - Retail bank projects covering:
 - Fraud Control/Awareness
 - Treasury Operations
 - Strategic and operational Business Risk Assessment
 - APS 310 Audit and Related Matters
 - Capital and Liquidity Management
 - Loans and Credit Risk Management

Achievements South Australia:

- Established a governance structure for a \$265m federal government funding program for the River Murray Improvement Program
- Won and delivered internal audit for Public Trustee
- Undertook a governance review for a major federal government indigenous land corporation which led to overhauling of the corporate governance framework
- Undertook risk management maturity assessments across 10+ clients
- Delivered a Fraud Control Framework assessment for SA Health in preparation for the newly-established ICAC
- Significant experience in delivery of risk assessment workshops and the development and implementation of risk management frameworks in accordance with AS/NZS ISO31000:2009 and ASX Principle 7 requirements.

Deloitte Touche Tohmatsu – Client Director/Manager 2005-2010

- Commenced with Deloitte as a Manager and worked through to Director through successful ongoing service delivery. These roles required managing a suite of client accounts to deliver services outsourced to Deloitte. My style which led me to partner at Deloitte is collaborative and solution focused – I ensure customisation of solutions based on the unique environment, risks, issues, governance and structure.
- The role included review, design and implementation of internal controls, performing risk assessments and workshops, establishing risk management frameworks, establishing governance structures and performing assurance work on a range of clients, including significant public sector and financial services.

Achievements

- Won and delivered for HP Credit Services (formerly EDS Credit Services) the assurance of the operation of internal controls to Westpac and its auditors for the outsourced mortgage processing. This includes annual audits over core financial transaction processing for Westpac mortgages, the underlying banking systems, business process controls, privacy and securitisation
- Undertook an 8 month secondment to EDS Credit Services to act as the Risk and Audit Manager for the delivery of Westpac's outsourced mortgage processing service. This role included:

Craig Johnson Consultant

- Reviewing and enhancing the risk management framework, including interaction with Senior Executives for both Westpac and EDS Credit Services
- Facilitating risk management workshops with senior management to refine and consolidate enterprise-wide risks for regular reporting to Westpac
- Establishing an incident management framework and reporting regime
- Managing the relationship with internal and other auditors to ensure audit objectives required for the contract with Westpac were achieved.
- SA Department of Education and Children's Services, SA Department of Environment and Heritage, SA Department for Families and Communities – Delivered projects to assist in the transition of the Accounts Payable, Accounts Receivable and Payroll functions to the newly established Shared Services SA Department (SSSA). This process included:
 - Reviewing the risk management methodology and recording and reporting of risks in relation to transition to the shared services arrangements
 - Assisting management to identify, analyse and mitigate risks in association with the transition and ongoing operations.
- Perpetual Funds Management – I undertook a front office trading review of Perpetual, a 300 hour project aimed at ensuring appropriate controls over equities trading investment and administration for the management of \$33bn. The project included review of:
 - Investment strategy, equity research, stock picking, portfolio management, soft dollar arrangements, equities dealing, key team/man retention arrangements
 - Performance & investment parameters, daily reconciliations, trade execution, trade management, corporate actions, cash management, custody and administration
 - Personal trading, conflicts of interest monitoring and controls, policies and procedures and assessment of CSA risk/control profile.

BT Financial Group, Adelaide, South Australia Manager Risk Solutions 2000 – 2005

Employed in the Risk Solutions/Internal Audit/Risk Management Division. This role involved:

- Developed inaugural Sarbanes-Oxley business process documentation for BT – the pilot organisation for the Westpac Group as part of Basel II implementation, including the identification of internal controls and testing of operating effectiveness
 - Involvement in developing the risk framework for BT Financial Group, in line with Basel II operational risk and Sarbanes-Oxley requirements
 - Raised the profile and awareness of risk within BT operations by developing operational risk profiles, risk maps for emerging areas of risk and Key Risk Indicators (KRIs)
 - Delivered compliance assurance reviews, including MIS compliance plan adherence, personal account trading, conflict of interest adherence, APRA reporting and suspicious transaction (and other) reporting to Austrac
 - Fraud control, awareness and investigation, and Anti-Money Laundering assessments
 - Facilitating risk assessment workshops to develop strategic risk profiles for operational units
 - Liaison with senior management, risk and audit committees on audit issues and areas of risk
 - Investigation, resolution and reporting of significant incidents and legislative breaches
 - Development and conduct of compliance assurance audit programs and general business process reviews
 - Efficiency and effectiveness reviews and ad hoc control change assessments and involvement in process improvement projects, BCP planning and scenario testing and business process re-engineering
-

