



**Adelaide Hills**  
COUNCIL

**AUDIT COMMITTEE**

**NOTICE OF MEETING**

To: **Presiding Member** Cr Malcolm Herrmann

**Members**

David Moffatt  
Peter Brass  
Natalie Johnston  
Cr Leith Mudge

Notice is hereby given pursuant to the provisions under Section 87 of the *Local Government Act 1999* that the next meeting of the Audit Committee will be held on:

**Monday 24 May 2021**  
**6.30pm**  
**63 Mt Barker Road, Stirling**

A copy of the Agenda for this meeting is supplied under Section 87 of the Act.

Committee meetings are open to the public and members of the community are welcome to attend. Public notice of the Agenda for this meeting is supplied under Section 88 of the Act.

**Andrew Aitken**  
**Chief Executive Officer**



**Adelaide Hills**  
COUNCIL

**AUDIT COMMITTEE**

**AGENDA FOR MEETING**  
**Monday .24 May 2021**  
**6.30pm**  
**63 Mt Barker Road, Stirling**

**ORDER OF BUSINESS**

**1. COMMENCEMENT**

- 1.1. Acknowledgement of Country

*Council acknowledges that we meet on the traditional lands and waters of the Peramangk and Kurna people. We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land. Together we will care for this country for the generations to come.*

**2. APOLOGIES/LEAVE OF ABSENCE**

- 2.1. Apology  
2.2. Leave of Absence  
2.3. Absent

**3. MINUTES OF PREVIOUS MEETINGS**

- 3.1. Audit Committee Minutes – 19 April 2021

***Recommendation***

*That the minutes of the Audit Committee meeting held on Monday 19 April 2021, as supplied, be confirmed as an accurate record of the proceedings of that meeting.*

**4. DELEGATION OF AUTHORITY**

The Audit Committee operates in accordance with the relevant sections of the Local Government Act 1999, and its Terms of Reference.

**5. DECLARATION OF INTEREST BY MEMBERS OF THE COMMITTEE**

**6. PRESENTATIONS, ACTION REPORT & WORKPLAN**

6.1. Director Corporate Services Risk Presentation

6.2. Action Report and Work Plan Update

1. *That the report be received and noted.*
2. *That the status of the Action Report and Work Plan be noted.*

**7. OFFICER REPORTS**

7.1. End of Year Financial Reporting Timetable

*That the report be received and noted*

7.2. Internal Financial Control Update

1. *That the report be received and noted*
2. *To note the further developments that have been undertaken in the improvement of internal financial controls.*

7.3. Financial Controls Review Interim Management Letter

1. *That the report be received and noted*
2. *Notes the communication received from Galpins from their Interim visit relating to the 2020-21 Financial Controls Review and the Management Responses to their findings from the Interim Audit.*

7.4. 2020-21 Budget - Budget Review 3

1. *Resolves that the report be received and noted.*
2. *Recommends to Council the proposed budget adjustments presented in Budget Review 3 for the 2020-21 financial year which result in:*
  - a. *a reduction in the Operating Surplus from \$1.883m to \$1.498m*
  - b. *Changes to Capital Works, increasing capital income by \$138k and reducing capital expenditure by \$4.772m resulting in a revised capital expenditure budget for 2020-21 of \$15.311m.*
  - c. *A change in Council's net result from a Net Borrowing Result of \$3.865m to a Net Lending Result of \$659k as a result of the proposed operating and capital adjustments.*

7.5. Council Quarterly Performance Report

*The Audit Committee resolves that the report be received and noted.*

7.6. Asset Management Policy

1. *That the report be received and noted*

2. *To recommend to Council to adopt the updated Asset Management Policy as contained in Appendix 1.*

7.7. SHLGA Audit Committee Exemption

*The Audit Committee resolves that the report be received and noted*

7.8. Internal Audit Quarterly Update

1. *That the report be received and noted*
2. *To receive and note the Payroll Function Internal Audit Report as contained in Appendix 1*
3. *To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.8a as contained in Appendix 2.*

7.9. Audit Actions Implementation Update

1. *To receive and note the report.*
2. *To note the implementation status of Internal and External Audit actions*

7.10. Public Interest Disclosure Arrangements and Compliance

*The Audit Committee resolves that the report be received and noted.*

7.11. LGRS Risk Evaluation – Action Plan Review

*The Audit Committee resolves that the report be received and noted*

7.12. Risk Management Plan Update

*The Audit Committee resolves that the report be received and noted*

7.13. Write-off of Outstanding Rates relating to S210 conversions to Public Roads

1. *That the report be received and noted.*
2. *To recommend to Council to formally approve the write-off of \$98,025.08 for the outstanding rates on Land identified for conversion of private road to public road.*

**8. CONFIDENTIAL REPORTS**

- 8.1. Cyber Security Report – Confidential

**9. NEXT MEETING**

The next Audit Committee meeting will be held at 6.30pm on Monday 16 August 2021 at 63 Mount Barker Road, Stirling.

**10. CLOSE MEETING**

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 19 APRIL 2021  
36 NAIRNE ROAD WOODSIDE**

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**In Attendance****Members:**

Cr Malcolm Herrmann	Presiding Member
Peter Brass (6.45pm)	Independent Member
David Moffatt	Independent Member
Natalie Johnston	Independent Member

**In Attendance:**

Peter Bice	Acting Chief Executive Officer
Lachlan Miller	Executive Manager Governance & Performance
Mike Carey	Manager Financial Services
Kira-Marie Laverty	Corporate Planning & Performance Coordinator

**1. COMMENCEMENT**

The meeting commenced at 6.31pm.

**1.1. Acknowledgement of Country**

Council acknowledges that we meet on the traditional lands and waters of the Peramangk and Kaurna people. We pay our respects to Elders past, present and emerging as the Custodians of this ancient and beautiful land. Together we will care for this country for the generations to come.

**2. APOLOGIES/LEAVE OF ABSENCE****2.1. Apology**

Cr Leith Mudge

**2.2. Leave of Absence**

Nil

**2.3. Absent**

Nil

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 19 APRIL 2021  
36 NAIRNE ROAD WOODSIDE**

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**3. MINUTES OF PREVIOUS MEETINGS**

**3.1. Audit Committee Meeting – 15 February 2021**

Moved Natalie Johnston  
S/- David Moffatt

AC12/21

That the minutes of the Audit Committee meeting held on 15 February 2021 as supplied, be confirmed as an accurate record of the proceedings of that meeting.

<b>Carried Unanimously</b>
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**4. Delegation of Authority**

In accordance with the Audit Committee Terms of Reference, the Committee has no delegated decision-making powers. The Recommendations in Item 6.2, Draft Annual Business Plan for Consultation, and Item 6.3, Public Interest Disclosure Policy Review, are to be submitted to Council for consideration.

**5. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF AUDIT COMMITTEE**

Nil

**6. OFFICER REPORTS – DECISION ITEMS**

**6.1. Action Report & Workplan Update**

Moved David Moffatt  
S/- Natalie Johnston

AC13/21

The Audit Committee resolves:

1. That the report be received and noted
2. That the status of the Action Report and Work Plan be noted
3. That the Updated 2021 Audit Committee Work Plan be adopted.

<b>Carried Unanimously</b>
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6.45pm Peter Brass joined the meeting via electronic means

**ADELAIDE HILLS COUNCIL AUDIT COMMITTEE  
MINUTES OF MEETING  
MONDAY 19 APRIL 2021  
36 NAIRNE ROAD WOODSIDE**

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**6.2. Draft Annual Business Plan for consultation**

Moved Natalie Johnston  
S/- David Moffatt

AC14/21

The Audit Committee resolves:

1. That the report be received and noted
2. To advise Council that the Committee has reviewed the draft *Annual Business Plan 2021-22 (ABP)*, as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability.
3. That, on the basis of the Committee's review, to recommend the draft ABP to Council for community consultation.

<b>Carried Unanimously</b>
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**6.3. Public Interest Disclosure Policy Review**

Moved Peter Brass  
S/- Natalie Johnston

AC15/21

The Audit Committee resolves:

1. That the report be received and noted
2. The Draft Public Interest Disclosure Policy be recommended to Council for consideration.

<b>Carried Unanimously</b>
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**7. NEXT MEETING**

The next ordinary meeting of the Audit Committee will be held on Monday 24 May 2021 from 6.30pm at 63 Mt Barker Road, Stirling.

**8. CLOSE MEETING**

The meeting closed at 7.35pm.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 6.2

**Responsible Officer:** Steven Watson  
Governance and Risk Coordinator  
Office of the Chief Executive

**Subject:** Action Report and Work Plan Update

**For:** Decision

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**SUMMARY**

A formal Audit Committee Action Report is maintained to record the items requiring 'actioning' that result from each of the Audit Committee meetings.

The Audit Committee Work Plan assists the Committee members and staff in scheduling both discussion and reports to ensure appropriate coverage of the Committee functions over the 12 month period.

The Audit Committee 2021 Work Plan has NIL (0) suggested amendments for this meeting.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. That the report be received and noted.**
  - 2. That the status of the Action Report and Work Plan be noted.**
- 

**1. GOVERNANCE**

➤ **Strategic Management Plan/Council Policy**

Strategic Plan 2020-24 – A brighter future

Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations



➤ **Legal Implications**

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee's action items and work plan facilitates the achievement of these functions.

➤ **Risk Management Implications**

The management of action items and the work plan will assist in mitigating the risk of:

*Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Low (3E)	Low (3E)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

Council's current budget contains provision for the costs associated with the notification and conduct of Audit Committee meetings

➤ **Customer Service and Community/Cultural Implications**

The timing and location of Audit Committee meetings should be considerate of the desire for community members to attend.

With the current COVID-19 social distancing requirements, Audit Committee meetings are continuing to be held in the advertised venue with Committee Members participating by following COVID safe practices.

➤ **Sustainability Implications**

There are no direct sustainability implications arising from this report.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable

*Advisory Groups:* Not Applicable

*Administration:* Chief Executive Officer  
Director Community Capacity  
Executive Manager Governance & Performance  
Manager Financial Services  
Manager Strategic Assets  
Sustainability Coordinator  
Executive Assistant Corporate Services

*Community:* Not Applicable

## 2. BACKGROUND

### Action Report

The Action List tracks the implementation of resolutions of the Audit Committee.

### Work Plan

The functions of the Audit Committee are set out in part 7 (Role) of the Committee Terms of Reference.

### Work Plan Amendment

A Work Plan has been developed to assist the Committee members and staff in scheduling discussion and reports to ensure appropriate coverage of the functions over the 12 month period. The Audit Committee adopted an Updated Work Plan at its 19 April 2021 meeting.

## 3. ANALYSIS

### Action Report

There are two (2) completed items and one (1) outstanding item on the Audit Committee Action Report (**Appendix 1**) arising from the April 2021 Committee meeting. Commentary against the item is provided for the Committee's information.

### Work Plan and Reporting Schedule

As per the 2021 Audit Committee Work Plan and Reporting Schedule (**Appendix 2**), the following items are detailed below are included in this meeting:

Item	Commentary	Month Scheduled
<b>Financial Reporting</b>		
Long Term Financial Plan (LTFP)		February
Annual Business Plan		April
Budget Review 1		November
Budget Review 2		February
Budget Review 3	Included in this meeting	May
End of Year Financial Report		November
End of financial year reporting timetable	Included in this meeting	May
End of financial year update		August
Final Annual Financial Statements (incl management representation letter)		October

<b>Internal Control and Risk Management</b>		
Placement of Council's insurance portfolio (for noting)		August
Internal Financial Controls update	Included in this meeting	May
Risk Management Plan update	Included in this meeting	February/May/ August/November
Results of LGRS Risk Management Review		February (Biennial)
LGRS Risk Evaluation - Action Plan Review	Included in this meeting	May/November
<b>Internal Audit</b>		
Internal Audit quarterly update	Included in this meeting	February/May/ August/November
Internal audit reports		As Required
Implementation of internal audit actions progress report		February/August
Internal Audit Plan review	Included in this meeting	May
<b>External Audit</b>		
External audit interim letter		April
Implementation of external audit actions progress report		February/August
External Audit Plan review		February
Meeting attendance by external auditors		February/October
Review of auditor independence and legislative compliance		October
Audit Committee Completion Report		October/November
<b>Public Interest Disclosure</b>		
Public Interest Disclosure Policy review (replaces Whistle-blowers)	Included in this meeting	April 2021
Public Interest Disclosure Policy		
<b>Other Business</b>		
Audit Committee self-assessment review		November
Presiding Member's Report		November
Work Plan and Reporting Schedule		November
Audit Committee Meeting Dates		November
Debtors Report		February/August
Annual Report		November
Action Report & Work Plan Update	Included in this meeting	All Meetings
Audit Committee Terms of Reference		February
Directors Presentation	Included in this meeting	February/May/ August/November

Other Reports	Included in meeting as required	As Required
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#### 2021 Work Plan

There are no changes suggested to the 2021 Audit Committee Work Plan for the Audit Committee's consideration at this meeting.

#### **4. OPTIONS**

The Committee has the following options:

- I. To note the status of the Action Report at **Appendix 1** (recommended).
- II. To alter or substitute elements of the Action Report (not recommended).

In relation to the 2021 Audit Committee Work Plan:

- I. To note 2021 Audit Committee Work Plan at **Appendix 2** (recommended).
- II. To alter or substitute elements of the 2021 Audit Committee Work Plan (not recommended).

#### **5. APPENDICES**

- (1) Audit Committee Action Report
- (2) 2021 Audit Committee Work Plan (v1.2)

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# **Appendix 1**

## *Audit Committee Action Report*

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**Audit Committee Action Report  
Monday 24 May 2021**

Meeting Date	Meeting	Res No. Item Name	Previously Declared	Action Required (Council Resolution)	Responsible Director	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)
19/10/2020	Audit Committee	50/AC2020 Cyber Security Audit & Plan	None Declared	See Confidential Minute	Terry Crackett	James Sinden	In Progress	13/05/2021	30/06/2021	See Confidential Minute
19/04/2021	Audit Committee	AC14/21 Draft Annual Business Plan for Consultation	None declared	That the report be received and noted To advise Council that the Committee has reviewed the draft <i>Annual Business Plan 2021-22</i> (ABP), as contained in Appendix 1, in terms of the assumptions underpinning the Plan, its consistency with the Strategic Management Plans and the adequacy of the plans in the context of maintaining financial sustainability. That, on the basis of the Committee's review, to recommend the draft ABP to Council for community consultation.	Andrew Aitken	Kira-Marie Lavert	Completed	14/05/2021	22/04/2021	Council considered the Audit Committee's recommendation at its 27 April 2021 meeting and resolved to approve the draft ABP for public consultation.
19/04/2021	Audit Committee	AC15/21 Public Interest Disclosure Policy Review	None declared	That the report be received and noted The Draft Public Interest Disclosure Policy be recommended to Council for consideration.	Andrew Aitken	Lachlan Miller	Completed	14/05/2021	22/04/2021	Council considered the Audit Committee's recommendation at its 27 April 2021 meeting and resolved to approve the Policy.

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## **Appendix 2**

*2021 Audit Committee Work Plan (v1.2)*

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**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.1

**Responsible Officer:** Mike Carey  
Manager Financial Services  
Corporate Services

**Subject:** End of Year Financial Reporting Timetable

**For:** Information

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**SUMMARY**

The Audit Committee has previously received an Audit Plan at the Meeting on 15 February 2021 from the external auditors Galpins which sets out their scope and responsibilities for the 2020-21 audit.

In support of this Plan a draft timetable has been prepared to guide the end of year reporting process and included as **Appendix 1**.

The date of the final external audit visit has been proposed for 23 September 2021 to 28 September 2021 in consultation with our external auditors Galpins, to enable the administration to table the Annual General Purpose Financial Statements and associated documentation at the Audit Committee meeting on 26 October 2021.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. That the report be received and noted**
- 

**1. GOVERNANCE**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

➤ **Legal Implications**

Council is required to prepare audited annual Financial Statements in accordance with the *Local Government Act 1999*, (the Act) and the *Local Government (Financial Management) Regulations 2011* (the Regulations).

Section 127 (1) of the Act requires the preparation of the financial statements and notes as well as other statements or documentation in accordance with standards and principles prescribed by the regulations and include information required by the Regulations.

Section 127 (2) of the Act requires that the material required under subsection (1) must be prepared as soon as is reasonably practicable after the end of the relevant financial year and in any event before the prescribed day.

Regulation 15 of the Regulations states that the prescribed day for Section 127 (2) is the second Friday in September in the financial year immediately following the end of the relevant financial year.

Section 127 (4) of the Act requires that copy of the audited statements must be submitted by the council to the persons or bodies prescribed by the regulations on or before the day prescribed by the regulations.

Regulation 16 of the Regulations requires that in accordance with section 127(4) of the Act, council must, on or before 30 November in each year, submit a copy of the audited financial statements of the council for the immediately preceding financial year to the presiding member of the South Australian Local Government Grants Commission.

➤ **Risk Management Implications**

Completing the year end reporting and audit processes within the legislative timeframes will assist in mitigating the risk of:

*Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (3D)	Medium (3C)

Failure to complete the year end reporting process within the timetable can result in increased financial, compliance and reputational risk.

➤ **Financial and Resource Implications**

The end of year financial reporting process ensures the timely production of Council's General Purpose Financial Statements. These are required for the *Annual Report* and could impact on Council's ability to secure future grant and loan funding.

➤ **Customer Service and Community/Cultural Implications**

Not applicable.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*Administration:* Executive Manager Governance & Performance  
Manager Strategic Assets

*External Agencies:* Not Applicable

*Community:* Not Applicable

**2. BACKGROUND**

Council's preparation of the Annual General Purpose Financial Statements on a timely basis is affected by, but not limited to:

- external audit timelines
- resourcing, both internal and external
- Infrastructure assets validation

Galpins' Audit Plan which was presented to the Audit Committee on 15 February 2021, communicates the approach to be taken by the auditors and their understanding of the scope of work required to express an opinion on Council's Financial Statements and Internal Controls environment.

**3. ANALYSIS**

The draft timetable has been prepared on the basis of available information and previous experience with preparation of the Financial Accounts.

The timetable is cognisant of the requirement under Section 127 (2) of the Act for the financial statements and notes as well as other statements and documentation to be available by the second Friday in September in the financial year immediately following the end of the relevant financial year. For the 2020-21 financial year this date is Friday, 10 September 2021.

The timetable allows some flexibility in terms of the timing of key activities during September and October, and is intended to produce the Annual General Purpose Financial Reports for consideration at the Audit Committee on 18 October 2021 and adoption by

Council at its meeting on 26 October 2021. The statutory limit for adoption of the Annual General Purpose Financial Reports is 30 November 2021, but it is considered preferable to leave some time prior to this date to allow for any potential delays and to facilitate the production of the Annual Report.

An End of Year Update Report is scheduled to be presented to the Audit Committee Meeting in August 2021 to provide an update on end of year progress and ensure Council is on track with terms of completion of the annual financial statements.

#### **4. OPTIONS**

The Committee has the following options:

- I. To note the draft timetable as prepared (Recommended).
- II. To make additional comments or suggestions for Financial Services staff to consider prior to finalising the timetable and the external audit visit (Not Recommended).

#### **5. APPENDIX**

- (1) 2020-21 End of Year Financial Reporting Timetable

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# **Appendix 1**

*2020 - 2021 End of Year Financial Reporting Timetable*

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**ADELAIDE HILLS COUNCIL  
2020-21 END OF YEAR FINANCIAL REPORTING TIMETABLE**

Description	
Wed 5-May	External Interim Audit (5 - 7 May)
Mon 24-May	<b>Audit Committee Meeting (24 May)</b> 2020-21 End of Year Financial Reporting Timetable
Thu 24-Jun	Last pay run for 2020-21 Financial Year Period ending 18 June 2021 paid 23/24 June 2021
Wed 30-Jun	Statement of Financial Position Date for 30 June
Mon 12-Jul	Close June Creditors End of Week Friday 16th; Accrue Final Pay(s); Bank Reconciliation; High risk control account reconciliations Stock Take and Petty Cash counts
Mon 19-Jul	Accruals; Commence Capitalisation
Mon 2-Aug	Year end prepayments and grants reconciled Update provisions for remediation & employees Progress Fixed Asset Revaluation, Depreciation and Reconciliation Finalise remaining Statement of Financial Position Reconciliations
Thu 5-Aug	Audit Committee Report preparation for Audit Committee - End of Financial Year Update
Thu 5-Aug	<b>ELT Perform Report (5 Aug)</b> Discuss EOY Position - Preliminary and Carry Forwards
Thu 12-Aug	Report Preparation for Council - 2020-21 Preliminary End of Year Results and Carry Forwards
Mon 16-Aug	<b>Audit Committee Meeting (16 Aug)</b> End of Financial Year Update and Presentation of the External Audit interim letter
Mon 23-Aug	Review and finalise notes to Statutory Accounts; Update for subsidiary results
Tue 24-Aug	<b>Council Meeting (24 August)</b> Council Report 2020-21 Preliminary End of Year Results and Carry Forwards
Mon 30-Aug	Review subsidiaries (equity accounting) & reserves accounting (Revaluations and CWMS)
Mon 6-Sep	Analytical review and full year budget comparison of operating accounts
Fri 10-Sep	Prescribed Day for Finalisation of Annual Financial Statements to Auditors
Thu 23-Sep	External audit final visit currently proposed for 23 September through to 28 September 2021
Wed 29-Sep	Report preparation for Audit Committee - Annual Financial Statements & Audit Completion Report
Thu 14-Oct	Report preparation for Council - Annual Financial Statements & End of Year Financial Results
Mon 18-Oct	<b>Audit Committee Meeting (18 Oct)</b> Draft 2020-21 Annual Financial Statements
Tue 26-Oct	<b>Council Meeting (26 Oct)</b> 2019-20 Annual Financial Statements for adoption for Annual Report inclusion
Wed 3-Nov	Report Preparation for Audit Committee - End of Year Financial Report, Final Audit Completion Report and Annual Report
Thu 11-Nov	Annual Report final design amendments
Thu 11-Nov	Council Reports due for Council Meeting 23 November - Annual Report for Adoption & BR1
Mon 15-Nov	<b>Audit Committee Meeting (15 Nov)</b> End of Year Financial Report Audit Completion Report Draft 2019-20 Annual Report for Council adoption by 24 Nov
Tue 23-Nov	<b>Council Meeting (23 Nov)</b> 2019-20 Annual Report for adoption & BR1
Fri 26-Nov	Submit Financial Statements to Presiding Member of the SA Local Government Grants Commission (Due 30 Nov)

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.2

**Responsible Officer:** Mike Carey  
Manager Financial Services  
Corporate Services

**Subject:** Internal Financial Controls Update

**For:** Information

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**SUMMARY**

Council's external auditors are required to provide an opinion on internal controls in accordance with S125 of the *Local Government Act 1999*.

This report presents an update to the Committee on the *Internal Control Framework* for the year ended 30 June 2021.

**RECOMMENDATION**

The Audit Committee resolves:

1. That the report be received and noted
  2. To note the further developments that have been undertaken in the improvement of internal financial controls.
- 

**1. GOVERNANCE**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O.5 We are accountable, informed and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Updating the internal controls framework assists in meeting legislative and good governance responsibilities and obligations

➤ **Legal Implications**

Work on the *Internal Controls Framework* is undertaken in conjunction with Part 3 – Accounts, Financial Statements and Audit, *Local Government Act 1999* and Part 6 – Audit, *Local Government (Financial Management) Regulations 2011*.

➤ **Risk Management Implications**

The undertaking of an annual review of Internal Controls using the Internal Financial Control Model will assist in mitigating the risk of:

*Internal control failures occur which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.*

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Low (2E)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

Satisfactory internal financial controls provide the foundation for all of Council's financial management and reporting.

➤ **Customer Service and Community/Cultural Implications**

Not applicable.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*Administration:* A number of officers across the organisation have been involved in the completion of internal control ratings using ControlTrack.

*External Agencies:* Not Applicable

*Community:* Not Applicable



## 2. BACKGROUND

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* (LGA) by ensuring that appropriate policies, practices and procedures of internal control are implemented and maintained.

In addition, Council audit committees are required to monitor the adequacy of all council's "accounting, internal control, reporting and other financial management systems and practices".

Further, as well as providing an audit opinion to Council with respect to the General Purpose Financial Statements, Council's external auditor is also required to provide an opinion on the compliance of the Adelaide Hills Council with the requirements of Section 125 of the LGA in relation to the Internal Controls established by the Council.

The Auditor's responsibility is to express a conclusion on the Council's compliance with the LGA in relation to the Internal Controls established by the Council for the relevant financial year 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 in all material respects.

When forming an internal controls opinion auditors must refer as a benchmark to the *Better Practice Model - Internal Financial Controls* as updated from time to time and published by the Local Government Association on advice from the SA Local Government Financial Management Group.

Like the audit opinion of annual financial statements, the internal controls opinion is provided to a Council and becomes a public document, to be published with Council's financial statements along with the financial statements audit opinion.

## 3. ANALYSIS

An updated Better Practice Model for Internal Controls was approved by the Minister for Local Government to apply from July 2017.

That update provided a roadmap to a more risk based approach to ensuring a robust financial internal controls environment by allowing councils to document and assess the internal financial controls that relate to a particular financial risk and to the extent that they mitigate that risk to an acceptable level. As such it refocused Council's internal financial control activities and monitoring systems largely on the extreme and high financial risks as identified by the Council's risk tolerance framework. As a result, this risk based approach reduced the number of controls that councils review and assess on an ongoing basis.

It is noted that the controls implemented are still dependent on the inherent risk assessment, the residual risk given controls already in place and the risk tolerance of the organisation.

To assist in Council's review of Internal Controls, Adelaide Hills Council uses a product called ControlTrack which is used by a significant number of councils across the State.

ControlTrack requires Council to identify and document the control activities in place and evaluate the appropriateness, design and effectiveness of these controls on a scale from 1 to 5. Council has used the following control effectiveness rating scale below to evaluate its controls.

Definitions of Control Effectiveness Ratings	
<b>1. Ineffective</b>	During the period, the control has not been implemented as described. Urgent management action is required to implement the described control processes.
<b>2. Requires significant improvement</b>	During the period, the control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation. Significant management action required to implement processes to improve the effectiveness of the control.
<b>3. Partially effective</b>	During the period, the control has been implemented as described, but with some deficiencies in the consistency and/or effectiveness in which it has been applied.
<b>4. Majority effective</b>	During the period, the control has been implemented as described and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.
<b>5. Effective</b>	During the period, the control as described has been fully implemented and has in all cases has been consistently and/or effectively applied.

A control effectiveness rating is provided by both the assessing officer (typically the person performing the function) and the reviewing officer (typically the person reviewing completion of that task or function such as the line manager), along with commentary as to the basis for the assessment on that rating.

A summary report of the outcomes from this recent review has been provided in *Table 1* below along with a summary of the 3 previous reviews.

**Table 1**

Control Category	May 2021	May 2020	May 2019	May 2018
<b>Strategic Financial Planning</b>	4.64	4.64	4.55	4.82
<b>Revenue</b>	4.87	4.80	4.80	4.93
<b>Liabilities</b>	4.79	4.71	4.71	4.77
<b>External Services</b>	4.00	4.50	4.00	4.00
<b>Expenses</b>	4.76	4.94	4.76	4.84
<b>Assets</b>	4.68	4.55	4.42	4.48

It is noted that in all categories, the overall result is well above 4 although there has been some minor variations within categories across the four years.

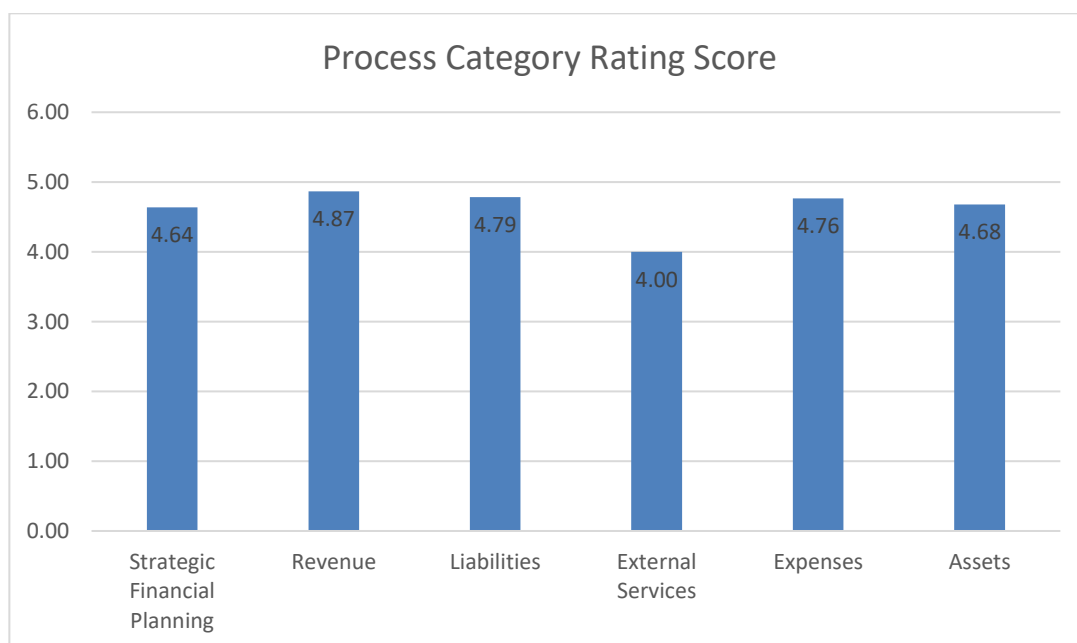
For this year, where the assessing and reviewing officers are aware of actions being undertaken to improve relevant processes, the overall rating has been set as a maximum of 4. **Majority Effective.** This has resulted in minor decreases in a couple of control

categories. This is relevant in the Process Categories External Services (Contracting) with the development of a project management framework and Expenses (in Payroll and Procurement) where improvement opportunities have been identified in terms of a payroll system upgrade and automating some of the manual processes including purchase orders.

Within the Assets category, Asset Management planning has been identified as an area for improvement and with some of these plans still outstanding this continues to be a focus for Council. This focus has resulted in an improvement in ratings in this category over the past couple of years.

The good overall result in internal controls across years also reflects the information provided by our External Auditors as part of the 2020-21 Interim Management Letter Committee Report which also forms part of this meeting's agenda.

The Control Track information for the current year is also shown diagrammatically below.



The full list of controls and the specific rating of each is provided at **Appendix 1**.

As agreed, reporting to the Audit Committee will continue to include an annual update from the ControlTrack system covering controls and actions.

#### 4. OPTIONS

Audit Committee is limited to receiving and noting this report.

#### 5. APPENDIX

- (1) 2020-21 Internal Controls Review

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# **Appendix 1**

*2020-21 Internal Controls Review*

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## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<ul style="list-style-type: none"> <li>Strategic Financial Planning</li> <li>General Ledger</li> </ul>							
STR-GEN-0012	There is a process in place to review actual vs budget and significant variances investigated. Strategic Financial Planning - General Ledger	Sonia Cooper	5	Actuals vs Budget reports are produced for each Department - system generated and exported to Excel mapped reports and uploaded onto Sharepoint for Budget Owners review & analysis. Separate reporting is done at a Directorate level and a Monthly Financial Performance Report is produced for ELT and discussed at the ELT Perform meeting each month.	Marcela Ardelean	5	
STR-GEN-0011	Reconciliation of all balance sheet accounts is completed in accordance with a schedule of review and/or procedure. Strategic Financial Planning - General Ledger	Sonia Cooper	5	All General Ledger Reconciliations are performed within the requirement of the Accounts Reconciliation Procedure, under Finance Policies. It was most recently adopted in 2015 and currently is under review. All Balance Sheet reconciliations are reviewed by a finance officer independently of the finance officer that performed the reconciliation at least annually. Reconciliations are now retained on the P: Drive	Marcela Ardelean	5	
STR-GEN-0010	Journal entry access is restricted to appropriately authorised personnel.	Sonia Cooper	5	All General Journals are reviewed by a person different to the journal creator. Only Financial Services team members have the ability to perform a General Journal entry. Journals are retained in Financial Services for inspection	Marcela Ardelean	5	Journals are now kept electronically in P drive
STR-GEN-0009	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Sonia Cooper	4	There is a scheduled review of Council policies at the Council level	Marcela Ardelean	4	
STR-GEN-0008	Formal disaster recovery plan is in place and communicated to relevant staff.	Lachlan Miller	4	The ICT Disaster Recovery Plan is in place and ensures that the GL data is appropriately backed-up and able to be recovered. The broader organisational Business Continuity Plan is dated and would not be a source of effective guidance in a business disruption event. LGRS are developing a proposal for the BCP to be revised in May 2021.	Mike Carey	4	The risk in relation to this control is that Data contained within the General Ledger is permanently lost. Whilst the Organisation BCP is outdated, it is considered that the ICT Disaster Recovery Plan is appropriate to ensure that GL data loss would be minimal.
STR-GEN-0007	Financial data is backed up and stored offsite.	James Sinden	5	The Councils ICT Business Continuity Plan has a fully functioning duplicate of physical technology, business software systems and backup copies of data located at another site located out of the Adelaide Hills Council District.	Mike Carey	5	
STR-GEN-0006	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Sonia Cooper	5	Open Office Finesse does not allow journals that don't balance to \$zero to be posted	Marcela Ardelean	5	

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>STR-GEN-0005</b>	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Sonia Cooper	4	Only administrators of Finesse (GL module) can access the General Ledger maintenance General Ledger Account codes can only be created and closed by administrators in Open Office Finesse. All amendments to the structure of the GL are undertaken by the Management Accountant after discussion with Budget Holders	Marcela Ardelean	4	
<b>STR-GEN-0004</b>	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Sonia Cooper	5	All updates and changes are documented in formal release notes for each module provided by the vendor. The release notes are made available prior to the upgrade of change being developed into a "test" environment. The vendor provides a comprehensive list of functions for customer testing. The update process is fully coordinated to ensure all changes are checked and authorised prior to roll over/upgrade	Marcela Ardelean	5	
<b>STR-GEN-0002</b>	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually. Strategic Financial Planning - General Ledger	Sonia Cooper	5	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually	Marcela Ardelean	5	
<b>STR-GEN-0001</b>	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Sonia Cooper	5	There are 6 administrators with access to General Ledger maintenance	Marcela Ardelean	4	
▲ Revenue							
▲ Rates/Rate Rebates							
<b>REV-RAT-0010</b>	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Ann-Marie Putland	5	Council has a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates in line with legislation. Additional guidance has been added in relation to both mandatory & discretionary rebates. Concessions for Pensioners are no longer managed by Local Government.	Mike Carey	5	
<b>REV-RAT-0009</b>	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Ann-Marie Putland	4	Written communication (email or letter) is used as a basis for changes to the rates master file. Such correspondence is recorded through our document management system. Master file is also updated using weekly reports from the Lands Title Office. Accuracy is double checked against the source documents before the final stage of the update is completed.	Mike Carey	5	
<b>REV-RAT-0008</b>	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.	Ann-Marie Putland	5	Rates officers sample test the rates that have been generated before the final calculation is run. The Rates Team reviews the validity of the sample. This review includes a comparison to an Excel based rates modelling spread sheet that mirrors the rates generation. This increases confidence that the rates generated is valid.	Mike Carey	5	

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
REV-RAT-0007	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Ann-Marie Putland	5	Rates are generated based on Valuer General's data. This is balanced with property.gov prior to generation. Rates and Rebates are automatically calculated within property.gov.	Mike Carey	5	
REV-RAT-0006	There is a Process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Ann-Marie Putland	5	Council has a Debt Recovery Policy which includes the application of Sect 184 recovery of rates when applicable. Rate arrears are forwarded for Debt Collection if an account is 2 Quarters in arrears and there is no payment plan in place.	Mike Carey	5	
REV-RAT-0005	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Ann-Marie Putland	5	Rates officers do not process any rates payments. Council's cashiers process rates receipts. Any new rate rebates are assessed with the Rates Team and the Manager Financial Services and are signed off by Manager Financial Services. Rebates are not granted to individuals under the proposed updated rates policy. New Discretionary Rebate applications are forwarded to Council for approval.	Mike Carey	5	
REV-RAT-0004	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Ann-Marie Putland	5	Annual valuation update is balanced by the Senior Rates Officer prior to the generation of rates; with all discrepancies resolved prior to finalising rate. The file does not load without the errors being addressed.	Mike Carey	5	
REV-RAT-0003	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Ann-Marie Putland	5	Rates software are initially loaded into a test arena where the rates officers are able to perform testing. All upgrade of the rates system is systematically tested prior to upgrade in preparation for rates generation. This includes rate modelling. Rates generated are compared to an Excel based rate modelling spreadsheet for comparison.	Mike Carey	5	
REV-RAT-0002	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Ann-Marie Putland	5	Rate rebates have been in place for a number of years with no change. A review of all rebates and non rateable was conducted in 18/19 to ensure rebate is appropriate and correctly categorised. Council will now review all Discretionary rebates at the start of the new Council term. A rates fines and interest remittance procedure has been developed to ensure consistent treatment in relation the application of fines & interest with reference to Delegation of Authority. Due to rate debtor security, current policy is not to write-off rate debtors.	Mike Carey	5	Remission has a final effect, and is only considered in circumstances where the ratepayer has demonstrated serious and long term hardship and where there is no chance of improvement in the ratepayers financial circumstances. Consideration must also be given to the tax burden redistribution effect on other rate payers of any remission. For these reasons, and given the importance of ensuring fairness to other ratepayers, remission will only be considered as a last resort.
REV-RAT-0001	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Ann-Marie Putland	5	Access to the Property master file is restricted to appropriately designated personnel, managed by IT. Rates officers can see and update the property master file, and other staff only have read access.	Mike Carey	5	

◀ [Receipting](#)

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
REV-REC-0010	There is a review process for the authorisation of the reversal of transactions.	Rhys Elsegood	4	Considered increased risk relating to circumstances where cash overpayment occurs. Discussion with personnel involved in receipting indicates that there is no review process for the reversal of transactions which occurs occasionally if cashier for example realises they have incorrectly recorded the transaction ie as cash instead of EFT etc and therefore reverses the transaction and corrects. The system does not require separate authorisation and we are not aware of any exception reports that records when this function is used. Cashiers have a Receipt Reversal procedure that ensures that all reversed receipts are clearly warranted and details are available for verification and can be reviewed by an independent person. In addition, the Finance Officer - Accounts Receivable & Treasury can process a "Receipt Adjustment" to reallocate a payment from say a rate debtor account to a sundry debtor account as a result of the debtor using the incorrect payment platform and/or debtor reference vs rate assessment. These receipt adjustments are reviewed by the appropriate area and authorised by the Manager Financial Services. While supporting documentation is retained the system does not require separate authorisation and we are not aware of any exception reports that records when this function is used. It is proposed that officers will follow up with the Vendor (Open Office) to confirm whether there is an audit trail/exception report available to record when this functionality is used by either Cashiers/Accounts Receivable.	Mike Carey	4	
REV-REC-0008	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Rhys Elsegood	5	Cash is banked twice weekly (Tues/Friday) at the most frequently visited locations (Stirling & Woodside) and generally weekly at other locations and is recorded and signed for when collected by SecureCash.	Mike Carey	5	
REV-REC-0007	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Rhys Elsegood	5	Receipts are issued for all transactions processed. Cash/cheques/eftpos receipts for each Cashlink Session are reconciled to the Council Bank Account by a finance officer. Any discrepancies are investigated and corrected promptly.	Mike Carey	5	
REV-REC-0005	Prior to and during the banking process, cash is stored securely at all times.	Rhys Elsegood	5	Cash is stored securely at all times including the duration of the cash management process. Cash is locked away when unattended. Cash is banked twice weekly (Tuesday & Friday) at the most frequently used cashier locations and is recorded and signed for when collected by SecureCash. Cash awaiting collection is held in a dropdown safe.	Mike Carey	5	



## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
REV-REC-0003	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Rhys Elsegood	4	System generated sequential receipts are produced internally in the system and provided to customers upon request.	Mike Carey	4	
<ul style="list-style-type: none"> <li>▾ Liabilities           <ul style="list-style-type: none"> <li>▾ Accounts Payable</li> </ul> </li> </ul>							
LIA-ACC-0016	There is a system generated report detailing supplier invoices due for payment at any one time.	Katrina Maher	5	There is a Creditors Outstanding Report Detail which is produced on the last day of the month (after processing close) and reconciled to the GL. In addition, there is Pre Cheque Report in Release Date Order that is produced prior to each payment run (weekly) as well as at the end of month, forming part of the reconciliation process.	Mike Carey	5	
LIA-ACC-0015	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Katrina Maher	5	An annual review of the supplier master file is undertaken and any supplier that has not been used for 2 years has the status of the account made historical. It will not appear on simple searches but is still apparent on the Supplier List (greyed out to indicate it is historical).	Mike Carey	5	
LIA-ACC-0014	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Katrina Maher	5	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger monthly and differences are investigated and resolved where applicable. Supplier statements are retained in the Finance area for 12 months for inspection.	Mike Carey	5	
LIA-ACC-0013	Separation of Accounts Payable and Procurement duties.	Katrina Maher	5	There is total separation of accounts payable and procurement duties.	Mike Carey	5	
LIA-ACC-0012	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Katrina Maher	4	For bank account changes, Accounts Payable contacts the company from an alternative source than the supporting documentation received (by Phone) to confirm validity of the request. For all other changes, address etc information is obtained from source documentation only.	Mike Carey	4	
LIA-ACC-0011	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Katrina Maher	5	Management Accountant reviews an aged creditors listing as part of the Financial Year end process.	Mike Carey	5	
LIA-ACC-0010	Records must be maintained of all payments with supporting documentation.	Katrina Maher	5	All payment runs are filed with Payment Run Report and invoices (and other source documentation) appropriately authorised by relevant council officer	Mike Carey	5	
LIA-ACC-0009	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Katrina Maher	4	"Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services. For bank account changes, Accounts Payable contacts the company from an alternative source than the supporting documentation received to confirm validity of the request (by phone). Monthly a Creditor Audit Report by Creditor showing all the masterfile changes is printed and this is checked on an ad hoc basis".	Mike Carey	4	

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
LIA-ACC-0008	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Katrina Maher	5	Whilst council officers with appropriate delegation sign off and verify an invoice for payment and normally provide purchase order details where relevant to match the invoice against, there is no predetermined limits set to reject an invoice if the invoice exceeds the purchase order amount and it will be processed at the amount the delegated officer signed off. If the purchase order is less than the invoice AP will email the approver highlighting that the invoice is for more than the purchase order and get a 2nd approval.	Mike Carey	5	
LIA-ACC-0007	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Katrina Maher	5	Payments are verified to appropriate supporting documentation and are authorised by a relevant and appropriately authorised council officer in line with Delegations of Authority. Whilst council officers with appropriate delegation sign off and verify an invoice for payment and normally provide purchase order details where relevant to match the invoice against, there is no predetermined limits set to reject an invoice if the invoice exceeds the purchase order amount. If the purchase order is less than the invoice AP will email the approver highlighting that the invoice is more than the purchase order and get a 2nd approval.	Mike Carey	5	
LIA-ACC-0006	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Katrina Maher	5	"Payments (Cheques and EFT's) are endorsed by authorised officers separate to the preparer who ensures that they are paid to the specified payee. A Payment Input List for items input is printed for each batch of data entry and reviewed by the Management Accountant to confirm correct GST status and account allocation. A Pre Cheque Report is printed as part of the Payment Run preparation listing each Supplier invoice to be paid which is checked against invoices for correct supplier and amount. This is provided to the Manager Financial Services or delegate to review supporting documentation and authorise the payment run and Summary of Scheduled Payments printout. The NAB online banking system requires a Part A and a Part B before transmission of funds is completed. The officer who creates the batch for payment may not be either Part A or Part B of the authorisation for transmission. Records of these transmissions are retained in Finance for inspection and subsequently signed by the authoriser of the payment run who has reviewed the number of transactions and amount to be paid by EFT as well as confirming totals from the Payment Register."	Mike Carey	5	
LIA-ACC-0004	Employee expenses claims must be approved by authorised staff and independently verified and include relevant substantiation.	Katrina Maher	5	Employee expense claims must be approved by an authorised officer and independently verified and include relevant substantiation. Expense claims are paid by Accounts Payable.	Mike Carey	5	

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
LIA-ACC-0002	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Katrina Maher	5	All invoices and payment requests are approved in accordance with relevant Delegations of Authority. Delegations are in the system and a warning will show if they are exceeded.	Mike Carey	4	Will need to consider if upgraded system can handle increases in purchase orders above original approval
LIA-ACC-0001	Access to the supplier masterfile is restricted to authorised staff	Katrina Maher	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services.	Mike Carey	5	
External Services							
Contracting							
EXT-CON-0007	There is an ongoing management in place that identifies and manages deliverables, key contact clauses, responsibilities, milestones and includes dispute resolution procedures.	James Greenfield	3	Whilst a Project Manager has been allocated to the majority of Council Capital and Operating Projects, there are no formal contract management procedures that cover off on Council's management of deliverable's, key contact clauses, responsibilities, milestones and dispute resolution procedures. OD does have a procedure covering WHS responsibilities of Project Managers, Dispute resolution processes are built into a Standard Procurement Contracts. The responsibility for the management of contacts lies with the relevant department.	Mike Carey	4	Refer previous comments on the development of project management framework
EXT-CON-0006	There is a process in place to ensure that commitments are made with approval by Council or delegated staff.	James Greenfield	4	Commitments are raised by system generated purchase orders using an automated workflow set up in accordance with Council's Staff Procurement Delegations. The system prevents a purchase order being released if the authoriser does not have the appropriate financial delegation. The delegation allows a person to authorise purchase orders and authorise invoices within there delegated authority. The delegation to sign off on contracts is managed via the acquisition plan process, signing of contract is as per Staff Financial Delegations as authorised by the CEO.	Mike Carey	4	
EXT-CON-0005	There is a contract management process in place throughout the term of the contract to ensure that supplier/contractor meet their obligations.	James Greenfield	3	Whilst a Project Manager has been allocated to the majority of Council Capital and Operating Projects, there are no formal contract management procedures that cover off on Council's management of deliverable's, key contact clauses, responsibilities, milestones and dispute resolution procedures. OD does have a procedure covering WHS responsibilities of Project Managers. The responsibility for the management of contacts lies with the relevant department.	Mike Carey	3	A project has been established to implement a project management framework and while some progress has been made, further work is required to ensure that a consistent approach is undertaken across all major project delivery areas
EXT-CON-0004	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	James Greenfield	4	As part of the Acquisition plan process consideration is given to the evaluation process, weightings and criteria are developed before Tender is published.	Mike Carey	5	

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>EXT-CON-0003</b>	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	James Greenfield	4	Specific documentation for Conflict of Interest has been developed. Conflict of interest is discussed at the start of all evaluation process. All person involved in the evaluation are required to complete a Conflict of Interest form.	Mike Carey	4	
<b>EXT-CON-0001</b>	Council maintains a current contract register.	James Greenfield	3	Contract Register is located in Sharepoint, slightly automated to advise expire dates of Contracts and insurances.	Mike Carey	4	Current Sharepoint Contract Register works reasonably well and this year SkyTrust is being investigated as an improved option to automate the follow up of contract expiry and insurances
Expenses							
Credit Cards							
<b>EXP-CRE-0007</b>	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Sonia Cooper	5	A credit card will not be issued without written approval of card and limit by Manager or Director, this approval form is kept in the 'purchase cards' folder in the Finance area.	Mike Carey	5	
<b>EXP-CRE-0006</b>	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	Sonia Cooper	5	The relevant authorised officer approves the issue and limit of purchase cards and this approval is kept in the 'purchase cards' folder in the finance area. Once a card has been authorised (and subject to detailed consideration), subsequent review is addressed by the updated Purchase card Procedure.	Mike Carey	5	Updated Purchase Card Procedures address any change in limit
<b>EXP-CRE-0005</b>	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Sonia Cooper	5	The card holder is required to reconcile their monthly statement to invoices and attach the supporting invoices to their transaction so that their line manager can review and approval those transactions/purchases and ensure compliance with procedures and policy and authorised /necessarily incurred on behalf of Council. Transactions will show as incomplete and reminder emails sent to the manager to view transactions from the Flexi purchase system until they are viewed and authorised.	Mike Carey	5	
<b>EXP-CRE-0004</b>	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	Sonia Cooper	5	All new credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the credit card being ordered/released and this is kept in the relevant folder in the finance area.	Mike Carey	5	
Expenses							
Credit Cards							

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>EXP-CRE-0003</b>	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	Sonia Cooper	5	Cardholders log in to Flexipurchase (NAB) to check their account regularly. Cardholders are required to check their statement at month end to process incomplete transactions , and ensure all transactions are authorised and allocated to the correct account number. The cardholders line manager is required to review the monthly statement and authorise each transaction acknowledging that the card holder has complied with policy. Per Purchase Card Policy, the cardholder is not to use the purchase card for anything other than official purposes. Personal purchases made in error are coded to a clearing account. Reimbursement is also made to this Clearing account 149027058	Mike Carey	5	
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Payroll</div>							
<b>EXP-PAY-0024</b>	Where possible standard programmed formulae perform payroll calculations.	Natasha Holmes	5	Payroll system - Open Office - standard programmed formulae perform payroll calculations. Tax tables are updated by Open Office each financial year. EDA calculations are updated using the payroll wizard through Open Office. Calculations are shown on individuals timesheets for TIL, Flexi and Overtime.	Megan Sutherland	5	Where available this is used.
<b>EXP-PAY-0023</b>	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Natasha Holmes	5	TIL and flexitime are executed in line with the Enterprise Development Agreement (EDA) and other industrial provisions and recorded on employee timesheets prepared by the employee and authorised by the People Leader. Leave reports including TIL and Flexi are provided fortnightly to relevant People Leaders for monitoring and action.	Megan Sutherland	4	The two payroll Reviewers also review the overtime/flexi/TIL as part of the review of payroll and can check against timesheets for accuracy.
<b>EXP-PAY-0021</b>	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Natasha Holmes	5	Source documents (including timesheets and leave forms) are generated by the employee and authorised by their People Leader. This documentation is used by the Payroll Officer to prepare the fortnightly payroll.	Megan Sutherland	5	This is correct.
<b>EXP-PAY-0020</b>	There is a process to ensure the total of payment summaries for the year is reconciled to the general ledger and payroll and is appropriately reviewed.	Natasha Holmes	4	The Payroll Officer ensures that the payroll summaries balance. The Management Accountant is responsible for reconciling payroll with the general ledger as part of year end processes.	Megan Sutherland	5	This is correct.
<b>EXP-PAY-0019</b>	There is a process to ensure employees are made inactive in payroll records upon termination.	Natasha Holmes	5	Upon processing an employees termination, the employee is made inactive in Open Office. There are two sections where this is required.	Megan Sutherland	5	Each payrun requires a commencement and termination report to be provided. This details all employees added or made inactive in the system since the last pay and can be checked at that time.
<b>EXP-PAY-0018</b>	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Natasha Holmes	5	There is an independent review of proposed payroll payments by 2 people (Reviewers) who authorise the payroll and sign off the Payroll Summary Checklist.	Megan Sutherland	5	This is correct.

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
EXP-PAY-0017	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Natasha Holmes	5	Overtime hours are recorded on employees timesheets which is then authorised by their People Leader. An overtime report is generated each fortnight and forms part of the documentation reviewed during the Payroll Authorisation process. In addition an employee overtime report is provided to ELT fortnightly.	Megan Sutherland	5	All overtime is approved by a People Leader before it is paid.
EXP-PAY-0016	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Natasha Holmes	5	All terminations are executed in line with the Enterprise Development Agreement (EDA) and the relevant award or other industrial provisions. A termination checklist is used to manage consistency of the termination process. The termination calculations are done via spreadsheet and are included for signoff when the pay run is checked. A termination report for the pay period is also printed out and included with the pay run summary checklist.	Megan Sutherland	5	The termination calculations are checked by the Reviewers when authorising the payroll. Where necessary an external adviser can be used to ensure calculations are correct.
EXP-PAY-0015	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Natasha Holmes	5	A New Employee is entered by the Payroll Officer (it was previously entered by the OD Officer into the winHR system, being a person not involved in Payroll but the current integration between HR and Payroll is not working). The Payroll Officer is provided with the Contract, Employee Number, Position Description and Personnel Information from the OD Officer prior to entering a new employee. Employee deduction audit report is printed for each pay period which shows any changes to employees that have been made during that pay period. Supporting documentation for changes including bank account is presented with the audit reports along with the pay run summary checklist for sign off. In addition, every pay period a report entitled "Commencements with the beginning and end pay period dates" is included in the pay run summary checklist for sign off.	Megan Sutherland	5	New employee details added since the last pay period are checked by the Reviewers ensuring appropriate authorisation has taken place. Any changes to master files must have supporting written documents that are reviewed periodically to ensure in place and effectively used.
EXP-PAY-0013	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Natasha Holmes	5	The Payroll Officer uploads the bank file and two separate authorised officers authorise the bank file. Authorisation takes places after the Payrun Summary Checklist has been sighted, showing the payroll has been reviewed (by the 2 Reviewers), that the Payrun Summary from Open Office matches against the Employee Payrun Summary and that the Bank Net amount matches both of the amounts provided on the reports. This is signed off by those authorising the bank file. The authorisation of the bank file can not be performed by the same person who has uploaded the file.	Megan Sutherland	5	This is correct.
EXP-PAY-0012	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Natasha Holmes	4	The payment for the payroll is checked to the system generated Employee Payrun Summary report detailing the total amount prior to payment. This forms a key component of the Payroll Authorisation process and is checked against another spreadsheet titled Payrun Summary and Payrun Summary Report.	Megan Sutherland	5	This is correct.

## 2020-2021 Controls Assessment

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>EXP-PAY-0010</b>	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Natasha Holmes	5	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised payroll staff (2 employees).	Megan Sutherland	5	With the review of process and an additional backup for payroll now in place, there are now 3 staff with access.
<b>EXP-PAY-0009</b>	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Natasha Holmes	5	Timesheets are required for all staff except those on Total Employment Cost Contracts. These are submitted by the employee and authorised by the relevant People Leader. Leave forms are required for pre-approval of annual and long service leave and flexitime greater than 2 days.	Megan Sutherland	4	All employees must account for their time, so leave forms are required for those on TEC's when not at work, otherwise their hours are standardised and packaged, therefore not requiring a timesheet.
<b>EXP-PAY-0008</b>	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Natasha Holmes	5	At the end of each pay period Audit reports are printed which report on any changes made to the following employee attributes: deductions, pay distribution, position accounts, position allowances, position leave, position rates, position, superannuation, etc and form part of the Payroll authorisation process, reviewed by 2 people (Reviewers). Documents seeking changes to bank account detail and deductions are provided as part of the fortnightly payroll review process.	Megan Sutherland	5	Payroll is processed through the review of electronic copies of documents and reports. Names of all employees are checked every pay.
<b>EXP-PAY-0007</b>	Payroll is periodically reconciled to the General Ledger accounts.	Natasha Holmes	5	All Payroll suspense account reconciliations are completed by the Finance Officer and reviewed by the Management Accountant. These reconciliations are retained in Financial Services. In addition, fortnightly ledger reports from payroll are provided to the Management Accountant for reconciliation.	Megan Sutherland	5	These updates are happening on a regular basis.
<b>EXP-PAY-0006</b>	Managers periodically review listings of current employees within their departments and variances are investigated.	Natasha Holmes	5	Employee Listings are reviewed by the Reviewers authorising the payroll every fortnight. With approximately 220 employees Council is of a size that employees are known. Appropriately authorised timesheets are required for all employees except those on Total Employment Cost (TEC) contracts. New Employees are added to the system by the Payroll Officer (contract, position description and personnel information provided by the OD Officer) as the integration between our HR module and Payroll is currently not working (previously part of the input was completed by the OD Officer and the other parts by the Payroll Officer). Every pay period a report entitled "Commencements with the beginning and end pay period dates" is included in the pay run summary checklist for sign off. In addition, employee costs actual to budget variances form part of the monthly variance analysis for all departments.	Megan Sutherland	5	No changes are made to payroll information without supporting documented information. With Managers receiving the fortnightly leave report updates, this provides another opportunity for any discrepancy with employees in their department to be identified. Every year as part of budget preparation all Managers are provided with the people/positions within their department for review and any issues are investigated and rectified.

## 2020-2021 Controls Assessment

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>EXP-PAY-0005</b>	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Natasha Holmes	5	Personnel files and some employees on Records Hub have hard copies of the following: Employee Personal Details, tax file number declaration form, employment contract, position description. Leave entitlements are accrued and recorded through Open Office. Leave forms are held until the end of the financial year and then sent to Records. A Leave entitlement report is completed every fortnight and emailed to relevant Directors/Managers/PL's so we have up to date leave entitlements. Leave entitlements are also listed on an employees payslip.	Megan Sutherland	5	Correct. Have now changed our electronic personnel files over from TRIM to Records Hub.
<b>EXP-PAY-0003</b>	All payroll deductions must be approved by the relevant employee.	Natasha Holmes	5	The Employee Advice - Payroll Personnel Changes form is provided to payroll before any changes to a deduction can be made. Any changes to bank account details are double checked by the Payroll Officer by a phone call to the employee. Each pay period a pdf of the form is included in these variations which is checked by the 2 Reviewers.	Megan Sutherland	5	This process includes the requirement for AHC employees to use the Employee Advice - Payroll Personnel Changes form that only AHC staff have access to (and not just an email) and a check by phone with the employee directly as a measure to combat a fraudulent advice.
<b>EXP-PAY-0002</b>	All calculations for generating payroll payments are verified for accuracy.	Natasha Holmes	5	At the end of each pay period Audit reports are printed which report on any changes made to the following employee attributes: deductions, pay distribution, position accounts, position allowances, position leave, position rates, position, superannuation, etc and are reviewed by 2 people (Reviewers), generally the Executive Manager Organisational Development and the Manager Financial Services (or their delegate). Payroll system - Open Office - when installed pay calculations were checked. Tax tables are updated by Open Office each financial year. EDA calculations are updated using the payroll wizard through Open Office. In addition, the Payrun summary checklist requires manual checking for a sample employee by the Reviewers checking the payroll information each fortnight. All reports are retained in Payroll with the fortnightly pay folder.	Megan Sutherland	4	As payroll is produced by a person applying EDA (as the system does not apply all the EDA requirements) there is always some risk of calculation being inaccurate. With the controls in place this is managed as best as possible.
<b>EXP-PAY-0001</b>	Access to the payroll deduction listing is restricted to authorised staff.	Natasha Holmes	5	The Payroll deduction listing can only be accessed through the payroll module in Open Office. Only the Payroll Officer and the back up have access to this.	Megan Sutherland	5	With review of processes and coverage of roles as a result of COVID-19, another backup person is being trained, so a total of 3 people.
<span>▲</span> <b>Purchasing and Procurement</b>							
<b>EXP-PUR-0011</b>	There is a process in place to review the supplier master file for ongoing pertinence and ensure all changes are checked against source documents to ensure they were input accurately.	Katrina Maher	5	Monthly a Creditor Audit Report by Creditor showing all the master file changes is printed and this Report is checked by a Finance Officer who is independent of the Officer who input the changes. An annual purge of unused accounts is processed and all old accounts are change to inactive status.	Mike Carey	5	
<b>EXP-PUR-0010</b>	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers.	James Greenfield	4	The Procurement Coordinator uses summarised payment information by supplier to review purchasing patterns on a yearly basis.	Mike Carey	4	



## 2020-2021 Controls Assessment

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<a href="#">EXP-PUR-0009</a>	There is a process in place to follow up and action incomplete purchase orders.	Katrina Maher	5	Outstanding purchase orders are reviewed by Accounts Payable as part of the month end process a report of outstanding orders by authorising officer is produced. The issuing officer is asked to confirm if any long outstanding orders or partly complete orders listed can be closed	Mike Carey	5	
<a href="#">EXP-PUR-0008</a>	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	James Greenfield	4	OpenOffice ensures that purchase orders are in line with the staff financial delegations and the procurement policy. Invoices are matched to purchase orders. A training program is under way to improve understanding of the Procurement process.	Mike Carey	4	
<a href="#">EXP-PUR-0007</a>	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	James Greenfield	3	The recently introduced Framework (October 2019) allows for the use of Preferred Suppliers. Currently the Contract register is used to identify preferred suppliers. Suppliers on the Contract register have been thru a competitive tender or quoting process to ensure they give value for money to council	Mike Carey	4	
<a href="#">EXP-PUR-0006</a>	Purchase order numbers are either system generated and/or sequentially numbered.	James Greenfield	4	Purchase Orders are system generated	Mike Carey	4	
<a href="#">EXP-PUR-0004</a>	Employees must ensure all purchase orders are issued in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies	James Greenfield	4	Procure has a system control such that the purchase order cannot be authorised above an officers' delegation. In addition, the system requires both a requisitioner and the approver to complete an authorised purchase order. It is noted that currently the Procurement Policy makes no reference to Purchase Orders. A Procurement Framework has been developed which provides greater guidance on the requirements of purchase orders and when they are required.	Mike Carey	4	Per comment above, it is deliberate that the Procurement Policy does not make reference to purchase orders as it is an administration decision and therefore covered in the Procurement Framework, as highlighted above. Currently monitoring of purchase orders greater than \$2,000 is undertaken as part of the payment run review but it is proposed to be monitored as part of quarterly reporting to ELT
<a href="#">EXP-PUR-0003</a>	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	James Greenfield	4	Council has an endorsed Procurement policy adopted October 2019 which is publicly displayed on Council's Website	Mike Carey	5	Council's Procurement Policy was adopted in October 2019
<a href="#">EXP-PUR-0001</a>	Access to the supplier master file and ability to make changes is restricted to appropriately authorised staff.	Katrina Maher	5	Access to the supplier master file is restricted to authorised officers and support for masterfile changes is retained in Financial Services	Mike Carey	5	

- Assets

- Banking

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
ASS-BAN-0005	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Rhys Elsegood	5	Prior to the collection of cash by Secure Cash, completed bank deposit bags (containing cash/cheques) are held in a safe (to which a limited number of people have access - required due to part-time cashiers & rostered locations). Blank Council cheques are kept in a locked cupboard. The cupboard key is located at the contact centre. There is no signing machine.	Mike Carey	5	
ASS-BAN-0004	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Rhys Elsegood	5	At end of day, after close-off & reconciliation by the cashier, bank deposit slips are completed and cash/cheques recorded on a Secure Cash form which is signed by the collection officer at pick-up. Prior to the pick-up and after balancing, completed bank deposit bags are held in a safe (to which a limited number of people have access - required due to part-time cashiers & rostered locations). Banking is checked daily to bank statement and cashier's Cashlink Session end of day report which details breakdown of cash/cheques and credit card payments. Receipted total also checked to General ledger.	Mike Carey	5	
ASS-BAN-0003	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff. Assets - Banking	Rhys Elsegood	5	Council has one trading bank account and multiple accounts with the Local Government Financing Authority (LGFA). LGFA has advised that without formal correspondence with Council, they will only transact entries between LGFA accounts and to and from the NAB. All cash transfers and journal entries between bank and investment accounts are prepared by the finance officer with Treasury responsibility. All transfers are subject to separate email confirmation from the LGFA to the Treasury Inbox (accessed by Manager Financial Services, Management Accountant and Finance Officer Accounts Receivable & Treasury) advising that the transfer has occurred.	Mike Carey	5	
ASS-BAN-0002	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated. Assets - Banking	Rhys Elsegood	5	Bank reconciliations are deemed to be "high risk" by the Assets Reconciliation Policy on Council's external website. A high risk account must be reconciled every month. The bank rec is high risk and a reconciliation is performed every month. All reconciliations are reviewed and authorised for completeness and accuracy.	Mike Carey	5	
ASS-BAN-0001	Access to EFT Banking system is restricted to appropriately designated personnel.	Rhys Elsegood	5	Access to Council's online banking system is restricted to Finance officers. There should be always 3 staff members involved in one transaction. The up-loader can not be part of the transmission. The transmission requires a "part A and part B" authorisation for the transmission to proceed.	Mike Carey	5	

◀ Debtors

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
ASS-DEB-0015	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Rhys Elsegood	5	Credit notes are sequential, and processed as a negative invoice. They are coordinated by the Finance Officer - Accounts Receivable & Treasury and require involvement from the operational area in either raising a credit note or confirmation of the appropriateness of such. The Process also requires operational line managers to approve credit notes.	Mike Carey	5	
ASS-DEB-0014	There is a process in place to ensure changes to the debtors master file are compared to source documents to ensure they are inputted accurately	Rhys Elsegood	4	Debtors master files are separated between sundry debtors and rates debtors. For sundry Debtors a written communication (usually email) is received by the finance officer who is capable of editing the debtors master file. Typically the changes requested are for change of addresses (or updated email address). Any modification to the debtors master file records the Date, time and officer's name within the Open Office system. The communication is retained in Finance by the Finance Officer - Accounts Receivable & Treasury. Changes to Rates Debtor masterfiles are initiated by a written communication from the ratepayer (eg drivers license or marriage certificate for change of name), Lands Titles office report or Broker reports for change of ownership. Each of these communications are retained in the Rates area and copies are loaded into TRIM.	Mike Carey	4	
ASS-DEB-0013	The organisation maintains a Debt Collection Policy and/or procedure.	Rhys Elsegood	5	Council has a Debt Recovery policy available on external website. It was originally adopted in December 2015 and subsequently reviewed with minor amendments in November 2017 and again in December 2020. A summary of the overdue amounts owed to Council per category are reported to Audit Committee quarterly (biannually from 2020) for review.	Mike Carey	5	
ASS-DEB-0011	Relevant staff reviews sundry debtors ageing profile on a regular basis and investigates any outstanding items, and considers provision for doubtful debts at year end.	Rhys Elsegood	5	Debtors are reconciled on a monthly basis. Aged debtors are investigated and followed up by operational areas coordinated by the Finance Officer Accounts Receivable & Treasury. Appropriate action is taken in line with the Debt Recovery Policy, based on the delinquency and amount outstanding, after an escalating series of letters and statements have been sent. Additionally, the Audit Committee reviews a Debtors Report quarterly (biannually from 2020).	Mike Carey	5	Noted Audit Committee Reporting
ASS-DEB-0007	Debtors system provides audit trail to record changes made to master file.	Rhys Elsegood	4	No audit trail report is produced to record master file changes for Sundry Debtors. The Vendor (Open Office) have advised that a quote can be provided depending on how many fields require auditing. The "Last Modified" field on the system's master debtor file is checked on an ad hoc basis.	Mike Carey	4	

## 2020-2021 Controls Assessment

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
ASS-DEB-0005	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by appropriate staff, with consideration of segregation of duties.	Rhys Elsegood	5	Debtors Reconciliation to General Ledger are performed on a monthly basis by the Finance Officer Accounts Receivable & Treasury.	Mike Carey	5	
ASS-DEB-0003	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are processed in accordance with delegations of authority and Local Government Act.	Rhys Elsegood	5	Bad debt write-offs and movements in the provision for doubtful debts for Sundry Debtors are initiated by the Finance Officer - Accounts Receivable & Treasury & authorised in accordance with delegations of authority and Local Government Act. Any bad debt write-off is also reported to the Audit Committee as part of Debtor Reporting. This was done quarterly but has moved to Bi-annual.	Mike Carey	5	Any bad debt write-off is also reported to the Audit Committee as part of Debtor Reporting. This was done quarterly but has moved to Bi-annual
ASS-DEB-0001	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by relevant staff for accuracy and on-going pertinence.	Rhys Elsegood	5	Access to the debtors master files is restricted to appropriately designated personnel within the Financial Services function. The debtors masterfiles are not subject to independent review by a second management officer. However, Aged Monthly Debtors Reports are provided to each operational area for their information and follow up.	Mike Carey	5	
<a href="#">Fixed Assets</a>							
ASS-FIX-0017	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	James Sinden	5	IT assets are assigned to authorised users and secured to the AHC Corporate Network where they are centrally managed.	Mike Carey	5	
ASS-FIX-0017	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Sonia Cooper	5	Financial Services maintains a AHC Plant Register held on Sharepoint which records fleet and other plant assets and separately holds a vehicle register recording registration information Reviewer Refer above comments re the plant register. Council uses a common date for registration of 30 October and any new registrations are also aligned to this date to ensure Council manages registrations efficiently to ensure all vehicles and plant are registered and accounted for	Mike Carey	5	Likely that the Plant & Equipment registers will be moved from spreadsheets in the last quarter of the 20-21 financial year
ASS-FIX-0016	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	David Collins	4	Not applicable for most infrastructure assets but major and minor plant would be locked and generally stored within depots.	Mike Carey	5	Plant and Equipment assets are located in secure areas when unattended. Furniture and fittings that are office or depot based are locked. Motor vehicles are either parked in Council depot sites capable of being secured or taken home by employees. Heavy plant is secured at depot sites. There are some circumstances that heavy equipment is left on a job site due to cost and time to return it to a depot, in these cases the plant is locked and/or contained in a secured temporary site compound.

## 2020-2021 Controls Assessment

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<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<a href="#">ASS-FIX-0016</a>	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	James Sinden	5	For IT Assets, Council uses IT Help (Service Desk Plus) to manage assets. This system records all assets allocated to a specific employee including monitors, desktops, laptops, phones and docking stations including serial no's and asset description. Access to the network and systems is then controlled via Active Directory authentication.	Mike Carey	5	
<a href="#">ASS-FIX-0014</a>	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	David Collins	3	Consultants and Council's officers are utilised to perform a physical verification of assets, and their condition on a rolling program. However in the last 4 years, although condition assessments have been undertaken for roads (ARRB), footpaths (internal) and revaluations have been undertaken for CWMS & Buildings (APV) that information hasn't been updated into the fixed asset register spread sheets given the assumption that the new asset management system would be going live earlier than currently proposed. The roll out of ConfirmConnect allows asset staff to validate assets and their condition in the field in real time. Condition validation has commences for kerb assets and proposed for footpaths in the 4th qtr of 2020/21 using ConfirmConnect on field devices.	Mike Carey	4	
<a href="#">ASS-FIX-0013</a>	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	David Collins	4	Bridge assets are having external reviews of units rates and useful lives in 2020/21. A number of asset classes, namely Sealed Roads, Pavements Unsealed Roads, Footpaths and Retaining Walls have had Asset Revaluation during 2018/19 and revaluation of safety barrier and kerb and gutter in 2019/20.	Mike Carey	4	In addition to the assessors comments it is noted that given the large changes in asset base and valuation, Council conducted a high level external peer review of the asset management planning process, strategies and assumptions in 2019-20 to ensure that these projections and impacts are in line with current industry asset management practice. This included reviews of depreciation and valuation inputs associated with different asset strategies.
<a href="#">ASS-FIX-0012</a>	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	David Collins	5	All infrastructure assets are managed in the Confirm Enterprise assets system. Only staff with appropriate access provided by the system administrator can modify valuation data and subsequent reporting to inform the General Ledger.	Mike Carey	5	Reconciliation of Fixed Asset accounts occurs annually after additions, disposals and depreciation updates have been completed
<ul style="list-style-type: none"> <li>▲ <a href="#">Assets</a></li> <li> <ul style="list-style-type: none"> <li>▲ <a href="#">Fixed Assets</a></li> </ul> </li> </ul>							
<a href="#">ASS-FIX-0011</a>	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Sonia Cooper	5	Fixed Assets are reconciled annually as part of Council's process of capitalising WIP to infrastructure, Property, Plant & Equipment	Marcela Ardelean	5	

## 2020-2021 Controls Assessment

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ASS-FIX-0010	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	Sonia Cooper	5	Profit or loss on disposal calculations are undertaken by the Management Accountant largely through the review of the Proceeds and Capital Sale of Asset accounts in the General Ledger and verified with supporting documentation. The GIS and Assets Officer also identifies the disposal of replaced assets through the Capitalisation of Fixed Assets process and this information is provided to Finance to update Asset Registers and prepare journals to reflect that disposal.	Marcela Ardelean	5	
ASS-FIX-0009	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	David Collins	5	Council's new Asset Management System, Confirm has user access controls so that only appropriate council asset officers are able to use various modules within the system.	Mike Carey	5	
ASS-FIX-0008	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	David Collins	5	As at year end a capitalisation of assets process is undertaken by Finance & Asset Management using the Capital Project information held in the general ledger and advice from Capital Works Project Managers as to whether the project is complete. A handover form is provided by the relevant Project Manager to Assets. That information is used by the assets team to determine the new asset information and if it is a renewal asset, whether an asset needs to be disposed of. The addition, renewal and disposal of assets as that occurs during the year is logged within the Confirm Enterprise Asset Management System. Finance is provided with the relevant capital additions and disposals information from Asset Management to update the Asset Register. As Finance becomes aware of free contributed assets, details and supporting information is obtained from the relevant Council department (normally Property or Asset Management) confirm whether Council has control of the asset.	Mike Carey	5	
ASS-FIX-0007	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	David Collins	4	Standard Useful lives of categories of assets are reviewed by engineering and finance officers and where appropriate an independent engineering consultant prior to revaluation of asset categories. Individual assets' remaining lives are reviewed as part of the external revaluation process. Depreciation method used is "straight line" and management consider that this method is appropriate. The testing of useful lives is an ongoing process to ensure that the useful lives reflect reasonable assumptions as to the life cycle of these assets including appropriate breakdown of components.	Mike Carey	4	
ASS-FIX-0006	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Sonia Cooper	4	Council has a Capitalised Assets Procedure in place	Marcela Ardelean	4	Capitalised Asset Procedure has been updated but still some further work required to cover all asset classes

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<a href="#">ASS-FIX-0005</a>	Asset register calculations are reviewed for accuracy.	David Collins	5	The introduction of Confirm Enterprise Asset Management and the transition of data from other system into this system has required ongoing validation and modification to assets calculations to ensure accuracy. All major asset categories are held within Confirm and process and checking ensures accuracy.	Mike Carey	5	Validation is also covered as part of completing Asset Management Plans for each asset category
<a href="#">ASS-FIX-0004</a>	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	David Collins	3	Asset Management Plans for Roads, Footpath and Kerbs has been adopted by Council (this equates to more than 50% of the asset value). Asset Management Plans have been updated for a number of asset categories including , Buildings, CWMS and Sport & Rec asset categories with additional work required for the remaining asset categories. Bridges have been inspected by an external consultant and a condition report is expected in the 4th quarter of 2020/21. Even for those asset categories where asset management plans have been significantly progressed further data refinement is required from more in depth asset category analysis and confirmation of service level requirements to assist in forecasting appropriate renewal requirements and confirm the annual consumption of infrastructure assets via depreciation. Nonetheless, even though there is still quite a bit of asset management planning work to be undertaken, management consider that the renewal allocations for asset categories in the short term are reasonable, with the additional work seeking to improve the medium to long term forecasts of asset renewal and maintenance requirements	Mike Carey	4	Some asset management plans still to be updated.
<a href="#">ASS-FIX-0003</a>	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	David Collins	4	Asset Management Plans have been reviewed for a number of asset categories including Transportation, Buildings, CWMS asset categories with additional work required for the remaining asset categories. The bridge assets have been inspected by external consultants and a final report will be provided in the 4th quarter of 2021/21. Even for those asset categories where asset management plans have been significantly progressed further data refinement is required from more in depth asset category analysis and confirmation of service level requirements to assist in forecasting appropriate renewal requirements. Nonetheless, even though there is still ongoing asset management planning work to be undertaken, management consider that the renewal allocations for asset categories in the short term are reasonable, with the additional work seeking to improve the medium to long term forecasts of asset renewal and maintenance requirements. Discussion with operational staff and ongoing field inspection validate and adjust renewal expenditure as part of the LTFP and subsequent ABP processes.	Mike Carey	4	Asset Management Plans for all significant asset categories need to be completed together with a Strategic Asset Management Plan document covering asset strategy and service levels

## 2020-2021 Controls Assessment

Code	Description	Assessor	☆	Assessor Reason	Reviewer	👍	Reviewer Reason
<input type="text"/>	<input type="text"/>	<input type="text"/>		<input type="text"/>	<input type="text"/>		<input type="text"/>
<b>ASS-FIX-0002</b>	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	David Collins	3	Updated Asset Maintenance Plans have been developed for Road Footpath and Kerb assets and other asset categories are being developed. Current maintenance schedules do not always correspond with these Asset Management Plans, however the deployment of ConfirmConnect on field devices will improve alignment and increased proactive maintenance. High risk assets such as playgrounds have more formal inspections, with footpath inspection for high priority sections proposed on ConfirmConnect and maintenance regimes where as a low risk asset (eg a stormwater pipe in a rural area) currently does not have a maintenance or inspection plan specified. The kerb assets are currently being assessed by internal staff using ConfirmConnect	Mike Carey	3	Movement of Asset Management Plan Updates in the last year.
<b>ASS-FIX-0001</b>	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Sonia Cooper	5	Fixed Asset acquisitions and disposals are performed by Council Officers who possess the appropriate delegated authority. Fixed assets sold largely relate to Plant and Equipment, and occasionally land and buildings. A building sale would require Council's endorsement	Mike Carey	5	



**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.3

**Responsible Officer:** Lachlan Miller  
Executive Manager Governance & Performance  
Office of the Chief Executive

**Subject:** Financial Controls Review Interim Management Letter

**For:** Decision

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**SUMMARY**

Council's external auditors (Galpins) have completed the interim field work as part of their Financial Controls Review and have issued an interim management letter

This report provides an update to the Audit Committee in relation to the 2020-21 Financial Controls Review detailing the outcomes from Galpins' field work in relation to internal controls as detailed in the Interim Management Letter.

Management have provided responses to the findings contained within the interim management letter and these responses are provided within this report to the Audit Committee.

**RECOMMENDATION**

**The Audit Committee resolves:**

- 1. That the report be received and noted**
- 2. Notes the communication received from Galpins from their Interim visit relating to the 2020-21 Financial Controls Review and the Management Responses to their findings from the Interim Audit.**

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**1. GOVERNANCE**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Monitoring internal control assists in meeting legislative and good governance responsibilities and obligations.

The External Auditor's annual inspection and certification of Council's financial position and performance provides the community with an assurance of Council's internal financial control environment.

➤ **Legal Implications**

Part 3 – Accounts, Financial Statements and Audit, *Local Government Act 1999* and Part 6 – Audit, *Local Government (Financial Management) Regulations 2011*.

➤ **Risk Management Implications**

The implementation of the Internal Financial Control Model and testing of Council's transactions and internal controls by an external auditor will assist in mitigating the risk of:

*Internal control failures occur which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.*

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Low (2E)

The controls tested are part of the internal control framework contributing to the current Residual Risk rating. The recommendations arising from the review and the management actions to be undertaken are mitigations which will contribute to reducing the risk rating to the Target Risk level.

➤ **Financial and Resource Implications**

Satisfactory internal financial controls provide the foundation for Council's financial management and reporting framework.

The costs associated with the provision of external audit services are contained within the Governance & Performance Department's budget.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective internal control environment.

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* The Audit Committee received a briefing at its 20 April 2020 meeting on the draft outcomes of the interim audit.

<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>Administration:</i>	Director Corporate Services Manager Financial Services Manager Strategic Assets Manager Property Services Manager Information Services
<i>External Agencies:</i>	Galpins
<i>Community:</i>	Not Applicable

## 2. BACKGROUND

### Internal Financial Control Audits

Section 129 of the *Local Government Act 1999* (the Act) requires council auditors to provide an opinion regarding internal controls of councils. This opinion focuses on councils' obligations under s125 of the Act:

*"A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."*

The audit opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

In order to assist the Council in addressing the requirements of s129, Galpins have reviewed a prioritised list of controls from the better practice model based on an initial audit risk assessment.

Like the audit opinion with respect to annual financial statements, the internal controls opinion is provided to Council. It becomes a public document, to be published with Council's financial statements and the financial statements audit opinion.

### 2020-21 AHC Financial Control Review

Galpins Annual Audit Plan for the year ended 30 June 2021 was presented to the Audit Committee on 15 February 2021. The Plan highlighted the timing of the Galpins interim visit and the preparation of a management letter in relation to that visit to be communicated to the Audit Committee.

Notwithstanding the social distancing restrictions associated with COVID-19, Galpins were able to undertake testing of Council's internal controls assessments and reviews as part of the interim audit.

The objectives of the interim audit were to:

- understand Council's business, business cycles and processes relevant to the financial statements
- understand the internal controls in place for the areas considered critical for the audit of the financial statements
- design internal controls tests for the internal controls identified
- perform the internal controls tests to determine the final risks of material misstatements in the financial statements to be addressed in the final audit
- review a prioritised list of internal financial controls considered critical for the purpose of issuing a controls opinion.

The scope of this audit included a review of key internal controls (consisting of a prioritised list of controls from the better practice model), that are considered key controls, to be in place for the purpose of addressing the requirements of s129. In addition, Galpins undertook an enhanced level of IT controls auditing.

#### Interim Management Letter

The Interim Management Letter for the 2020-21 Financial Controls Review has now been received and is attached for the Committee's consideration (**Appendix 1**).

The auditor's overall review of Council's internal controls opinion is:

*'Overall the Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.'*

*'During our interim visit we found that the majority of key internal controls reviewed were in place and were operating effectively (95 out of 100 core controls reviewed). Good progress has been made in addressing audit findings since the 2017-18 financial year.'*

*'The principles underpinning the model were used by the Council in the identification of its business cycles, the establishment of its internal controls and the implementation of its financial risk management processes.'*

In addition, in relation to ongoing monitor and self-assessment, it was noted:

*'..Council has established mechanisms to ensure ongoing monitoring of effectiveness of the internal controls such as an internal controls self-assessment and test of effectiveness of internal controls. We were impressed with the accuracy of these self-assessments which were largely consistent with the audit findings, and wish to highlight that many of the findings provided in this report had also been identified by Council during its own self-assessment.'*

The management letter expressed a positive end of year forecast concluding that:

*' there is a high likelihood of issuing an unmodified controls opinion at the end of the financial year. This will depend on the Council demonstrating continued progress towards addressing identified control weaknesses, ensuring that the existing core controls in place continue to operate effectively and that the annual internal control activities are performed at year end.'*

Management have provided a response to each the findings contained within the interim report and those have been included in Galpins Financial Control Review Interim Management Letter (**Appendix 1**).

### **3. ANALYSIS**

The interim management letter conclusion is positive and management will continue to manage the operation of internal controls with diligence while working towards addressing the weaknesses identified in the recommendations.

### **4. OPTIONS**

The Committee has the following options:

- I. Note the communication received from Galpins from their Interim visit relating to the 2020-21 Financial Controls Review and the Management Responses to their findings from the Interim Audit. (Recommended)
- II. Consider alternative courses of action (i.e. requesting additional information and/or actions) (Not Recommended)

### **5. APPENDICES**

- (1) *Galpins Financial Controls Review Adelaide Hills Council 2020-21 Interim Management Letter*

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# **Appendix 1**

*Galpins Financial Controls Review Adelaide Hills Council  
2020-21 Interim Management Letter*

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# Galpins

Accountants, Auditors & Business Consultants

## Financial Controls Review

### Adelaide Hills Council

2020/21 Interim Management Letter



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## 1. EXECUTIVE SUMMARY

### 1.1 Background

During our interim audit we perform procedures to gain an understanding of the internal controls in place relevant to the financial statements and perform tests of design and effectiveness for these controls. Based on the results of the control testing, we then assess the audit risks to define the extent and nature of our substantive procedures (e.g. inspection of documents, recalculation, reconciliation, etc) for our final visit.

In addition to an opinion on the financial statements, section 129 of the Local Government Act 1999 requires auditors to provide an opinion regarding internal controls of councils. This opinion focuses on council's obligations under s125 of the Local Government Act 1999:

*"A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."*

The audit opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

In order to assist the Council in addressing the requirements of s129, we have reviewed a prioritised list of controls from the better practice model based on our initial audit risk assessment. Further details about our scope can be found in item 1.2 of this report.

### 1.2 Objectives and scope

The objectives of our interim audit were to:

- understand Council's business, business cycles and processes relevant to the financial statements
- understand the internal controls in place for the areas we consider critical for the audit of the financial statements
- design internal controls tests for the internal controls identified
- perform the internal controls tests to determine the final risks of material misstatements in the financial statements to be addressed in our final audit
- review a prioritised list of internal financial controls we consider critical for the purpose of issuing a controls opinion.

The scope of our audit included a review of internal controls we consider key controls to be in place for the purpose of addressing the requirements of s129.

These key internal controls consist of a prioritised list of controls from the better practice model. This list was defined based on our risk assessment to determine the key business cycles, and key risks within these business cycles, that we understand should be the focus of the Council's control self-assessment.

The identification of key core controls and key business risks included the following risk assessment procedures:

**Risk review** – A review of Council's inherent risk assessment for internal financial controls.

**Financial statement review** – A high level financial statement review performed to identify key accounts and transaction streams.

**Internal / external audit results review** – The findings and recommendations of internal / external financial audits are reviewed to identify known areas of weakness, and areas known to be attracting audit attention.

The key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year:

- Purchasing and Procurement/Contracting
- Fixed Assets
- General Ledger
- Accounts Payable
- Rates / Rates Rebates
- Payroll
- Receipting
- Credit Cards
- Banking
- Debtors

We have included a list of key controls identified by the audit for these business cycles as an appendix to this report (see Appendix 1). This list does not represent a complete population of internal controls that the Council should have in place. There is an expectation that controls not in this list will still exist and be operating effectively within Council.

The list of controls is only intended to be a guide for Council to prioritise its resourcing in readiness for the audit opinion, and for the ongoing monitoring of internal controls i.e. it is a risk based listing of controls which may be desirable for Council to include in its ongoing monitoring program for internal financial controls.

The list should not be considered a minimum standard – rather, it is a starting reference point for Council to consider. It is expected that Council will have performed a risk assessment of financial risks, and given consideration to the need to monitor controls that address High / Extreme risks that may not be included in this listing.

### 1.3 Category of findings

In order to assist the Council in establishing the overall level of control effectiveness and prioritising areas for attention, we have provided an overall assessment of the business cycles for which we have identified performance improvements opportunities (this report is prepared on an exception basis).

We assessed each business cycle using our risk assessment which was focused on the risk of finding material weaknesses which could lead to a modified controls opinion in the 2019/20 financial year. An overall assessment of the risk of a potential modified audit opinion per business cycle is provided in item 1.5 of this report.

Detailed findings including the controls tested as per the Better Practice Model, findings and recommendations are provided in section 2 of this report. The individual findings are also rated to assist the Council in prioritising corrective actions.

The overall assessment of the risk of non-compliance with s125 of the Local Government Act 1999 and the related findings and recommendations were rated as follows:

Category	Description
<b>High Risk Weaknesses</b>	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Moderate Weaknesses</b>	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Low Risk Weaknesses</b>	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Better Practice Weaknesses</b>	The issue described has been included in this report as an opportunity for better practice.

The Council should also perform its own assessment of priority based not only on audit risks, but also other risks management considers relevant such as non-compliance with pertinent legislations and regulations, and reputational risks.