Craig Johnson Consultant

Prior Positions

Chartered Accountancy firms in Tasmania: Garrotts and PBS Partners

- Delivered external and internal audit services

South Australian Auditor-General's Department

- Graduate employee where I learnt the fundamentals of government, business and external audit

Professional and academic qualifications

- Associate Member ICAA (Chartered Accountants)
- Member Institute of Internal Auditors
- Member Risk Management Institute of Australia
- Bachelor of Accountancy, University of South Australia



20 March 2020

Ms Katy Bone
Group Manager, Corporate Services
Town of Walkerville
PO Box 55,
Walkerville SA 5081

Dear Ms Bone,

Expression of Interest: Eastern Region Alliance Water Audit Committee - Independent Member

Having recently returned to live permanently in South Australia, I am seeking opportunities to contribute my skills within our community. While I live within the area covered by the alliance, I believe that I am able to represent the interests of the citizens of South Australia and promote good governance in substantial institutions without partisan interest in local issues.

You will note from my CV that I have strong experience in risk management, internal audit and information technology. I also have considerable experience on audit committees in general, and on local government audit committees in particular. I currently serve on the audit committees of two local government bodies including serving as the chair of the audit committee of the Fraser Coast Regional Council. The responsibilities of the Fraser Coast Audit Committee and the Rockhampton Audit Committee (on which I served until 2019) include consideration of the operations of the local water authorities.

I have other experience relevant to local government having served as the chief internal auditor of the Department of Territories and the Department of Housing and Construction. At the time that I served in these positions, the local government administration of the ACT was a Federal responsibility and was undertaken within Commonwealth Government departments. These two departments undertook a considerable portion of that activity. I also served as Director of Accounting and Supply within the Department of Territories.

As part of my professional activity, I have run training courses for new and prospective Audit Committee members on behalf of the Institute of Internal Auditors and I have undertaken numerous reviews of internal audit functions in Australia and beyond.

I look forward to discussing this with you further.





Michael Parkinson

Qualifications

Bachelor of Science (Honours) in the School of Mathematical Sciences.¹
University of Adelaide

Graduate Diploma in Computing Studies.
University of Canberra

Company Directors Diploma.
University of New England

Professional Societies

Association for Computing Machinery
Member since 1973

Information Systems Audit & Control Association
Certified Information Systems Auditor 1985
Certification in Risk and Information Systems Control
2010
International Vice President, ISACA 1994-1997, 2000-
2001

Institute of Internal Auditors
Certified Internal Auditor 1995
Certification in Risk Management Assurance 2012
Secretary to International Board, 2009-10
Vice Chair of International Board 2010-11

¹ This included a major streams and Honours-level study in Mathematical Statistics and Computing Science.

Summary

Michael Parkinson worked in the Australian public sector for several decades – the last 30 years in senior governance, consulting and internal audit positions. He was the chief audit executive of three Australian Government agencies as a permanent officer and, as a consultant, has been the most senior internal auditor of a number of agencies.

Michael has substantial experience in Information Systems, Internal Auditing and Risk Management. He also has extensive experience in public sector organisations (including local government).

He is a Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA) and holds a Certificate in Risk Management Assurance (CRMA) and Certificate in Risk and Information Systems Control (CRISC).

He has served on the international board and executive of each of ISACA and The IIA.

Until 2016, he was

- chair of Standards Australia / Standards New Zealand joint technical committee OB-007 – the mirror committee for ISO TC 262 and local developer of risk management guidance
- Australian representative to ISO TC 262
- a member of the International Internal Auditing Standards Board.

Michael is formerly a Director of a major accounting/service firm providing internal audit, risk management and governance services.

Since retiring from the full-time workforce in 2014, he works as a private contractor delivering training and undertaking professional reviews of internal audit. Michael continues to serve on a number of public sector audit committees.