## 1.4 Overall review of the council's internal controls

Overall the Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim visit we found that the majority of key internal controls reviewed were in place and were operating effectively (95 out of 100 core controls reviewed). Good progress has been made in addressing audit findings since the 2017/18 financial year.

The principles underpinning the model were used by the Council in the identification of its business cycles, the establishment of its internal controls and the implementation of its financial risk management processes.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively				2021 Findings			
		2021	2020	2019	2018	H	M	L	BP
Purchasing & Procurement/Contracting	10	9	8	7	4	-	1	-	-
Fixed Assets	16	13	13	13	11	-	2	1	-
General Ledger	11	10	9	8	8	-	-	1	-
Accounts Payable	13	13	13	11	10	-	-	-	-
Rates / Rates Rebates	10	10	10	10	7	-	-	-	-
Payroll	19	19	19	18	16	-	-	-	-
Receipting	5	5	5	4	3	-	-	-	-
Credit Cards	5	5	5	5	5	-	-	-	-
Banking	5	5	5	5	5	-	-	-	-
Debtors	6	6	6	6	6	-	-	-	-
<b>Total</b>	<b>100</b>	<b>95</b>	<b>93</b>	<b>87</b>	<b>75</b>	<b>-</b>	<b>3</b>	<b>2</b>	<b>-</b>

We recommend that Council prioritises the moderate risk findings, as failure in compensating controls addressing the same risk or existence of multiple moderate weakness within the same business cycle may lead to a material weakness and non-compliance with s125 of the Local Government Act.

We noted that Council has established mechanisms to ensure ongoing monitoring of effectiveness of the internal controls such as an internal controls self-assessment and test of effectiveness of internal controls. We were impressed with the accuracy of these self-assessments which were largely consistent with the audit findings, and wish to highlight that many of the findings provided in this report had also been identified by Council during its own self-assessment.

Audit have concluded that there is a high likelihood of issuing an unmodified controls opinion at the end of the financial year. This will depend on the Council demonstrating continued progress towards addressing identified control weaknesses, ensuring that the existing core controls in place continue to operate effectively and that the annual internal control activities are performed at year end.

**Audit also performed a review of Council's IT general controls.** Five areas of IT controls were assessed - IT Entity Level Controls, Change Management, Information Security, Back-up & Recovery and Third-Party IT Providers.

The results of our review of Council's IT general controls are provided in section 3 of this report.

## 1.5. Summary of findings

Business Cycle	Findings	Risk
<b>Purchase, Procurement and Contracting</b>	2.1.1 One instance of non-compliance with the procurement policy	M
<b>Fixed Assets</b>	2.2.1 Asset management plans overdue for adoption	M
	2.2.2 Asset maintenance plans not aligned with asset management plans	M
	2.2.3 The Capitalised Asset Procedure document is overdue for review	L
<b>General Ledger</b>	2.3.2 The Business Continuity Plan is overdue for review	L
<b>Accounts Payable</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
<b>Payroll</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
<b>Receipting</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
<b>Rates</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
<b>Credit Cards</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
<b>Banking</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A
<b>Debtors</b>	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A

## 2. DETAILED AUDIT FINDINGS

### 2.1 PURCHASING AND PROCUREMENT

#### 2.1.1 One instance of non-compliance with the procurement policy

Moderate

<b>Control</b>	Robust and transparent selection processes to ensure effective and qualified suppliers / contractors are selected by Council, including compliance with Code of Conduct, Conflict of Interest and procurement Policies.
<b>Risk</b>	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process / Council does not obtain value for money in relation to its contracting.

Finding	Recommendations	Management Response
<p>The Procurement Framework requires tender processes to be called for purchases greater than \$100,000 or purchases from \$10,000 to \$100,000 considered to be high risk.</p> <p>Council did not provide any document providing evidence of the procurement procedures undertaken (e.g. request for tender, tender responses, tender evaluation form and/or document exempting the supplier from the required procurement procedures) for a cleaning &amp; maintenance services supplier (total cumulative spend of \$143,390 for the 2020/21 financial year).</p> <p>In addition, audit noted that there was no contract in place and no purchase orders have been issued for this supplier.</p>	<p>All documentation related to procurement procedures undertaken (e.g. decision made in relation to best approach to market, request for tenders, tender responses, written quotes, evaluation forms detailing the decision made, etc) are retained on file in Council's records management system.</p> <p>Ensure that suppliers providing services to Council are under formal contracts and/or purchase orders are issued as required by the Procurement Framework.</p>	<p>The Property team were aware that they were non-compliant with the Procurement Policy on this matter. As such the department has employed 2 additional staff members in November and December of 2020. One of the aims of providing these additional resources was to highlight and resolve any legislative or procurement concerns.</p> <p><b>Action:</b> Council will seek tender submissions for the cleaning service of Council buildings and structures  <b>Responsibility:</b> Manager Property Services  <b>Timing:</b> estimated completion of Tender process 30 September 2021</p>

## 2.2 FIXED ASSETS

### 2.2.1 Asset management plans overdue for adoption

Moderate

#### Control

Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.

#### Risk

Fixed Asset maintenance and/or renewals are inadequately planned.

Finding	Recommendations	Management Response
<p>In our 2019/20 interim management letter we reported that the current asset management plans were last adopted in 2012. At a minimum, the Local Government Act 1999 requires that council undertakes a comprehensive review of its asset management plans within 2 years after each general election of the council, meaning the plans are overdue for review.</p> <p>A follow up of this matter performed during our interim audit revealed that the Road, Footpath and Kerb Asset Management Plan 2021 was adopted by Council in February 2021.</p> <p>Council has not yet prepared asset management plans for Buildings, CWMS, Stormwater, Bridges and playground assets.</p>	<p>Management works towards preparation and adoption of Buildings, CWMS, Stormwater, Bridges and Playground asset management plans.</p>	<p>Council continues to progress asset management planning and the subsequent formal asset management plans for Council adoption.</p> <p><b>Action:</b> Continue to document asset management planning and adopt asset management plans for major asset classes</p> <p><b>Responsibility:</b> Manager Strategic Assets Manager Property Services (Buildings)</p> <p><b>Timing:</b> Buildings, Bridges, Playgrounds and CWMS 21/22 Stormwater 22/23</p>

## 2.2.2 Asset maintenance plans not aligned with asset management plans

Moderate

<b>Control</b>	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans.
<b>Risk</b>	Fixed assets acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed asset register does not remain pertinent.

Finding	Recommendations	Management Response
<p>In our 2019/20 interim management letter we reported that current maintenance schedules do not always correspond with the Asset Management Plans.</p> <p>A follow up of this matter performed during our interim visit revealed that updated asset maintenance plans have been prepared for road, footpath and kerb assets.</p> <p>Audit acknowledges that there are some formal inspection and maintenance regimes in place for high risk assets such as playgrounds.</p> <p>Other assets which are not considered to be high risk assets do not have a maintenance or inspection regime in place and maintenance is performed mostly on a reactive basis.</p> <p>This is a repeated finding from our 2019/20 interim management letter.</p>	<p>Ensure that maintenance schedules are developed in accordance with Asset Management Plans for other high risk assets in addition to road, footpath and kerb (e.g. buildings, stormwater, CWMS, etc) as the plans are developed, and steps are taken to progress towards more proactive maintenance plans.</p>	<p>Acknowledge that asset maintenance needs to be planned in line with Asset Management Plans</p> <p><b>Action:</b> Ensure the maintenance plans align to adopted asset management plans as they are developed.</p> <p><b>Responsibility:</b> Service Delivery Area Manager</p> <p><b>Timing:</b> In line with adoption of Asset Management Plans</p>



## 2.2.3 The Capitalised Asset Procedure document is overdue for review

Low

## Control

Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.

## Risk

Fixed assets acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed asset register does not remain pertinent.

Finding	Recommendations	Management Response
<p>In our 2019/20 interim management ledger we reported that The Capitalised Asset (Accounting Policy) document was adopted on 25 June 2013, and has been due for review since June 2015. The policy mentions accounting treatments that are no longer permitted by Australian Accounting Standards such as residual value of roads.</p> <p>Audit acknowledges that the document is no longer a Council policy and is now an operational procedure. The procedure is currently under review to align with the processes to be undertaken that incorporate the Confirm Enterprise Asset Management System.</p> <p>A follow up of this matter performed during our interim audit revealed that the current procedure is under review and being updated.</p>	<p>The Capitalised Asset procedure document is reviewed and updated to reflect current and desired practice.</p>	<p>The procedure is under review to ensure that capitalisation meets the accounting standards</p> <p><b>Action:</b> Current procedure to be formalised as Council procedure  <b>Responsibility:</b> Manager Strategic Assets  <b>Timing:</b> June 2021</p>

## 2.3 GENERAL LEDGER

### 2.3.1 The Business Continuity Plan is overdue for review

Low

**Control** Formal disaster recovery plan is in place and communicated to relevant staff.

**Risk** Data contained within the General Ledger is permanently lost.

Finding	Recommendations	Management Response
<p>The current Business Continuity Plan was last reviewed and adopted in April 2011.</p> <p>Audit acknowledges that an ICT Disaster Recovery Plan was developed in 2018 which sets out the key forms of ICT disruption and the current recovery and resumption arrangements in place. The contents of the ICT DRP are well-known to ICT staff.</p> <p>The financial risk mitigated by this control is that data contained within the general ledger is permanently lost. Whilst the BCP is overdue for review, the document still contains relevant procedures to address the risk of GL data loss. For this reason, we have classified the risk as low. In making this assessment, we have not considered the impact on non-financial risks that may be addressed by the BCP.</p> <p>This is a repeated finding from our 2019/20 Interim Management Letter.</p>	<p>The Business Continuity Plan is updated.</p>	<p>Local Government Risk Services has been contracted to deliver their BCP development and implementation service. The first workshop with function owners is scheduled for June 2021.</p> <p><b>Action:</b> Develop and implement Business Continuity Plan  <b>Responsibility:</b> Executive Manager Governance &amp; Performance  <b>Timing:</b> 31 December 2021</p>

### 3. IT ENTITY LEVEL CONTROLS – FINDINGS

#### 3.1 IT Policies and Procedures

Moderate

Finding	Recommendations	Management Response
<p>Existing IT policies include: -</p> <ul style="list-style-type: none"> <li>• ICT usage Agreement – employee form</li> <li>• OPO-04 ICT Device and Systems Access Operational Policy</li> <li>• OPR-01 Data Breach Procedure 200716</li> <li>• ICT Disaster Recovery Plan</li> <li>• Backup and Recovery Testing</li> </ul> <p>We note a number of gaps in the existing policies.</p> <p>A Cyber Security Audit conducted by Cyber CX also identified a number of gaps in policies.</p>	<p>We understand that new ICT policies are part of the Cyber Security Plan. It is recommended that the following IT policies (or equivalent) be developed, issued on the Intranet site and implemented to Council Staff: -</p> <ul style="list-style-type: none"> <li>• Information Security Policy</li> <li>• Access Management Policy</li> <li>• Change Management Procedure</li> <li>• Network Security Policy including passwords</li> <li>• Information management – classification and handling</li> <li>• Online services</li> <li>• Physical Access</li> <li>• Remote Access and telecommuting</li> </ul>	<p>The implementation of an ISMS is a part of the recently developed Cyber Security Plan (CSP) presented to the Audit Committee and Council in May and June 2021, respectively.</p> <p>Implementation of the CSP will then commence in July 2021 with an expected 8-month implementation.</p> <p>The CSP includes the development of a suite of Policies &amp; Procedures addressing the recommendation.</p> <p><b>Action:</b> Implement Information Security Management System (ISMS)  <b>Responsibility:</b> Manager Information Services  <b>Timing:</b> July 2021 to February 2022</p>

## 3.2 ICT Disaster Recovery Plan

Moderate

Finding	Recommendations	Management Response
<p>The IT Disaster Recovery Plan is not dated and does not have document control re updating.</p> <p>The DRP does not have references to who should form the Disaster Recovery Team and does not have Maximum Acceptable Outages for each application.</p>	<p>AHC should update the IT Disaster Recovery Plan with the date, review date, Recovery Team details and MAO for each application.</p> <p>We also recommend that any updates to the DRP make use of flowcharts and checklists which are considered more effective in an emergency situation.</p>	<p>ICT will undertake a review of the DRP as a part of the implementation of the Cyber Security Plan and will consider the recommendations such as incorporating flowcharts, checklists, and document control to DRP as improvements to the document.</p> <p><b>Action:</b> Update ICT Disaster Recovery Plan  <b>Responsibility:</b> Manager Information Services  <b>Timing:</b> December 2021</p>

## 3.3 ICT Governance – IT Steering Committee

Moderate

Finding	Recommendations	Management Response
<p>The ICT and IS Strategy and Innovation Panel (IISIP) has not met in 12 months. There is a significant ICT work program which would benefit from an integrated approach between Information Systems and the Business including:-</p> <ul style="list-style-type: none"> <li>• Implementing the findings of the CyberCX report</li> <li>• New ICT Strategic Plan</li> <li>• Transition to cloud</li> </ul>	<p>We recommend that AHC reconvene IISIP to manage the current ICT program. Membership of the IISIP should include key business owners and IS and ICT representatives.</p> <p>The IISIP should meet at least monthly and include minutes and action plans. A key purpose is to prioritise and manage progress of projects</p>	<p>IISIP is undergoing a review to align to the new structure of the Information Services department and will reconvene to commence reviews of the ICT Strategic Plan and other organisational priorities.</p> <p><b>Action:</b> Reconvene IISIP  <b>Responsibility:</b> Manager Information Services  <b>Timing:</b> June 2021</p>

## 3.4 ICT Governance – Revise ICT and IS Strategic Plan

Moderate

Finding	Recommendations	Management Response
<p>AHC issued an ICT and IS Strategic Plan covering the period 2017-2020. It is currently out of date. It is also considered high level and lacks an implementation or tactical plan.</p>	<p>We recommend that AHC develop a new ICT and IS Strategic Plan to cover 2021-2024.</p> <p>We also recommend the development of annual tactical plan which includes tasks, accountability, key dates and KPIs for the implementation of the Strategic Plan.</p>	<p>A review of the ICT and IS Strategic Plan is to be undertaken with the development of strategic implementation plans.</p> <p><b>Action:</b> Commence a review ICT &amp; IS Strategic Plan  <b>Responsibility:</b> Manager Information Services  <b>Timing:</b> July 2021</p>

## 3.5 ICT Risk Assessment

Moderate

Finding	Recommendations	Management Response
<p>AHC has a Corporate Risk Register with ICT Risk entries from the CyberCX report.</p> <p>A Risk Assessment of the ICT risks assists in prioritising ICT projects for AHC, i.e. Extreme and then High Inherent Risks should be prioritised for the timing of ICT projects.</p>	<p>We recommend that AHC conduct an ICT Risk brainstorming, in accordance with the council's risk management framework, to identify additional ICT related risks to be added to the Corporate Risk Register.</p>	<p>The implementation of an ISMS is a part of the recently developed Cyber Security Plan (CSP) presented to the Audit Committee and Council in May and June 2021, respectively.</p> <p>Implementation of the CSP will then commence in June 2021 with an expected 8-month implementation.</p> <p>The CSP includes the development of a suite of Policies &amp; Procedures addressing the recommendation.</p> <p>A review of ICT risks is incorporated in the implementation of the ISMS in line with the Cyber Security Plan and will incorporate general ICT related risks.</p> <p><b>Action:</b> Implement Information Security Management System (ISMS)  <b>Responsibility:</b> Manager Information Services  <b>Timing:</b> July 2021 to February 2022</p>

## 3.6 Change Management

Moderate

Finding	Recommendations	Management Response
<p>There is a variety of processes in place for changes to applications, servers, infrastructure, servers etc, including a ticketing system and spreadsheets.</p> <p>Test environments and User Acceptance Testing is available for Open Office changes.</p> <p>The change management process is not documented in a policy or procedure.</p>	<p>We recommend a common approach to change management where possible.</p> <p>We also recommend a change management policy and procedure be developed.</p>	<p>The implementation of an ISMS is a part of the recently developed Cyber Security Plan (CSP) presented to the Audit Committee and Council in May and June 2021, respectively.</p> <p>Implementation of the CSP will then commence in June 2021 with an expected 8-month implementation.</p> <p>The CSP includes the development of a suite of Policies &amp; Procedures addressing the recommendation.</p> <p><b>Action:</b> Implement Information Security Management System (ISMS)  <b>Responsibility:</b> Manager Information Services  <b>Timing:</b> July 2021 to February 2022</p>

## 3.7 User Access – Password settings and Add/Change/Delete

Moderate

Finding	Recommendations	Management Response
<p>Logging onto the AHC Network is controlled via Active Directory. The Default password settings are as follows:-</p> <ul style="list-style-type: none"> <li>• Password history (4 remembered)</li> <li>• Maximum password age (120days)</li> <li>• Minimum password length (8 characters)</li> <li>• Password complexity (enabled)</li> <li>• Automatic lockout has been configured for systems after 15 minutes of inactivity.</li> </ul> <p>Password settings should be improved.</p> <p>We do note that the Manager ICT runs a periodic test of AHC userIDs with compromised passwords on the internet and advises the users to change their password immediately.</p> <p>There is an Add/Change/Delete script for new, acting and exiting users, however this process is not documented.</p>	<p>Recommend that the password settings be improved by considering:-</p> <ul style="list-style-type: none"> <li>• Password history (24 passwords)</li> <li>• Password aging 90 days</li> <li>• Minimum password length 12 characters</li> <li>• Password complexity enabled- not include users name and contain three of four (Uppercase, lower case, number, special character)</li> <li>• Automatic lockout has been configured for systems after 15 minutes of inactivity.</li> <li>• Lockout duration 30 minutes after 8 unsuccessful attempts</li> </ul> <p>We also recommend documenting the Add/Change/Delete process for users.</p>	<p>Current research shows that regular password resets reduce the complexity of passwords that users choose making this recommendation less secure. The plan is to <u>not reset the password regularly</u> unless it appears within a public data breach.</p> <p>Councils' proposal is to use AzureAD Password Protection to automatically check for bad passwords upon creation and will deny users the ability to select a known bad password, regardless of if it meets the complexity requirements.</p> <p>We will be adopting the password length of 12 characters, complexity and lockout for inactivity and unsuccessful attempts.</p> <p>Also, the implementation of Multifactor Authentication (MFA) also strengthens and adds additional protection for remote access to Council systems.</p> <p><b>Action:</b> Security Authentication enhancements  <b>Responsibility:</b> Manager Information Services  <b>Timing:</b> September 2021</p>



## 3.8 Remote access of third parties

Moderate

Finding	Recommendations	Management Response
<p>There are five third party entities that provide IT support to AHC remotely including Open Office and the GIS system.</p> <p>Previously the third-party providers had generic UserIDs and passwords used by all staff of the providers and could be accessed at any time.</p> <p>This creates a risk to AHC as it is difficult to manage access of third parties, particularly those that have left the employment.</p> <p>We understand AHC are moving towards names users and requiring Multi Factor Authentication. AHC will also disable the accounts and will require the third party to request access.</p>	<p>We support the move to individual userIDs for third parties, together with MFA.</p> <p>Third Parties should be required to request access to the AHC environment so that changes can be monitored.</p>	<p>The current Multifactor Authentication (MFA) that is underway addresses this issue for remote support from third-party providers.</p> <p><b>Action:</b> Finalise implementation of Multifactor Authentication for third party entities.  <b>Responsibility:</b> Manager Information Services  <b>Timing:</b> July 2021</p>

## **APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS**

### Purchasing and Procurement

#### Risks

R1	Council does not obtain value for money in its purchasing and procurement.
R2	Purchases of goods and services are made from non-preferred suppliers.
R3	Purchase orders are either recorded inaccurately or not recorded at all.
R4	Purchase orders are made for unapproved goods and services.

RISKS	Control	Control Type
R1	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Core
R1,R2	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Core
R1	The organisation has a process in place to ensure use of preferred suppliers where relevant to maximise the best value for money to Council	Core
R2,R3	There is a process in place to review purchasing patterns and ensure maximum use of preferred suppliers	Additional
R3	Purchase order numbers are either system generated and/or sequentially numbered.	Core
R3	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Core
R3	There is a process in place to follow up and action incomplete purchase orders.	Additional

### CONTRACTING

#### Risks

R1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.
R2	Council does not obtain value for money in relation to its Contracting.

RISKS	Control	Control Type
R1,R2	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Core
R1	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	Core
R1	Council maintains a current contract register.	Core

## FIXED ASSETS

## Risks

R1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.
R2	If fixed assets are not securely stored, they may be subject to damage or theft.
R3	If fixed assets are not valued correctly, the management reports and financial statements will be misstated. For example, incorrect carrying values may result from the use of inappropriate depreciation rates.
R4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals.
R5	Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control	Control Type
R1	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Core
R1	Recorded changes to the FAR and/or masterfile are approved by appropriate staff compared to authorised source documents and General Ledger to ensure accurate input.	Core
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Core
R1	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Core
R1	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Core
R1	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Core
R1	Asset register calculations are reviewed for accuracy.	Core
R1	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	Core
R1	Asset maintenance is planned and monitored with relevant staff in accordance with the Asset Management Plans	Additional
R2	Where appropriate, fixed assets are secured and access is restricted to appropriate staff and authorised users.	Core

RISKS	Control	Control Type
R2	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets, on acquisition to facilitate accurate identification.	Additional
R3	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	Core
R3	Profit or loss on disposal calculations can be substantiated and verified with supporting documentation.	Core
R4	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Core
R5	Asset Management Plans are prepared and renewal expenditure and programmed maintenance required is reviewed periodically to reflect changing priorities, additional asset data and other relevant factors.	Core
R5	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Core

## GENERAL LEDGER

## Risks

R1	General Ledger does not contain accurate financial information
R2	Data contained within the General Ledger is permanently lost.

RISKS	Control	Control Type
R1,R2	All major updates and changes to General Ledger finance system are authorised, tested and documented.	Core
R1,R2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Core
R1	Reconciliation of all balance sheet accounts are completed in accordance with a schedule of review and/or procedure.	Core
R1	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Core
R1	Journal entry access is restricted to appropriately authorised personnel.	Core
R1,R2	Financial data is backed up and stored offsite.	Core
R1	Finance system does not allow posting of unbalanced journals or if it does regular reviews are conducted on the suspense account and discrepancies investigated and actioned.	Core
R1	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel.	Core
R1,R2	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Core
R2	Formal disaster recovery plan is in place and communicated to relevant staff.	Core
R1	There is a process in place to review actual vs budget and significant variances investigated.	Core

## ACCOUNTS PAYABLE

## Risks

R1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.
R2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all.
R3	Disbursements are not authorised properly.
R4	Accounts are not paid on a timely basis.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1,R2,R4	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Additional
R3	Records must be maintained of all payments with supporting documentation.	Core
R1	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Core
R5	Access to the supplier masterfile is restricted to authorised staff	Core
R2,R5	Separation of Accounts Payable and Procurement duties.	Core
R3	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Core
R1	Predetermined variances between Purchase Orders and Invoices are assessed and payment released only after verification by the officer with delegation to do so.	Additional
R1	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Core
R4	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Core
R5	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Core

RISKS	Control	Control Type
R5	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Additional
R4	There is a system generated report detailing supplier invoices due for payment at any one time.	Core
R5	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence.	Additional



## RATES / RATES REBATES

## Risks

R1	Council does not raise the correct level of rate income.
R2	Rates and rate rebates are either inaccurately recorded or not recorded at all.
R3	The Property master file data does not remain pertinent.
R4	Rates are not collected on a timely basis.

RISKS	Control	Control Type
R1,R2	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Core
R2	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run	Core
R1	All software changes to rate modelling functionality fully tested and reviewed by relevant staff.	Core
R1	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Core
R2	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Core
R2	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Core
R4	There is a process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Core
R3	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	Core
R3	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Core
R2	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process	Core

## PAYROLL

## Risks

R1	Payroll expense is inaccurately calculated.
R2	Payroll disbursements are made to incorrect or fictitious employees.
R3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.
R4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
R5	Voluntary and statutory payroll deductions are inaccurately processed or without authorisation.
R6	Employees termination payments are not in accordance with statutory and enterprise agreements.

RISKS	Control	Control Type
R1	Where possible standard programmed formulae perform payroll calculations.	Core
R1, R3	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Core
R1	All calculations for generating payroll payments are verified for accuracy.	Core
R4,R5	Managers periodically review listings of current employees within their departments and variances are investigated.	Additional
R1	Payroll is periodically reconciled to the General Ledger accounts.	Additional
R2	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Core
R2	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Additional
R2	The payment of the payroll is authorised by appropriate staff not involved in the preparation of the payroll.	Core
R2	Employee records to include employment details and/or contract terms and conditions, authorisations for payroll deductions and leave entitlements.	Core
R2	There is a process to ensure employees are made inactive in payroll records upon termination	Core

RISKS	Control	Control Type
R5	All payroll deductions must be approved by the relevant employee.	Core
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Core
R2	There is a segregation of duties from those preparing the payroll to those responsible for preparation of source documents (e.g. timesheets, leave requests etc).	Core
R2	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Core
R2	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Core
R5	Access to the payroll deduction listing is restricted to authorised staff.	Core
R6	There is a process in place to ensure termination payments comply with relevant policies, procedures and legislation.	Core
R3	Time recording and attendance exceptions such as TOIL or flexitime are based on relevant policies/agreement are identified, monitored and corrected.	Core
R4	The ability to access, modify or transfer information contained in the payroll master files is restricted to authorised staff.	Core

## CREDIT CARDS

## Risks

- |    |   |
|----|---|
| R1 | Credit Cards are issued to unauthorised employees.        |
| R2 | Credit Cards are used for purchases of a personal nature. |
| R3 | Credit Card limits are set at inappropriate levels.       |

RISKS	Control	Control Type
R1,R3	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	
R1,R2	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	
R2	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	
R2	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	
R3	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	

## BANKING

## Risks

- |    |   |
|----|---|
| R1 | Banking transactions are either inaccurately recorded or not recorded at all. |
| R2 | Fraud (i.e. misappropriation of funds)  |

RISKS	Control	Control Type
R1,R2	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Core
R1	Access to EFT Banking system is restricted to appropriately designated personnel.	Core
R1,R2	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Core
R2	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Core
R2	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Core

## DEBTORS

## Risks

R1	Debtors are either inaccurately recorded or not recorded at all.
R2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
R3	An appropriate provision for doubtful debts is not recorded
R4	Debtors are either not collected on a timely basis or not collected at all
R5	The Debtors master file data does not remain pertinent.

RISKS	Control	Control Type	CSA Importance	Weighting
R1, R4	Debtor's reconciliation performed on a regular basis to the General Ledger and reviewed by an independent person.	Core		4
R1	Council maintains a Debt Collection Policy.	Core		5
R2, R3, R4	Management and/or Council review and approve all rebates, credit notes, bad debt write-offs and movements in the provision for doubtful debts, in accordance with delegations of authority and Local Government Act.	Core		5
R3, R4	Management reviews debtors ageing profile on a regular basis and investigates any outstanding items.	Core		4
R5	Access to the debtor's master file is restricted to appropriately designated personnel and is reviewed by management for accuracy and on-going pertinence.	Core		5
R5	Recorded changes to debtor's master file data are compared to authorised source documents or confirmed with customers/ratepayers to ensure that they were input accurately.	Core		4

## RECEIPTING

## Risks

R1	Receipts are either inaccurately recorded or not recorded at all.
R2	Receipts are not deposited at the bank on a timely basis.

RISKS	Control	Control Type
R2	Prior to and during the banking process, cash is stored securely at all times.	Core
R1	Customers are provided with a system generated or pre-numbered (manual) sequential tax compliant receipt detailing payment made.	Core
R1	There is a review process for the authorisation of the reversal of transactions.	Additional
R1	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Core
R2	Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts.	Additional

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.4

**Responsible Officer:** Mike Carey  
Manager Financial Services  
Corporate Services

**Subject:** 2020-21 Budget – Budget Review 3

**For:** Decision

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**SUMMARY**

The *Local Government (Financial Management) Regulations 2011* (the Regulations) requires Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require or offer opportunities for changes to the budget during the year.

This report presents the third formal Budget Review (BR3) of the 2020-21 financial year to the Audit Committee for review. BR3 will be subsequently submitted to Council for consideration on 25 May 2021. Given the timing of the Council meeting being the next day, any feedback from the Audit Committee will be provided by the Presiding Member of the Audit Committee prior to the adoption of resolutions emanating from that report to Council.

Largely as a result of a transfer of Council's PLEC contribution of \$580k from capital to operating offset by a proposed carry forward of \$192k relating to Bushfire Recovery Development Services resourcing required in 2021-22, the proposed budget changes reduce the Operating Surplus from \$1.883m to \$1.498m.

In relation to capital it is proposed to increase the BR3 net capital budget by \$46k, once transfers between operating and capital and between the current and next year's budget are excluded.

BR3 also proposes carry forwards in capital expenditure of \$4.426m.

As a result of proposed operating and capital adjustments, Council's overall net position for the year changes from a Net Borrowing Result of \$3.865m to a Net Lending Result of \$659k.

## RECOMMENDATION

### The Audit Committee:

1. Resolves that the report be received and noted.
  2. Recommends to Council the proposed budget adjustments presented in Budget Review 3 for the 2020-21 financial year which result in:
    - a. a reduction in the Operating Surplus from \$1.883m to \$1.498m
    - b. Changes to Capital Works, increasing capital income by \$138k and reducing capital expenditure by \$4.772m resulting in a revised capital expenditure budget for 2020-21 of \$15.311m.
    - c. A change in Council's net result from a Net Borrowing Result of \$3.865m to a Net Lending Result of \$659k as a result of the proposed operating and capital adjustments.
- 

## 1. GOVERNANCE

### ➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible to the community

A key aspect of Council's formal budget reviews is to review and monitor Council's Annual Budget with reference to its overall financial position and its *Long Term Financial Plan* (LTFP) to ensure Council continues to be financially sustainable.

### ➤ Legal Implications

The undertaking of formal budget reviews is a requirement of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

### ➤ Risk Management Implications

Conducting the budget review process as required by Regulations will assist in mitigating the risk of:

*Failure to conduct budget review process as required by Regulations results in inaccurate budgets and unforecasted deficits leading to inadequate resourcing for current and future activities.*

Inherent Risk	Residual Risk	Target Risk
Medium (4D)	Low (2E)	Low (2E)

It ensures that financial resources are deployed in areas that align with Council's Strategic Management Plans, are affordable and support Council's LTFP.

➤ **Financial and Resource Implications**

In terms of the proposed BR3 operating changes, the majority of the income and expenditure items offset each other, resulting in the Operating Surplus reduction from \$1.883m to \$1.498m being largely impacted by:

- a transfer of \$580k from capital to reflect the accounting treatment of a Council contribution to State Government (DIT) and SAPN assets
- a proposed operating initiative carry forward relating to Development Services resourcing to the 2021-22 financial year.

More specific details of these proposed budget adjustments have been provided under the Analysis section of this report.

In relation to capital it is proposed to increase the BR3 net capital budget by \$46k, once transfers between operating and capital and between the current and next year's budget are excluded.

In terms of the capital transfers between years it is proposed to carry forward an amount of \$4.426m to 2021-22 reducing the capital budget by this amount and transferring the funding requirements for this expenditure to next year. There is also a \$50k bring back from the proposed 2021-22 capital budget for Verdun Main Street kerbing, currently out for consultation, as that project is now proposed to be delivered in 2020-21.

As a result of proposed operating and capital adjustments, Council's net result for the year changes from a Net Borrowing Result of \$3.865m to a Net Lending Result of \$659k.

Although there are adjustments as a result of the proposed BR3 budget changes, Council still meets all of Council's adopted financial indicator targets.

It should be noted that the figures in this report and supporting appendices have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.

➤ **Customer Service and Community/Cultural Implications**

Not Applicable

➤ **Sustainability Implications**

Not applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable



*Administration:* The budget review has been prepared in consultation with Directors and Managers to obtain detailed operating and capital information for each budget area.

*External Agencies:* Not Applicable

*Community:* Not Applicable

## 2. BACKGROUND

Regulation 9(1)(b) of the *Local Government (Financial Management) Regulations 2011* requires Council to formally consider its budget three times per year. This statutory requirement recognises the likelihood that events will occur that require or offer opportunities for changes to the budget during the year.

At the Council meeting held on the 30 June 2020, Council adopted the original *2020-21 Annual Business Plan and Budget*, reflecting a Budgeted Operating Deficit before Capital Revenue of \$109k and an estimated Net Borrowing for the financial year of \$4.095m.

Subsequent to that meeting, Council, in consideration of agenda reports during meetings, has approved a number of the 2020-21 Budget changes as detailed in the budget reconciliation included as part of this report as **Appendix 5**.

At the Council meeting held on the 23 February 2021, Council adopted the 2020-21 Budget Review 2 (BR2) with a Budgeted Operating Surplus before Capital Revenue of \$1.883m and an estimated Net Borrowing Result of \$3.865m.

Council's customary practice is to include Budget Reviews as an agenda item at Audit Committee meetings prior to consideration of Council. Due to the timing of the Audit Committee meeting on 24 May 2021 it will not be possible to include the Audit Committee resolution in the agenda of the Council. As such it is proposed that the Presiding Member of the Audit Committee provide details of the resolution and Audit Committee comments, if any, to the Council meeting prior to the consideration of the Budget Review 3 resolutions.

### Budget Review Presentation

As a result of changes to the Regulations, the Budget Review Presentation has been simplified for the First and Third Budget Review for the year whereby it is now required to produce under Section 9(1)(a):

..a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances.

In accordance with the Regulations the *Uniform Presentation of Finances* showing the movements in the current and proposed budgets is shown as **Appendix 1** to this report.

### 3. ANALYSIS

BR3 has been prepared in consultation with Directors and Managers who have provided information for each budget area.

#### Budget Review 3 Proposed Adjustments

\$000s	2020-21 Current Budget	Proposed BR3 Adjustments	Transfer	Proposed BR3 Carry Forwards	Revised Budget after BR3
Operating Income	50,940	374	-	-	51,314
Operating Expenditure	(49,056)	(372)	(580)	192	(49,816)
<b>Operating Surplus</b>	<b>1,883</b>	<b>2</b>	<b>(580)</b>	<b>192</b>	<b>1,498</b>
Depreciation	9,237		-	-	9,237
Capital income	5,098	138	-	-	5,236
Capital Expenditure	(20,083)	(234)	580	4,426	(15,311)
<b>Net (Borrowing)/Lending Position</b>	<b>(3,865)</b>	<b>(94)</b>	<b>-</b>	<b>4,618</b>	<b>659</b>

#### Proposed Budget Adjustments

##### Operating:

Key operating variations included in this review are as follows, noting that many of the proposed income and expenditure adjustments directly offset each other:

##### Operating Income \$374k increase

- Additional planning statutory income of \$113k in part relating to new development relating to the Cudlee Creek Bushfire area as well as an overall increase in development activity within the council area, noting that this is offset by resource cost increases related to addressing the workload from the increase in applications
- Additional grant funding of \$244k represented by:
  - \$133k in Biodiversity bushfire related grants offset by associated expenditure requirements
  - \$112k relating to community recovery and resilience funding offset by associated expenditure requirements
  - \$29k relating to additional CWMS contributions received above budget
  - \$20k in Community Development grants partly offset by expenditure requirements
  - \$50k reduction in a SA Water grant for Mt Lofty Waste Control Project with a similar reduction in expenditure as this program has ceased
- An increase of \$20k in animal management registrations offset by additional expenditure requirements of the same amount
- A reduction in investment income of \$8k offset by a similar amount in interest expense due to lower interest rates
- An increase in East Waste income distribution of \$14k as a result of the final 2019-20 financial results

- A number of offsetting increases and decreases in income with favourable results in Cemeteries, Property and Health offsetting reductions in Parking, Old Woollen Mill rental and Community Centre programs

#### Operating Expenditure \$372k increase

Details of the key operating expenditure proposed budget requests, totalling \$372k are as follows:

- Associated expenditure increases of \$378k relating to identified income increases highlighted above in Planning, Biodiversity, Community Development, Community Recovery and Resilience and Animal Management functions
- Reduction of \$50k in resource expenditure for the Mt Lofty Waste Control due to cessation of the project in line with the grant reduction under income
- a \$40k budget relating to the reinstatement of the contribution amount approved by Council in 2018-19 Budget for the Houghton, Inglewood and Hermitage Soldiers Memorial Park but not expended nor carried forward to the relevant year
- An increase in the hard waste budget of \$55k relating to a significant increase in demand as outlined in the Council Report to the January 2021 meeting offset by identified waste savings of \$20k and additional East Waste income discussed above
- Additional \$10k for additional free green organic drop off days for the remainder of the 2020-21 financial year proposed to be funded by a redirection of the Regulatory Services fire prevention budget still available.
- A reduction in interest expense of \$8k offsetting the similar reduction in investment income discussed above
- A small amount of contractor savings across a number of functions

#### Transfer between Capital and Operating

It is proposed to transfer \$580k from Capital to Operating for the PLEC contribution relating to the undergrounding of power lines for the Gumeracha Main Street Project which has been budgeted under Capital. From an accounting perspective this needs to be disclosed as operating expenditure given that Council is contributing an amount to State Government (DIT) and SAPN assets.

#### Operating Initiative Carry Forward

Included in Council's 2020-21 Bushfire Recovery Strategic Initiative is an amount of \$380k to fund two resources in Development Services over a two year period to manage the workload relating to the Cudlee Creek development applications. As it is anticipated that the resource commitment will continue into the next financial year it is considered appropriate to quarantine an amount of \$192k to fund these resources by carrying forward an operating initiative budget to 2021-22.

## Capital

\$000s	2020-21 Current Budget	Proposed BR3 Adjustments	Transfer to Operating	Carry Forwards	Proposed BR3 Budget
<b>Capital Income</b>	<b>5,098</b>	<b>138</b>	-	-	<b>5,236</b>
Capital - Renewal Expenditure	(10,646)	52	-	845	(9,749)
Capital - New Capital Expenditure	(9,438)	(286)	580	3,581	(5,563)
<b>Total Capital Expenditure</b>	<b>(20,083)</b>	<b>(234)</b>	<b>580</b>	<b>4,426</b>	<b>(15,311)</b>
<b>Net Capital Position</b>	<b>(14,985)</b>	<b>(96)</b>	<b>580</b>	<b>4,426</b>	<b>(10,075)</b>

The net impact resulting from proposed changes in the Capital Works program increases capital income by \$138k and reduces total capital expenditure by \$4.772m (as represented by proposed reductions of carry forwards of \$4.426m, the transfer to operating of \$580k and the offset being an increase in BR3 capital expenditure adjustments of \$234k) as summarised above. As a result, it is proposed to increase the BR3 net capital budget by \$46k, once the transfers between operating and capital and between the current and next year's budget are excluded.

### Proposed Adjustments to Capital Income

For BR3 capital income is being increased by \$138k to account for contributions from the State Government in relation to the Crafers to Stirling Bikeway and the Blackspot funding program. Both are associated with expenditure requirements relating to additional scope of works. Specific details by project have been provided in **Appendix 2**.

### Proposed Adjustments to Capital Expenditure

As at Budget Review 3 there are a number of proposed variations in the capital budget spread across asset categories. The majority of these were able to be balanced out between projects or with additional income received. Overall, the net result is unfavourable to budget by just under \$100k as a result of:

- additional funds being recommended for the Crafers to Stirling bikeway to deliver the proposed scope of works, and
- bringing back \$50k of renewal works for Verdun Main Street kerbing currently proposed for the 2021-22 financial year to better align with a Department of Infrastructure and Transport (DIT) resurfacing project. This would result in a reduction in the 2021-22 kerb renewal budget currently out for consultation.

Specific details by project have been provided in **Appendix 3**.

### Proposed transfer from Capital to Operating

As discussed above, it is proposed to transfer \$580k from capital to operating for the PLEC contribution relating to the undergrounding of power lines for the Gumeracha main street which has been budgeted under capital.

Capital Expenditure Carry Forwards

In addition, Budget Review 3 identified proposed carry forwards in capital expenditure of \$4.426m.

Details of the capital expenditure carry forwards have been provided in **Appendix 4**.

The capital expenditure carry forward projects include a number of projects relating to the Heathfield and Gumeracha works, plant replacement program and the Mobile Library Truck replacement.

All other capital projects will continue to be monitored in the lead up to the end of the financial year with any additional carry forwards required at that time will be considered by Council in August 2021. It has been identified that there will be some carry forward requirements for the light fleet program due to the disruption of the global supply chain but as the dollar amount cannot currently be readily determined, it is proposed that any adjustment will be addressed in August 2021.

**Other points of note:**

Movements in Budgeted Borrowings

The Budgeted Borrowing as at BR2 are currently forecast at \$16.9m. As a result of proposed Budget Review 3 changes and largely as a result of the capital carry forwards, there will be a decrease in the order of \$4.5m to borrowings resulting in a forecast of \$12.4m at 30 June 2021. The borrowing movements for the year are shown below.

<b>Borrowings \$000s</b>	<b>Opening July 2020</b>	<b>New Borrowings</b>	<b>Repayments</b>	<b>Forecast June 2021</b>
<b>CAD (Short Term Drawdown)</b>	2,000	-	(143)	1,857
<b>Other Borrowings</b>	-	5,500	-	5,500
<b>Fixed Term Borrowings</b>	10,000	-	(5,000)	5,000
<b>Total Borrowings</b>	<b>\$12,000</b>	<b>\$5,500</b>	<b>(\$5,143)</b>	<b>\$12,357</b>

This is reflected in the Financing transaction detail as shown at the bottom of Council's *Uniform Presentation of Finance Appendix 1*.

The financing result for the financial year also includes budgeted payments relating to the landfill remediation provision and refund of debentures relating to the sale of the Bridgewater Retirement Village.

For reference, where capital projects are carried forward to next year, this will also move the funding requirement for those projects to the 2021-22 year and hence reduce the amount of borrowings forecast as at 30 June 2021.

**Summary**

As a result of proposed operating and capital adjustments, Council's net position for the year changes from a Net Borrowing Result of \$3.865m to a Net Lending Result of \$659k as shown below.

\$000s	\$
BR2 Adopted Budget Net Borrowings	(3,865)
Impact of Operating Budget Adjustments for BR3	2
Impact of Net Capital Expenditure Budget Adjustments for BR3 (including \$50k bring back from 2021-22)	(96)
Impact of Operating Expenditure Initiatives Carry Forwards to 2021-22	192
Impact of Capital Expenditure Carry Forwards to 2021-22	4,426
<b>BR3 Revised Net Lending Position</b>	<b>659</b>

#### 4. OPTIONS

The Committee has the following options:

- I. to receive and note this report and recommend to Council the proposed budget adjustments presented in Budget Review 3 as prepared (Recommended).
- II. To make additional comments or suggestions to Administration to consider prior to finalising Budget Review 3.

#### 5. APPENDICES

- (1) 2020-21 Budgeted Uniform Presentation of Finances
- (2) 2020-21 Capital Income Budget Review 3 Proposed Changes
- (3) 2020-21 Capital Expenditure Budget Review 3 Proposed Changes
- (4) 2020-21 Capital Carry Forwards to 2021-22
- (5) 2020-21 Budget Adjustments Subsequent to Budget Adoption

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# **Appendix 1**

*2020-21 Budgeted Uniform Presentation of Finances*

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**Adelaide Hills Council**  
**BUDGETED UNIFORM PRESENTATION OF FINANCES**  
**2020-21 Proposed Budget**

2019-20 Actuals	2020-21 Original Budget	Total Budget Movement since Adoption	BR3	2020-21 Revised Budget
\$'000	\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>				
38,547 Rates	40,181	50	-	40,231
1,180 Statutory charges	1,173	107	148	1,428
704 User charges	712	26	(34)	704
5,245 Grants, subsidies and contributions	4,768	3,092	244	8,104
42 Investment income	27	(10)	(8)	9
228 Reimbursements	232	5	(6)	231
605 Other income	249	227	31	507
73 Net gain - equity accounted Council businesses	100	-	-	100
<b>46,624 Total Income</b>	<b>47,442</b>	<b>3,497</b>	<b>374</b>	<b>51,314</b>
<b>EXPENSES</b>				
17,433 Employee costs	18,067	276	73	18,416
21,927 Materials, contracts & other expenses	19,512	1,290	697	21,498
9,207 Depreciation, amortisation & impairment	9,237	-	-	9,237
589 Finance costs	736	(60)	(8)	668
10 Net loss - equity accounted Council businesses	-	-	-	0
<b>49,166 Total Expenses</b>	<b>47,551</b>	<b>1,506</b>	<b>760</b>	<b>49,816</b>
<b>(2,542) NET BUDGETED SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(109)</b>	<b>1,992</b>	<b>(386)</b>	<b>1,498</b>
<b>Net Outlays on Existing Assets</b>				
(9,718) Capital Expenditure on Renewal and Replacement of Existing Assets	(9,212)	(1,434)	897	(9,749)
714 Proceeds from Sale of Replaced Assets	646	-	-	646
9,207 Depreciation	9,237	-	-	9,237
<b>203 NET OUTLAYS ON EXISTING ASSETS</b>	<b>671</b>	<b>(1,434)</b>	<b>897</b>	<b>134</b>
<b>Net Outlays on new and Upgraded Assets</b>				
(3,223) Capital Expenditure on New and Upgraded Assets & Remediation costs	(4,953)	(4,485)	3,875	(5,563)
556 Capital Grants & Monetary Contributions - New & Upgraded Assets	232	2,734	138	3,104
1,647 Proceeds from Sale of Surplus Assets	64	1,422	-	1,486
<b>(1,020) NET OUTLAYS ON NEW AND UPGRADED ASSETS</b>	<b>(4,657)</b>	<b>(328)</b>	<b>4,013</b>	<b>(972)</b>
<b>(3,359) Net Lending/ (Borrowing) Result for Financial Year</b>	<b>(4,095)</b>	<b>230</b>	<b>4,524</b>	<b>659</b>
<b>(15,388) Net Financial Liabilities at Beginning of Year</b>	<b>(19,883)</b>	<b>61</b>	<b>-</b>	<b>(19,822)</b>
(1,012) Decrease / (increase) in Other	-	-	-	0
(63) Non Cash Equity Movement	(100)	-	-	(100)
<b>(19,822) Net Financial Liabilities at End of Year</b>	<b>(24,078)</b>	<b>291</b>	<b>4,524</b>	<b>(19,263)</b>

In a year, the financing transactions identified below are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

**Financing Transactions**

- New Borrowings	10,000	-	(4,500)	5,500
2,000 Increase/(Decrease) in Short Term Draw Down	70	(189)	(24)	(143)
1,507 (Increase)/Decrease in Cash & Investments	168	(104)	-	64
(23) (Increase)/Decrease in Working Capital	-	-	-	0
(62) Principal Repayments on Borrowings	(5,263)	263	-	(5,000)
- Reinstatement/Restoration Provision Payment	(780)	580	-	(200)
- Debenture Payment	-	(780)	-	(780)
(63) Non Cash Equity Movement	(100)	-	-	(100)
<b>3,359</b>	<b>4,095</b>	<b>(230)</b>	<b>(4,524)</b>	<b>(659)</b>

It should be noted that the figures in this appendix have been rounded and consequently individual sub-totals, whilst being correct, may differ slightly from the sum of the rounded amounts.



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## **Appendix 2**

*2020-21 Capital Income Budget Review 3 Proposed  
Changes*

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**2020-21 CAPITAL INCOME BUDGET REVIEW 3 PROPOSED CHANGES**

Proj #	Project Name	Project Description	Current Budget	Change FAV/ (UNFAV)	Revised Budget	Comment
<b>CAPITAL INCOME</b>						
149182074	FINANCIAL MANGT: Capital: Contributions	Crafers to Stirling Bikeway	\$ -	100,000	(100,000)	DIT contribution towards Crafers bikeway. Income relates to Project #3625
221276764	Blackspot Program Grant Capital	Additional variation approved for Paracombe Rd Project within overall Black Spot program	(940,000)	38,000	(978,000)	An increase in the State Blackspot grant to cover approved extra scope of works. Income related to Project #3849
<b>Total Income Change</b>			<b>(940,000)</b>	<b>138,000</b>	<b>(1,078,000)</b>	

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## **Appendix 3**

*2020-21 Capital Expenditure Budget Review 3 Proposed  
Changes*

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**2020-21 CAPITAL EXPENDITURE BUDGET REVIEW 3 PROPOSED CHANGES**

Proj #	Project Name	Project Description	Suburb	Type	Current Budget	Change FAV/ (UNFAV)	Transfer to Operating	Revised Budget	Comment
<b>CAPITAL EXPENDITURE</b>									
<b>Buildings</b>									
3803	Carbon Neutrality Plan Actions	Upgrade of Gumeracha Torrens Valley Community Centre Air Conditioning	Gumeracha	Renewal	\$41,400	(22,700)		\$64,100	Additional scope to upgrade associated air conditioning components.
Various	Building Renewal	Building Renewal Program	Various	Renewal	\$815,000	82,700		\$732,300	Savings across renewal program which are proposed to be reallocated to help fund additional costs for LRCIP Building Projects
<b>TOTAL</b>					<b>\$856,400</b>	<b>60,000</b>		<b>\$796,400</b>	
<b>CWMS</b>									
3918	Woodside Pumps	Renewal of two pumps at Woodside pump station.	Woodside	Renewal	\$60,000	(8,150)		\$68,150	The two new pumps were renewed to modern standards, however this required an upgrade of the control cabinet and a rearrangement of the pump shed, which were not included in the original budget estimate.
<b>Footpaths</b>									
3625	Crafers to Stirling Bikeway	undertake works to improve cycling access between Crafers and Stirling.	Stirling	New	\$125,000	(201,000)		\$326,000	Increased budget to include DIT contribution included in Capital Income. In addition, market response required additional funding to deliver project scope and DIT requirements.
3826	New Footpath Program	Delivery of priority new footpaths region wide.	Region wide	New	\$183,000	31,000		\$152,000	Final costs were less than budget estimates. Propose reallocating to Project # 3625 to deliver scope
3921	Footpath Renewal Program	Renewal of poor condition footpaths region wide.	Region wide	Renewal	\$404,000	20,000		\$384,000	Final costs were less than budget estimates. Propose to transfer to Project # 3625 to deliver scope
<b>TOTAL</b>					<b>\$712,000</b>	<b>(150,000)</b>		<b>\$862,000</b>	
<b>Kerb</b>									
3832	Kerb Renewal Program	Verdun Main Street - Kerb Renewal	Region wide	Renewal	\$247,000	(50,000)		\$297,000	Undertake stage 2 kerb renewal works this financial year. Scheduled for 21/22 however, DIT is proposing to resurface the full length of Onkaparinga Valley Road in Verdun and not bringing forward would mean ripping up new road. A reduction in the kerb renewal budget for 21/22 would occur.
<b>TOTAL</b>					<b>\$247,000</b>	<b>(50,000)</b>		<b>\$297,000</b>	
<b>LRCIP</b>									
3905	Woodside Institute Toilets	New toilets attached to Woodside Institute	Woodside	New	\$200,000	(30,000)		\$230,000	Additional costs due to increased costs of building materials
3906	Lobethal Centennial Hall Toilets	Upgrade to public toilets	Lobethal	Renewal	\$80,000	(60,000)		\$140,000	Additional costs due to electrical upgrade required to service additional power required
<b>TOTAL</b>					<b>\$280,000</b>	<b>(90,000)</b>		<b>\$370,000</b>	
<b>Other</b>									
3843	Gumeracha Main Street Streetscape (Change Project Description)	Gumeracha Main Street upgrade	Gumeracha	New	\$654,800	(45,000)		\$699,800	Additional work required (pavement, kerb, extended footpath) to achieve the project's intended streetscape upgrade for Gumeracha
3848	Gumeracha PLEC	Gumeracha undergrounding of power lines.	Gumeracha	New	\$625,000	45,000	580,000	\$0	Final costs were less than budget estimates. Note balance of project transferred to operating in accordance with Accounting Standards as the amount represents a contribution to SAPN Infrastructure
<b>TOTAL</b>					<b>\$1,279,800</b>	<b>0</b>	<b>580,000</b>	<b>\$699,800</b>	
<b>Roads - Pavements</b>									
3849	Blackspot Program	Road safety improvements, including road widening, along Paracombe Rd, as par of the State Blackspot Program.	Paracombe	New	\$528,500	(92,200)		\$620,700	The extra expenditure here is to cover an additional scope of works, including the replacement of significant sections of poor subgrade found during construction, road widening to extend up to the Highercombe Golf Club entrance, which is partly offset by an increase in the State Blackspot funding of \$38k via a Department for Infrastructure and Transport grant including in Capital Income.
3851	Newman Rd Pavement Renewal	Renewal and upgrade of Newman Rd.	Charleston	New	\$720,000	74,200		\$645,800	A very favourable market response meant that final costs was less than budget estimates.
<b>TOTAL</b>					<b>\$1,248,500</b>	<b>(18,000)</b>		<b>\$1,266,500</b>	
<b>Roads - Unsealed</b>									
3403	Unsealed roads renewal program.	Renewal of unsealed roads by resheeting.	Region wide	Renewal	\$1,084,000	100,000		\$984,000	Having delivered the full program of planned resheet works, savings associated with materials procurement has resulted in an underspend. These material savings have been reflected in a revised renewal rate in future capital works budgets.
<b>Stormwater</b>									
3946	Grevillia Way	Upgrade of stormwater infrastructure in Grevillia Way, to address nuisance flooding.	Woodside	New	\$100,000	(68,000)		\$168,000	The initial Grevillia Way Stormwater Upgrade budget was based on preliminary assessment of the existing network that suggested a number of additional pits and pipes were required. However, detailed design, including modelling, found the deficiencies with the exiting system were greater than first thought. A detention basin is proposed to be build in upstream rural property to help mitigate flows entering the system.
3947	Woodland Way	Stormwater upgrades to Woodland Way, Teringie.	Teringie	New	\$50,000	(13,150)		\$63,150	Minor overspend
3948	Aldgate Tce	Stormwater upgrades to Aldgate Tce, Bridgewater.	Bridgewater	New	\$40,000	13,150		\$26,850	Minor savings
<b>TOTAL</b>					<b>\$190,000</b>	<b>(68,000)</b>		<b>\$258,000</b>	
<b>Library</b>									
3957	Woodside Library	Upgrading of Woodside Library/Service Centre	Woodside	Renewal	\$45,000	(10,000)		\$55,000	The budget for the refurbishment of the Woodside Library was based on indicative costings to replace the service desks in the existing location. The scope of this project now includes moving the service desks to a central position facing the entry, creating a public meeting room, and reorganising the collection to enable wheelchair access between shelving in the adult collection.

<b>Expenditure Totals</b>	<b>\$6,002,700</b>	<b>(234,150)</b>	<b>\$580,000</b>	<b>\$5,656,850</b>
<b>TOTAL BUDGET IMPACT</b>		<b>(234,150)</b>	<b>580,000</b>	

Capital Expenditure Split as follows:

	Renewal	New	Totals
	51,850	0	51,850
	(286,000)	580,000	294,000
	<b>(234,150)</b>	<b>580,000</b>	<b>345,850</b>

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## **Appendix 4**

*Proposed 2020-21 Capital Carry Forwards to 2021-22*

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**2020-21 CAPITAL BUDGET REVIEW 3 - PROPOSED CAPITAL EXPENDITURE CARRY FORWARDS TO 2021-22**

Proj #	Project Name	Project Description	Suburb	Type	20/21 Budget	Change FAV/ (UNFAV)	Revised 20/21 Budget	Amount to Carry Forward to 21/22 Budget	Comment
<b>CAPITAL EXPENDITURE</b>									
<b>Buildings</b>									
3741	Activation of Arts & Heritage Hub	Redevelopment of Fabrik site	Lobethal	New	\$199,400	167,126	\$32,274	\$167,126	Carry forward into 2021-22 financial year, to be expended on site redevelopment
<b>Footpaths</b>									
3625	Crafers to Stirling Bikeway	undertake works to improve cycling access between Crafers and Stirling.	Stirling	New	\$326,000	322,500	\$3,500	\$322,500	Increased budget to include DIT contribution included in Capital Income. In addition, market response required additional funding to deliver project scope and DIT requirements.
<b>LRCIP</b>									
3960	LRCIP Stirling to Crafers Bikeway		Stirling	New	\$125,000	66,500	\$58,500	\$66,500	Works are delayed and will be delivery starting in July
<b>Other</b>									
3628	Coolamon sculpture	Installation of a Coolamon sculpture in Federation Park.	Gumeracha	New	\$6,425	5,285	\$1,140	\$5,285	the installation of this sculpture has been delayed at the request of the relevant community group, to allow time to finalise the preferred installation location, as well as to link it in with key events in the new financial year.
3843	Gumeracha Stage 2 Residents win	Streetscape works in the main street of Gumeracha associated with the undergrounding of power lines.	Gumeracha	New	\$699,800	679,800	\$20,000	\$679,800	Due to delays with the undergrounding of power lines by SA Power Networks, the delivery of street scaping works has been postponed to 2021/22 Financial Year.
3844	LED Street Lighting	Replace existing lights with LED	Region wide	New	\$175,000	175,000	\$0	\$175,000	Awaiting for outcome of agreement DIT/ LGA main street lighting sub-group of the Public Lighting Working Group to allow bulk replacement of Council lights with LED on main roads to proceed.
3923	Confirm Asset Management License Expansion	Purchase of Additional Licences and Devices to roll-out to Field.	Region wide	New	\$60,000	19,223	\$40,777	\$19,223	Delay in tablet device procurement has delayed on-going deployment to field.
<b>Sports and Recreation</b>									
3858	Irrigation Systems Implementation	Renewal and upgrade of irrigation systems across the district.	Region wide	Renewal	\$40,000	40,000	\$0	\$40,000	These works are proposed to be deferred to 2021/22 to form part of the broader Local Government Infrastructure Partnerships Program project around water reuse and sustainability.
3935	Sporting Surfaces Program - ORSR	Renewal and upgrade of the Heathfield Netball Courts.	Heathfield	New	\$460,890	296,000	\$164,890	\$296,000	This grant funded project involved an extensive consultation period, as well as design delays due to working in with the adjoining high school redevelopment. Accordingly, whilst this project has been designed and tendered in 2020/21 Financial Year, construction can not commence until early 2021/22 Financial Year.
3936	Heathfield Oval Change Rooms	Upgrade of the change rooms and sporting clubrooms at Heathfield Oval.	Heathfield	New	\$834,299	700,000	\$134,299	\$700,000	This multi year, grant funded project comprised community consultation and detailed design in 2020/21 FY, with construction due to commence in early 2021/22 Financial Year.
3940	Gumeracha Court Resurfacing	Renewal and upgrade of the Gumeracha tennis courts.	Gumeracha	New	\$420,000	386,300	\$33,700	\$386,300	This new project, which arose from an unplanned for grant, underwent community consultation and detailed design in 2020/21 FY. Construction was due to commence in May 2021, however here was a request form the community o delay works until after the Gumeracha Medieval Fair. Accordingly, construction is now due to commence early in the 2021/22 Financial Year.
<b>Stormwater</b>									
3611	Gumeracha Stormwater	Additional underground stormwater infrastructure in the main street of Gumeracha, as per the Gumeracha Stormwater Masterplan	Gumeracha	New	\$291,300	291,300	\$0	\$291,300	Contractor has been engaged, but due to delays with the undergrounding of power lines by SA Power Networks, the delivery of stormwater works has been postponed to 2021/22 Financial Year.
3619	Aldgate Stormwater Management Plan	Develop a Stormwater Management plan for the Aldgate Bridgewater, Crafers and Stirling catchments.	Aldgate	New	\$73,000	33,000	\$40,000	\$33,000	This is a multiyear project, with balance of funds unspent in 2020/21 to be carried forward to allow works to continue in the 2021/22 Financial Year.
<b>Fleet</b>									
3160	Plant Replacement Program	Renewal of heavy plant.	Region wide	Renewal	\$1,039,000	230,000	\$809,000	\$230,000	Due to global plant supply issues, a number of heavy fleet items that have been ordered this financial year won't be delivered until next financial year. Accordingly, a carry forward of funds is required to meet these commitments.
<b>ICT</b>									
3955	Council Website		Region wide	Renewal	\$100,000	95,000	\$5,000	\$95,000	This Community Capacity Strategic Initiative is currently in the scoping stage to build a business requirements specification. Carry forward funds will be required to progress the initial scoping work into the delivery program in stage 2
<b>Library</b>									
3994	Mobile Library	Replacement of the mobile library truck	Region wide	Renewal	\$480,000	480,000	\$0	\$480,000	The procurement process for the mobile library was suspended pending a review of the effectiveness of alternative service delivery models resulting from the Covid-19 pandemic restrictions and higher than expected tender prices. A revised business case is being developed regarding options for replacement of the mobile library so this funding will need to be carried forward to 2021-22.
<b>Total</b>					<b>\$5,780,114</b>	<b>4,426,099</b>	<b>\$1,354,015</b>	<b>\$4,426,099</b>	
<b>Total Expenditure Change</b>						<b>4,426,099</b>			

**Capital Expenditure Carry Forward**  
Split as follows:

Renewal	845,000
New	3,581,099
	<u>4,426,099</u>

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# **Appendix 5**

*2020-21 Budget Adjustments Subsequent to Budget  
Adoption*

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**ADELAIDE HILLS COUNCIL**
**2020-21 BUDGET ADJUSTMENTS SUBSEQUENT TO BUDGET ADOPTION**

Description	Operating Income	Operating Expenses	Net Operating Result	Capital Expenditure	Capital Income	Net Borrowing Result Impact
<b>Original Budget Council Meeting 30 June 2020 CR124/20 Part 1.2</b>	<b>47,442</b>	<b>47,551</b>	<b>(109)</b>	<b>14,165</b>	<b>942</b>	<b>(4,095)</b>
BR3 Carry Forwards Council Meeting 30 June 2020 CR124/20 Part 1.13				1,454	1,774	320
Community Strength and Resilience Initiatives Replacement and Upgrade of play space at Lobethal Bushland Park Council Meeting 30 June 2020 CR 124/20 Part 3				300	150	(150)
Local Roads and Community Infrastructure Program Projects Council Meeting 23 June 2020 CR 106/20 Part 3	781		781	781		0
Federal Black Spot Program Funding Deed Kersbrook, Mylor, Ironbank & Forreston Council Meeting 28 July 2020 CR 140/20 Part 4				369	551	182
Road Widening Netherhill Road Kenton Valley Council Meeting 28 July 2020 CR 149/20 Part 6				10		(10)
Gumeracha Court Resurfacing Project Council Meeting 25 August 2020 CR 168/20 Part 2	220		220	220		0
Gumeracha Court Resurfacing Project Council Meeting 25 August 2020 CR 168/20 Part 3				150		(150)
Gumeracha Court Resurfacing Project Council Meeting 25 August 2020 CR 168/20 Part 4				50		(50)
Heathfield Oval Change Room & Cricket Net Project Council Meeting 25 August 2020 CR 169/20 Part 2 (Sport Australia component) Part 2				524	524	0
Heathfield Oval Change Room & Cricket Net Project Council Meeting 25 August 2020 CR 169/20 Part 2 (Office of Recreation, Sport & Racing component)				565	565	0
2019-20 Carry Forwards from Council Meeting 25 August 2020 CR 170/20 Part 2		64	(64)			(64)
2019-20 Carry Forwards from Council Meeting 25 August 2020 CR 170/20 Part 3				2,679	367	(2,312)
2020-21 Additional Budget Request from Council Meeting 25 August 2020 CR 170/20 Part 4	30	30	0			0
2020-21 Additional Budget Request from Council Meeting 27 October 2020 CR 227/20		6	(6)			(6)
2020-21 Additional Budget Request from Council Meeting 27 October 2020 CR 229/20		15	(15)			(15)
2020-21 Budget Review 1 Council Meeting 24 November 2020 CR 272/20	1,976	441	1,535	219	50	1,366
2020-21 Budget Review 2 Council Meeting 23 February 2021 CR 32/21	490	949	(459)	114	175	(398)
2020-21 Budget Review 2 Carry Forwards CR 32/21				(1,518)		1,518
<b>Sub total Budget Adjustments approved prior to 25 May 2021 Council Meeting</b>	<b>50,940</b>	<b>49,056</b>	<b>1,883</b>	<b>20,083</b>	<b>5,098</b>	<b>(3,865)</b>
2020-21 Budget Review 3	374	372	2	234	138	(94)
2020-21 Budget Review 3 Transfer from Capital to Operating		580		(580)		0
2020-21 Budget Review 3 Carry Forwards		(192)	192	(4,426)		4,618
<b>AHC Proposed Budget for 25 May 2021 Council Meeting</b>	<b>51,314</b>	<b>49,816</b>	<b>2,078</b>	<b>15,311</b>	<b>5,236</b>	<b>659</b>



**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.5

**Responsible Officer:** Kira-marie Laverty  
Corporate Planning & Performance Coordinator  
Office of the Chief Executive

**Subject:** Quarterly Council Performance Report – Q3 2020-21

**For:** Information

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**SUMMARY**

As a local government entity, Council has a number of legislative obligations regarding the preparation and distribution of corporate planning and reporting information to the elected body and the community. In addition to these mandated requirements, Council has over time created a number of additional elements to improve the integration, transparency and accountability of its activities.

A revised suite of corporate performance indicators and targets were developed in consultation with Council Members, the Strategic Leadership Team and relevant officers as part of the *2020-21 Annual Business Plan* process. These were aligned to the new *Strategic Plan 2020-24 – A brighter future* adopted in April 2020.

The Quarterly Council Performance Report for Q3 (**Appendix 1**) covers the period 1 January 2021 to 31 March 2021, and shows the performance against the corporate performance indicators as well as discussing key highlights aligned with the Strategic plan.

The purpose of this report is to inform the Audit Committee of Council's performance against the 2020-21 Annual Business Plan targets in order to assist in their role as advisors to Council on the adequacy and effectiveness of processes involving financial management, reporting, risk and governance.

**RECOMMENDATION**

**The Audit Committee resolves that the report be received and noted.**

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## 1. GOVERNANCE

### ➤ Strategic Management Plan/Functional Strategy/Council Policy Alignment

*Strategic Plan 2020-24 – A brighter future*

Goal	A progressive Organisation
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.3	Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community

The Quarterly Council Performance Report is part of the performance reporting suite contained in the *Corporate Planning & Performance Framework*.

### ➤ Legal Implications

Chapter 8 - Administrative and financial accountability of the *Local Government Act 1999* sets out the key legislative obligations regarding corporate planning and reporting obligations, as follows:

- S122 – Strategic management plans – development, content requirements, consultation, review and availability of strategic plan, asset management plan and long-term financial plan;
- S123 – Annual business plans and budgets - development, content requirements, consultation, review and availability of annual business plan and budget
- S127 – Financial statements – preparation, content, auditing and availability of the financial statements;
- S131 – Annual reports – preparation, content, distribution and availability of the annual report

Additional requirements are contained in the *Local Government (General) Regulations 2013* and the *Local Government (Financial Management) Regulations*.

### ➤ Risk Management Implications

Quarterly Council Performance Reporting will assist in mitigating the risk of:

*Ineffective performance management and reporting processes leading to poor performance and/or loss of stakeholder confidence*

Inherent Risk	Residual Risk	Target Risk
Extreme (4B)	Low (3E)	Low (3E)

Note that there are many other controls that assist in mitigating this risk. The quarterly performance reports are part of the current control suite and therefore there is no additional mitigating impact of this report.

➤ **Financial and Resource Implications**

The Corporate Planning & Performance Coordinator role, which coordinates the performance reporting function, is funded in the Governance & Performance Department budget.

Quarterly Council Performance Reporting assists in showing the financial and resource performance to plan as per the targets, initiatives and activities outlined in the *2020-21 Annual Business Plan*.

➤ **Customer Service and Community/Cultural Implications**

Providing integrated, consultative corporate planning and effective and transparent performance reporting to the Council and community has the potential to increase the level of trust and confidence in Council.

➤ **Sustainability Implications**

Quarterly Council Performance Reporting assists in demonstrating the outcomes related to Council's economic, social and environmental initiative

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* The Audit Committee considered the Q2 Performance Report at its 15 February 2021 meeting and suggested some improvements which have been incorporated into the Q3 Report.

*Council Workshops:* Not applicable

*Advisory Groups:* Not applicable

*Administration:* Council's Executive Leadership Team, relevant Managers, and Officers were consulted during preparation of the quarterly performance report.

*External Agencies:* Not applicable

*Community:* Not applicable

## 2. **BACKGROUND**

At its 19 June 2018 meeting, Council adopted (Res 128/18) the *Corporate Planning & Performance Framework*, of which a key element was the establishment of a suite of Corporate Business Performance Indicators which are aligned with Adelaide Hills Council's Strategic Plan goals and will enable the tracking of performance over time.

Over the 2019-20 financial year, Quarterly Council Performance Reports were drafted showing the performance against the Corporate Performance indicators, strategic initiatives and key activities of the *2019-20 Annual Business Plan*.

A revised suite of corporate performance indicators and targets were developed in consultation with Council Members, the Strategic Leadership Team and relevant officers as part of the 2020-21 Annual Business Plan process. These were aligned to the new *Strategic Plan 2020-24 – A brighter future* adopted in April 2020.

### 3. ANALYSIS

To reflect the alignment to the *Strategic Plan 2020-24 – A brighter future* the format of the Quarterly Council Performance Report is formatted to show Council's performance against the 5 strategic goals:

- Built Environment
- Community Wellbeing
- Economy
- Natural Environment
- Organisation

The report also includes the Customer Service Standards, Capital Works performance, and Quarterly Financial Performance.

Overall performance results for Quarter 3 include:

- 71 of Strategic initiatives on track or completed, 13 behind schedule and 4 deferred.
- 10 of the 19 corporate performance indicators were met or exceeded, 8 were not met and 1 could not be assessed this quarter.
- 10 of the 17 customer service standards were met or exceeded, 2 were not met and 5 had no instances reported.

Comments within the report provide additional information on the strategic initiatives that are listed as "behind schedule" and "deferred". Where an initiative was expected to be delivered this financial year but will now need to extend past 30 June, this will be captured as part of the BR4 (budget review for the 4<sup>th</sup> quarter) process and/or the Annual Business Plan process.

See the attached Quarterly Council Performance Report – Quarter 3 (**Appendix 1**) for details.

### 4. OPTIONS

As this is an information report, the Audit Committee is limited to receiving and noting the report but may choose to provide commentary to the Administration for consideration to enhance the reports into the future.

### 5. APPENDIX

- (1) Quarterly Council Performance Report – Quarter 3

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# **Appendix 1**

*Quarterly Council Performance Report – Quarter 3*

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# Quarterly Council Performance Report

Quarter 3 – 1 January to 31 March 2021

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# 1. Executive Summary

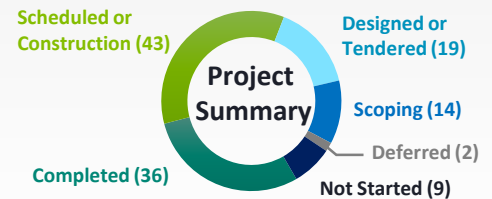
Strategic Goal	Performance Indicators	Annual Business Plan Strategic Initiatives
 <b>Built Environment</b>	 2 of 4 Targets not met or N/A	 On Track (16) Completed (8) Deferred (2) Behind Schedule (6)
 <b>Community Wellbeing</b>	 2 of 2 targets not met	 On Track (19) Completed (2) Behind schedule (5)
 <b>Economy</b>	 2 of 3 Targets not met	 On Track (4) Completed (4)
 <b>Natural Environment</b>	 3 of 4 Targets met or exceeded	 On Track (6) Completed (2) Behind Schedule (1)
 <b>Organisation</b>	 4 of 6 Targets met or exceeded	 On Track (9) Completed (1) Deferred (2) Behind Schedule (1)

## Customer Service Standards

-  **10** Targets met or exceeded
-  **5** N/A: No Incidents reported
-  **2** Target not met

## Capital Performance

- \$2.8m of infrastructure delivered
- \$2.5m of works ordered
- Focus has been on commencing new projects, as well as continuing projects that were commenced in Q1 & Q2.



## Highlights

- Commencement of the federally funded Community Resilience Program, which is focused on helping people (particularly young people and families) in bushfire risk areas prepare mentally for future disasters. The program runs to June 2022.
- Council supported a revised cycling event in January in place of the cancelled Tour Down Under.
- Fabrik received joint State/Federal Government funding of \$3.0m.
- Council's Incident Management Team successfully organised the response to the Cherry Gardens bush fire and the prompt tree assessment and maintenance that occurred thereafter.
- Successfully facilitated an emergency management exercise titled "Pomona" involving a theoretical major crash and chemical leak on the South Eastern Freeway.
- State's new Planning & Design Code went live on 19 March. 70 Development Applications in the new online system were received with the first two weeks, almost double what is normally received.
- The development of the draft 2021-22 Annual Business Plan and Budget has been a key initiative for Q3.
- Consultation on the draft Long term financial Plan was completed on 31 March 2021 with a high than anticipated response from the community.

## Risk and Challenges

- The Cherry Gardens Bushfire resulted in some staff being diverted to supporting the affected community in the initial stages of recovery. The State Government did not deem the event to require a formalised State-led recovery response.
- A high amount of volatility and variability in the availability of contractors has been observed, as well as pricing in response to tenders. This is presenting challenges for project delivery.
- Higher than average volumes of Development Applications are being received which are being processed as efficiently as possible.
- High volumes of Section 7 Searches for property sales being received with added complexities as a result of the new Planning System.
- While the Planning and Local Government Reform processes have received considerable attention, there has been many changes to other pieces of legislation requiring additional resources to be dedicated to delegation and authorisation management.



## 2. Performance by Strategic Goal

### A functional Built Environment

#### Highlights

-  **Road Safety Program including co-contribution to Road Blackspot**
  - Key Black Spot projects in Forreston, along Checkers Hill Rd and Martin Hill Rd, were completed significantly improving safety for motorists.
-  **Integration of Development Assessment Systems**
  - As a result of negotiations with State Planning, extra inspection functionality has been built into the on-line system which was implemented on 19 March 2021. This functionality is limited to building inspections, with enforcement and inspections of current Development Act buildings still required to be recorded in the Council system.
  - Commencement of software development has been deferred for 3 months to allow further trialing of the new system. A decision will be made in 3 months time on whether the software integration is still required.
  - The State government funding provided for this initiative is only for the scoping work and not implementation as originally intended.
-  **Water reuse for Woodside recreation ground irrigation**
  - Council was successful in obtaining the *Local Government Infrastructure Program* grant funding to assist with the reuse water infrastructure. The draft report, grant funding information, delivery approach and draft Memorandum of Understanding with SA Water is to be presented to Council for approval in June 2021.
-  **Cemeteries Upgrades**
  - Houghton cemetery has had an area of the lawn burial section extended to provide additional capacity
  - Mt Torrens cemetery has had a shelter installed and landscaping upgrade undertaken
-  **Transition to the Planning, Development & Infrastructure (PDI) Act**
  - The new system, including the Planning & Design Code were implemented by the State Government on 19 March 2021 and are now all operational. In the lead up to the Go Live date all the administrative adjustments were made to templates, conditions, fee distributions etc. to reflect the new legislation and changes.
  - There was a large influx of development applications received in the two weeks before Go Live. In addition to this, Council has already received 81 applications within first 2 weeks, with 16 applications determined within the statutory timeframes. An extra temporary resource has been engaged to assist with workloads.
  - The team and the development industry are all on a steep learning curve to understand the new Planning and Design Code. To date the majority of applications received are to be determined by the Council Assessment Manager or CAP as the relevant authority.
-  **Upgrading of Woodside Library/Service Centre**
  - Original Business Case has been reviewed, with new project scope and deliverables being developed by the Library Team.
  - Tender currently open with responses from 4 suppliers for the design and fit out works.
-  **Local Heritage Fund**
  - The second round of Grants were awarded to 8 recipients in accordance with Council's decision on 23 March 2021. All recipients have been advised and will now undertake the various works to their local heritage places, some of which will require prior approval before this occurs

#### Risks & Challenges

-  **Gumeracha Main Street Project**
  - PLOT Works* have been engaged as contractor for the streetscape upgrade. Construction to commence next August/September and project proposed to be carried forward into 2021-22 FY.
-  **Gumeracha Main Street Stormwater**
  - SA power network works slower than expected. Works rescheduled for early July commencement.



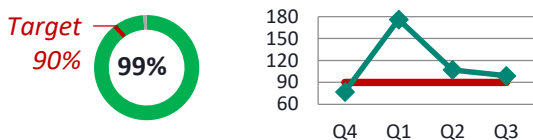
### Risks & Challenges *cont...*

- ✘ **Energy Upgrades, Battery & Efficiency Actions from new Carbon Management Plan**
  - Summit Community Centre is out for tender to undertake these works.
  - Further investigation into lighting changes for the Stirling Library and Office underway. Air-conditioning replacement not viable under current budget and will be rolled into 2021-22.
- ✘ **Stirling library lawns - Rotunda Replacement**
  - Design Services to develop design concept to construction drawing stage (Jan-Mar 2021).
  - Further community consultation is required once a design has been finalised and costed, there will need to be a carry forward of the project and funding to the 2021-22 FY.
- ➔ **Implement irrigation systems (renewal / upgrades)**
  - Irrigation designer engaged however installation delayed due to Birdwood Oval addition of extra playground equipment.

- ✘ **Installation of further EV charging stations**
  - Council has been approached by Evie charging station installers to install ultra-fast charging stations. Legal advice has been received on the lease arrangements and follow up is required with Evie to change the lease conditions.
  - Waiting on outcomes of State Government Return on investment for charging stations. Project delayed due to recent available funding and the potential that this project could be implemented and paid for by others.
- ✘ **LED Public Lighting Installation - investigate transition of main road street lighting**
  - Council continues to stay in the loop with the working group for main street lighting transition. Project delivery delayed until 2021-22, once agreements are reached.

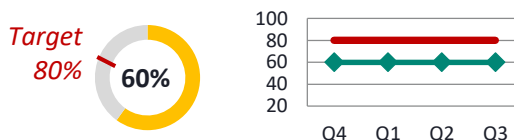
### Performance Indicators

#### Delivery of capital works program



The quarter three result indicates that expenditure is tracking very close to forecast at a program level, noting some variance amongst individual asset classes.

#### Operational tasks completed within the Civil Zone Maintenance Program



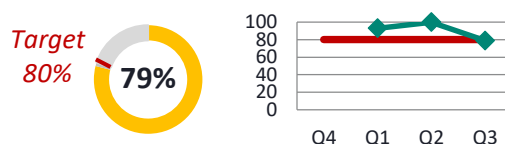
The quarter three result indicates that 60% of operational activities are planned, compared to 40% reactive. This result is considered a best estimate based on available information from Council's customer relations management system. Accuracy of result will improve with the broader rollout of confirm asset management software and in field devices

#### Compliance inspections completed within 5 business days of development completion notification



This quarter has seen a 21% increase in meeting the target. Of the 24 completion notifications received by Council in the quarter, 20 were completed within the 5 day timeframe.

#### Compliance inspections completed within 5 business days of notification of alleged unlawful development



For the 14 compliance inspections related to alleged unlawful development undertaken in this quarter, 11 were completed within the 5 business days of receipt of the notification, but the target was close to being achieved for the remaining cases.

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
B1003	New Bus Shelter Installation Program - Birdwood, Lobethal & Stirling Yr 1	✓
B1004	New and Upgrade Footpath Program	😊
B1005	Newman Road Reconstruction (Kerb/Pavement & Storm water)	😊
B2002	Gumeracha Main street project - stage 2	✗
B2003	Gumeracha undergrounding of power lines (PLEC)	✓
B2004	Gumeracha Main Street Stormwater	✗
B2005	Transition to the Planning, Development & Infrastructure Act (PDI Act)	✓
B2006	Local Heritage Fund	😊
B2007	Integration of Development Assessment Systems	➡
B3001	Water reuse for Woodside recreation ground irrigation - investigation yr 1	✓
B3002	Implement irrigation systems (renewal / Upgrades)- yr 1 Birdwood play space	➡
B3005	Energy Upgrades, Battery & Efficiency Actions from new Carbon Management Plan	✗
B3006	LED Public Lighting Installation - investigate transition of main road street lighting	✗
B3007	Carbon Inventory	✓
B3010	Fleet Transition Plan	✓
B4001	Lower Hermitage Road storm water capacity upgrade	😊
B4003	Grevillea Way Woodside Drainage Infrastructure to reduce flooding	😊
B4004	Woodland Way Teringie Drainage Infrastructure to reduce flooding	😊
B4005	Aldgate Terrace Bridgewater Drainage Infrastructure to reduce flooding	✓
B4006	Asset management - Confirm Web and Connect Licenses and Field Devices	✓
B4007	Asset Management Plans for Buildings	✓
B4008	Combined maintenance team for playgrounds/park furniture/cemeteries	😊
B4009	Building Upgrades - minor	✓
B4010	Cemeteries Upgrades	✓
B4011	CWMS Capacity Upgrades (Birdwood & Woodside gravity mains)	✓
B4012	Stirling library lawns - Rotunda Replacement	✗
B4013	Upgrading of Woodside Library/Service Centre	✓
B4014	Road Safety Program including co-contribution to Road Blackspot	😊
B4015	Installation of further EV charging stations	✗
B4016	Purchase of EV cars for fleet	✓
B4017	WSUD implementation for Woodside Rec Ground	✓
B4018	Infrastructure assets - Climate Change Adaption	✓

## Highlights

### ✓ Council's Incident Management Team

- Council's Incident Management Team successfully organised the response to the Cherry Gardens bush fire and the prompt tree assessment and maintenance that occurred.
- Successfully facilitated an emergency management exercise titled "Pomona". The scenario looked at a theoretical major crash and chemical leak on the South Eastern Freeway, and involved all areas of Council, as well as observers from Rural City of Murray Bridge.

### ✓ Support for Events

- The Event Support Program is live and provides assistance for approximately 5 past and future events. Uptake of the program has been impacted by the continuing Covid-19 restrictions and uncertainty, however work continues with a number of local groups on upcoming opportunities.
- Festival of the Hills was a fun, free, family-friendly series of events that celebrated and connected our communities - Friday 19 Feb to Sunday 21 Feb. The event supported local performers, artists, community groups, and local businesses and included:
  - Friday 19 Feb: Opening night party Stirling Library Lawn
  - Sat 20 Feb: Strum & Stroll Lobethal Main Street and Fabrik
  - Sun 21 Feb: Discover, play, bikeway on Amy Gillett Bikeway

### ✓ Fabrik Arts & Heritage Hub

- \$3m funding from the *Local Economic Recovery Program* was received, which will enable the *Facilities Design Plan* to be implemented in full. A call for tenders for the development of detailed plans has been released, with a view to architects being appointed in May.
- Income in this quarter was received from retail sales and workshop fees during Fabrik's Fringe exhibition and venue hire from the Recovery Centre. Total year to date income exceeds year to date budget by \$31,536.
- An exhibition showing 90 artworks, created during Covid lockdown and submitted by artists from 12 different countries, was shown as part of the Adelaide Fringe Festival.
- A series of workshops were held during the Fringe Festival, while Fabrik's creative recovery workshops continued throughout the quarter.

### ✓ Emergency Management Bushfire Preparedness Consultancy

- Council continues to utilise the Council Ready Program for development of Emergency Management Plan. The Council Ready Program is also being utilised to prepare an Emergency Recovery Plan.

### ✓ Support for Aboriginal Cultural Centre

- First Nations artists have been personally invited to be a part of several community engagement projects at Fabrik, as a means of building relationships with individual traditional custodians.

### ✓ Norton Summit Community Centre Facility Upgrades

- Preliminary design work has commenced on proposed upgrades.

### ✓ Accessibility planning

- The Access and Inclusion Plan has been endorsed by Council following significant consultation. Community members interested in being consulted on future activities have been identified.
- *Scope AU* have been engaged to produce an Easy English version of the plan and is now available on Council's website.

### ✓ Community Wellbeing indicators

- The collaborative wellbeing indicators project was recommenced this quarter with broad consultation undertaken with key stakeholders.
- Next steps are developing and refining the draft Framework with input from LG Professionals Community Managers Network, local government staff across the state, and external stakeholders. By June the CWI Framework will be tested with a range of stakeholders and ready to populate with data and the final product developed.

### ✓ Regional Health Planning Initiatives

- Development of the new Regional Public Health Plan will commence in late Q4 or Q1 in 21/22 as agreed with State Government and S&HLGA who oversee the collaboration.

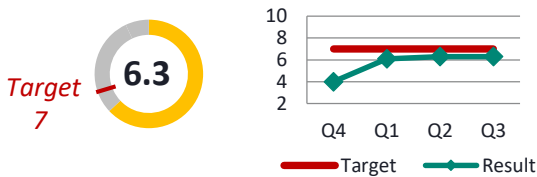
## Risks & Challenges

- ✔ **Implement the Bushfire Recovery Action Plan**
  - Recovery activities continue in line with the endorsed Bushfire Recovery Action Plan. Key focus areas this quarter were continuing to expedite rebuilding development applications and liaison with the State Government around transitioning away from formal recovery
- ✘ **Court Resurfacing – Office for Recreation, Sport & Racing Grant Funding**
  - Heathfield School Courts Upgrade - Design work to be completed and tendered in quarter 4.
  - Site complexity with the access (school construction) and native vegetation has delayed getting a practical and suitable design for the site. Proposed to be carried forward into 21/22. Construction to be completed before December 2021 to meet grant requirements
- ✘ **Gumeracha Court Resurfacing**
  - Design works underway and will tender for construction in quarter 4.
  - Proposed to be carried forward into 2021-22. Construction to be completed before December 2021 to meet grant requirements
- ✔ **Women's Tour Down Under**
  - The Santos Tour Down Under was cancelled due to Covid-19 and an alternative event replaced it in 2021 - The Santos Festival of Cycling. The domestic event included a Women's race on 22 January from Birdwood to Lobethal.
- ✘ **Heathfield Oval - Masterplan Implementation**
  - Design work to be completed and tendered for construction in quarter 4.
  - Significant design consideration for site accessibility for DDA compliance delayed a final design for tendering. Proposed to be carried forward into 21/22. Construction to be completed before December 2021 to meet grant requirements.
- ✘ **Play Space - Asset Audit**
  - Audits currently underway, with 3/4 of the playground reports to be completed prior to end of June. Remaining playground reports to be completed July/August 2021.

## Performance Indicators

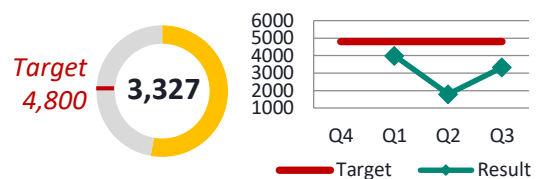
### Positive ageing wellbeing score

Average level of self-determined wellbeing of program participants reviewed in the quarter.



The wellbeing score has improved slightly, but people's sense of wellbeing is continuing to be impacted by the past 18 months of stressful, significant life events: The Cudlee Creek Bushfires & The COVID-19 Pandemic which is still causing concern to many. Social events are continuing to resume (in a COVID safe manner) which is helping people reconnect socially - a comment from one of the clients reflects this "I have gone back to doing more and this makes me feel better, more positive than last time".