Experience

Michael joined KPMG in 1995 after twenty-two years' experience in the Australian Public Service. He continued to serve Government entities for his 19 years with KPMG. Positions of relevance included:

- 1984 Director Internal Audit, Department of Territories and Local Government – the municipal authority for the ACT
- 1985 Assistant Director IT Audit, Department of Housing and Construction
- 1986 Director Internal Audit, Department of Housing and Construction
- 1987 Director IT Audit, Department of Administrative Services
- 1987-1995 Manager Corporate Audit, CSIRO
- 1995-2014 Senior Manager / Director KPMG

Within KPMG Michael's work involved IT Consulting and Internal (& Information Systems) Audit for a range of public sector clients. From 2005 to 2012 he managed the outsourced internal audit operation at the Department of Veterans Affairs. In 2001, he was employed as the primary consultant to re-engineer internal auditing in the Government of Thailand as a part of the Budget Reform Process.

Michael is a strong contributor to the theory and practice of governance, risk management and assurance having over his career written and lectured extensively in this area. His more recent publications include AS HB 158-2010 *Delivering assurance based on ISO 31000:2009 Risk Management*, and the IIA-Australia *Professional Practices Guide*. He also formally contributed to the development of the *ASX Corporate Governance Guidelines* and has participated in relevant parliamentary enquiries.

He has also made a number of submissions on behalf of professional technical bodies and as a private citizen to governance reform bodies, appearing before Commonwealth parliamentary committees on three occasions.

Board & Audit Committee Experience

Michael has served on international boards for the Institute of Internal Auditors – serving on the Executive Committee as Secretary and then Vice-Chair of the Board – and ISACA – as Vice-President. He has served as chair of local affiliates of both these bodies.

In his role as internal auditor (head of internal audit), Michael has served a wide range of audit committees and has served on several audit committees as a member. These include Rockhampton Regional Council (2012-19) and the Australian Communications and Media Authority (2016-19). He served on the IIA-Australia Audit Committee as a consequence of being a Director of the company.

Michael currently serves as an independent member on the audit committee of the Port Macquarie–Hastings Council (since 2014). He is chair of the audit committee of the Fraser Coast Regional Council (since 2017).

Internal Auditing

Michael Parkinson is an internal auditor of more than 35 years experience. After 10 years in Information Technology and Government Finance he became an IT internal auditor in the early 1980s. He worked as a government internal auditor for more than 30

years; the last 19 years as a service provider. Whilst working as a government employee he was the Chief Audit Executive of three different government agencies.

Prior to joining KPMG in 1995 Michael was Chief Internal Auditor at CSIRO for seven years. This involved the planning and conduct of the full internal audit program for the Organisation and encompassed administrative review, advice on procedures, efficiency and effectiveness reviews, and IT systems reviews.

Michael has IT and Audit experience covering internal audit and systems development work. He is additionally experienced in the management of large administrative units and has been closely involved in the development of IT-based audit tools and techniques. In 2001, he worked with the Bureau of the Budget, Royal Thai Government, to design government-wide internal auditing processes. In the same year he worked with the Bank of Thailand to introduce risk-based internal auditing.

Michael's internal audit clients have included; Department of Defence; Australian Taxation Office; Australian Maritime Safety Authority; Australian Communications Authority; Department of Communications and the Arts; Department of the Senate; Department of the House of Representatives; Department of Veterans Affairs; and the Northern Territory Government's Internal Audit Bureau.

Michael was accredited by the IIA to conduct quality assurance reviews of internal audit functions in 2007 and conducts such reviews on a regular basis. His reviews of internal audit activities have encompassed local government, financial services, industrial companies, state & federal government agencies, tertiary institutions and not-for-profit community bodies.

He served on the International Internal Auditing Standards Board for six years and on the Information Systems Auditing Standards Board for four years.

Risk Management

Michael was a senior participant in the team that developed KPMG Canberra's Business Risk Assessment approach. This methodology involves extensive use of workshops with staff throughout an organisation – from chief executive to most junior. In conducting such reviews Michael has facilitated workshops in most parts of Australia and internationally.

In 2001-2002 Michael led a joint IIA-Australia/Standards Australia project to develop a guide on the use of the AS/NZS 4360 *Risk Management* standard in the internal audit process. The resulting document (HB158-2002), of which Michael was the principal author, is a detailed worked example of the use of the standard. HB 158-2010 (mentioned above) is an updated version of this document.