### Number of volunteer hours contributed to AHC programs each year



Results appear lower than the quarterly target due from the continuing impact of COVID-19, however this number is starting to move back towards the desired targets as compared to previous quarter.

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
C1001	Disability Planning - Staffing	✓
C1002	Disability Planning materials	✓
C2001	Norton Summit Community Centre Facility Upgrades	✓
C4001	Community Wellbeing Indicators - staffing	✓
C4002	Regional Health Planning Initiatives - Staffing	✓
C4003	Court Resurfacing – Office for Recreation, Sport & Racing Grant Funding	✗
C4004	Gumeracha Court Resurfacing – Federal Government Community Development Grant Funding	✗
C4005	Heathfield Oval Change room Upgrade – Sport Australia Grant Funding	✓
C4006	Play Space Upgrades – Mount Torrens, Charleston, Kersbrook (linked to renewal)	✓
C4007	Heathfield Oval - Masterplan Implementation	✓
C4008	Woodside Recreation Ground - Masterplan Implementation	✓
C4009	Heathfield Oval - Masterplan Implementation – AHC Grant Funding Contribution	✗
C4010	Play Space - Asset Audit	✗
C4011	Adelaide Hills (War Memorial) Swimming Centre – Asset Audit	😊
C4015	Emergency Management Bushfire Preparedness Consultancy	✓
C4016	Implement the Bushfire Recovery Action Plan	✓
C5001	Reconciliation Action Plan (RAP)	✓
C5002	Support for Aboriginal Cultural Centre	✓
C6001	Fabrik Arts & Heritage Hub Activation - Capital	✓
C6003	Capital Divestment - Capital Cost	✓
C6004	Activation Arts & Heritage Hub - Operating (Income)	✓
C6005	Activation Arts & Heritage Hub - Operating (Expenditure)	✓
C6006	Women's Tour Down Under	✓
C6007	Support for Small Events	✓
C6008	Support for high profile regional event	😊
C6009	Public Art Acquisition	✓

## Highlights

### ✔ Recovery support for fires and Covid-19 (including rates)

- The Council allocated \$120,000 in its 2020-21 operating budget for “Financial support to assist the business and community to recover from bushfires and COVID-19 (incl. rates)”.
- Together with fines waived for the 3rd quarter instalment due 1 March 2021, the total amount of rate fines and interest remitted for the 2020-21 financial year to March 2021 totals \$17,628.
- In addition, an amount of \$13,426 relating to outdoor dining permits for businesses within the Council area were also waived in the 2020-21 financial year resulting in an a total balance of \$31,054 allocated to the Financial Support Operating Initiative to the end of March 2021.

### ✔ UNESCO World Heritage Bid

- Progressing the joint bid with the City of Adelaide continues. The two Expert Reviews undertaken were presented to staff from the Federal Department for Environment & Heritage occurred this quarter whose support for the project is critical.

### ✔ Economic Development Planning

- The Economic Development Plan 2020 to 2024 has been endorsed by Council following significant consultation with the business community, industry groups and other levels of Government.
- The Plan outlines actions to address the key objectives for Goal 3 and is available on the Council website

### ✔ Wellness Tourism Project

- Local Economic Recovery grant funding was confirmed and a project to develop an Adelaide Hills Wellness Tourism Strategy started
- Wellness tourism has been strongly identified as an opportunity for the Adelaide Hills.

### ✔ Review and upgrade Council signage and branding

- Fabrik signage is in production
- Designs are being finalised for service centre signage
- Conducted a social media campaign 'Spot the sign' to engage our community in finding signs with AHC logo on them that might need updating.

### ➔ Initiative to shape, activate and coordinate community place making

- Discussions have commenced with the Image Uraidla group to explore a place making initiative for the main street of Uraidla. Further, a BBRF Grant application was submitted for additional works to the main street of Woodside, the results of which will be known next quarter.

### ✔ Agricultural Town of the Year

- Coordinated and hosted the final judging in the Agricultural Town of the Year awards. Woodside was one of five finalists.

### ✔ Tourism Industry Networking Event

- Through Adelaide Hills Tourism, an industry networking function at the Adelaide Hills Convention Centre on Wednesday 10 February was held for 96 attendees

### ✔ Regional Freight Movement

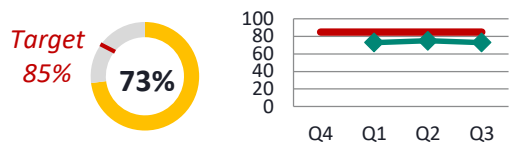
- Regional Freight Issues Forum was held by the South Australian Freight Council to understand the current and future multimodal (road, rail, sea and air) freight needs of the region.

## Risks & Challenges

- COVID-19 and bushfire impacts continue to pose challenges to our business community

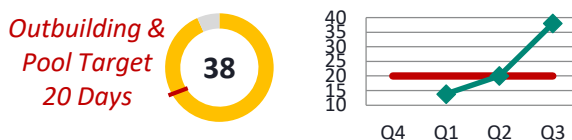
## Performance Indicators

### Percentage of planning consents completed within statutory timeframes



Of the 239 applications determined this quarter, 174 met the statutory timeframes. In this quarter there were 8 Non-complying developments determined which have longer processing times than merit applications. These 8 distorted the performance for the quarter, noting that there were 36 more applications in this quarter that met the statutory timeframe than quarter 2.

### Average number of days for applications to be approved - building consent



Out of 43 Building Rules Consent Only Applications received prior to 19 March 2021 (Date of Implementation of New Plan SA Portal), 38 days was the average processing time and 79% were processed within the 20 day target. The average was distorted by 4 applications where further information was provided in stages over a number of months and the stop the clock was not activated.

### Percentage of new development application decisions upheld in Council/CAPs favour under appeal









There was one matter in the ERD Court (from earlier quarters) where the Court upheld the decision of the CAP. There are no decisions in the ERD Court in relation to Council staff decisions.


## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
E1001	Economic Development Officer	😊
E1002	Financial support to assist the business & community to recover from fires and COVID-19 (including rates)	✅
E2001	Review and upgrade Council signage and branding	✅
E2002	Place making Coordinator to shape, activate and coordinate place making at a community level	✅
E2003	Upgrades of remaining 2 DPTI roundabouts Crafers on Ramp and Piccadilly	😊
E4001	Additional Tree safety work that is required to support the TDU	😊
E4002	UNESCO World Heritage Bid	✅
N1002	Social, Economic and Environmental Recovery	😊

## Highlights

-  **Kerbside Waste Audit and Education Program**
  - Results of all audits undertaken since 2019 have been collated and analysed to identify common themes. Results have been discussed with East Waste and the Adelaide Hills Region Waste Management Authority to inform and reshape current education program.
  - Outcome of audit and review of education program planned to be presented to Council Members at May 2021 Workshop.
-  **Feral cat study and implementation of an action plan**
  - The Feral Cat Study has been tendered and a suitable consultant will be engaged shortly to undertake this work in the coming months.
-  **Heritage Agreements for land under Council's care and control**
  - Heritage Agreements now exist over Lobethal Bushland Park; Camp Gooden; Bradwood Park; Lenswood Recreation Reserve; Woorabinda Reserve; Stirling Park; Madurta Reserve; Hender Reserve; Kersbrook Conservation Reserve; Yanagin Reserve; Red Hill Rd, Bradbury; Aldgate Valley Reserve (aka AVR 2, Reserve 28); Leslie Creek Reserve (aka Leslie Creek Rd, Reserve 24); Kyle Nature Reserve (aka Reserve 3, Kyle Road Nature Reserve); Shanks Reserve; Kiley Reserve; and Doris Coulls Reserve.
-  **Local Climate Adaptations for landscape conservation**
  - Council has invested in a project looking into the significant dieback in the Adelaide Hills which is replicated in the Red Stringybark community in the mid-north. Trees For Life and the University of Adelaide have developed a proposal to look into the impact of climate change on the Stringybark communities of the Mount Lofty Ranges.
-  **Roadside Marker Program to protect and manage roadside vegetation**
  - 165 Native Vegetation Marker System sites were managed as part of 2020-21 AHC/Landscapes H&F Board Roadside Weed Control Work Plan
-  **Develop and review Council Management Plans for high value reserves**
  - Four Management plans have been developed for Aldgate Valley Reserve, Bradwood Park, Heathfield Stone Reserve, Lobethal Bushland Park.

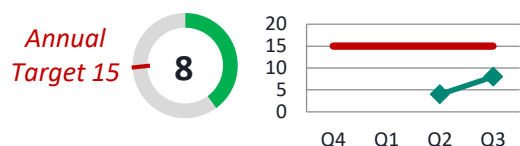
## Risks & Challenges

-  **Wastewater Aerobic Irrigation Inspections**
  - Inspection of aerobic systems continues at reduced rate due to reduced staff capacity with a greater emphasis on processing of the increased volume of wastewater applications as a result of the Cudlee Creek Bushfire.

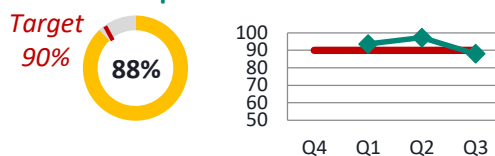


## Performance Indicators

### No of sites completed in the Woody Weed Program

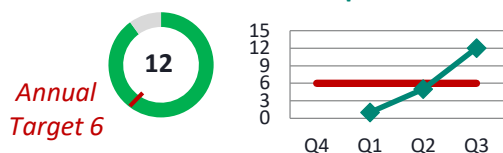


### Percentage of nuisance and litter queries resolved



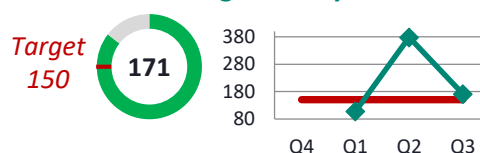
Target of 90% was not achieved (2% shortfall) this quarter due to ongoing open actions in Open Space and Environmental Health. However, all requests were responded to within 24 hours.

### Number of community education actions delivered – actioned vs planned



Waste education stall sessions were undertaken at Festival of the Hills and the Uraidla Sustainability Fair. School waste education sessions were undertaken at Gumeracha Primary School, Birdwood Primary School, Hills Christian and St Catherines Schools. Two bees wax wrap workshops were provided. Waste education was also provided at the Mylor Forum.

### Tonnes of green organics collected on Green organics days



Two free organic drop off days have been held collecting a total of 171 tonnes of organics.

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
N1001	Tree Population Data Collection	😊
N2002	Heritage Agreements for land under Council's care and control	✅
N2003	Roadside Marker Program to protect and manage roadside vegetation	✅
N2006	Develop and review Council Management Plans for high value reserves	✅
N2008	Develop informative and attractive signage in Council reserves/playgrounds	✅
N2009	Feral cat study and implementation of an action plan	✅
N2011	Wastewater Aerobic Irrigation Inspections - Compliance staff	❌
N3001	Local Climate Adaptations for landscape conservation	✅
N5001	Kerbside Waste Audit and Education Program	😊



## Highlights

- ✔ **Building & swimming pool compliance inspections**
  - Improvements have been made to the Council's website notification form and increased building notifications are being received, allowing for a more streamlined inspection process.
  - 83% of building inspections have been completed within the required timeframe.
  - New State-wide building inspection policy is now live with implementation of the new State Planning System.
- ➔ **Service Review Framework Development**
  - Initial planning of framework conducted and discussed with Council at 26 March Workshop.
  - During Annual Business Plan development session with Council, efficiency opportunities identified through the first stage of "high level" service analysis.
  - Due to complexities and competing priorities, the framework may need to be delivered to Council August/September meetings.
- ✔ **Annual Business Planning**
  - The development of the draft 2021-22 Annual Business Plan and Budget has been a key initiative for Q3. The draft ABP is scheduled for consideration by Council for public consultation at the April 2021 Council meeting.
- ✔ **Long term financial plan**
  - Public consultation commenced during quarter with results showing a much higher interest from community than previous years.
- ✔ **Customer Experience Training**
  - Training scheduled for approximately 70 staff in late May and early June in both fundamentals of complaint handling and managing unreasonable complainant conduct
- ✔ **Equipment to broadcast Council Meetings**
  - Workshop held with Council Members to refine desired broadcasting configuration.
  - Quotes on revised scope being obtained from suppliers.
- ✔ **Two Factor Authentication - Software Subscription**
  - Configuration of Multi Factor Authentication has been completed and a number of pilot test users migrated to the solution.
- ✔ **Application Whitelisting - Software Subscription**
  - Implementation and configuration of Airlock Digital is now 100% completed for Servers and testing has commenced with a group of test users.
- ✔ **Cybersecurity**
  - A Cyber Security Plan has been developed and will be submitted to Audit Committee in May for review prior to reporting to Council for adoption.

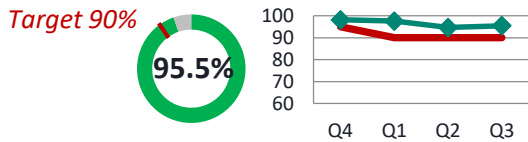
## Risks & Challenges

- ✘ **Update of Business Continuity Plan and Implementation**
  - Local Government Risk Services engaged to undertake Business Continuity Plan development. Fieldwork anticipated to commence in May or June 2021.
- ✔ **Governance**
  - While the Planning and Local Government Reform processes have received considerable attention, there has been many changes to other pieces of legislation requiring additional resources to be dedicated to delegation and authorisations management.
- ➔ **Corporate Plan Review**
  - Further scoping required as there are many complex interdependencies of this project which will delay our delivery until next financial year.
  - The strategic plan goal – A progressive organisation will continue to provide guidance on organisational capacity and capability until the corporate plan is delivered.



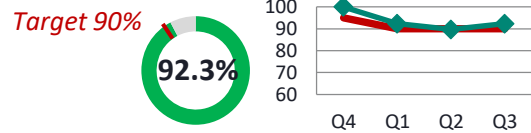
## Performance Indicators

**Decisions (Council resolutions) considered in open ordinary and special Council meetings during the period**



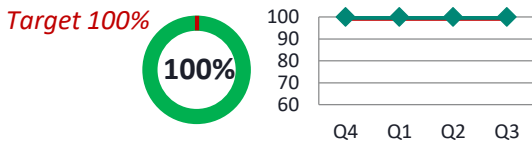
Council considered three items in confidence in Q3

**Council member attendance at ordinary and special meetings for the period**

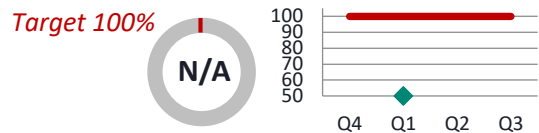


Council granted three leaves of absence and had one apology in Q2

**Freedom of Information (FOI) requests completed within the legislated timeframe**



**Percentage of Ombudsman investigations upholding Council's decisions**



Ombudsman decision is still outstanding for this quarter on an open case.

**Number of lost time injuries**

Annual Target **0** Actual **1** One lost time injury reported for quarter

**Employee Turnover**

Annual Target **7-15%** Actual **8.53%**  
The assessment against the target figure will only be realised at the end of financial year. Across the year a rolling update is provided.

## Progress on Strategic Initiatives from the Annual Business Plan

Project ID	Strategic Initiatives	Status
O1001	Resource to manage Skytrust (WHS system) implementation	✓
O1002	Update of Business Continuity Plan and implementation	✗
O2001	New council website and e-services	✓
O2004	Customer Experience Training	✓
O2005	Service Changes to Accommodate COVID-19 Impacts	😊
O3001	Service Review Framework Development	➡
O4003	Develop or respond to Boundary Reform Proposals	✓
O5002	Equipment to broadcast Council Meetings	✓
O5003	Corporate Plan Review	➡
O5005	Resource to manage building & swimming pool inspections to ensure legislative compliance	✓
O6002	Information System Cyber Security Plan	✓
O6003	Two Factor Authentication - Software Subscription	✓
O6004	Application Whitelisting - Software Subscription	✓

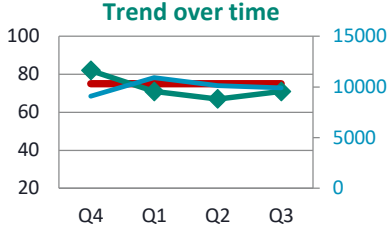
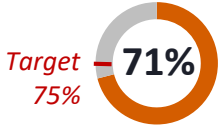
# 3. Customer service standards

## 5.1 General Customer Standards

### Answering Incoming Phone Calls

Volume of calls = 9,918

Contact centre calls answered within 30 sec



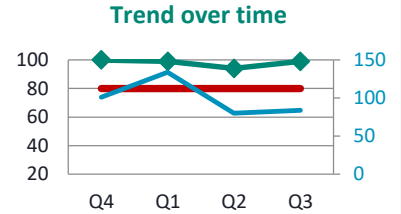
Target Result Volume

As part of our ongoing improvement to the customer experience, we are focusing on resolving queries at the first point of contact. This can result in a longer call with a customer service officer, which can increase call waiting times. Data from 2018 to 2020 shows that we have increased the number of calls that are resolved at the time of the call. While the target was not met, 75.5% of calls were still answered within 45 seconds

### Updating Customer Details

Volume of updates = 84

Details updated within 5 days



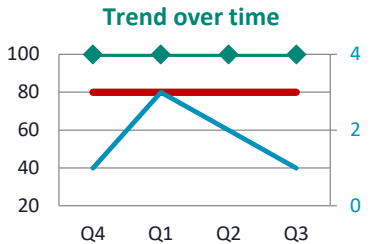
Target Result Volume

## 5.2 Service Specific Standards – Time Based Indicators

### New Event Applications

Volume of applications = 1

Acknowledgement of receipt within 5 days

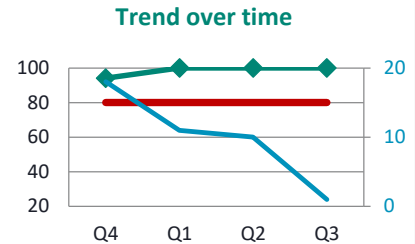


Target Result Volume

### Illegal Burning Complaints

Volume of complaints = 1

Investigated within 24 hours

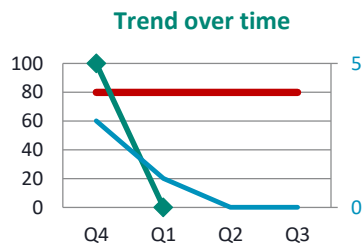


Target Result Volume

### Health Complaints

Volume of complaints = 0

Investigated within 24 hours

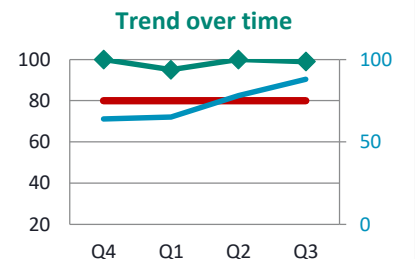


Target Result Volume

### Illegally Dumped Rubbish

Volume of reports = 88

Rubbish removed within 3 days

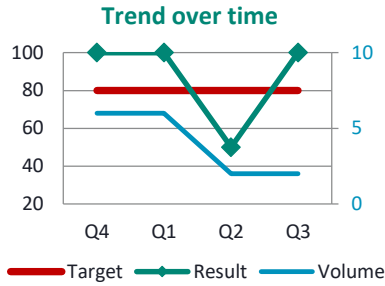


Target Result Volume

## Library Services

Volume of requests = 2

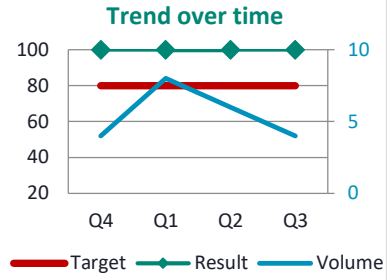
Response to requests to purchase materials within 10 days



## Dog Attacks

Volume of attack reports = 4

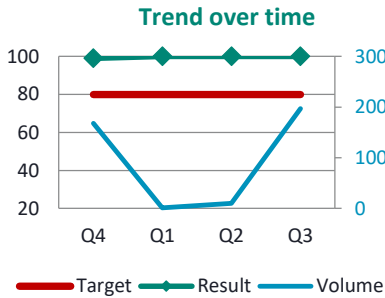
Response within 24 hours



## Wasps

Volume of reports = 197

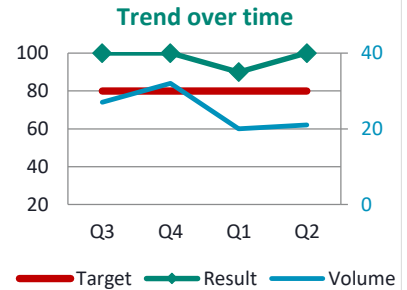
Investigate and action within 7 days



## Development Applications

Volume of applications = 21

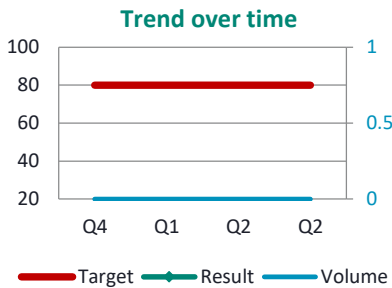
Approval of fast track development applications within 28 days



## Missed Bins

Volume of requests = 0

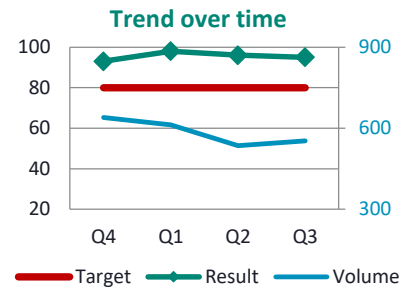
Missed bins collected within 2 days



## Request for Bin Repair or Replacement

Volume of requests = 553

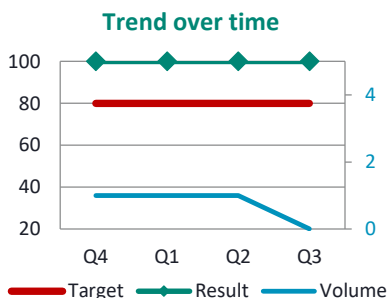
Requests actioned within 7 days



## Footpath Repairs - Hazardous

Volume of repairs = 0

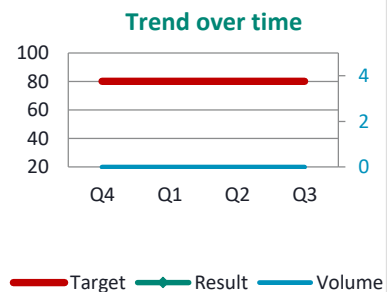
Responded and made safe within 24 hours



## Road Repairs - Hazardous

Volume of repairs = 0

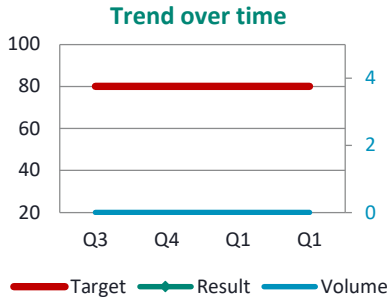
Responded and made safe within 24 hours



### Stormwater Repairs - Hazardous

Volume of reports = 0

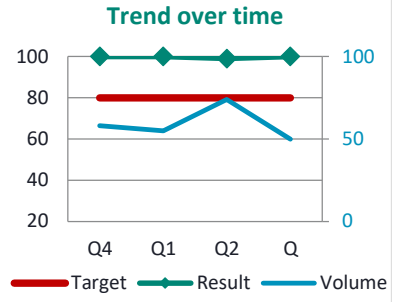
Responded and made safe within 24 hours



### Trees - Hazardous

Volume of reports = 50

Responded and made safe within 24 hours

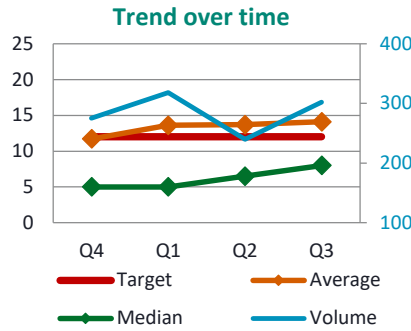


## 5.3 Service Specific Standards – Other Indicators

### Development Applications

Volume of applications = 302

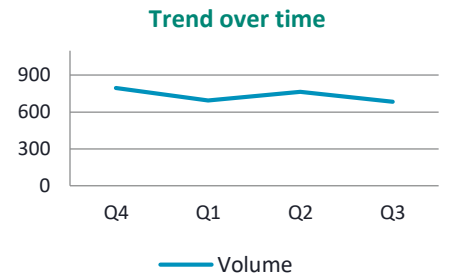
Average consent time from date of receipt



Three long-standing applications were approved, that were lodged in August 2013, November 2015 and May 2018 which has increased the overall average. If these applications were removed, the result would be an average of **11.6 weeks across a total of 299 applications**. The 302 applications received is the second highest volume in the last 11 quarters

### Low Risk Infrastructure Requests – Number of New Requests

Volume of new requests = 683



### Low Risk Infrastructure Requests – Average Time to Resolve

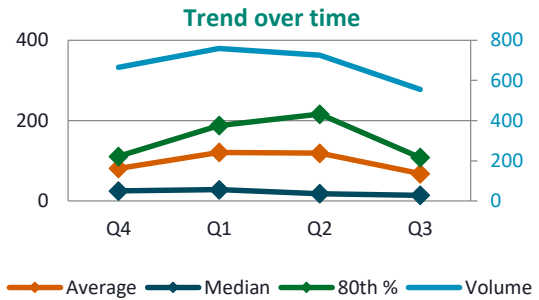
Volume of Requests = 555

Resolution time of requests

Average = 68 days

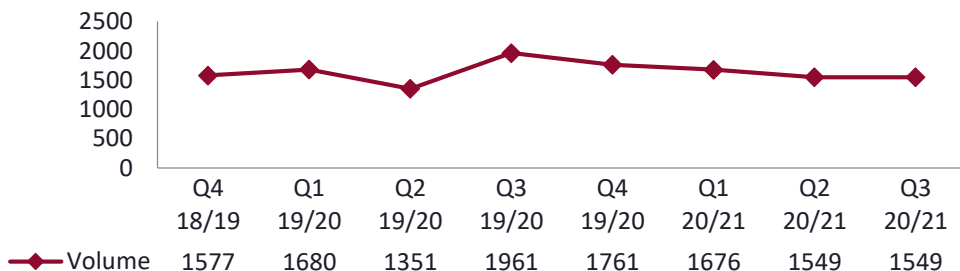
Median = 14 days

80<sup>th</sup> Percentile = 108 days



### Overall Volume of Requests

Trend in volume of requests/customer cases for which there is an adopted service standard, excluding the volume of phone calls



# 3. Capital Works Program

Quarter 3 of 2020-21 FY represents the continuation of the 2020-21 Capital Works Program, with \$2.8M of infrastructure delivered during this period and another \$2.5M of works ordered. The primary focus of this quarter has been on continuing construction on renewal programs and larger projects, as well as completing projects started in Q1 and Q2. Pressures experienced in this quarter arise from higher than expected market responses, arising from an over-stimulated construction market.

## Highlights

- Stormwater upgrades at Woodland Way, Teringie were completed, substantially increasing flood protection for downstream properties.
- The nature play Kersbrook Oval Playspace was opened to the community, and has received very positive feedback.
- Construction of new footpath linking Dunnfield Estate housing development with the Main Street.
- The Mill Rd, Lobethal, Pocket Forest was completed, demonstrating bush fire sensitive gardening.

## What's Next

- Works will commence on the Crafers to Stirling Bikeway.
- The nature play Charleston oval Playspace is due to open.
- Works will commence at the Heathfield Netball Courts.

## Financial Performance by Asset Category

Asset Category	YTD Actuals \$'000	YTD Budget \$'000	YTD Var Fav / (unfav) \$'000	Annual Budget \$'000
<b>Bridges</b>	19	55	36	169
<b>Buildings</b>	497	1,055	559	2,249
<b>Cemeteries</b>	94	143	49	185
<b>CWMS</b>	403	384	-19	490
<b>Footpaths</b>	437	648	212	878
<b>Kerbing</b>	114	200	86	269
<b>Local Roads &amp; Community Infrastructure Program (LRCIP)</b>	122	424	302	781
<b>Other - Ret Walls, Street Furniture &amp; Bus Stops</b>	862	1,363	501	2,327
<b>Roads - Pavements</b>	2,200	2,059	(142)	2,573
<b>Roads - Seals</b>	830	650	(180)	1,193
<b>Roads - Shoulders</b>	256	200	(56)	272
<b>Roads - Unsealed</b>	1,017	880	(138)	1,354
<b>Sport &amp; Recreation</b>	274	1,037	763	3,119
<b>Stormwater</b>	473	759	287	1,166
<b>Fleet</b>	558	580	22	2,188
<b>ICT</b>	119	138	19	743
<b>Library</b>	5	63	58	68
<b>Plant &amp; Equipment</b>	17	39	22	60
	<b>8,296</b>	<b>10,677</b>	<b>2,381</b>	<b>20,084</b>

# 4. Financial Performance

## Overall Funding Statement as at 31 March 2021

	YTD Actual	YTD Budget	YTD Variance	Revised Budget
	\$'000	\$'000	\$'000	\$'000
<b>Total Operating Income</b>	48,155	47,944	● 211	50,871
<b>Total Operating Expenditure</b>	29,234	29,841	● 606	48,974
<b>Funding surplus before Capital</b>	18,921	18,103	● 818	1,897
<b>Capital Expenditure</b>	8,296	10,677	● 2,381	20,084
<b>Capital Income</b>	2,118	1,346	● 773	5,098
<b>Net expenditure - Capital projects</b>	6,178	9,332	● 3,154	14,986
<b>Net Lending / (Borrowing) Result for Year</b>	12,743	8,771	● 3,972	(3,852)

### Adelaide Hills Council Operating Summary By Directorate as at March 2021

	YTD Actuals \$'000s	YTD Budget \$'000s	YTD Var fav / (unfav) \$'000s	Revised Budget \$'000s
<b>Income</b>				
Community Capacity	4,155	4,157	● (3)	4,686
Corporate Services	39,508	39,498	● 9	40,411
Development & Regulatory Services	1,217	1,093	● 124	1,364
Infrastructure & Operations	3,275	3,195	● 80	4,411
<b>Income Total</b>	<b>48,155</b>	<b>47,944</b>	<b>● 211</b>	<b>50,871</b>
<b>Expenditure</b>				
Community Capacity	6,575	6,763	● 188	9,431
Corporate Services	6,518	6,631	● 113	7,835
Development & Regulatory Services	2,797	2,790	● (7)	3,735
Infrastructure & Operations	12,827	13,154	● 328	27,393
<b>Expenditure Total</b>	<b>28,717</b>	<b>29,339</b>	<b>● 620</b>	<b>48,395</b>
<b>Operating Surplus (Deficit)</b>	<b>19,437</b>	<b>18,605</b>	<b>● 832</b>	<b>2,476</b>



# Operating summary by Function (Income)

Adelaide Hills Council Quarterly Financial Performance											
as at March 2021	Income by Function					Expenditure by Function					Net Position
	YTD Actuals	YTD Budget	YTD Var	Annual Revised Budget	YTD Actuals	YTD Budget	YTD Var	Annual Revised Budget	Variance		
	\$'000s	\$'000s	fav / (unfav) \$'000s	\$'000s	\$'000s	\$'000s	fav / (unfav) \$'000s	\$'000s	\$'000s		
Bushfire Recovery	2,614	2,657	● (43)	2,657	1,367	1,390	● 23	1,955	● (20)		
CC Director's Office	-	-	● -	-	238	231	● (6)	301	● (6)		
Communications, Engagement & Events	23	21	● 2	21	482	488	● 5	652	● 7		
Economic Development	160	160	● -	160	415	454	● 38	567	● 39		
FABRIK Arts and Heritage Hub	95	66	● 28	87	288	278	● (10)	380	● 18		
Community Development (Management)	-	-	● -	-	257	264	● 7	361	● 7		
Community Resilience	90	90	● -	90	20	10	● (10)	90	● (10)		
Cultural Development	-	-	● -	-	90	111	● 22	149	● 22		
Grants & Partnerships	-	-	● -	-	188	191	● 3	237	● 3		
Hills Connected Communities Projects	67	59	● 8	75	55	62	● 7	80	● 15		
Positive Ageing (Home and Social Support)	793	782	● 11	1,060	705	796	● 91	1,098	● 103		
Positive Ageing Project (Collaborative)	113	110	● 2	128	81	79	● (2)	128	● 1		
Service Strategy & Innovation	-	-	● -	-	83	116	● 33	171	● 33		
The Summit Community Centre	9	15	● (6)	21	116	136	● 20	181	● 14		
Torrens Valley Community Centre	20	26	● (6)	36	135	132	● (3)	173	● (10)		
Volunteering	-	-	● -	-	61	63	● 3	84	● 3		
Youth Development	7	1	● 6	2	110	110	● (0)	158	● 6		
Library Services	163	169	● (6)	349	1,303	1,277	● (25)	1,614	● (31)		
Customer Service	-	-	● -	-	584	576	● (8)	1,054	● (8)		
<b>Community Capacity</b>	<b>4,155</b>	<b>4,157</b>	<b>● (3)</b>	<b>4,686</b>	<b>6,575</b>	<b>6,763</b>	<b>● 188</b>	<b>9,431</b>	<b>● 185</b>		
AHBTC	227	280	● (53)	366	164	182	● 17	253	● (36)		
Cemeteries	224	197	● 27	245	166	214	● 49	268	● 76		
CS Director's Office	3	2	● 1	3	234	248	● 14	322	● 15		
COVID 19	-	-	● -	-	173	50	● (123)	50	● (123)		
Financial Services	38,765	38,753	● 13	39,481	734	780	● 47	561	● 59		
Governance & CEO Office	78	62	● 16	90	1,511	1,569	● 58	2,038	● 74		
Information Services	-	-	● -	-	1,567	1,537	● (30)	1,954	● (30)		
OD & WHS	-	-	● -	-	432	450	● 18	597	● 18		
Property Management	184	176	● 8	189	1,514	1,582	● 67	1,767	● 75		
Retirement Villages	26	28	● (2)	37	23	19	● (4)	25	● (5)		
<b>Corporate Services</b>	<b>39,508</b>	<b>39,498</b>	<b>● 9</b>	<b>40,411</b>	<b>6,518</b>	<b>6,631</b>	<b>● 113</b>	<b>7,835</b>	<b>● 123</b>		
Animal Management	433	408	● 25	416	333	304	● (29)	414	● (4)		
DRS Director's Office	-	-	● -	-	246	248	● 1	328	● 1		
Fire Prevention	9	3	● 5	14	63	80	● 17	99	● 22		
Mt Lofty Waste Control Project	-	-	● -	50	-	7	● 7	51	● 7		
Parking and By-Laws	21	34	● (13)	46	160	148	● (12)	193	● (25)		
Planning & Development	619	537	● 82	673	1,546	1,524	● (22)	1,976	● 60		
Policy Planning	-	-	● -	-	106	108	● 2	166	● 2		
Public Health	135	110	● 24	166	343	371	● 28	508	● 52		
<b>Development &amp; Regulatory Services</b>	<b>1,217</b>	<b>1,093</b>	<b>● 124</b>	<b>1,364</b>	<b>2,797</b>	<b>2,790</b>	<b>● (7)</b>	<b>3,735</b>	<b>● 117</b>		
Civil Services	1,257	1,255	● 2	2,225	3,769	3,882	● 113	5,327	● 115		
Community Wastewater Management System	1,886	1,847	● 39	1,854	465	502	● 38	1,183	● 76		
Depreciation	-	-	● -	-	-	-	● -	8,824	● -		
Emergency Management	-	-	● -	-	42	72	● 30	92	● 30		
IO Director's Office	-	-	● -	-	261	240	● (20)	326	● (20)		
Open Space - Biodiversity	45	15	● 30	30	397	420	● 23	583	● 53		
Open Space Operations	7	-	● 7	-	3,327	3,418	● 91	4,834	● 98		
Open Space - Sport & Rec Planning	9	9	● -	230	489	508	● 20	606	● 20		
Sustainability	-	-	● -	-	121	166	● 45	250	● 45		
Strategic Assets	-	-	● -	-	379	427	● 48	548	● 48		
Waste	72	69	● 2	72	3,578	3,519	● (59)	4,819	● (56)		
<b>Infrastructure &amp; Operations</b>	<b>3,275</b>	<b>3,195</b>	<b>● 80</b>	<b>4,411</b>	<b>12,827</b>	<b>13,154</b>	<b>● 328</b>	<b>27,393</b>	<b>● 408</b>		
<b>Total</b>	<b>48,155</b>	<b>47,944</b>	<b>● 211</b>	<b>50,871</b>	<b>28,717</b>	<b>29,339</b>	<b>● 620</b>	<b>48,395</b>	<b>● 832</b>		



**Adelaide Hills**  
COUNCIL

#### MORE INFORMATION

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**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.6

**Responsible Officer:** David Collins  
Manager, Strategic Assets  
Infrastructure and Operations

**Subject:** Asset Management Policy

**For:** Decision

---

**SUMMARY**

The purpose of this report is to provide the committee with an update and review of the *Asset Management Policy*.

The current objectives and principles within the policy document are based on templates developed by the Institute of Public Works Engineering Australia (IPWEA) technical committee, National Asset Management Australia (NAMS). The proposed updated *Asset Management Policy* document continues to align its objectives and principles with the NAMS templates and guidelines.

No significant or material updates to the Policy have been made.

**RECOMMENDATION**

**The Audit Committee resolves:**

1. That the report be received and noted
  2. To recommend to Council to adopt the updated Asset Management Policy as contained in Appendix 1.
- 

**1. GOVERNANCE**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

Goal A functional BUILT ENVIRONMENT

Objective B4 Sustainable management of our built assets ensures a safe, functional and well serviced community

Priority B4.1 Ensure the long term management of the built form and public spaces occurs in consideration of the relevant financial, social and environmental management matters.

This Policy provides the overarching direction and commitment by Council towards achievement of this strategic direction.

➤ **Legal Implications**

Council has an obligation under Section 122(1a)(b) of the *Local Government Act 1999* to have an *Asset Management Plan*. The adoption of an *Asset Management Policy* will provide guidance to the development and update of Asset Management Plans.

➤ **Risk Management Implications**

Council has obligations to have policies in place to guide decision-making and meet legislative requirements. The development of a policy for Asset Management provides clear direction as to the appropriate focus and level of Asset Management practice expected.

The adoption of this policy will assist in mitigating the risk of:

*Unsustainable practices that impact on the ability of Council to provide appropriate levels of service expected by our community from its assets.*

Inherent Risk	Residual Risk	Target Risk
High 3B	Medium 3D	Low

This policy is currently in place and the updated policy will continue to mitigate this risk.

➤ **Financial and Resource Implications**

Not applicable

➤ **Customer Service and Community/Cultural Implications**

Not applicable

➤ **Sustainability Implications**

Not applicable

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Not applicable  
*Council Workshops:* Not applicable  
*Advisory Groups:* Not applicable  
*Administration:* Senior Infrastructure Planning Engineer  
Manager, Civil Services  
Manager, Open Space  
Executive Manager Governance & Performance

Manager Financial Services  
Director, Infrastructure and Operations  
*External Agencies:* Not applicable  
*Community:* Not applicable

## 2. BACKGROUND

Local Government is an infrastructure asset intensive level of government and Council has stewardship of significant assets that provide current and ongoing levels of service and benefit to their community. The development of a high-level policy position in relation to the management of infrastructure assets is good practice. The objectives and principles in an Asset Management Policy underpin what we will do about ensuring that the organisation manages the asset portfolio in the best interests of the community in a sustainable manner.

Council adopted the current policy at its ordinary meeting on 26 September 2017.

### 12.6 Asset Management Policy

Moved Cr Malcolm Herrmann  
S/- Cr John Kemp

211/17

#### Council resolves:

1. That the report be received and noted.
2. With an effective date of 10 October 2017, to revoke the 22 September 2009 Asset Management Policy and to adopt the revised draft Asset Management Policy in Appendix 1.
3. With an effective date of 10 October 2017, to revoke the 25 June 2013 Capitalised Assets (Accounting Policy) as attached in Appendix 3.

Carried Unanimously

## 3. ANALYSIS

Council's previously adopted *Asset Management Policy* was based on the guidelines and templates provided from the NAMS reference material. Council is a member of NAMS and this provides Council with access to industry wide knowledge and experience of current practices across Australia and New Zealand.

The revised *Asset Management Policy (Appendix 1)* has undertaken a review of the NAMS reference information and associated templates. The reviewed Asset Management Policy continues to utilise the objective and principles within these template documents as its Policy basis.

Council has updated its *Road, Footpath and Kerb Asset Management Plan* in February 2021 and this reference document has been included in section 4.2 along with reference to Council's updated *Strategic Plan 2020-24* and *Long Term Financial Plan 2021*.

**4. OPTIONS**

The Committee has the following options:

- I. Receive and note the report and recommend the adoption of the revised *Asset Management Policy* to Council (Recommended)
- II. Not endorse the updated policy and as such the existing policy would be retained. This is unlikely to have any significant impact on Council and its current Asset Management Planning. (Not Recommended)

**5. APPENDIX**

- (1) *Revised Asset Management Policy – May 2021*

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# **Appendix 1**

*Revised Asset Management Policy – May 2021*

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# COUNCIL POLICY

 <p><b>Adelaide Hills</b> COUNCIL</p>	<b>ASSET MANAGEMENT</b>
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<b>Policy Number:</b>	
<b>Responsible Department(s):</b>	Infrastructure and Operations
<b>Relevant Delegations:</b>	As per the Delegations Register and as detailed in this Policy
<b>Other Relevant Policies:</b>	None
<b>Relevant Procedure(s):</b>	None
<b>Relevant Legislation:</b>	Local Government Act 1999
<b>Policies and Procedures Superseded by this policy on its Adoption:</b>	Asset Management, 26 September 2017, Item 12.6, 211/17
<b>Adoption Authority:</b>	Council
<b>Date of Adoption:</b>	<i>To be entered administratively</i>
<b>Effective From:</b>	<i>To be entered administratively</i>
<b>Minute Reference for Adoption:</b>	<i>To be entered administratively</i>
<b>Next Review:</b>	No later than May 2025 or as required by legislation or changed circumstances



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**Version Control**

<b>Version No.</b>	<b>Date of Effect</b>	<b>Description of Change(s)</b>	<b>Approval</b>
<i>1.1</i>	<i>25/2/2020</i>	<i>Amendments to clause 3.10 to provide consistency with changes to Council Petitions Policy</i>	<i>Council - Res 47/20</i>

DRAFT

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## ASSET MANAGEMENT POLICY

### 1. INTRODUCTION

The purpose of this policy is to set guidelines for implementing consistent asset management processes throughout the Adelaide Hills Council.

This policy applies to all the Adelaide Hill Council's departments, officers, employees and contractors.

### 2. OBJECTIVES

To ensure adequate provision is made for the long-term replacement of major assets by:

- Ensuring that services and infrastructure are provided in a financially sustainable manner, with the appropriate levels of service to customers and the environment.
- Safeguarding infrastructure assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating an environment where all employees take an integral part in overall management of infrastructure assets by creating and sustaining an asset management awareness throughout the organisation by training and development.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.

### 3. DEFINITIONS

**“Asset Management System”** includes the enterprise wide systems and process that support and deliver the outcomes of the policy setting. This will include but not limited to the identified asset classes, asset register, plans, functions, procedures and processes that support asset management implementation across the organisation.

**“Asset Management Plans”** means the adopted plans of Council that identify the future works to be undertaken to ensure that the asset classes continue to provide the level of service identified.