He served on the Standards Australia/Standards New Zealand joint technical committee OB-007 (Risk Management) from 2008 to 2016, and was its chair from 2012 to 2016. This committee was responsible for the development of the AS/NZS 4360 *Risk Management* standards and was a major contributor to ISO 31000-2009 *Risk management – Principles and guidelines*. The committee is currently developing a range of guidance handbooks for risk management. Michael was an Australian delegate (head of delegation) to ISO technical committee TC 262 which has recently revised ISO 31000.

Organisations in which Michael has undertaken risk assessments include: ACT Community Care; the Canberra Hospital; NT Department of Primary Industry & Fisheries; NT Work Health Authority; Bank of Thailand; Department of Communications, IT and the Arts; the Australian Communications Authority; and the Australian Maritime Safety Authority. Some of these risk assessments have been assessments of fraud-related risk.

Project Management

Michael has a background of IT and IT management. Before moving to internal audit, he spent some years as a Project Manager/Director, Applications in a Government IT function. He was part of the KPMG project office team on the Defence Year 2000 Remediation project spending most of 1999 on this critical project. He subsequently worked in the Defence GST implementation project office.

At ComSuper he was the project auditor on the core systems replacement project and has assisted that organisation in the successful delivery of a critical application system. He performed similar functions in relation to DHA business systems and the Centrelink systems associated with the Welfare to Work initiative.

IT Strategic Planning

Michael's work in this area includes assisting AusAID in the revision of its IT strategic Plan and participating as a member of the AusAID Information Management Steering Committee over a number of years. Whilst at CSIRO, Michael prepared the Organisation's Communications Network Strategic Plan and he has performed a number of network capacity management reviews including a review for the Bureau of Meteorology.

IT Security Reviews

Michael has substantial experience in the review of IT security and access management. He was part of the team that developed the 1995 CSIRO integrated security policy and carried this experience into an assignment at Austrade where he assisted the Commission in developing its security policy. He has conducted IT security and privacy reviews on a wide range of equipment and operating systems (from PCs to Mainframes) and encompassing a wide range of network configurations..

Reviews include: IT Security at the Bureau of Meteorology; security of the Spectrum Auction System at the Australian Communications Authority; access control at the Australian Maritime Safety Authority; business continuity at AMSA; and firewall management at the Department of Transport and Regional Services.

Review of Outsourced Services

Michael has reviewed the outsourced provision of services in a number of organisations including: IT at the Australian Communications Authority; HR and IT at the Department of Communications, IT and the Arts; and IT in the ACT Government. He has also examined a number of system failures arising from miscommunication between outsourced service providers and organisational principals.

In some cases these have been contracts for provision of computing facilities and in others contracts for the provision of full services.

Applications Development

Michael's early career was as a systems analyst/programmer, and before becoming an IT auditor he was the manager of an IT Applications development unit, responsible for the delivery of business application systems to the ACT Government. As an internal auditor he has examined the applications development environment (standards, project management, change management, requirements management, quality control etc) of many organisations ranging from private sector financial institutions to government research organisations.

Statistical and Related Work

Michael's degree includes a major stream in mathematical statistics, with studies in statistics being undertaken at Honours level. Michael's first professional appointment was as a computer programmer supporting statistical analysis software used by the Australian Bureau of Statistics. Since becoming an internal auditor he has had significant experience in the design and execution of testing regimes (both statistical and non-statistical) in support of internal audit activity.

As a presenter/trainer, Michael has developed courses to teach auditors the rudiments of statistics and practical approaches to statistically valid testing. He has presented seminars to candidates for professional certification examinations over a number of years.

Michael's direct application of statistics has been in projects for the Defence CFO, Joint Logistics Command – Logistics Assurance Branch, forensic review of the Home Insulation Program, and IP Australia quality assurance processes.

Professional Society Activity

Michael joined the Board of the Institute of Internal Auditors - Australia (IIA-Australia) in 1996, was elected Vice-President in 1998 and became National President of IIA-Australia in 1999, serving until 2001. He continued to serve on the Board of IIA-Australia until 2005.

From 2001 until 2004, Michael worked as the Host Committee chair for the IIA International Conference held in Sydney in 2004 and served on the International Conference Committee during that period. Michael was the Australian nominee Director on the Board of IIA Global for the period 2008-09; he was elected International Secretary in 2009-10 and Vice-Chair of the Board (Professional Services) for 2010-11.