## 4. POLICY STATEMENT

Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of Council. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.

Council owns and uses approximately \$ 500 million of non-current assets to support its core business of delivery of service to the community.

Asset management practices impact directly on the core business of the Adelaide Hills Council and appropriate asset management is required to achieve our strategic service delivery objectives.

Adopting asset management principles will assist in achieving Strategic Long-Term Plan and Long-Term Financial objectives.

Sustainable Service Delivery ensures that services are delivered in a socially, economically and environmentally responsible manner in such a way that does not compromise the ability of future generations to make their own choices.

Sound Asset Management practices enable sustainable service delivery by integrating customer values, priorities and an informed understanding of the trade-offs between risks, costs and service performance.

### 4.1 Principles

The Adelaide Hills Council's sustainable service delivery needs will be met by ensuring adequate provision is made for the long-term planning, financing, operation, maintenance, renewal, upgrade, and disposal of capital assets by:

1. Ensuring that the Adelaide Hills Council's capital assets are provided in a manner that respects financial, cultural, economic and environmental sustainability;
2. Meeting all relevant legislative and regulatory requirements;
3. Demonstrating transparent and responsible Asset Management processes that align with demonstrable best-practices;
4. Implementing sound Asset Management plans and strategies and providing sufficient financial resources to accomplish them by:
  - a. Asset Management plans will be completed for all major asset / service areas.
  - b. Expenditure projections from Asset Management Plans will be incorporated into the Adelaide Hills Council's Long-Term Financial Plan.
  - c. Regular and systematic reviews will be applied to all asset plans to ensure that assets are managed, valued, and depreciated in accordance with appropriate best practice.
  - d. Regular inspection will be used as part of the asset management process to ensure agreed service levels are maintained and to identify asset renewal priorities.
  - e. Asset renewals required to meet agreed service levels and identified in adopted asset management plans, and when applicable long term financial plans, will form the basis of annual budget estimates with the service and risk consequences of variations in defined asset renewals and budget resources documented.

- f. Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.
- g. Future service levels with associated delivery costs will be determined in consultation with the community.
- h. Ensuring necessary capacity and other operational capabilities are provided and Asset Management responsibilities are effectively allocated;
- i. Creating a corporate culture where all employees play a part in overall care for the Adelaide Hills Council's assets by providing necessary awareness, training and professional development; and
- j. Providing those we serve with services and levels of service for which they are willing and able to pay.

#### 4.2 Related Documents

- A brighter future: Strategic Plan 202 - 24
- Long Term Financial Plan
- Asset Management Plan 2021 Road, footpath and kerb

#### 4.2 Responsibilities

**Councillors** are responsible for adopting the policy, allocating resources, and providing high level oversight of the delivery of the Adelaide Hills Council's asset management strategy and plans. The council is also responsible for ensuring that Adelaide Hills Council's resources are appropriately allocated to ensure sustainable service delivery.

The **Chief Administrative Officer** has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within the Adelaide Hills Council.

## 5. DELEGATION

5.1 The Chief Executive Officer has the delegation to:

- Approve, amend and review any procedures that shall be consistent with this Policy; and
- Make any formatting, nomenclature or other minor changes to the Policy during the period of its currency.

## 6. AVAILABILITY OF THE POLICY

6.1 This Policy will be available for inspection at the Council's Offices during ordinary business hours and via the Council's website [www.ahc.sa.gov.au](http://www.ahc.sa.gov.au). Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

### Acknowledgement

The Institute of Public Works Engineering Australasia and NAMS Canada

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.7

**Responsible Officer:** Lachlan Miller  
Executive Manager Governance & Performance  
Office of the Chief Executive

**Subject:** Southern & Hills Local Government Association – Audit  
Committee Exemption

**For:** Information

---

**SUMMARY**

The Southern & Hills Local Government Association (SHLGA) is a Regional Subsidiary created under s43 of the *Local Government Act 1999* (the Act) to which the Adelaide Hills Council is a constituent council.

The SHLGA Board has been progressively reviewing a number of its governance arrangements and these are to a stage whereby the constituent councils will be consulted in accordance with the provisions of the SHLGA Charter and the Act.

The Audit Committee does not have a specific advisory role to Council under its current Terms of Reference (**Appendix 1**) in relation to the governance and operations of the Regional Subsidiaries. Nevertheless the Administration considers it prudent to provide the Audit Committee a briefing for information.

The matter considered in this information report is that the SHLGA has held an exemption from the requirement to have an audit committee since 2016. At its April 2021 meeting the SHLGA Board resolved to seek a further exemption and Constituent Councils must now resolve whether to support the exemption request to the Minister for Local Government.

A report is being considered at the 25 May 2021 Council meeting regarding the matter.

**RECOMMENDATION**

**The Audit Committee resolves that the report be received and noted**

---

**1. GOVERNANCE**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

*Goal 5 A Progressive Organisation*

*Objective O4 We actively represent our community*

- Priority O4.3            Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region*
- Objective O5            We are accountable, informed, and make decisions in the best interests of the whole community*
- Priority O5.1            Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations*

➤ **Legal Implications**

Section 43 of the *Local Government Act 1999* (the Act) sets out the processes for the establishment of regional subsidiaries. Regional subsidiaries can be established to provide a specific service or services to carry out a specified activity or to perform a function of the councils.

Clause 30(2), Schedule 2, of the Act requires regional subsidiaries to establish and maintain an audit committee unless exempted by regulation. Regulation 18 of the *Local Government (Financial Management) Regulations 2011* provides for the process by which this exemption can be sought.

The following framework is used to inform Ministerial decisions regarding applications from regional subsidiaries seeking an exemption. It is expected that a regional subsidiary should satisfy most of the criteria:

1. the regional subsidiary has in place relevant internal control policies and procedures and these are periodically reviewed and updated;
2. the regional subsidiary's external auditor has provided an audit opinion to the regional subsidiary that its internal controls are sufficient to provide a reasonable assurance that its financial transactions are being conducted properly and lawfully;
3. all reports by the regional subsidiary's auditor are circulated to each constituent council;
4. no evidence has come to light which strongly suggests that the regional subsidiary is not complying with its obligations under the Local Government Act 1999 and associated Regulations in all material respects;
5. the value of assets owned by the regional subsidiary does not appear unduly high for one not subject to audit committee requirements;
6. the level of annual operating expenses of the regional subsidiary does not appear unduly high for one not subject to audit committee requirements; and
7. the predominant source of income of the regional subsidiary does not involve rates or charges levied directly on Council ratepayers.

Council's appointees to the S&HLGA Board are Mayor Wisdom and CEO Andrew Aitken with Executive Manager Governance & Performance, Lachlan Miller, as the Deputy Board Member. As such, for the purposes of s120(3) of the *Local Government Act 1999*, Lachlan Miller, as the author of this report, is required to advise the Committee of the interest.

➤ **Risk Management Implications**

The establishment of appropriately and effectively constituted regional subsidiaries will assist in mitigating the risk of:

*Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Low (3E)	Low (3E)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

There are no direct financial or resource implications associated with the Audit Committee's consideration of this report.

➤ **Customer Service and Community/Cultural Implications**

There are no direct end-user customer service implications regarding this report.

➤ **Sustainability Implications**

Not directly applicable.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not Applicable
<i>Council Workshops:</i>	Not Applicable
<i>Advisory Groups:</i>	Not Applicable
<i>Administration:</i>	Chief Executive Officer Governance & Risk Coordinator
<i>External Agencies:</i>	SHLGA
<i>Community:</i>	Not Applicable

## 2. BACKGROUND

### Establishment and Purpose

SHLGA is a regional subsidiary with the following constituent councils: District Council of Mount Barker, City of Victor Harbor, District Council of Yankalilla, Adelaide Hills Council, Alexandrina Council, Kangaroo Island Council and The Barossa Council.

SHLGA (see Charter at **Appendix 2**) has been established for the following purposes:

- To work collaboratively with the LGA to achieve the aims and objectives of the LGA.
- To encourage, promote, protect and foster an efficient and effective autonomous, democratic system of local government elected by and responsible to local communities
- To identify available resources within the region and to co-ordinate or assist in co-ordinating the management of these resources for the betterment of their region's community

- To encourage, assist, seek out, determine, assess and respond to the needs and aspirations of the region’s constituents
- To develop, encourage, promote, foster and maintain consultation and co-operation between local government authorities, State and Commonwealth Governments and their instrumentalities

#### Audit Committee Exemption

As identified in the Legal Implications section above, there are a number of criteria that are considered by the Minister when determining whether to grant an exemption from the requirement to have an audit committee.

S&HLGA satisfied all the exemption criteria when it last applied in 2016 and was granted the exemption by the Minister

The current status against the criteria is as follows:

<b>Exemption Criteria</b>	<b>Comment</b>
1. The regional subsidiary has in place relevant internal controls and procedures and these are periodically reviews and updated	a) S&HLGA has a board endorsed Banking and Administration Policy in place b) Full suite of financial reports presented to the S&HLGA Board at each bi-monthly Board meeting as well as a formal mid-year Budget review. An External Audit is conducted annually
2. The regional subsidiary’s external auditor has provided an audit opinion to the regional subsidiary that its internal controls are sufficient to provide a reasonable assurance that its financial transactions are being conducted properly and lawfully	a) External Audit and compliance check undertaken annually. b) Auditors opinion from most recent Audit 2019-2020 :  Opinion <i>We have audited the financial report of Southern &amp; Hills Local Government Association (“the Entity”) which comprises the Balance Sheet as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</i> <i>In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Entity as at 30 June 2020, and its financial performance and its cash flow for the year then ended in accordance with Australian Accounting Standards.</i>



Exemption Criteria	Comment
	HLB Mann Judd Audit (SA) Pty Ltd Chartered Accountants Signed Jon Colquhoun Director 31 August 2020
3. all reports by the regional subsidiary's auditor are (or will be in the future) circulated to each constituent council	The S&HLGA External Audit is published in each S&HLGA Annual report, web site and circulated to each constituent member Council
4. no evidence has come to light which strongly suggests that the regional subsidiary is not complying with its obligations under the Local Government Act 1999 and associated Regulations in all material respects	a) No evidence of any non-compliance by S&HLGA under the Local Government Act and associated regulations. b) S&HLGA is not subject to any current investigations or litigation
5. the value of assets owned by the regional subsidiary does not appear unduly high for one not subject to audit committee requirements	a) Has no fixed assets with the only assets being cash deposits b) Employs only one staff member being the Executive Officer. Employment contract has an annual performance review clause.
6. the level of annual operating expenses of the regional subsidiary does not appear unduly high for one not subject to audit committee requirements	a) Normalised Annual operating revenue of less than \$200,000 b) Normalised Annual operating expenses of less than \$200,000
7. the predominant source of income of the regional subsidiary does not involve rates or charges levied directly on Council ratepayers	a) Does not raise funds directly from ratepayers b) Does not provide any direct services to ratepayers

At its 15 April 2021 meeting, the SHLGA Board resolved to seek its Constituent Council's support for the exemption request.

### 3. ANALYSIS

The Council is a member of three other regional subsidiaries (East Waste, AHRWMA and GRFMA) and all of these have an audit committee. The governance and financial arrangements of each of these regional subsidiaries are different from the SHLGA with the commonality being large fixed asset holdings and, for the former two, large operating budgets also.

The Administration considers the exemption request to be practical and reasonable and will be recommending the Council resolve to support the application to the Minister.

### 4. OPTIONS

As this is an information report, the Committee is limited to receiving and noting the report.

The Committee has the following options:

- I. To receive and note the report (Recommended)
- II. To provide any advice to Council in relation to the proposed audit committee exemption.

**5. APPENDICES**

- (1) AHC Audit Committee Charter
- (2) SHLGA Charter – August 2011 (current)

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# **Appendix 1**

*AHC Audit Committee Charter*

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# ADELAIDE HILLS COUNCIL

## Audit Committee



### TERMS OF REFERENCE

#### 1. ESTABLISHMENT

- 1.1 The Audit Committee (the Committee) of Council is established under Section 41 of the *Local Government Act 1999* (the Act), for the purposes of Section 126 of the Act and in compliance with regulation 17 of the *Local Government (Financial Management) Regulations 2011*.
- 1.2 The Audit Committee does not have executive powers or authority to implement actions in areas which management has responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions and is therefore independent from management.

#### 2. ROLE

- 2.1 The overall role of the Audit Committee will be to assist Council to accomplish its objectives by monitoring and providing advice on the adequacy and effectiveness of the systems and processes regarding financial management and reporting, internal control and risk management, internal audit and governance functions through the following functions:

#### 3. SPECIFIC FUNCTIONS

- 3.1 Financial Reporting and Prudential Requirements

The Committee shall:

- 3.1.1 Provide comment on the assumptions underpinning Council's Strategic Management Plans (Strategic Plan, Annual Business Plan and Budget and Long Term Financial Plan), the consistency between plans and the adequacy of Council's plans in the context of maintaining financial sustainability;
- 3.1.2 Review and provide advice to Council on the degree to which the annual financial statements present fairly the state of affairs of the Council;
- 3.1.3 Monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain.;
- 3.1.4 Review and challenge where necessary:
  - 3.1.4.1 The consistency of, and/or any changes to, accounting policies;
  - 3.1.4.2 The methods used to account for significant or unusual transactions where different approaches are possible;
  - 3.1.4.3 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

3.1.4.4 The clarity of disclosure in the Council's financial reports and the context in which statements are made; and

3.1.4.5 All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);

3.1.5 Review prudential reports prepared under Section 48(1) of the Act and provide advice to Council, upon request, on other prudential matters.

### 3.2 Internal Controls and Risk Management Systems

The Committee shall:

3.2.1 Ensure that appropriate policies, practices and procedures of internal control (and other financial and risk management systems) are implemented, reviewed and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives;

3.2.2 Review Council's risk management framework and monitor the performance of Council's risk management program;

3.2.3 Monitor the corporate risk profile and significant risk exposures for the organisation to ensure that there are appropriate management plans to manage and mitigate this business risk; and

3.2.4 Ensure an appropriate legislative compliance framework exists to identify risks and controls over compliance with applicable legislation and regulations.

### 3.3 Public Interest Disclosures

The Committee shall:

3.3.1 Review annually the Council's Public Interest Disclosure arrangements and compliance with the requirements of the *Public Interest Disclosure Act 2018*.

3.3.2 Provide recommendations to Council regarding Public Interest Disclosure Policy and resourcing required to comply with legislative requirements

3.3.2.1 2013.

### 3.4 Internal Audit

The Committee shall:

3.4.1 Monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system;

3.4.2 Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

3.4.3 Review all reports on the Council's operations from the internal auditors;

- 3.4.4 Review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- 3.4.5 Where appropriate, meet the "head" of internal audit (internal or outsourced) at least once a year, without management being present, to discuss any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Principal Member of the Council and to the Presiding Member of the committee.

### 3.5 External audit

The Committee shall:

- 3.5.1 Consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 3.5.2 Oversee Council's relationship with the external auditor including, but not limited to:
  - 3.5.2.1 Recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
  - 3.5.2.2 Recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
  - 3.5.2.3 Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services;
  - 3.5.2.4 Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);
  - 3.5.2.5 Monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
  - 3.5.2.6 Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit committee's own internal quality procedures);
- 3.5.3 Meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, without management being present; to discuss the external auditor's report and any issues arising from the audit;
- 3.5.4 Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement;

3.5.5 Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following;

3.5.5.1 a discussion of any major issues which arose during the external audit;

3.5.5.2 any accounting and audit judgements; and

3.5.5.3 Levels of errors identified during the external audit. The committee shall also review the effectiveness of the external audit.

3.5.6 Review any representation letter(s) requested by the external auditor before they are signed by management;

3.5.7 Review the management letter and management's response to the external auditor's findings and recommendations.

### 3.6 Economy and Efficiency Audits

The Committee shall:

3.6.1 Propose and review the exercise of powers under Section 130A of the Act; to examine and report on any matter relating to financial management, or the efficiency and economy with which the council manages or uses its resources to achieve its objectives,

## 4. OTHER MATTERS

The Committee shall:

4.1 Have access to reasonable resources in order to carry out its duties, recognising the constraints within Council's Budget;

4.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

4.3 Give due consideration to laws and regulations of the Act;

4.4 Make recommendations on co-ordination of the internal and external auditors;

4.5 Oversee any investigation of activities which are within its terms of reference;

4.6 Oversee action to follow up on matters raised by the external and internal auditors;

4.7 Invite Council's external auditors and internal auditors to attend meetings of the Committee, as considered appropriate; and

4.8 At least once in its term, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval.

## **5. MEMBERSHIP**

- 5.1 The Committee will comprise 5 members as follows:
  - 5.1.1 Three (3) Independent Members; and
  - 5.1.2 Two (2) Council Members
- 5.2 All members of the Committee will be appointed by the Council.
- 5.3 Independent Member(s) of the Committee shall have recent and relevant skills and experience in professions such as, but not limited to accounting, financial management, risk management, law, compliance, internal audit and governance.
- 5.4 It is desirable for the Council Members to be appointed to the Committee to have a sound understanding of financial management, risk management and governance.
- 5.5 In considering appointments to the Committee, Council should give consideration to the diversity of the membership.
- 5.6 Appointments to the Committee shall be for a period of up to three (3) years.
- 5.7 Members of the Committee are eligible for reappointment at the expiration of their term of office.
- 5.8 The terms of appointment of the Independent Members should be arranged to ensure the orderly rotation and continuity of membership despite changes to the composition of the Council.

## **6. SITTING FEES**

- 6.1 The applicable Remuneration Tribunal (or its successor) Determination outlines the applicable allowance for Council Members on the Committee.
- 6.2 The Independent Members are to be paid a sitting fee as determined by Council for attendance at meetings and authorised training sessions. Council may determine a higher sitting fee for the presiding member.

## **7. PRESIDING MEMBER**

- 7.1 The Council will appoint the Presiding Member of the Committee.
- 7.2 The Council authorises the Committee to determine if there will be a Deputy Presiding Member of the Committee and, if so, authorises the Committee to make the appointment to that position for a term determined by the Committee.
- 7.3 If the Presiding Member of the Committee is absent from a meeting the Deputy Presiding Member (if such position exists) will preside at that meeting. If there is no position of Deputy Presiding Member, or both the Presiding Member and the Deputy Presiding Member of the Committee are absent from a meeting of the Committee, then a member of the Committee chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.



7.4 The role of the Presiding Member includes:

7.4.1 overseeing and facilitating the conduct of meetings in accordance with Act and the *Local Government (Procedures at Meetings) Regulations 2013* (the Regulations); and

7.4.2 Ensuring all Committee members have an opportunity to participate in discussions in an open and encouraging manner.

## **8. REPORTING RESPONSIBILITIES**

8.1 For the purposes of Section 41(8) of the Act, the Committee's reporting and accountability requirements are:

8.1.1 The minutes of each Committee meeting will be included in the agenda papers of the next ordinary meeting of the Council;

8.1.2 The Presiding Member will attend a meeting of the Council at least once per annum to present a report on the activities of the Committee;

8.1.3 The Committee shall make whatever recommendations to the Council it deems appropriate on any area within its terms of reference where in its view action or improvement is needed; and

8.1.4 The Presiding Member may attend a Council meeting at any time that the Presiding Member sees fit to discuss any issue or concern relating to the Committee's functions. Depending on the nature of the matter, this may be held in confidence in accordance with Section 90 of the Act and staff may be requested to withdraw from the meeting.

## **9. MEETING PROCEDURE**

9.1 Meeting procedure for the Committee is as set out in the Act, Parts 1, 3 and 4 of the Regulations. Insofar as the Act, the Regulations, or these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Committee, the Committee may determine its own procedure.

9.2 In accordance with Section 90(7a), one or more Committee members may participate in the meeting by telephone or other electronic means provided that members of the public can hear the discussion between all Committee members.

9.3 Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision.

9.4 Council Employees may attend any meeting as observers or be responsible for preparing papers for the committee.

## **10. SECRETARIAL RESOURCES**

10.1 The Chief Executive Officer shall provide sufficient administrative resources to the Committee to enable it to adequately carry out its functions.

## **11. FREQUENCY OF MEETINGS**

- 11.1 The Committee shall meet at least four times a year at appropriate times and places as determined by the Committee. A special meeting of the Committee may be called in accordance with the Act.
- 11.2 If after considering advice from the CEO or delegate, the Presiding Member of the Committee is authorised to cancel the respective Committee meeting, if it is clear that there is no business to transact for that designated meeting.

## **12. NOTICE OF MEETINGS**

- 12.1 Notice of the meetings of the Committee will be given in accordance with Sections 87 and 88 of the Act. Accordingly, notice will be given:
- 12.1.1 To members of the Committee by email or as otherwise agreed by Committee members at least 3 clear days before the date of the meeting; and
- 12.1.2 To the public as soon as practicable after the time that notice of the meeting is given to members by causing a copy of the notice and agenda to be displayed at the Council's offices and on the Council's website.

## **12.2 PUBLIC ACCESS TO MEETINGS & DOCUMENTS**

- 12.3 Members of the public are able to attend all meetings of the Committee, unless prohibited by resolution of the Committee under the confidentiality provisions of Section 90 of the Act.
- 12.4 Members of the public have access to all documents relating to the Committee unless prohibited by resolution of the Committee under the confidentiality provisions of Section 91 of the Act.

## **13. MINUTES OF MEETINGS**

- 13.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance are minuted and that the minutes otherwise comply with the requirements of the Regulations.
- 13.2 Minutes of Committee meetings shall be circulated within five days after a meeting to all members of the Committee and will (in accordance with legislative requirements) be available to the public.

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## **Appendix 2**

*SHLGA Charter – August 2011*

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**LOCAL GOVERNMENT ACT 1999****SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION***Notice of Alteration to the Charter*

PURSUANT to Clause 21 of the Charter and Clause 19, Part 2, Schedule 2 of the Local Government Act 1999, the Charter published in the *Gazette* on 10 May 2007 at pages 1909 to 1915 was amended by unanimous resolution of the District Council of Mount Barker on 16 May 2011, City of Victor Harbor on 23 May 2011, District Council of Yankalilla on 19 May 2011, Adelaide Hills Council on 24 May 2011, Alexandrina Council on 1 August 2011, Kangaroo Island Council on 8 June 2011 and The Barossa Council on 17 May 2011.

The Charter, as amended, of the Southern & Hills Local Government Association is set out below:

**1. INTERPRETATION**

'absolute majority' means a majority of the whole number of the members.

'Act' means the Local Government Act 1999.

'Association' means the Southern & Hills Local Government Association.

'Council' means a Council as constituted under the Local Government Act 1999.

'LGA' means the Local Government Association of South Australia.

'S&HLGA' means the Southern & Hills Local Government Association.

**2. ESTABLISHMENT**

The S&HLGA is established by the Constituent Councils as a regional subsidiary pursuant to Section 43 and Schedule 2 ('the Schedule') of the Local Government Act 1999 ('the Act').

This Charter governs the affairs of the S&HLGA.

**3. CONSTITUENT COUNCILS**

The Authority is established by the District Council of Mount Barker, City of Victor Harbor, District Council of Yankalilla, Adelaide Hills Council, Alexandrina Council, Kangaroo Island Council and The Barossa Council ('the Constituent Councils').

The Authority is subject to the joint direction of the Constituent Councils.

**4. PURPOSE OF THE ASSOCIATION**

4.1 To work collaboratively with the LGA to achieve the aims and objectives of the LGA.

4.2 To encourage, promote, protect and foster an efficient and effective autonomous, democratic system of local government elected by and responsible to local communities.

4.3 To identify available resources within the region and to co-ordinate or assist in co-ordinating the management of these resources for the betterment of their region's community.

4.4 To encourage, assist, seek out, determine, assess and respond to the needs and aspirations of the region's constituents.

4.5 To develop, encourage, promote, foster and maintain consultation and co-operation between local government authorities, State and Commonwealth Governments and their instrumentalities.

4.6 To develop, encourage, promote, foster and maintain the financial and economic well-being and advancement of the region and if desirable for such purpose to undertake, establish, acquire, conduct or dispose of any business, enterprise, undertaking or venture which in the opinion of S&HLGA is necessary, desirable or convenient.

4.7 To effectively liaise and work with the State and Commonwealth Governments and their instrumentalities on a regional basis for the general enhancement of the region.

**5. POWERS**

S&HLGA will have the following powers (in addition to and without prejudice to any other powers herein expressed or implied or by virtue of any other legislation applicable):

5.1 To subscribe to, become a member of and/or co-operate with any other association or organisation whose objects are altogether or in part similar or complementary to those of S&HLGA and on such terms as S&HLGA deems appropriate.

5.2 To enter into any arrangements with any Government or authority that are incidental or conducive to the attainment of the objects and the exercise of the powers of S&HLGA.

5.3 To raise revenue through subscriptions or levies from Constituent Councils. To apply for grants from Government Agencies and to seek sponsorship from business enterprise.

5.4 To print or publish any newspapers, periodicals, books, leaflets, treatise, or other writing that S&HLGA may think desirable for the promotion of its objects.

- 5.5 To acquire, deal with and dispose of real and personal property (wherever situated) and rights in relation to real and personal property.
- 5.6 To enter into any kind of contract or arrangement.
- 5.7 To invest funds and in doing so to take into account Part 4 of Chapter 9 of the Act.
- 5.8 To establish committees for the following purposes:
  - 5.8.1 inquiring into and reporting on any matter within the terms of reference determined by the Board;
  - 5.8.2 exercising, performing and discharging delegated powers, functions or duties;
  - 5.8.3 investigating opportunities for resource sharing within the region and implementing strategies to take advantage of any such opportunities;
  - 5.8.4 a member of a committee established in accordance with Clause 10.8 holds office at the pleasure of the Board;
  - 5.8.5 the President of the S&HLGA shall be an *ex officio* member of all committees.
- 5.9 To delegate any function or duty except for any of the powers set out in Section 44 of the Local Government Act 1999, (where such powers are applicable to a Subsidiary).
- 5.10 To do anything else necessary or convenient for, or incidental to, the exercise, performance or discharge of its powers, functions or duties.

## 6. SOURCES OF REVENUE

The sources of revenue of the S&HLGA may include:

- 6.1 Subscriptions to be applied equally from Constituent Councils under such terms and conditions determined by the Board.
- 6.2 Service charges for services to Constituent Councils under such terms and conditions determined by the Board.
- 6.3 Grants from Government Agencies and the LGA.
- 6.4 Sponsorship from business enterprise.
- 6.5 Loan funds or overdraft, on such conditions as the S&HLGA sees fit for the purpose of the S&HLGA:
  - 6.5.1 A proposal for borrowing by the S&HLGA must be provided to each Constituent Council.
  - 6.5.2 The proposal to borrow must be approved by an absolute majority of the Constituent Councils in writing before it can be considered by the Board.
  - 6.5.3 An Order to Borrow must be approved an absolute majority of the Board.
- 6.6 Interest from the investment of funds.

## 7. THE BOARD—ROLE AND MEMBERSHIP

- 7.1 The S&HLGA will be governed by a Board.
- 7.2 The Board is responsible for the administration of the affairs of the S&HLGA. The Board must ensure insofar as it is practicable, that the Authority observes the objectives set out in this Charter, that information provided to the Constituent Councils is accurate and that Constituent Councils are kept informed of the solvency of the S&HLGA as well as any material developments which may affect the operating capacity and financial affairs of the S&HLGA.
- 7.3—
  - 7.3.1 Each of the Constituent Councils will appoint two persons to the Board. The Constituent Councils' appointees shall be not less than one elected member of the Constituent Council and the other appointee may be a Council Officer.
  - 7.3.2 Each Constituent Council may appoint either an Elected Member or a Council Officer as Deputy Board Member who may attend Board Meetings in the place of a Council Board Member who is absent.
  - 7.3.3 The Board may appoint observers to the Board. Such appointees will not be entitled to vote at meetings.
  - 7.3.4 Board members shall not be entitled to receive a sitting fee.
- 7.4 A certificate signed by the Chief Executive Officer of the appointing Constituent Council will be sufficient evidence of appointment.
- 7.5 The President shall preside over all meetings of the Board.
- 7.6 In the absence of the President, the Deputy President will preside over meetings of the Board.

7.7 In the absence of the President and Deputy President, the Board will elect a temporary Acting Chairperson from amongst their members.

#### 8. TERM OF OFFICE—THE BOARD

8.1 Subject only to the following subclauses, the term of office of each member of the Board will be as determined by the Constituent Council responsible for the appointment of the member.

8.2 The Board may by a two-thirds majority vote of the members present (excluding the member subject to this Clause):

8.2.1 make a recommendation to the Constituent Council responsible for the appointment of the relevant member, seeking the appointing body's approval to terminate the appointment of the member.

8.3 The Constituent Council which appointed the member whose term of office has become vacant will be responsible to appoint the replacement member.

#### 9. PROCEEDINGS OF THE BOARD

9.1 Subject only to the extent that they are modified by this Clause, the proceedings of the Board will be the same as those for committees of Council as defined in Part 2 of Chapter 6 of the Act and in accordance with the Regulations for 'Other Committees' comprised in Parts 1, 3 and 4 of the Local Government (Proceedings at Meetings) Regulations 2000.

References in Part 2 of Chapter 6 of the Act to 'the Chief Executive Officer' shall be read as if they were references to the Executive Officer of the Authority and references to 'the Council' or 'the committee' shall be read as if they were references to the Authority.

To the extent that this Charter and the Act and its associated Regulations are silent, the Board may determine its own meeting procedures.

9.2 Subject only to the special provisions of this Clause, no meeting of the Board will commence until a quorum of members is present and no meeting may continue unless there is a quorum of members present. A quorum of members will comprise half the members plus one. A time limit of 30 minutes shall apply from the advertised time of the meeting in which to reach a quorum. Failure to reach a quorum within this time limit shall result in a failed meeting.

9.3 At the commencement of a telecommunications meeting, each Board member must announce his/her presence to all other Board members taking part in the meeting. A Board member must not leave a telecommunication meeting by disconnecting his/her, audio-visual or other communication equipment, unless that Board member has previously notified the Chairperson of the meeting.

9.4 In the event that there is not a quorum present at two consecutive meetings of the Board, then an extraordinary meeting of the Board may be convened in the same manner as for a special meeting (see Clause 6.1), at which the business which was on the agendas for the two previous but failed meetings may be transacted at the extraordinary meeting of the Board where the requirement for a quorum is that there be at least one member representing each of the Constituent Councils in attendance. Decisions made at such a meeting will be binding on the subsidiary and all members of the Board and the Constituent Councils.

9.5 Subject only to any specific requirement of this Charter, all matters for decision at a meeting of the Board will be decided by a simple majority of the members present and entitled to vote on the matter. Both members from each Constituent Council present are entitled to vote on a matter. Voting members are entitled only to a deliberative vote. Board members may not vote by proxy.

9.6 In the event of equality of votes, the Chairperson will not have a casting vote and the matter will be deemed to have lapsed and may at some later time be reconsidered.

9.7 Meetings of the Board will be held at such time and such place as the Board decides subject only to the requirement that there will be at least one meeting in every two calendar months.

9.8 A special meeting of the Board may be held at any time and may be called at the request of the Chairperson or at the written request of eight members of the Board representing all of the Constituent Councils.

9.9 Notice of all meetings will be given in accordance with the provisions applicable to a committee meeting under Part 2 of Chapter 6 of the Act and the associated Regulations.

9.10 Meetings of the Board will be open to the public unless the Board so resolves to exclude the public pursuant to section 90 of the Act.

9.11 All members must keep confidential all documents and any information provided to them in confidence for their consideration prior to a meeting of the Board.

9.12 The Board must ensure that accurate written minutes of its proceedings are kept and are produced for verification at the subsequent meeting of the Board.

**10. OFFICES OF THE BOARD**

- 10.1 The Board shall elect, from the elected member Board members of different Constituent Councils, at the February meeting following the Local Government periodical elections and then every two years thereafter, the following offices for a period of two years:
- 10.1.1 President, who shall be the Chairperson of the Board;
  - 10.1.2 Deputy President, who shall be the Deputy Chairperson of the Board.
- 10.3 A Board member cannot be elected to the same office for more than two consecutive terms.

**11. PROPRIETY OF MEMBERS OF THE BOARD**

- 11.1 The principles regarding conflict of interest prescribed in the Act will apply to all members of the Board as if they were elected members of a Council.
- 11.2 The members of the Board will not be required to comply with Division 2, Chapter 5 (Register of Interests) of the Act.
- 11.3 The members of the Board will at all times act in accordance with their duties of confidence and confidentiality and individual fiduciary duties including honesty and the exercise of reasonable care and diligence with respect to the Board as required by Part 4, Division 1, Chapter 5 of the Act and Clause 23 of Part 2 of Schedule 2.

**12. ADMINISTRATIVE MATTERS**

- 12.1 There will be an Executive Officer of the S&HLGA appointed by the Board on terms and conditions to be determined by the Board.
- 12.2 The Executive Officer will be responsible to the Board:
- 12.2.1 to ensure that the policies and lawful decisions of the S&HLGA are implemented in a timely manner;
  - 12.2.2 for the efficient and effective management of the operations and affairs of the S&HLGA;
  - 12.2.3 to provide advice and reports to the Board on the exercise and performance of the S&HLGA powers and functions; and
  - 12.2.4 to give effect to the principles of human resource management generally applicable within the local government industry.
- 12.3 The Executive Officer has such powers, functions and duties prescribed by this Clause and as determined necessary by the Board from time to time to ensure the efficient and effective management of the operations and affairs of the S&HLGA.
- 12.4 The Board may employ other officers and it may authorise the Executive Officer to employ such other officers on its behalf as are required for the efficient and effective management of the operations and affairs of the Authority.
- 12.5 The Board may engage professional consultants and it may authorise the Executive Officer to engage professional consultants to provide services to the S&HLGA to ensure the proper execution of its decisions, the efficient and effective management of the operations and affairs of the S&HLGA and for giving effect to the general management objectives and principles of personal management prescribed by this Charter.

**13. BUSINESS PLAN**

- 13.1 The S&HLGA shall have a rolling Business Plan in respect of the ensuing four years.
- 13.2 The Business Plan must:
- 13.2.1 state the services to be provided by the S&HLGA;
  - 13.2.2 identify how the S&HLGA intends to manage service delivery;
  - 13.2.3 identify the performance targets which the S&HLGA is to pursue;
  - 13.2.4 provide a statement of financial and other resources and internal processes that will be required to achieve the performance targets and objectives of the S&HLGA; and
  - 13.2.5 specify the performance measures that are to be used to monitor and assess performance against targets.
- 13.3 Prior to setting the draft budget each year the S&HLGA must review the Business Plan in conjunction with the Constituent Councils.

**14. BUDGET**

- 14.1 The S&HLGA must prepare a budget for the forthcoming financial year.
- 14.2 The budget must:
- 14.2.1 deal with each principal activity of the S&HLGA on a separate basis;

- 14.2.2 be consistent with and account for activities and circumstances referred to in the S&HLGA's business plan;
  - 14.2.3 identify the amount of surplus (deficit) brought forward from the previous year;
  - 14.2.4 identify the amount of subscription to be made by each Constituent Council;
  - 14.2.5 be submitted in draft form to each Constituent Council before 30 April for information of its proposed contribution for the ensuing year; and
  - 14.2.6 not be adopted by the Authority until after 31 May but before 30 September.
- 14.3 The adoption of the budget requires a two-thirds majority of the Board members present.
- 14.4 The S&HLGA must provide a copy of its budget to each Constituent Council within five business days after adoption.
- 14.5 The S&HLGA must reconsider its budget in accordance with Regulation 7 of the Local Government (Financial Management) Regulations 1999.
- 14.6 The S&HLGA must submit to each Constituent Council for approval, any proposed amendment to the budget that provides for an additional financial contribution by the Constituent Councils.

## 15. ACCOUNTING

The S&HLGA must ensure that its accounting records, accounts and financial statements are prepared and maintained in accordance with all relevant Australian Accounting Standards. See Regulations 8 and 9, Local Government (Financial Management) Regulations 1999, in relation to particular accounting practices.

## 16. FINANCIAL MANAGEMENT

- 16.1 The S&HLGA shall maintain an operations bank account and such other accounts as it may determine from time to time. The operators of all bank accounts shall be the President and Executive Officer and not less than two members appointed at the AGM where any two of the bank operators are required to operate the accounts.
- 16.2 The Executive Officer shall cause adequate and proper books of account to be kept in relation to all affairs of the S&HLGA.
- 16.3 The Executive Officer shall prepare a draft Operations Manual for the Executive Committee and following any amendment, shall adopt the Operations Manual and make recommendations on the implementation of the manual.
- 16.4 The S&HLGA shall give due regard to Chapter 9, Part 4 of the Act when investing funds.
- 16.5 The financial year for the S&HLGA is from 1 July to 30 June.

## 17. AUDIT

- 17.1 The S&HLGA must appoint an Auditor.
- 17.2 The S&HLGA must provide its audited financial statements to the Chief Executive Officer of each Constituent Council by 30 September. See Part 5, Local Government (Financial Management) Regulations 1999, in relation to the S&HLGA's audit responsibilities.

## 18. REPORTS AND INFORMATION

- 18.1 The S&HLGA must submit its annual report on its work and operations including its audited financial statements, to each Constituent Council before 30 September.
- 18.2 Within two weeks following each ordinary meeting of the Board the Constituent Councils shall be provided with a Key Outcomes Summary of the meeting that shall include the Achievements Against the Business Plan Report for those meetings that it is received by the Board.
- 18.3 The Board shall report at any other time at the written request of a Constituent Council on matters being undertaken by the S&HLGA. Any such report shall be provided to all Constituent Councils.

## 19. THE SEAL

- 19.1 The S&HLGA will have a common seal which may be affixed to documents requiring execution under common seal and must be witnessed by the Chairperson of the Board and one other Board member present at the meeting.
- 19.2 The common seal must not be affixed to a document except to give effect to a resolution of the Board. The Executive Officer will maintain a register which records the resolutions of the Board giving authority to affix the common seal and details of the documents to which the common seal has been affixed with particulars of the persons who witnessed the fixing of the seal and the date.
- 19.3 The Board may by instrument under seal authorise a person to execute documents on behalf of the S&HLGA. The Executive Officer will maintain a register of such resolutions and details of any documents executed in this way, together with particulars of the person executing the document.



**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.8

**Responsible Officer:** Lachlan Miller  
Executive Manager Governance & Performance  
Office of the Chief Executive

**Subject:** Internal Audit Quarterly Update

**For:** Decision

---

**SUMMARY**

This report provides the Audit Committee with an update on progress of internal audits nominated in the 2018/19-22/23 Strategic Internal Audit Plan (the SIAP) and seeks a recommendation to Council to revise the SIAP on the basis of scheduling and status updates.

Further this report provides the Audit Committee with the final report from the recently-completed Payroll Function Internal Audit. The actions from the audit will be incorporated into the Committee's Audit Action Implementation Status process and reported at the next biannual report in August.

**RECOMMENDATION**

**The Audit Committee resolves:**

1. That the report be received and noted
  2. To receive and note the Payroll Function Internal Audit Report as contained in Appendix 1
  3. To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.8a as contained in Appendix 2.
- 

**1. GOVERNANCE**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

➤ **Legal Implications**

Section 125 of the *Local Government Act 1999* (the Act) requires councils to ensure that appropriate policies, practices and procedures of internal controls are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records.

The Internal Audit program is an important tool to provide an objective appraisal of the adequacy on internal controls in managing our risk and supporting the achievement of council objectives.

➤ **Risk Management Implications**

The implementation of the internal audit program will assist in mitigating the risk of:

*Internal control failures occur which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.*

Inherent Risk	Residual Risk	Target Risk
High (4C)	Low (2E)	Low (2E)

The controls tested are part of the internal control framework contributing to the current Residual Risk rating. The recommendations arising from audits and the management actions to be undertaken are mitigations which will contribute to reducing the risk rating to the Target Risk level.

➤ **Financial and Resource Implications**

The Internal Audit budget for the 2020-21 financial year will increased in BR2 and is sufficient for the audits that are likely to be conducted in the balance of the financial year.

The proposed audits are planned to be outsourced under the oversight of the Executive Manager Governance and Performance. Given the range of demands on this role, and the specialised nature of a number of the audits, it is not possible to undertake audits internally and while not necessary, it does promote the objectivity of the audit process.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective internal control environment.

➤ **Sustainability Implications**

Not applicable

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Nil

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*Administration:* Executive Manager Organisational Development  
Manager Financial Governance & Risk Coordinator

*External Agencies:* Internal audit firms invited to submit quotations for current projects.  
Procurement Services SA  
Bentley

*Community:* Not Applicable

**2. BACKGROUND**

Payroll Function Internal Audit

The Payroll Function Internal Audit was scheduled on the Strategic Internal Audit Plan (SIAP) v1.7 to be undertaken in Q3 2021-22.

The overall objective of the audit was to provide the Council with assurance that the processes and systems to manage the payroll function are effectively and efficiently managed through the application of robust internal controls.

The scope of the audit focused on the systems, processes and documentation used to undertake the payroll function in the current financial year i.e. 2019/20. Where necessary, consideration was given to practices undertaken in previous years.

The scope included payroll function from the initial commencement of the Council employees (including full-time, part-time, temporary and casual workers) through to their termination / retirement from the Council. It included payment of wages, leave, changes to positions, payroll information security and integrity, administration and payroll reporting.

Bentleys also undertook a high- level follow-up of the implementation status of the actions arising from the 2014 payroll audit.

The audit objective, scope and findings and contained in the *Payroll Function Internal Audit Report (Appendix 1)*. The auditors have concluded the following:

- Payroll expense is accurately calculated
- Payroll disbursements are made to valid employees
- Time and/or attendance data is valid and accurately recorded
- Payroll master file remains pertinent and authorised changes are made to the payroll master file
- Voluntary and statutory payroll deductions are accurately processed
- Employees termination payments are in accordance with statutory and enterprise agreements.
- Pay rates are correct in the system Open Office according to the Enterprise Development Agreements for both office and field staff
- Segregation of duties of payroll reports preparation, review/approval and bank payment authorisation is in place
- Payrun Summary Checklist is a thorough document to ensure accuracy of the pay
- Employee TFNs are correctly recorded in Open Office
- New and terminated employee processes were effectively in place
- Data access is limited to authorised officers based on their payroll duties.

The auditors assessed the overall control environment as Marginal in terms of the AHC *Corporate Risk Management Guide* largely because of the number of manual (rather than system) controls.

Further, the auditors have identified three findings (all low risk) and one improvement opportunity. Management responses and actions have been development in response to these findings. An important point to note is that while the audit was focused on the current payroll system, Council is in the process of acquiring a new payroll system to enable compliance with incoming ATO requirements. As such, the findings and actions will be incorporated into the implementation of the new system.

#### Strategic Internal Audit Plan (SIAP)

At its 15 February 2021 meeting, the Audit Committee considered an amended SIAP and resolved as follows:

#### **7.6. Internal Audit Quarterly Report**

**Moved Cr Leith Mudge**  
**S/- David Moffatt**

**8/AC21**

**The Audit Committee resolves:**

- 1. That the report be received and noted**
- 2. To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.7a as contained in Appendix 1.**

<b>Carried Unanimously</b>
----------------------------

Council considered the Audit Committee’s resolution at its 23 February 2021 meeting and resolved as follows:

**12.10 Strategic Internal Audit Plan Revision**

**Moved Cr Malcolm Herrmann  
S/- Cr Leith Mudge**

**38/21**

**Council resolves:**

- 1. That the report be received and noted.**
- 2. To adopt the revised Strategic Internal Audit Plan (v1.7a) as contained in Appendix 1.**

<b>Carried Unanimously</b>
----------------------------

**3. ANALYSIS**

Payroll Function Internal Audit

The actions from the Payroll Function Internal Audit will be incorporated into the Committee’s Audit Action Implementation Status process and reported at the next biannual report in August.

Strategic Internal Audit Plan (SIAP)

In liaising with functional areas regarding upcoming internal audits, requests have been made for the deferral of the following audits planned for commencement in 2020-21:

- Recruitment & Retention – As identified above, the Organisational Development function is undertaking a major project to replace its payroll system. As such there are concerns that managing the current workload and the system implementation will not allow any resources to be dedicated to the proposed audit and management actions. It is proposed to defer the audit until after the system implementation is completed (i.e. Q3 2021-22)
- Budget Management – With the impending EOFY, Financial Statement Audit and the Treasury Management Internal Audit (in Q4) and the Debt Management Internal Audit (in Q1 2021-22) along with staff vacancies, there are concerns that there will be insufficient resources dedicated to the proposed audit and management actions. It is proposed to defer the audit until Q2 2021-22)

A revised SIAP v1.8a (**Appendix 2**) incorporating the above requests has been attached for the Audit Committee’s consideration to reflect the current status of the Plan. If the Audit Committee supports the proposed changes (or alternative versions) a recommendation will need to be made to Council to adopt the revised SIAP.

**4. OPTIONS**

The Committee has the following options:

- I. To receive and note this report (Recommended).
- II. To receive and note the *Payroll Function Internal Audit Report* at Appendix 1 (Recommended)
- III. To recommend to Council to adopt the revised SIAP v1.8a as contained in Appendix 2 (Recommended); or
- II. To identify an alternative course of action.

**5. APPENDIX**

- (1) *Payroll Function Internal Audit Report - May 2021*
- (2) *Strategic Internal Audit Plan 2018/19 – 22/23 v1.8a*

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# **Appendix 1**

*Payroll Function Internal Audit Report - May 2021*

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Where you want to be.



May 2021

## Adelaide Hills Council

### Payroll Function Internal Audit Report

David Papa, Partner, Business Advancement & Assurance  
Level 5, 63 Pirie Street, Adelaide SA 5000  
Telephone +61 8 8372 7900

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➤ Advisors

➤ Accountants

➤ Auditors



19 May 2021

Lachlan Miller  
Executive Manager Governance & Performance  
Adelaide Hills Council  
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Dear Lachlan

**Internal Audit Report – Payroll Function**

Please find attached our report on the Payroll Function for Adelaide Hills Council.

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

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

Yours sincerely



David Papa  
Partner

Enclosure

Version history	Date
Draft report issued	11/3/2021
Final report issued	19/5/2021
Final report Executive Management approval	
Final report Audit Committee presentation	

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**Inherent Limitations**

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

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

**Third Party Reliance**

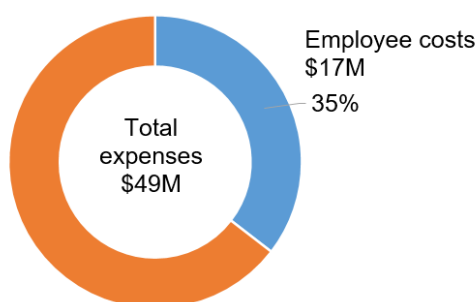
This report is solely for the purpose set out in the Official Order and for Adelaide Hills Council information, and is not to be used for any other purpose or distributed to any other party without Bentleys (SA) Pty Ltd's prior consent.

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

## Executive summary

Payroll management is concerned with all aspects of the arrangements that are in place to ensure that employees of an organisation receive remuneration which is in accordance with their terms of employment, is lawful and is appropriately recognised in the financial statements of the organisation.

According to the Adelaide Hills Council (Council) Annual Report 2019-20, they have \$17 million employee costs (35% of total expenses). They have a 222 headcount of total employees according to the fortnightly Payrun Summary Checklist dated 4 December 2020.



Source: Council Annual Report 2019-20

The key risk areas identified in the *Better Practice Model – Internal Financial Controls for South Australian Councils* (April 2017) have been considered as part of this internal audit covering the period from January to December 2020.

The outcomes are listed below:

- Payroll expense is accurately calculated
- Payroll disbursements are made to valid employees
- Time and/or attendance data is valid and accurately recorded
- Payroll master file remains pertinent and authorised changes are made to the payroll master file
- Voluntary and statutory payroll deductions are accurately processed
- Employees termination payments are in accordance with statutory and enterprise agreements.

In addition to the above, we also confirmed that:

- Pay rates are correct in the system Open Office according to the Enterprise Development Agreements for both office and field staff
- Segregation of duties of payrun reports preparation, review/approval and bank payment authorisation is in place
- Payrun Summary Checklist is a thorough document to ensure accuracy of the pay
- Employee TFNs are correctly recorded in Open Office
- New and terminated employee processes were effectively in place
- Data access is limited to authorised officers based on their payroll duties.

Although the system Open Office is used as a payroll master file and for the fortnightly payrun reconciliation process, the timesheet approval and entry is still a manual process. The process automation was already recommended in the previous payroll internal audit in 2014 (for a high-level follow-up of outstanding actions, refer to Appendix 5). Automated process can help Council save and reinvest resources and time towards high impact projects.

It was advised that the Council will be implementing an updated payroll solution to meet legislative requirements from the Australian Taxation Office.

To support a smooth transfer from manual to automated processes, Council is worth putting effort to document the processes first.

Based on the internal audit work completed, documents inspected and interviews with key stakeholders, it is our view the control environment for Payroll Function is **Marginal** as assessed utilising the *Council's Corporate Risk Management Guide*.

Table of findings/improvement opportunities and key recommendations:

No.	Findings	Key Recommendations	Rating
1	Efficiency of manual payroll process	Management assesses the benefit of payroll process automation and quantify the cost associated; and then makes a decision.	Low
2	Policies and procedures	Management reviews and updates the Leave Policy to ensure currency and consistent requirements; and documents completion or approval of timesheets requirements into policies and procedures where appropriate to ensure transparency and consistency of the process.	Low
3	Records management	Management documents the record management requirements into policies and procedures and enforce the implementation.	Low
No.	Improvement Opportunities	Key Recommendations	
1	Leave management	Management assesses the adequacy and currency of the leave management process against the Council's operational needs.	n/a

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## Background

The Adelaide Hills Council (Council) has engaged Bentleys (SA) Pty Ltd (Bentleys) to conduct an internal audit project Payroll Function in February 2021 in line with the Council's Strategic Internal Audit Plan.

## Audit objectives

The objective of this project was to provide the Council with assurance that the processes and systems to manage the payroll function are effectively and efficiently managed through the application of robust internal controls.

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

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

**Audit Type(s)** (refer to Appendix 6 for details)



## Audit scope

The scope of this internal audit focused on the systems, processes and documentation used to undertake the payroll function in the current financial year i.e. 2019/20. Where necessary, consideration was given to practices undertaken in previous years.

The scope included payroll function from the initial commencement of the Council employees (including full-time, part-time, temporary and casual workers) through to their termination / retirement from the Council. It included payment of wages, leave, changes to positions, payroll information security and integrity, administration and payroll reporting.

We also understood actions arising from previous review of the Council payroll processes in 2014 and undertook a high-level follow-up with the current status of implementation (where that action is still relevant to the internal control framework).

## Audit approach

The following was included during the audit:

### Policy and award assessment

Obtained and reviewed Council's *Enterprise Development Agreements (EDAs)*, *Awards*, and *Leave Policy* to understand the requirements of payroll function and the design of internal controls to address those requirements.

### Data analytics

Performed data analytics to identify any anomalies and determine whether controls are in place to prevent fraudulent payments, such as:

- Significant wages and salaries fluctuations
- Employee pay rate not matching their award rate or equivalent
- Duplicate or ghost employees
- Timesheet fraud etc.

### Stakeholder meetings

Met with management and staff responsible for supporting related processes to understand roles and responsibilities and identify any process gaps against policy, EDA and Award requirements.

### Process mapping

Understood and mapped the current regular fortnightly payroll processes for the inside and outside workforce.

### Sample testing on controls

Agreed selected internal controls to be tested on a sample basis and perform agreed sample testing to determine whether controls are effective.

Our sampling basis comprised random selection across the testing period to assess the following areas:

- Payroll master file data entry / changes and authorisation
- Timesheet reconciliations against rostering and leave/overtime applications
- Termination process including employee termination payments accuracy
- Regular fortnightly payment review and authorisation
- Appropriate reporting, including exception reporting and escalation.

We conducted this audit in accordance with *the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors*. Our approach involved reviewing the process, procedures, policies and documentation which drive the Payroll Function. We also conducted interviewing key staff; observation, walkthrough and substantive testing where possible. For the documents accessed and consultation, refer to Appendix 3 for detailed information.

## Risk assessment and cause analysis

Key risks identified during the audit include:

Risks	Finding No.
Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.	1, 2, 3
Lack of clarity, transparency or accountability.	1, 2
Increased errors, inconsistencies or redundancies.	1, 2
Difficult to scale in response to an increase in demand.	1
Potential dispute if similar requests approved or denied.	3

Provided below is our view as to the main causes giving rise to the reported items:

- No full understanding of the benefits and potential saving of an automated payroll process compared to a manual process
- Low turnover/change of the responsible officers; and
- Low priority to document the policies as the responsible officers (mainly the Payroll Officer and the backup Finance Officer) have input their time to ensure the current manual process is effective.

## Acknowledgement

We appreciate the assistance and cooperation received from management and staff of the Adelaide Hills Council in completing this audit.

## Appendix 1 – Detailed findings and agreed action plan

Finding 1. Efficiency of manual payroll process	Risk Category	A,D
	Impact:	Minor
	Likelihood:	Unlikely
	Risk Rating:	Low
Finding(s)		
<p>The current payroll process is still very manual, which is prone to delay and can be an ineffective use of resources. Office and field staff submit their approved time sheets to the Payroll Officer via Sharepoint fortnightly and via email weekly respectively (for a process map, refer to Appendix 4). From here it takes about three days of the Payroll Officer's time in the fortnightly payrun process to:</p> <ul style="list-style-type: none"> <li>• Manually input weekly timesheets in the payroll system Open Office for the field staff (about 50 headcounts); and</li> <li>• Manually adjust the fortnightly timesheets for the office staff (about 170 headcounts) if there are matters more than the basic working hours, e.g. leave, overtime, allowance and accrual flexi etc.</li> </ul> <p>Further, the manual leave forms (both electronic and hard copies) are not double checked against timesheets in the current payrun process. The electronic copies from the office staff are retained in the E-personnel Management file in Records Hub and the hard copies from field staff are retained on file.</p> <p>The process automation was recommended in the previous payroll internal audit in 2014 (for a high-level follow-up of outstanding actions, refer to Appendix 5). However, the recommendation was not accepted due to an estimated high cost.</p>		
Pending opportunity		
<p>The automation of the payroll process creates compounding effects because a cost has become an efficiency which frees up people, resources, and time.</p> <p>It was advised that the Council will be implementing an updated payroll solution to meet legislative requirements from the Australian Taxation Office (ATO).</p>		
Risk		
<ul style="list-style-type: none"> <li>• Lack of clarity, transparency or accountability</li> <li>• Increased errors, inconsistencies or redundancies</li> <li>• Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all</li> <li>• Difficult to scale in response to an increase in demand.</li> </ul>		
Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> <li>• Assess the benefit of payroll process automation and quantify the cost associated</li> <li>• Quantify the saving if the three days of the Payroll Officer's time could be freed up; and</li> <li>• Make a decision to implement system solution of payroll process.</li> </ul>	<ol style="list-style-type: none"> <li>1. Agreed that we will assess the benefit automating the payroll process after implementing the new payroll system to meet ATO requirements and implement improved efficiencies. (This has been approved by ELT.)</li> <li>2. Agreed that we will review the Payroll Officer's time and quantify savings after the system has been used and new patterns of work established.</li> </ol>	
	Responsible Officer	Target Date
	Executive Manager Organisational Development (OD)	<ol style="list-style-type: none"> <li>1. 1 January 2022 (ATO requirement)</li> <li>2. 30 June 2022</li> </ol>



<b>Finding 2. Policies and procedures</b>	<b>Risk Category</b>	<b>C,D</b>
	<b>Impact:</b>	<b>Insignificant</b>
	<b>Likelihood:</b>	<b>Possible</b>
	<b>Risk Rating:</b>	<b>Low</b>

**Finding(s)**

Council has a lack of documented policies and procedures for the completion or approval of timesheets to guide a transparent and consistent practice within the organisation although the payroll processing is guided by the Payroll Manual and Checklist.

It was noted that there are current *Enterprise Development Agreements* (EDAs) in place for both office and field staff and a *Leave Policy* dated February 2006.

The following practice was observed in place however not documented:

- Line Managers have a delegated authority to approve timesheets, overtime, allowance and leave forms.
- Segregation of duties of payrun reports preparation, review/approval and bank payment authorisation is in place.
- (Sick / Annual) Leave no more than one day does not require a separate leave application form.

The *Leave Policy* appears out of date. It was identified in this audit that it contains the following medical certificate management requirements, inconsistent with the EDAs. Audit testing of 26 samples for leave application and timesheet submission confirmed that the EDAs requirements are implemented.

<b>Leave Policy (2006)</b>	<b>Adelaide Hills Office EDA 2019 and Adelaide Hills Field EDA 2019</b>
<p><b>s2</b> Medical certificates will be required from employees where the absence(s):</p> <ul style="list-style-type: none"> <li>• are beyond four full single days available without a certificate within the EDA ...</li> <li>• relates to sickness while on Annual Leave;</li> <li>• a single sick day associated with a public holiday, rostered day off, annual leave, long service leave, or other form of paid leave;</li> <li>• in continuous and exceeds two consecutive days;</li> <li>• where an employee's Director/Supervisor requests evidence or presentation of a medical certificate.</li> </ul>	<p><b>s5.3.4</b> (Personal inc. sick) Leave will be granted on the basis of trust and the employee's genuine assessment of the need to take the leave, therefore a medical certificate to prove illness is not required.</p>
	<p><b>s5.3.5</b> Council reserves the right to request an employee who is absent due to personal illness for three (3) consecutive days or more to provide a medical certificate indicating the date on which an employee is fit to resume duty.</p>
	<p><b>s5.3.8</b> In circumstances where it is found that an employee has broken trust, inappropriately used these provisions, or where Council has a valid reason, the employee may be required to provide a medical certificate for ongoing absences, ...</p>

**Risk**

- Lack of clarity, transparency or accountability
- Increased errors, inconsistencies or redundancies
- Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.

<b>Recommendation</b>	<b>Management Response and Agreed Action Plan</b>	
<p>We recommend management:</p> <ul style="list-style-type: none"> <li>• Review and update the Leave Policy to ensure currency and consistent requirements.</li> <li>• Document completion or approval of timesheets requirements into policies and procedures where appropriate to ensure transparency and consistency of the process.</li> </ul>	<p>Whilst the need for an update of the Leave Policy / Procedures is required (and will be undertaken as per the target date below) it is important to recognise that there is currently a full payroll manual in place and a payroll checklist is used every pay to ensure transparency and consistency.</p>	
	<b>Responsible Officer</b>	<b>Target Date</b>
	Executive Manager OD	30 December 2021

<b>Finding 3. Records management</b>	<b>Risk Category</b>	<b>A,D</b>
	<b>Impact:</b>	<b>Insignificant</b>
	<b>Likelihood:</b>	<b>Possible</b>
	<b>Risk Rating:</b>	<b>Low</b>
<b>Finding(s)</b>		
<p>There are improper records management practices identified in the following areas that pose a challenge in retrieving audit trail for the period from January to December 2020.</p> <ul style="list-style-type: none"> <li>• Five out of 26 samples (15%) for leave application and timesheet submission had incomplete payroll records, i.e. <ul style="list-style-type: none"> <li>– Three (annual or long service) leave forms (of 38 hours, 37.5 hours and 19.5 hours) were not on file. One leave form missing was in August 2020 and the cause of improper practice is the COVID impact.</li> <li>– One sick leave certificate did not cover the entire leave period of 68.2 hours.</li> </ul> </li> <li>• Resignation Date on the Termination Report extracted did not reflect the actual resignation date, instead it was a repeat of End Date. It was advised that the Resignation Date was not used for any reporting purpose.</li> </ul>		
<b>Risk</b>		
<ul style="list-style-type: none"> <li>• Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all</li> <li>• Potential dispute if similar requests approved or denied.</li> </ul>		
<b>Recommendation</b>	<b>Management Response and Agreed Action Plan</b>	
<p>We recommend management:</p> <ul style="list-style-type: none"> <li>• Document the record management requirements into policies and procedures and enforce the implementation.</li> </ul>	<p>Following the implementation of the new payroll system we will review and update processes to ensure an automated leave management function is implemented.</p>	
	<b>Responsible Officer</b>	<b>Target Date</b>
	Executive Manager OD	30 June 2022

## Appendix 2 – Improvement opportunities

### 1. Leave management

#### Observation(s)

Currently leave is managed based on trust according to the EDAs (details refer to Finding 2). The following practice is currently in place however may not be effective to serve the Council’s operational needs:

- Managers and above are not required to submit timesheets and normally (sick / annual) leave no more than one day does not require a separate leave application form. It may cause difficulty in monitoring leave and other entitlements undertaken by Managers and above.
- Staff with annual leave balances over two years of accrued entitlement (i.e. 304 hours/8 weeks) are required to develop a leave plan. This was identified in the 2014 audit and continues to be worked on annually. During COVID some leave balances increased as some people were reluctant to take leave.
- Consecutive sick leaves (e.g. over two days) of all Council staff are not required to submit a sick leave certificate.

#### Opportunity(ies)

We recommend management:

- Assess the adequacy and currency of the leave management policy process against the Council’s operational needs.

#### Management Response

Consecutive sick leave (e.g. over two days) of all Council staff are not required to submit a sick leave certificate as per EDA requirements. Council can require sick certificates where trust is broken, for inappropriate use or for other valid reasons (Clause 5.3.8)

It is recognised that the development of a Policy/Procedure is required to assist in the management of excessive leave. This will be undertaken after the implementation of the new payroll system.

#### Responsible Officer

Executive Manager OD

#### Target Date

30 March 2022

## Appendix 3 – Documents accessed and consultation

Documents provided by the Adelaide Hills Council and accessed include:

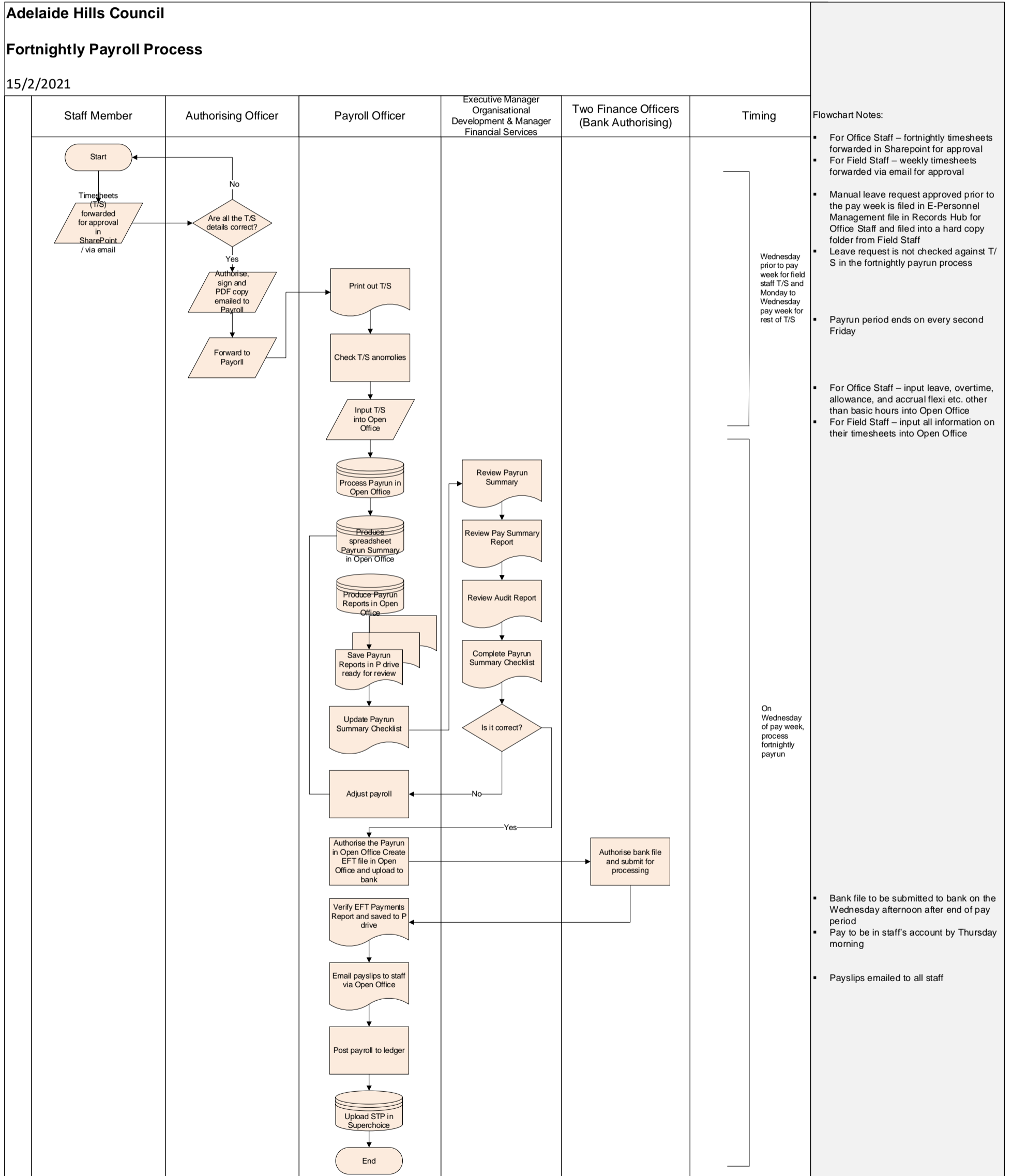
- Leave Policy dated February 2006
- Local Government Employees Award November 2019
- SA Municipal Salaried Officers Award November 2019
- Adelaide Hills Office Enterprise Development Agreement 2019 No 9 – certified 28 September 2020
- Adelaide Hills Field Enterprise Development Agreement 2019 No 9 – certified 20 March 2020
- Previous audit reports of the payroll function where relevant
- Organisational Chart
- Employee list including addition and termination from January to December 2020
- Leave, Over Time, Allowances and Reclassification reports from January to December 2020
- Payrun reports from January to December 2020
- Payroll/employees bank accounts and purchasing/creditors bank accounts
- Employees' TFNs
- Open Office system payroll access

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

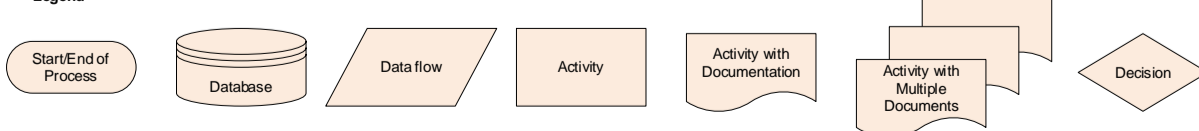
- Lachlan Miller, Executive Manager Governance & Performance
- Niamh Milligan, Acting Executive Manager Organisational Development
- Natasha Holmes, AP & Payroll Officer
- Sonia Cooper, Finance Officer

## Appendix 4 – Fortnightly payroll process map

The fortnightly payroll process of both inside administrative staff and library officers and outside field staff are included below:



**Legend**



## Appendix 5 – High-level follow-up of outstanding actions

There were 31 actions raised from the previous payroll internal audit in 2014 and the management has accepted and completed 19 actions. During this audit, we undertook a high-level follow-up and the outcomes are listed below.

Agreed actions from the payroll internal audit in 2014				Audit Opinion	
Ref	Issue	Recommendation	Management comment	Assessment <sup>1</sup>	Comments of current practice
5.2.1	Pay Run Process and Review	That all timesheets be signed by both the employee and supervisor before they are forwarded to the Payroll Officer.	Reminder that all employees must sign timesheets and all People Leaders must approval timesheets through signature or check and approval email.	√	That all timesheets be signed by both the employee and supervisor before they are forwarded to the Payroll Officer.
5.2.2	Pay Run Process and Review	That the existence of electronic timesheet software that can interface with the existing payroll module be investigated. This software could include electronic notification and authorisation.	A new payroll version is expected to be released Sept/Oct 2016. This is likely to have some provision for electronic timesheets. Capability until then is unknown. Ongoing matter for review with system improvements.	√	SharePoint is used by office staff for timesheets management and manual timesheets are used by field staff.
5.2.3	Pay Run Process and Review	That the Payroll Officer and IT ensure that the Excel payroll report is secured and not accessible by unauthorised personnel.	Updates have been made within the system, the report automatically moved to a secure file.	√	Hardcopy Payroll Reports are retained in a locked office (of Organisational Development Advisor) before COVID (March 2020) and afterwards online reports are saved in P drive which has restricted access.
5.2.5	Pay Run Process and Review	That an exception report be produced that highlights non-routine payroll transactions, such as non-standard hours and leave, to facilitate an independent review.	No exception reports are currently available in Open Office. A Payrun Summary checklist has been developed for use by those checking the pay before it is approved for processing.	√	No exception reports are currently available in Open Office. A Payrun Summary checklist has been developed for use by those checking the pay before it is approved for processing.

<sup>1</sup> “√” Complete; “P” Partially complete; “x” No evidence provided; “n/a” Not applicable as no relevant matters identified during the audit testing.








Agreed actions from the payroll internal audit in 2014				Audit Opinion	
Ref	Issue	Recommendation	Management comment	Assessment <sup>1</sup>	Comments of current practice
5.2.7	Pay Run Process and Review	That a procedure be documented for the bank payment listing report to be produced after the pay run has been completed.	Payroll Officer prints a bank payment listing after run is completed and verified. Action has been added to payrun checklist.	P	Instead of a procedure, a Payrun Summary Checklist is used. However, it does not mention "the bank payment listing report to be produced".
5.4.1	Termination	That termination payment calculation and the data input into the Open Office payroll module be independently checked.		√	Termination payments are independently checked, approved and signed by the Manager Financial Services and the Executive Manager Organisational Development before any payment is finalised.
5.4.2	Termination	That an automated process for independent approval before an employee is made inactive or reactivated be implemented.	No automated approval is available. HR module is being implemented - OD sets up the person and payroll adds payment information. Verification of new employees and terminated employees through fortnightly payroll reporting and sign off. There is segregation of duties between OD and payroll and locked fields so only authorised people can make changes.	√	Manual control is in place.
5.5.1	Masterfile Management and Security	That a procedure be documented that states who can change access to the payroll module, who can be signed on as administrators and what happens when administrators change their role or leave Council.	Process for updates to system access has been documented through IT.	x	No evidence provided.
5.5.2	Masterfile Management and Security	That a process for automated independent approval before the creation of a new employee file, change to the master file or the inactivation or activation of an employee be implemented.	No automated approval is available. Managed the same as 5.4.2. Payroll and OD must have supporting paperwork to make any changes to employee information.	√	Manual control is in place.
5.5.3	Masterfile Management and Security	That all employee password access to the Open Office payroll module be regularly changed.	Open Office uses the main network password as a login, this password is required to be changed every 90 days and always has.	√	Privilege access to Payroll built into the Council staff's network account.

Agreed actions from the payroll internal audit in 2014				Audit Opinion	
Ref	Issue	Recommendation	Management comment	Assessment <sup>1</sup>	Comments of current practice
5.7.2	Software	That all software updates and changes made to the payroll master file are independently reviewed to check that the information entered is correct.	Is part of current process	√	Manual control is in place.
5.8.1	Management Reporting	That Council consider other reports such as total overtime hours and the number of full-time equivalents.	These figures are being included in performance reporting to the Executive Leadership Team.	√	Fortnightly reports provided to the Executive Leadership Team.
5.9.3.1	Casual Employment	That a procedure for when an office employee has worked more than 1000 hours be documented.	Process updated for report as part of month end on casual hours and managers notified of casual hours so tracking against the EDA is undertaken. Process covered in relevant Awards if over the 1000 hours is worked. Procedure not required.	√	In EDA.
5.9.3.2	Casual Employment	That the process of monitoring casual hours be automated.	No automated function is available in payroll. As per 5.9.3.1 response.	√	Manual control is in place.
5.9.4.1	Time in Lieu	That, given that Council policy is that TIL is limited, a procedure should be documented that will ensure compliance with this policy.	A process has been implemented with provisions of the payroll system so that TIL accrual limits in the EDA are adhered to.	P	Manager receives report at the end of Payrun. Seasonal may go over limit in agreement but not documented.
5.9.4.2	Time in Lieu	That a policy that clarifies that SGC is not calculated on any TIL paid out be documented.	SGC is not paid on flexi or TIL paid out	√	Not ordinary hour earnings therefore SGC is not paid.
5.9.5.1	Annual Leave Loading Lump Sum Payment	That automating the leave loading process within Open Office is further investigated.	No further action	√	Manual control is in place.
5.9.6.1	Purchased Leave	That testing and training be performed to ensure the purchased leave calculations can be processed when necessary.	No further action	n/a	No purchased leave identified in this audit testing.
5.9.6.2	Purchased Leave	That the adjusted value of the reduced pay be matched to the value of the leave added (being the maximum of 4 weeks) and be checked as a control.	Reconciliation has been undertaken for the past year. The process has been added to Payroll EOY and is being added to the Payroll Procedure Manual	n/a	No reduced pay identified in this audit testing.



## Appendix 6 – Audit types

The following are main internal audit services provided by Bentleys:

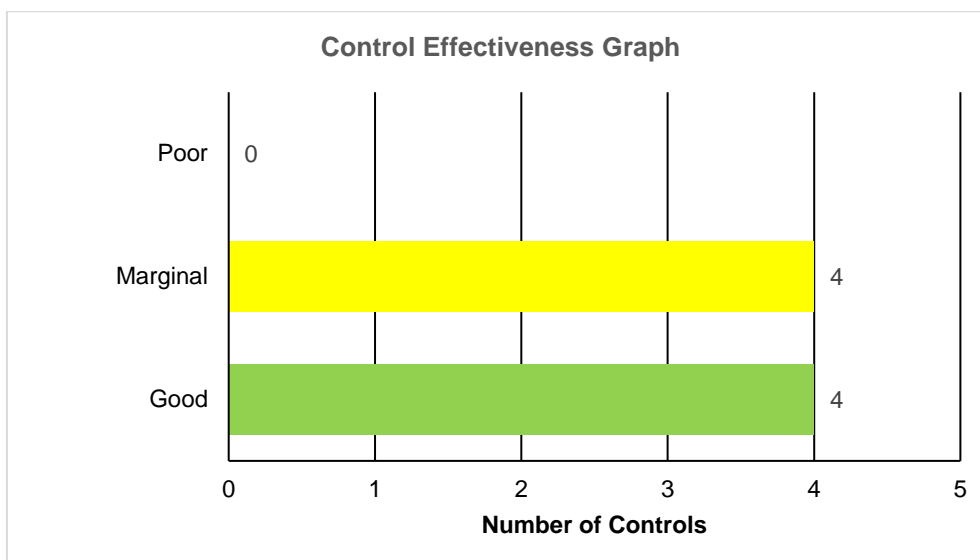
Audit Types						
Compliance	Governance	Strategic	Performance / Operational	Transactional	Financial	Investigation
						

## Appendix 7 – Controls assessment

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

Overall Controls Assessment <sup>(1)</sup>		
Good	Marginal	Poor

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



Key controls identified during the audit include:

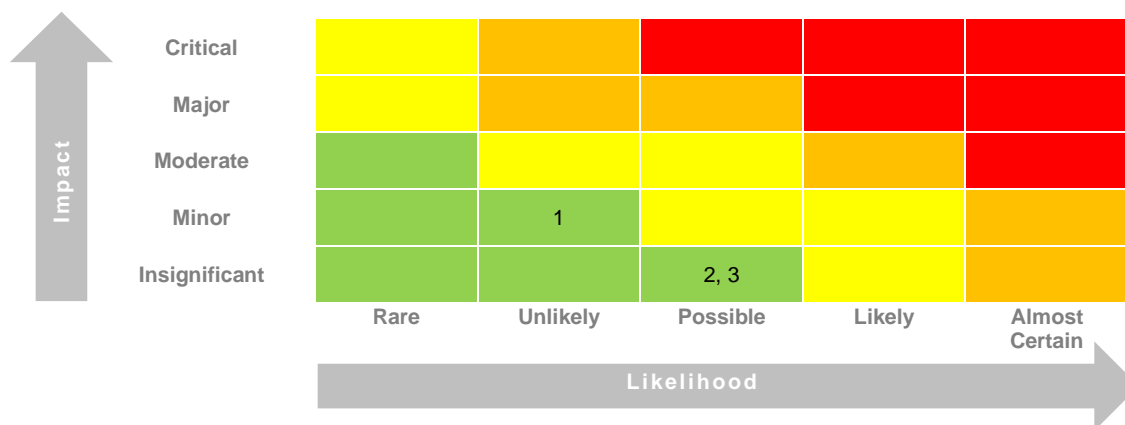
No.	Control name	Control effectiveness
1	Policies and procedures	Marginal
2	Roles and responsibilities	Good
3	Segregation of duties	Good
4	Delegated authority	Good
5	Payroll Master File (Time Entry, Add/Edit/Terminate Employees, Leave)	Marginal
6	Fortnightly Payroll Reconciliation	Marginal
7	Monitoring and reporting	Good
8	Records management	Marginal

Control Assessment Table is as follows:

Control / Mitigating Factor	Description
I – Good	Systems and processes exist to effectively manage the risk and management accountability is assigned. There is a high proportion of systemised controls which are well documented and regular monitoring and review indicates high compliance with the process.
II – Marginal	Systems and processes exist which partially manage the risk. A combination of systemised and manual controls. Some improvement opportunities are possible but have not been achieved.
III – Poor	The system and processes for managing the risk are ineffective, have been subject to major change or are in the process of being implemented and their effectiveness cannot be confirmed.

## Appendix 8 – Risk assessment

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



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

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

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

LIKELIHOOD RATING	DESCRIPTION
A – Almost Certain	<i>Is expected to occur in most circumstances.</i> Greater than 90% chance that the event will occur in situations that the risk is present OR significant past history and considered most likely in the circumstances.
B – Likely	<i>Will probably occur in most circumstances.</i> About 30 - 90% chance that the event will occur in situations that the risk is present OR some past history and considered quite likely in the circumstances.
C – Possible	<i>Might occur at some time.</i> About 10 - 30% chance that the event will occur in situations that the risk is present OR some past history and considered possible in the circumstances.
D – Unlikely	<i>Could occur at some time.</i> About 3 - 10% chance that the event will occur in situations that the risk is present OR limited past history, but possible in some circumstances or occasionally.
E – Rare	<i>May occur in exceptional circumstances.</i> Less than 3% chance that the event will occur in situations where risk is present OR no past history and considered unlikely to occur (if ever).

### Measures of corporate risk consequence or impact

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

	INTERNAL IMPACT					EXTERNAL IMPACT		
	Corporate Objectives (A)	Staff Welfare & Engagement (B)	Legal and Regulatory (C)	Finance & Assets (D)	Service Continuity (E)	Community, Social & Reputation (F)	Environment (G)	Economic (H)
1. Insignificant	No impact on the ability to achieve corporate objectives.	No injuries. No effect on staff morale.	Innocent procedural breach, evidence of good faith, little impact; Limited/normal insurance claims. Legal action highly unlikely.	Low financial impact - <2% of budget.	No material disruption. Small delays in routine needs/tasks for ½ day.	Isolated complaint without media attention. No impact on community confidence or wellbeing.	No environmental damage.	Minor shortfall relative to current forecasts.
2. Minor	Minor impairment in achieving corporate objectives.	First aid treatment. Minor effect on staff morale.	Breach of regulatory or legal obligations with no punitive actions. Internal breach of policy or procedure requiring internal investigation/ corrective action.	Minor financial impact - 2- < 5% of budget.	Short term temporary suspension. Minor impact in undertaking routine needs or tasks for 1 day or impact on multiple areas within Council.	One-off, localised adverse media event. Loss of confidence by localised community. Minor adverse impact on community wellbeing.	Minor environmental damage. Contamination - on-site release contained. Quick clean-up possible with slight, reversible damage to few species. "Nuisance" category under EPA met.	Individually significant but isolated areas of reduction in economic performance relative to current forecasts.
3. Moderate	Moderate impairment in achieving corporate objectives.	Medical treatment required moderate effect on staff morale.	Breach of regulatory or legal obligations with limited litigation. Internal breach of policy or procedure requiring external investigation.	Moderate financial impact - 5-<15% of budget.	Medium term temporary suspension of capability, moderate impact on stakeholders & routine needs or tasks for up to 1 to 7 days – backlog cleared by additional resources.	Sustained but localised adverse media attention. Limited short-term impact on community confidence. Moderate adverse impact on community wellbeing.	Moderate local impact on or off site requiring long term clean-up. "Material" category under EPA met. Some minor adverse effects to a few species that are short term and reversible.	Significant general reduction in economic performance relative to current forecasts.
4. Major	Major impairment in achieving corporate objectives.	Extensive injuries. Significant impact on staff morale.	Breach of regulatory or legal obligations with potential civil/criminal charges or protracted litigation.	Major financial loss - 15-< 30% of budget.	Prolonged suspension of work (major impact on stakeholders & routine task) for greater than 7 days.	Significant adverse media event. Significant and prolonged loss of community confidence. Major adverse impact on community wellbeing.	Major but reversible environmental damage. Full clean up difficult and expensive. "Serious" category under EPA met. Loss of habitat and migration of animal population, plants unable to survive, pollution requires physical removal.	Regional stagnation such that businesses are unable to thrive and employment does not keep pace with population growth.
5. Catastrophic	Permanent impairment in achieving corporate objectives.	Death related to work incident. Huge effect on staff morale.	Civil/criminal charges or serious litigation.	Huge financial exposure/impact – >30% of budget.	Indeterminate prolonged suspension of work; non Performance.	Significant sustained adverse media attention. Complete loss of community confidence and widespread outrage. Huge adverse impact on community wellbeing.	Catastrophic environmental damage. Full clean-up not possible. "Serious" category under EPA met. Death of animals in large numbers, destruction of flora species, air quality requires evacuation.	Regional decline leading to widespread business failure, loss of employment and hardship

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## **Appendix 2**

*Strategic Internal Audit Plan 2018/19 – 22/23 v1.8a*

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Strategic Internal Audit Plan 2018/19 - 22/23

Audit Engagement	Scope	Strategic/Corporate Risk Linkage	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23
Recruitment & Retention Practices	Focusing on the role analysis, authorisation, recruitment process, remuneration determination, reward and recognition processes.	SR9a - Failure to manage, improve and develop the human resources available to the Council.				Q3 (Project Brief agreed)	
Budgetary Management	Focussing on financial planning, control and reporting. Relationship of budget with LTFP, legislative and regulatory compliance.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.				Q2 (Project Brief agreed)	
Payroll Function	<b>Focussing on the payroll operation, including a review of the processes, systems, activities, controls and risks. The extent to the audit engagement will consider aspects from commencement of employment to termination of individuals, including payment of wages, leave, changes to position security, administration and payroll reporting. Including PIR from 2014 audit.</b>	<b>SR9c - Failure to manage, improve and develop the financial resources available to the Council.</b>			<b>Completed</b>		
Major Projects Review	Focussing on processes, activities associated with the project, including scoping, planning, implementation, monitoring, post project review, risk management, development of maintenance program and operations.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality).			Q4 (AHBTC Divestment) - to be scoped	Q2	Q2
Use of Purchase Cards	Focussing on the systems, processes and documentation for the issuing, custody, use, transaction approval and oversight of Purchase Cards	SR9c - Failure to manage, improve and develop the financial resources available to the Council.	<b>Completed</b>				
Capital Works Programming & Delivery	Focussing on the planning, scheduling, approval, monitoring, and reporting processes and practices regarding the Capital Works Program. The procurement and contract management processes will be out of scope due to other scheduled audits on these subjects.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR6 - Failure to provide appropriate infrastructure for the community. SR4 - Failure to take measures to protect the community from natural and other hazards			Q4 (Project brief in development)		
Treasury Management	Focusing on the processes, practices and policies regarding Treasury Management including compliance with legislative obligations.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.			Q4		
Cyber Security	<b>Focusing on the cyber security risks to the Council, undertake an assessment of the adequacy of the control framework including an assessment against the maturity levels of the Australian Cyber Security Centre's Essential Eight Model.</b>	<b>SR9b - Failure to manage, improve and develop the information resources available to the Council.</b>			<b>Completed</b>		
Emergency Management	Focussing on Emergency Management Plans, identification of risks associated with various types of disasters and the controls and processes to mitigate those risks, status of preparedness in the event of an emergency, recovery process and association with the Community and other Emergency Services.	SR4 - Failure to take measures to protect the community from natural and other hazards				Q3	
Business Continuity Plan	Focussing on the review of Business Continuity Plan (Disaster Recovery and Disruption) to key activities of Council including the identification, development, implementation of recovery plans and testing of conditions in the event of a disaster.	SR4 - Failure to take measures to protect the community from natural and other hazards					Q1
Economic Development Strategy Implementation	Focusing on the strategy development and revisions processes, determination of actions and initiatives, funding of strategy implementation and evaluation of outcomes against strategy objectives.	SR7 - Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism.				Q1	
Debt Management	Focusing on the processes, practices and policies regarding Debt Management including compliance with legislative obligations.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.				Q1	
Procurement	Focussing on processes, activities, controls, risk, compliance through stages of the function, including planning, assessment, selection, and contract execution. Including the use of payment methods such as credit cards and petty cash. Including PIR from 2014 & 2015 audits. The contract management processes will be out of scope due to another scheduled audit on this subject.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR9c - Failure to manage, improve and develop the financial resources available to the Council.				Q4	
Training & Development Practices	Focusing of the identification of training and development (T&D) needs, sourcing of T&D options, scheduling and support of activities, assessment of transfer into workplace and evaluation of T&D initiatives. This will include development activities such as coaching & mentoring.	SR9a - Failure to manage, improve and develop the human resources available to the Council.					Q1
Asset Operation	Focussing on Asset operation, processes, activities, controls, risk, service levels, planned work, maintenance programs, monitoring performance, asset registers and reporting. Including PIR from 2016 audit.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR6 - Failure to provide appropriate infrastructure for the community. SR8 - Failure to manage and develop public areas vested in, or occupied by the Council.					Q2
Contract Management	Focussing on the post-procurement processes, activities, controls, risk, compliance through stages of the function, including induction, payment approval, monitoring, superintending, reporting, contractual close and evaluation. The procurement processes will be out of scope due to another scheduled audit on this subject.	SR2 - Failure to deliver projects, programs and services in accordance with plans (time, budget, quality). SR11 - Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies.					Q4
<b>Number of Audits</b>							

Version Control

Date Adopted	Version Comments	No.
30/04/2018	Initial plan considered by Audit Committee	1.0a
22/05/2018	Adopted by Council	1.0
26/02/2019	Amended plan adopted by Council (Purchase Card audit added)	1.1
17/12/2019	Amended plan adopted by Council (Plan extended for a year, projects rescheduled)	1.2
25/02/2020	Amended plan adopted by Council (Changes to the timing and scope of the cyber security audit)	1.3
25/07/2020	Amended plan adopted by Council (Changes in timing for Recruitment & Retention, Budgetary Mgt, Treasury Mgt, Emergency Mgt & BCP)	1.4
22/09/2020	Amended plan adopted by Council (Changes to the timing of audits)	1.5
15/12/2020	Amended plan adopted by Council (completion of cyber, changes to other timings)	1.6
10/02/2021	Amended plan (changes to timings for 20/21 projects)	1.7
24/05/2021	Proposed amendments (Changes in timing for Recruitment & Retention, Budgetary Mgt)	1.8a

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.9

**Responsible Officer:** Lachlan Miller  
Executive Manager Governance & Performance  
Office of the Chief Executive

**Subject:** Audit Actions Implementation Update

**For:** Information

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**SUMMARY**

The implementation status of actions arising from previous Internal and External Audits is provided in **Appendix 1**.