In 2005, Michael joined the IIA Global International Relations Committee and served as its chair for 2007-09. He served on the International Internal Auditing Standards Board from 2011 to 2016.

During 1994-97 and 2000-01 Michael represented Australia and New Zealand as the International Vice-President of the Information Systems Audit and Control Association (ISACA). During 2003-2006 he also served as the Chair of the ISACA International Education Board.

Michael has been the prime motivator and coordinator of a number of technical publications issued by IIA Australia. In 2006-07, he worked with the Global Vision Taskforce to revise the Professional Practices Framework and with the refresh task force in 2014-15 when the framework was updated.

He served as the Honorary Secretary of the Asian Confederation of Institutes of Internal Auditors (ACIIA) for 2006-07 and as President of ACIIA from September 2007 to November 2008.

In 2007 Michael was presented with the IIA-Australia Bob McDonald Award for contribution to the internal auditing profession. In 2015 he was awarded the Victor Z Brink Award by IIA Inc. The Victor Z. Brink Award for Distinguished Service was established to recognize individuals who, over time, have given unusual and outstanding service to the world-wide profession of internal auditing through participation in the activities of The Institute of Internal Auditors.

Michael was made a life member of IIA Australia in 2017.

Publications (partial list)

- Bowles, F. E., & Parkinson, M. J. (1989). *LAN Taming: the audit and control of local area networks*. Sydney: Peat Marwick Hungerfords.
- Finger, P., McLeod, A. J., Purdie, G., & Parkinson, M. J. (2010). *SA/SNZ HB 158-2010 Delivering Assurance Based on AS/NZS ISO 31000*. Sydney: Standards Australia / Standards New Zealand / IIA Research Foundation.
- Parkinson, M. J. (2004, December). A strategy for providing assurance. *Internal Auditor*, LXI(VI), 63-68.
- Parkinson, M. J. (2008). *Internal Audit Planning: How Can We Do It Better?* Retrieved Nov 7, 2015, from QFinance: <http://www.financepractitioner.com/auditing-best-practice/internal-audit-planning-how-can-we-do-it-better?page=2>
- Parkinson, M. J. (2008). *The assurance versus consulting debate: how far should internal audit go?* Retrieved from QFinance: <http://www.financepractitioner.com/auditing-best-practice/the-assurance-versus-consulting-debate-how-far-should-internal-audit-go?page=1>
- Parkinson, M. J. (2016). Identification, analysis and evaluation of compliance-related risks. In M. Tolar, D. Hortensius, D. Bühr, M. Parkinson, R. Volkman, K. Powell, . . . P. Jonas, *Commentary on ISO 19600 - Compliance Management Systems*. Vienna: Austrian Standards Institute / LexisNexis.
- Parkinson, M. J., & Paul, R. G. (1987). *PC Taming: The audit and control of microcomputers*. Canberra: Institute of Internal Auditors (Australia) and EDPAA (Canberra).

Professional Competencies and Skills

Governance and Auditing

- Governance, risk management and control frameworks
- Internal auditing policy and procedures
- Risk-based Audit Planning
- Internal auditing methodologies
- Compliance management systems
- Computer Assisted Audit Techniques
- Internal audit/IS audit training

Business and IT Risk Management Services

- Comprehensive Business Risk Assessment
- Protective Security Risk Assessment
- Fraud Risk Management Services
- ICT Risk Assessment
- IT Risk Management Benchmarking
- Evaluation of risk management processes

Operational Performance Evaluation

- Compliance Reviews
- Operational Efficiency and Effectiveness Reviews
- Program Performance Evaluation
- Internal Audit Performance Evaluation
- Statistical Sampling
- Reviews of management of major projects

Information Risk Management

- IS Governance
- IT Strategy
- Project Assurance
- Contract Quality Assurance
- e-Business Readiness Assessment

- Application Systems Reviews
- Data Quality Assurance
- Information and Communications Technology [ICT] Security Reviews
- Infrastructure Assurance
- Business Continuity

IT/IS Management

- Information systems strategic planning
- Systems analysis, design, implementation
- Data analysis and data modelling
- Database design
- Software evaluation
- Capacity planning
- Project management
- Feasibility studies