**RECOMMENDATION**

The Audit Committee resolves:

1. To receive and note the report.
  2. To note the implementation status of Internal and External Audit actions.
- 

**1. GOVERNANCE**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

Priority O5.3 Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community.

Monitoring the implementation of internal and external audit actions facilitates the effective management of risk exposures and improves the overall governance environment.

➤ **Legal Implications**

Accounts, Financial Statement and Audit, *Local Government Act 1999*

Section 125 of the *Local Government Act 1999* (the Act) requires councils to ensure that appropriate policies, practices and procedures of internal controls are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard Council's assets, and to secure (as far as possible) the accuracy and reliability of Council records.

The Internal Audit program is an important tool to provide an objective appraisal of the adequacy on internal controls in managing our risk and supporting the achievement of council objectives.

Testing of Council's transactions and internal controls by the external auditor coincides with Council's own Risk Management Framework. The External Auditor's annual inspection and certification of Council's financial position and performance provides the community with an assurance of Council's internal financial control environment in managing our risk and supporting the achievement of council objectives.

➤ **Risk Management Implications**

The implementation of actions arising from internal and external audits will assist in mitigating the risk of:

*Internal control failures occur which lead to greater uncertainty in the achievement of objectives and/or negative outcomes.*

Inherent Risk	Residual Risk	Target Risk
High (4C)	Medium (3C)	Medium (3C)

Note there are many other controls that contribute to managing this risk.

➤ **Financial and Resource Implications**

Actions arising from internal and external audits are generally accommodated in existing functional budgets. Where an agreed action requires unbudgeted funds, this will be managed through Council's budget review processes

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective internal control environment.

➤ **Sustainability Implications**

Not applicable



➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Consultation on the implementation of actions to address the audit findings was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*Administration:* Managers and staff with actions allocated from completed audit reports.

*External Agencies:* Not Applicable

*Community:* Not Applicable

**2. BACKGROUND**

The Audit Committee was last provided an update of outstanding actions at its 15 February 2021 meeting.

**3. ANALYSIS**

The status of the outstanding actions from Internal and External Audit is at **Appendix 1**.

**4. OPTIONS**

The Committee has the following options:

- I. To note the implementation status of the Internal and External Audit actions as presented; or
- II. To identify additional actions to be undertaken.

**5. APPENDIX**

- (1) Audit Actions Implementation Status – May 2021

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# **Appendix 1**

*Audit Actions Implementation Status – May 2021*

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Audit Name	Reference	Issue	Risk Rating	Recommendation	Response	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
2019-20 Galpins Audit Completion Report	1 - Manual spreadsheets being used as asset registers	Finding - Financial Management uses manual spreadsheets as asset registers for plant and equipment. Risk - Risk of errors in the asset registers and, consequently, risk of the financial statements being misstated.	Low	Management to consider inclusion of all classes of assets in Confirm or another electronic asset register.		Proposal for Confirm Asset Management and the inclusion of Plant and Fleet developed.	David Collins	30/04/2021	In Progress	24/12/2021	Skytrust will take the lead on WHS associated management of plant and fleet with integration to Confirm for financials to be developed. ICT and Furniture and Fitting has been transferred from spreadsheet into the Test Instance of Confirm. Testing and alignment of financials underway.
2019-20 Galpins Audit Completion Report	3 - Employees with excessive annual leave balances	Finding - Audit identified fourteen employees with annual leave balances in excess of 300 hours. Risk - Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health safety and welfare issues.	Low	Implement strategies to systematically reduce excessive leave balances, and review monitoring procedures to ensure that employees do not accumulate excessive annual leave balances.	Accepted		Megan Sutherland	30/06/2021	Completed	31/12/2021	With a recent internal audit having been undertaken in payroll, two actions out of that process are to update our Leave Procedure and finalise a new Excessive Leave Management Policy or Procedure.  With these actions required to be completed it is proposed to close this item to avoid duplication. The ongoing monitoring of leave and leave planning forms are still required to manage current leave balances.
2020 Auditor-General's Recommendations on Credit Card Management and Use	1. Credit card payments for business expenses	Policy guidance for travel expenses could be improved · Timing of travel policy review could be improved · Travel expenses were not supported by adequate accounting records.	Not Rated	Council does not have a specific travel policy, rather references are contained in the <i>Council Member Allowances and Support Policy</i> (Elected Members) and <i>Training and Development Policy</i> (Staffing Policy) which requires interstate travel to be approved by the relevant Director.	Accepted	It is proposed that a travel related expenditure guideline for staff will be prepared to address the Auditor-General recommendations.	Megan Sutherland	30/06/2021	Not Commenced	31/12/2021	A Policy/Procedure will be developed to provide guidance to staff. The has been delayed given other priorities associated with COVID.
2020 Auditor-General's Recommendations on Credit Card Management and Use	3. Credit card payments for reward and recognition expenses	Timing of policy review could be improved · Review of recognition of service policy needed to ensure proper use of public money · Policy guidance for staff recognition could be improved · Policy intent is not clearly aligned with business purpose · Gifts to staff were not always necessary or appropriate · The extent and value of loyalty of service rewards was considered unnecessary ·	Medium	Policy on funding functions needs to be reviewed including staff Christmas function · The Council did not clearly demonstrate the proper use of public money in recognising staff achievement.	Accepted	The Bentley Internal Audit identified the need for Council's <i>Employee Recognition, Functions and Gifts Policy</i> to be reviewed to provide greater guidance on the required expenditure under this policy.	Megan Sutherland	31/03/2021	In Progress	31/05/2021	Consultation on the draft procedure has been completed and feedback received. An updated procedure will be submitted to ELT for adoption by end May 2021
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.1 - FIXED ASSETS	Asset management plans overdue for review	Medium	Management aims for asset management plans to be adopted by Council by October 2020.	Accepted	Agree with the need adopt updated asset management plans and propose to ensure transportation asset management plans are completed by October 2020. These are our most significant group of assets by value and at the same time progress all other asset classes.	David Collins	30/10/2020	In Progress	30/06/2022	Draft 21-22 ABP aligns with adopted Road Footpath and Kerb Asset Management Plan. Road Footpath and Kerb Asset Management Plan adopted by Council Feb 2021 Community consultation completed Jan 2020
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.2 - FIXED ASSETS	Asset maintenance plans not aligned with asset management plans	Medium	Ensure that maintenance schedules are in accordance with Asset Management Plans, and steps are taken to progress towards more proactive maintenance plans.	Accepted	It is agreed that the asset management plans will set targets to inform and drive maintenance schedules. It is agreed that ongoing development of processes towards proactive maintenance works through greater use of Confirm field devices; defect identification and job allocation will be continued and expanded.	David Collins	31/12/2020	In Progress	24/06/2022	Continuing to align planned maintenance with AMP's as there are a developed and adopted. Development of workflow for Civil Services in Confirm being developed and associated maintenance data capture. Road Footpath and Kerb AMP adopted by Council in February 2021.
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.2.3 - FIXED ASSETS	The Capitalised Asset Procedure document is overdue for review	Low	The Capitalised Asset procedure document is reviewed and updated to reflect current and desired practice.	Accepted	The procedure of the current process needs to be updated to reflect the use of Confirm Enterprise Asset Management and the new handover process of capital works between project/ contract managers and strategic assets team.	David Collins	30/10/2020	In Progress	25/06/2021	To be completed by end of June 2021 for 20/21 capitalisation New handover form created and being utilised - procedure will include this process. Review of asset register Useful Lives has been undertaken and adopted UL's added to procedure. This is part of the yearly process for capitalisation.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Response	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
2020 Galpins Financial Controls Review Interim Management Letter May 2020	2.3.2 - GENERAL LEDGER	The Business Continuity Plan is overdue for review	Low	The Business Continuity Plan is updated.	Accepted	Council will be accessing the Local Government Risk Services to business continuity planning service.	Lachlan Miller	30/06/2021	In Progress	31/12/2021	Local Government Risk Services has been contracted to deliver their BCP development and implementation service. The first workshop with function owners is scheduled for June 2021.
Galpins 2018-19 Audit Completion Report	1. Manual spreadsheets being used as asset registers	Financial Management uses manual spreadsheets as asset registers for plant and equipment. Risk of errors in the asset registers and, consequently, risk of the financial statements being misstated.	Low	Management to consider include all classes of assets in Confirm or another electronic asset register.	Accepted	Preliminary investigations have not provided a cost effective solution but further work is being undertaken to determine the ability of Confirm to handle Plant & Equipment	Mike Carey	12/02/2020	Completed	30/06/2021	It has been agreed that the plant & equipment data currently held in spreadsheets will be transferred to Confirm and data migration is currently being undertaken in February 2021 with a view to reporting out of Confirm for the 2020-21 financial year. It is noted that this action is also covered in the 2019-20 Audit Completion Report so this will be closed and commented on in the later finding to avoid duplicated reporting.
Galpins 2018-19 Audit Completion Report	3. Employees with excessive annual leave balances	Audit identified ten employees with annual leave balances in excess of 300 hours. Leave balances exceeding the allowable balances. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health safety and welfare issues.	Low	Implement strategies to systematically reduce excessive leave balances, and review monitoring procedures to ensure that employees do not accumulate excessive annual leave balances.	Accepted	Develop a procedure to enable more effective management of leave. Regular reporting of leave balances to the Executive Leadership Team for proactive follow up. Education across the organisation on expectations on taking leave and management of leave before it becomes excessive.	Megan Sutherland	19/12/2020	Completed	31/12/2021	With a recent internal audit having been undertaken in payroll, two actions out of that process are to update our Leave Procedure and finalise a new Excessive Leave Management Policy or Procedure.  With these actions required to be completed it is proposed to close this item to avoid duplication. The ongoing monitoring of leave and leave planning forms are still required to manage current leave balances.
Galpins Financial Controls Review Interim Management Letter August 2018	2.2.5 Asset Maintenance	Fixed Assets	Medium	Ensure that maintenance schedules are in accordance with Asset Management Plans, and steps are taken to progress towards more proactive maintenance plans.	Accepted	Additional licences and devices being procured. Rollout of field devices to Civil Services proposed in 2020/21 to identify and track maintenance interventions on the road network.  The roll out will be targeted and progressively more work teams will move to the field devices.  Identify methods to better capture expenditure across road segments and work types required.  Council has approved additional resources to undertake planning of future maintenance works.  Council is reviewing service levels (initial priority – Stormwater) to identify the required maintenance activities to ensure the required performance of those assets. The clarity regarding the agreed service level will allow better planning and the associated scheduling of proactive maintenance.	David Collins	31/12/2019	In Progress	24/06/2022	Continuing to align planned maintenance with AMP's as there are a developed and adopted.  Development of workflow for Civil Services in Confirm being developed and associated maintenance data capture. Additional licences and field devices procured.  Bridge Audit underway that will identify future maintenance plans and expenditure for this asset class.  Footpath review of high priority zones will be undertaken in Confirm Connect and associated defects will be identified for maintenance scheduling.  A review of road hierarchy for the unsealed road network has been completed and this will be reflected in the asset management plan. This will increase the extent of unsealed road graded per year and will be included in an update AMP.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Response	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
											<p>This will increase the road network covered with patrol grading and reduce the unsealed road resheet.</p> <p>Stormwater Service Levels have been reviewed and information report to Council in June 2019. Other services levels for maintenance such as unsealed roads are being reviewed and documented as part of asset management plan updates.</p> <p>Council is currently ensuring integration between its CRM system (customer requests) and the Confirm Enterprise Asset Management System to ensure alignment with reactive requests and planned maintenance. Tree enquiries and Playground enquiries are integrated. The tree enquiries has a risk based priority system developed.</p> <p>The inclusion of road data into the Production environment of Confirm will allow integration considerations between CRM and Confirm.</p>
Galpins Financial Controls Review Interim Management Letter August 2019	2.1.2	Suppliers included in the preferred supplier list have expired public liability insurances recorded	Not Rated	The listing of preferred suppliers is reviewed on a regular basis to identify and follow up any expired or outstanding documents.	Accepted	<p>As part of the Procurement Framework, we are repositioning the term preferred suppliers as suppliers that currently have a valid contract with Council. These suppliers shall be on the Contract Register.</p> <p>To ensure that critical date e.g. insurances and contract expiry dates are updated Council is transitioning the Contract register to SkyTrust software. This software automates reminder messages to Project Managers. This software also manages WHS inductions.</p>	Mike Carey	30/06/2020	In Progress	30/06/2020	Currently transitioning the current SharePoint Register to an Automated SkyTrust register.
Galpins Financial Controls Review Interim Management Letter August 2019	2.2.2	The Capitalised Asset (Accounting Policy) document is overdue for review	Not Rated	The Capitalised Asset (Accounting Policy) document is reviewed and updated to reflect current and desired practice.	Accepted	The document is no longer a Council Policy and is now an operational procedure. The procedure is currently being reviewed to fit in line with the process to be undertaken that incorporates Confirm Enterprise Asset Management system.	David Collins	31/08/2019	In Progress	25/06/2021	<p>To be completed by end of June 2021 for 20/21 capitalisation</p> <p>New handover form created and being use to capture asset data for capitalisation and will be included in procedure.</p> <p>A review of existing Useful Life in the asset system has occurred and updated UL have been added to the capitalisation document.</p> <p>A document of the process using Confirm to update the asset register has been completed. useful lives reviewed.</p> <p>A review of the document has commenced in June 2019 and following completion of capitalisation for 2018/19 (September 2019) using confirm will be incorporated.</p>

Audit Name	Reference	Issue	Risk Rating	Recommendation	Response	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
Galpins Financial Controls Review Interim Management Letter August 2019	2.2.3	Asset maintenance plans not aligned with asset management plans	Not Rated	Ensure that maintenance schedules are in accordance with Asset Management Plans, and steps are taken to progress towards more proactive maintenance plans.	Accepted	<p>Rollout of field devices for Civil teams will continue during 2020/21 to assist with proactive maintenance.</p> <p>A process is required to identify expenditure and maintenance types on road segments.</p> <p>Stormwater service levels have been reviewed and documented and the hierarchy of unsealed roads has been reviewed. Service levels associated with grading have been realigned to this hierarchy.</p> <p>Council has approved additional resources to undertake planning of future maintenance works. Council is reviewing service levels (initial priority – Stormwater) to identify the required maintenance activities to ensure the required performance of those assets. The clarity regarding the agreed service level will allow better planning and the associated scheduling of proactive maintenance. Council is currently ensuring integration between its CRM system (customer requests) and the Confirm Enterprise Asset Management System to ensure alignment with reactive requests and planned maintenance. Tree</p>	David Collins	31/12/2019	In Progress	26/03/2021	<p>Continuing to align planned maintenance with AMP's as there are a developed and adopted.</p> <p>Additional licences and field devices for Confirm Connect procured - development of Civil Services workflow underway</p> <p>Bridge audit underway that will provide a maintenance plan for this asset class.</p> <p>A review of the document has commenced in June 2019 and following completion of capitalisation for 2018/19 using confirm will be incorporated.</p> <p>The will be updated following the completion of the capitalisation within the new asset management system. This procedure document has been discussed with Asset Management and it is agreed that the document will be updated as part of the Asset Management Planning update over the next six months.</p>
Montacute Road Project - September 2017 - Ray Pincombe	REC 3	Emergency Management Plan	Not Rated	The current review of the Strategic Management Risk Register has identified the need for an Emergency Management Plan and zone based preventative maintenance programs. This appears to cover the types of events that can impact upon Council assets and infrastructure, though perhaps more emphasis might be placed on flood events given the recent experience		Develop Emergency Management Plan based on LGA Template.	John McArthur	31/07/2019	In Progress	30/12/2020	<p>ELT (3 October 2019) considered and committed to producing Emergency Management Plan through the Council Ready Program for completion by mid 2020 and endorsed the Incident Operations Manual for implementation.</p> <p>10-02-20 Emergency Management Plan development timeframes may need to be reviewed given Cudlee Creek fire and priority to update the Incident Operations Manual with lessons learnt.</p> <p>18-05-20 Emergency Management Plan development timeframes have been delayed as a result of the Cudlee Creek Fire response, a priority to complete an After Action Review (debrief) and prepare a report on the Cudlee Creek Fire and the Council Incident Management Team response to COVID-19.</p> <p>02-07-20 Following discussion with the Council Ready Program the completion date for the Emergency Management Plan has been set at December 2020.</p> <p>02-10-20 Development of Emergency Management Plan continues towards December 2020 completion date.</p>

Audit Name	Reference	Issue	Risk Rating	Recommendation	Response	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
											02-02-21 Draft EMP was completed December 2020. Draft has been reviewed and alterations are being made. 11-03-21 Draft EMP continues to progress. 06-04-21 Review of Risk Assessment Report and Assessments completed which inform the Emergency Management Plan 04-05-21 Further work is occurring on strategies and actions within the plan. Whilst the Emergency Management Plan (EMP) is not yet in place the risk from this outcome is low as the development, introduction and implementation of Council's Incident Operations Manual in late 2019 has substantially mitigated risks from not having contemporary response arrangements in place for emergency events that occur within the Council area. Previously, response arrangements formed a significant chapter within EMP's. Council is also progressing the development of a Recovery Plan.
											Together, these pillars in combination with existing and potentially new disaster risk reduction strategies to be identified in the EMP make up Council's emergency management arrangements. Accordingly, it is prudent to continue the development of the EMP as it will bring together any new and existing activities, such as public health and stormwater programs, Council undertakes which minimise disaster risk.
Use of Purchase Cards August 2019 Internal Audit	Improvement Opportunities - 5. Policy requirements of flower purchase limit	<b>Flower purchase limit</b> Sample testing found the following flower purchases. However, Council has not defined a limit for flower purchases in any policy. This may not provide cardholders sufficient guidance. <b>Employee ID</b> <b>Transaction Date</b> <b>Supplier</b> <b>Amount</b> <b>Description</b> <b>Approval Date</b> <b>2018-19</b> 8692019-02-11Flowers To Please\$ 80library lovers day: flowers2019-03-208272019-05-01Flowers To Please\$ 88Maternity FlowersNot reconciled (Finding 1)6882019-06-11Flowers To Please\$ 88Staff flowersNot reconciled (Finding 1) <b>2017-18</b> 11312018-01-29Flowers by Definition\$103.5Flowers for Lee Mullins 2018-02-018942018-02-28Flowers To Please\$144Flowers 2018-02-28 <b>Total \$503.5</b>	Low	We recommend management assess the necessity, possibility and feasibility to formalise the coffee/tea consumption outside of Council premises and flower purchase limit into the policy.	Accepted	In addition, the procedures will be updated to make reference to Council's Employee Recognition, Functions and Gifts Policy. Council's Employee Recognition, Functions and Gifts Policy will be reviewed to provide greater guidance on the required limits on expenditure for items covered under this Policy, including flowers.	Megan Sutherland	20/12/2019	In Progress	31/05/2021	Consultation on the draft procedure has been completed and feedback received. An updated procedure will be submitted to ELT for adoption by end May.

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.10

**Responsible Officer:** Steven Watson  
Governance and Risk Coordinator  
Office of the Chief Executive

**Subject:** Public Interest Disclosure Arrangements and Compliance

**For:** Information

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**SUMMARY**

The *Public Interest Disclosure Act 2018* (PID Act) commenced operation on 1 July 2019, replacing the *Whistleblowers Protection Act 1993*, with Council subsequently adopting a reviewed *Public Interest Disclosure Policy* (Policy) at its 27 April 2021 Ordinary Council Meeting.

The Audit Committee's Terms of Reference details, the Committee shall:

- 2.1.1 Review annually the Council's Public Interest Disclosure arrangements and compliance with the requirements of the *Public Interest Disclosure Act 2018*.
- 2.1.2 Provide recommendations to Council regarding Public Interest Disclosure Policy and resourcing required to comply with legislative requirements.

In the normal course of events, the policy guidance was provided to the Audit Committee at its 19 April 2021 Meeting.

This report is provided to address the compliance requirements of the Council's Public Interest Disclosure arrangements, thereby facilitating the discharge of the Audit Committee's specific function.

**RECOMMENDATION**

**The Audit Committee resolves that the report be received and noted.**

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**1. GOVERNANCE**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community



Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Council’s Policy Framework is a key component of the wider Governance Framework.

➤ **Legal Implications**

The Public Interest Disclosure Bill 2016 was introduced into the State House of Assembly on 6 July 2016. The Bill passed both Houses in late 2018 and was proclaimed to come into effect on 1 July 2019. The *Public Interest Disclosure Regulations 2019* (the PID Regulations) also come into effect on that date.

The PID Act is an Act to encourage and facilitate disclosures of certain information in the public interest by ensuring that proper procedures are in place for making and dealing with such disclosures and by providing protection for persons making such disclosures; to make related amendments to the *Local Government Act 1999* and the *Public Sector Act 2009*.

➤ **Risk Management Implications**

Maintenance of a contemporary and legislatively compliant disclosure management process will assist in mitigating the risk of:

*Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Low (3E)	Low

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

There are minimal direct financial or resource implications related to provisions of the PID Act. These are limited to the development of guidance and the provision of training in the provisions and obligations of the legislation.

As such, resource implications are accommodated within the Annual Business Plan process and additional resource implications may occur where disclosures lead to investigations and/or legal advice.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate processes in place to receive and manage public interest disclosures while providing the statutory protections to those who make appropriate disclosures.

➤ **Sustainability Implications**

One element of the definition of public interest disclosures is information about substantial risks to public health or safety, or to the environment which is referred to in the PID Act as a disclosure of environmental and health information.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*Administration:* Chief Executive Officer  
Director Corporate Services  
Executive Manager Governance & Performance  
Executive Manager Organisational Development  
Organisational Development Advisor

*Community:* Not Applicable

**2. BACKGROUND**

*Public Interest Disclosure Act 2018*

The Public Interest Disclosure Bill 2016 was introduced into the State House of Assembly on 6 July 2016. The Bill passed both Houses in late 2018 and was proclaimed to come into effect on 1 July 2019. The *Public Interest Disclosure Regulations 2019* (the PID Regulations) also come into effect on that date.

The PID Act is an Act to encourage and facilitate disclosures of certain information in the public interest by ensuring that proper procedures are in place for making and dealing with such disclosures and by providing protection for persons making such disclosures; to make related amendments to the *Local Government Act 1999* and the *Public Sector Act 2009*.

The PID Act provides that if a person makes an appropriate disclosure of public interest information the person is not subject to any liability as a result of that disclosure. The PID Act also protects the identity of the person making an appropriate disclosure and makes it an offence to victimise that person.

### **3. ANALYSIS**

Section 12 of the PID Act sets out the duties of principal officers (i.e. CEO) which include the designation of responsible officers for the purposes of the PID Act, appropriate communication of the contact details of those responsible officers and the development of documentation setting out procedures for persons wanting to make disclosures and officers and employees dealing with such disclosures.

Since the inception of the PID Act, the following has occurred:

- The Council adopted a PID Policy and undertaken a 2 year review of such.
- The Administration adopted a PID Procedure and undertaken a 2 year review of such.
- Designated and trained five (5) Responsible Officers of various working levels through the organisation.
- Undertaken internal consultation with the Principal Officer (Chief Executive Officer) and Responsible Officers to discuss improvements to the Policy and Procedure, along with education and training for staff. A new on-line training module is in the final phases of development and will be administered to all staff using the SkyTrust program.

At this time the Principal Officer and Responsible Officers have no recommendations for the Audit Committee to consider, suggesting the current arrangements and compliance to the PID Act is acceptable.

### **4. OPTIONS**

The Committee has the following options:

- I. To receive and note the report (Recommended).
- II. To determine an alternate course of action (Not Recommended).
- III. Should the Audit Committee wish to determine an alternate course of action, it is recommended that it be referred to staff for review to allow for analysis of the implications, prior to the matter being brought back to the Committee for further consideration.

### **5. APPENDIX**

Nil



**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.11

**Responsible Officer:** Steven Watson  
Governance and Risk Coordinator  
Office of the Chief Executive

**Subject:** LGRS Risk Evaluation 2019 - Action Plan Review

**For:** Decision

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**SUMMARY**

Biennially Local Government Risk Services (LGRS) undertakes an evaluation of each council's risk management status by way of reviewing operational areas measured against a local government sector baseline. An evaluation was undertaken in late October 2019 with receipt of the final *LGRS Risk Evaluation Summary Report* occurring 17 December 2019.

The *LGRS Evaluation Summary Report* was presented to the Audit Committee at its 17 February 2020 Meeting. The *LGRS Risk Evaluation Action Plan* as per **Appendix 2** has been developed to address the findings from the LGRS Evaluation and was presented to the Audit Committee at its 25 May 2020 and 16 November 2020 meetings, with a further review included in this report.

The purpose of this report is to provide the Audit Committee with an update on the implementation status of the Action Plan.

**RECOMMENDATION**

**The Audit Committee resolves that the report be received and noted.**

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**1. GOVERNANCE**

➤ **Strategic Management Plan/Council Policy**

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective O4 We actively represent our community

Priority O4.2 Attract and develop a diverse and capable elected body that represents, promotes and reflects the composition of the community

Priority O4.3 Advocate to, and exert influence with, our stakeholders on behalf of our community to promote the needs and ambitions of the region

Objective O5 We are accountable, informed, and make decisions in the best interests of the whole community

Priority O5.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

➤ **Legal Implications**

Section 126 of the *Local Government Act 1999* sets out the functions of an audit committee. Management of Committee’s action items and work plan facilitates the achievement of these functions.

➤ **Risk Management Implications**

The LGRS Evaluation provides an external assessment of aspects of Council’s current risk management framework and status. Actively responding to this external assessment with actions addressing identified areas for improvement will assist in mitigating the risk of:

*A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (4D)	Medium (4D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

There are no direct financial implications in undertaking the review itself.

The Local Government Association Mutual Liability Scheme (LGAMLS), which comes under the LGRS banner, provides Local Government Members with a fully integrated Risk, Claims and Legal services for the management of civil liabilities. All South Australian Councils are Members of LGAMLS.

LGAMLS Members participate in the self-managed concept enabling greater control over their financial viability relating to civil liability risks. The application of a risk management framework allows a Member to measure and monitor business improvement while reducing civil liability risk associated with its business profile risks.

The results of the LGRS Evaluation are considered by the LGAMLS, together with Council’s claim record, in setting our contribution and in calculating the potential amount that may be available as a special distribution. A special distribution is not available every year. The amount is based on funds remaining after all claims across the State have been paid.

Some actions included in the *LGRS Risk Evaluation Action Plan* as per **Appendix 2** may have costs related to them; however, these are considered in the Annual Business Plan and Budget process or included as part of a budget review process.

➤ **Customer Service and Community/Cultural Implications**

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system that is applied to minimise the impact of potential risk events and manage financials efficiently.

➤ **Sustainability Implications**

There are no direct sustainability implications arising from this report.

➤ **Engagement/Consultation conducted in the development of the report**

Engagement with relevant participants commenced well prior to the LGRS Evaluation occurring. Engagement included the gathering of evidence based materials and statements in preparedness for the Evaluation.

Post LGRS Evaluation further engagement has occurred in order to prepare the relevant Action Plans.

Consultation on the development of this report was as follows:

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*Administration:* Chief Executive Officer  
Director Corporate Services  
Director Community Capacity  
Director Development & Regulatory Services  
Director Infrastructure & Operations  
Manager Financial Services  
Executive Manager Governance & Performance  
Manager Civil Services  
Manager Open Space  
Manager Sustainable Assets  
Coordinator Civil Operations  
Procurement Coordinator  
Horticultural Officer  
Events Officer  
Project Officer

*External Agencies:* Local Government Risk Services (LGRS)

*Community:* Not Applicable

## **2. BACKGROUND**

Biennially Local Government Risk Services (LGRS) undertakes an evaluation of each council's risk management status by way of reviewing operational areas measured against a local government sector baseline, including the application of a Risk Management Framework and related processes, organisational systems that influence council's risk profile and specific high risk activities and assets.

The Risk Evaluation occurred late 2019, with a *LGRS Risk Evaluation Summary Report* being presented to the Audit Committee at its 17 February 2020 meeting. An *Action Plan* was prepared to respond to the findings of the Evaluation and update reports were presented to

the Audit Committee at its 25 May 2020 and 16 November 2020 meetings, indicating progress on implementation of the agreed actions.

The LGRS Evaluation process also included evaluating the Work Health and Safety and Incident Management functions of council but as these are not within the Terms of Reference of the Audit Committee, so these sections of the Summary Report have not been included.

### 3. ANALYSIS

The 2019 LGRS Risk Evaluation covered a range of areas, with three compulsory areas and two elective areas.

The compulsory areas were:

- Risk Management Systems
- Procurement and Contracts
- Roads and Footpaths.

The elective areas were:

- Event Management
- Tree Management
- Playgrounds
- Volunteers
- Customer Request and Complaints
- Emergency Management

The Executive Leadership Team was consulted on the elective areas and determined that Tree Management and Event Management warranted a review.

The Governance and Risk Coordinator has been working with the relevant staff following the Evaluation results in order to produce and undertake the Action Plan. The Action Plan utilises a key such as that detailed below:

<b>P</b>	Shows when action is planned
<b>C</b>	Shows when a planned action was completed
<b>O</b>	Shows when a planned action was due to be completed (i.e. item overdue and then rescheduled to a new planned date)

In relation to *Risk Management Systems*, the author advises whilst the original planned actions are well over due, the revised planned actions are still on target, especially as SkyTrust is now being utilised for capture of the risk registers.

In relation to *Procurement and Contracts*, the Director Corporate Services advises updated information has been placed in the Action Plan which details:

- The contract register is in the process of being transferred to SkyTrust. SkyTrust will capture dates of contracts, insurances and licences. It will also manage the WHS induction process. SkyTrust will automate the follow-up of critical dates. This transition shall be completed before the end of July 2021.



- The Manager Civil Services is currently developing a Project Management Framework. Once this is finalised WHS and Procurement will review and determine if any WHS or Procurement procedures need to be updated.

In relation to *Roads and Footpaths*, the Director Infrastructure and Operations through the Manager Strategic Assets advised, an Asset Management Plan and Asset Management Policy are proceeding to the 24 May 2021 Audit Committee Meeting.

In relation to Section 221 Permits, the author confirms the collaborative group effort led by the Manger Civil Services has been exceptional. The works have involved many parties from across the organisation and whilst the work is not quite finalised a Draft Section 221 Permit process and documents have been produced. The group is awaiting advice from ICT on how this process may be automated from customer lodgement though to issuing of a decision.

In relation to *Event Management*, the Director Community Capacity advised, all work relating to the actions has been progressing, albeit slowed a little due to the Events Officer leaving, and all remain on track for completion by their current planned dates.

In relation to *Tree Management*, the Director Infrastructure and Operations through the Manager Open Space advised, due to resourcing pressures in the arboriculture area this has not been progressed, a business case for additional resources has been considered and included as part of the 2021-22 Annual Business Plan. Once these resources are approved and recruited implementation of the Action Plan should be able to progress.

#### 4. OPTIONS

The Committee has the following options:

- I. To resolve to receive and note the report including the *LGRS Risk Evaluation Action Plan* as per **Appendix 2** (Recommended.)
- II. To determine an alternate course of action (Not Recommended).

Should the Audit Committee wish to make amendments or resolve an alternative course of action, it is recommended that the matter be referred back to the Administration for further review.

#### 5. APPENDICES

- (1) LGRS Risk Evaluation Summary Report
- (2) LGRS Risk Evaluation Action Plan

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# **Appendix 1**

*LGRS Risk Evaluation Summary Report*

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# 2019 Risk Evaluation Summary Report

**Adelaide Hills Council**

**Date of Evaluation: 29-31 /10/2019**

**Date Report Issued: 17/12/2019**

**EDITED VERSION – RISK ONLY**

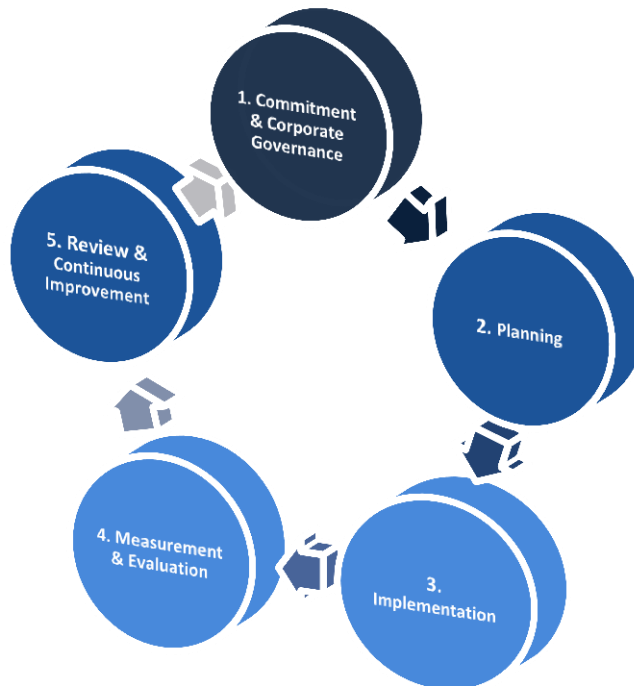
**Name of Evaluators:**

Lead Evaluator: Melissa Cox

Co- Evaluator: Sandy Voumard



# 1. Risk Evaluation Overview



The LGAWCS and LGAMLS provide a Risk Evaluation service to their Members, every two years. The aim of the Risk Evaluation process is to review each Member's risk management systems (including WHS and IM) against both LG Industry agreed Sector Baselines and other external requirements (e.g. RTWSA Performance Standards for Self Insurer requirements and relevant legislation). The objective of the evaluation is to assist Members to recognise and share LG risk management excellence, identify where opportunities for system improvements exist and to work in partnership with them to implement identified improvements.

The Risk Evaluation in its current format was introduced in 2017. More information is available on the Members Centre regarding the structure and process.

## This summary report is structured as follows:

- An Executive Summary, which is completed by the Lead Evaluator, for both Risk and WHS/IM system aspects and briefly outlines the overall results of the evaluation and potential focus areas and recommended actions. This includes a Results Table, which summarises the results for both Risk Management (RM) and Work, Health and Safety (WHS) and Injury Management (IM) components.
- The RM Evaluation Report, which includes the chosen evaluation scope, names of evaluators, summary of findings and specific recommendations for each evaluated question within the identified evaluation scope.
- The WHS and IM Evaluation Report, which includes the evaluation scope, names of evaluators, summary of findings and specific recommendations for each sub-element within the evaluation scope.
- A conclusion, which is completed by the Lead Evaluator. This aims to identify where overall system trends and issues are occurring and what may be of assistance to the Member to progress them forward.

***NOTE: This report has been edited to remove the WHS& IM findings for the purposes of reporting the outcomes of the risk components to the Adelaide Hills Audit Committee. For the full FINAL version of this report please see the Governance & Performance team.***



## 2. Executive Summary

### Overview and Objective:

Every two years, the Local Government Mutual Liability and Workers Compensation Schemes conduct an evaluation of each Scheme Member's Risk Management, Work Health and Safety and Injury Management systems. The purpose of these evaluations are to test (within the scope of the evaluation):

- a) How well the organisation's Risk Management systems meet Local Government sector established baselines and
- b) The organisation's level of conformance with ReturnToWork SA's Performance Standards for Self-Insurers for Work Health and Safety and Injury Management systems.

Members should use this information in their management planning and review systems to drive further improvement to their Risk, Safety and Injury Management systems.

In addition to this, the evaluations allow for sector-wide results to be collated and analysed to enable the Schemes to further assist the Local Government industry, either via sector wide programs or individual programs of targeted support.

This executive summary provides a brief overview of the results of the risk evaluation of Adelaide Hills Council on 29,30 and 31 October 2019]. The participation of Member representatives in the evaluation is a critical part of the evaluation process, is integral to the quality of the evaluation and is always greatly appreciated.

Executive management are encouraged to review the evaluation summary report in its entirety for further detail and recommendations.

The completed risk evaluation, WHS and IM tools that support these findings are available from your allocated Risk Consultant, RRC or WHSC. The tools and reports are also available in your Member documents on the Members Centre.

## 2.1 SUMMARY OF FINDINGS:

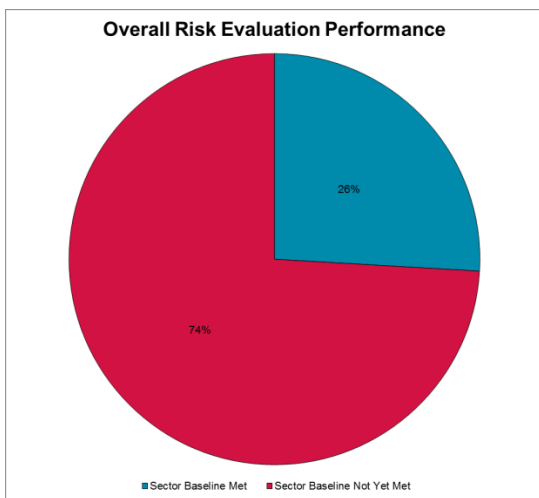
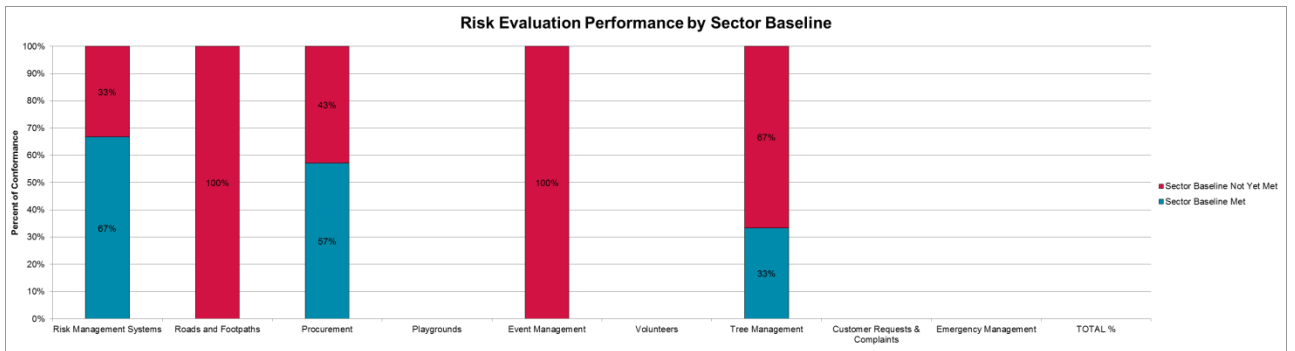
### 2.1.1 Risk Management

Within the risk management systems, there are three mandatory areas and five electives of which Scheme Members are required to choose two to be evaluated.

In evaluating the organisation's Risk Management systems, reference was made to sector baselines, being a minimum standard expected to be in place. Sector baselines were established by a consultative group that included membership from both metropolitan and regional Scheme Members. It is to be noted that the baselines are not all legislative requirements, but a set of minimum requirements that is expected within the Local Government sector. All the criteria within the defined sector baseline must be met in order for the sector baseline to be deemed as being met.

Adelaide Hills Council results against the mandatory and elective question sets are as follows:

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Risk Management Systems	3	2	1
Roads and Footpaths	8	0	8
Procurement	7	4	3
<b>ELECTIVES</b>			
Playgrounds	0	0	0
Event Management	6	0	6
Volunteers	0	0	0
Tree Management	3	1	2
Customer Requests & Complaints	0	0	0
Emergency Management	0	0	0
<b>TOTALS</b>	<b>27</b>	<b>7</b>	<b>20</b>
<b>TOTAL %</b>		<b>26%</b>	<b>74%</b>



## 2.1.1.1 Risk Management Systems

### Overview of Results – Mandatory Areas - Risk Management Systems

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Risk Management Systems	3	2	1

### Specific Results and Improvement areas – Risk Management Systems

Q #	Risk Management Systems	Summary of Sector Baselines not met and any improvement required	Recommendation
1a	What does Council's Risk Management (RM) approach consist of?	<b>Sector Baseline Met</b> Adelaide Hills Council has an adopted Risk Management Policy, Corporate Risk Management Guide, a Corporate risk register (which captures operational risk) and a Strategic Risk Register. The Council is currently consulting on the development of a Risk Management Framework to complement the risk management activities.	N/A
1b	Does Council have a risk register or a tool/repository where risks are actively monitored and maintained on a periodic basis as per their documented approach?	<b>Sector Baseline Met</b> The AHC Council has a Strategic Risk Register, as viewed last updated 29 August 2019, by ELT and a Corporate Risk Register as viewed, which identifies a large number of operational risks.  Both risk registers are evidenced as being internally adopted and maintained by the organisation and easily accessible to all staff via.	N/A
1c	Is Council's above risk management approach implemented and operational?	<b>Sector Baseline Not Yet Met</b> The Council has some great processes around the reporting of its Strategic Risk as identified within the register. The opportunity for improvement is with the monitoring and reporting of the Councils operational risks. The newly drafted framework when implemented should give the foundations to support this reporting. It is also acknowledged that the Council has great WHS training needs identification processes that could be expanded across the organisation to include risk management training needs and alike.	It is recommended that the Council consider the Risk Management Policy, Framework and Guidelines training needs across the organisation and incorporate them into a Corporate Training needs process that expands upon the current WHS needs.  It is also recommended that the Council review its current reporting processes for operational risk. As viewed the draft Risk Management Framework documents the processes for monitoring and reporting of operational risk. The opportunity now is to adopt the Framework and implement it across the organisation.



## 2.1.1.2 Roads and Footpaths

### Overview of Results – Mandatory Areas - Roads and Footpaths

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Roads and Footpaths	8	0	8

### Specific Results and Improvement areas – Roads and Footpaths

Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2a	Does Council have systems in place to authorise or permit 3rd party alterations to a public road (non-business purposes) in relation to S221 of the LG Act?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The Adelaide Hills Council does not have defined and documented systems in place for the authorisation of 3<sup>rd</sup> party alterations to a public road.( S221 permits).</p> <p>There is a permit that outlines the criteria in which a person may apply and this is available on the Councils webpage.</p> <p>There are however no documented protocols about how the Council receives these applications, how they are assessed or any dispute resolution processes around the process.</p> <p>The assessment process does not appear to be consistently applied, covering the same agreed criteria each time.</p>	It is recommended that the Council undertake a review of its S221 permitting processes and ensure that all personnel who may have a role in the receipt of and approval of these permits work together to develop a defined documented system for the processing and subsequent approval. It is also recommended that the personnel who have delegated authority to sign permits have the training need for the processes mapped on a Corporate Training Needs Analysis.
2b	Does the authorisation process or permit consider structures and installations for their safety and suitability?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The Council were unable to demonstrate that the authorisation process or permit consider structures and installations for their safety and suitability</p>	It is recommended that the Council introduce a documented assessment for all Section 221 permit applications to ensure that there is a documented and consistent approach to the assessment to ensure that the permit consider structures and installations for their safety and suitability.



Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2c	Does the authorisation or permit include an indemnity from the applicant to the Council?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The permit identifies the appropriate Indemnity clause: "that the applicant will indemnify the Council, its employees and/or agents against all actions, costs, claims and demands for injury, loss or damage arising out of any negligent act or omission of the Applicant in relation to any activities under the Authorisation or arising out of breach of any condition attaching to the Authorisation"</p> <p>However, the permit as viewed does not ask the applicant to take out and keep current Public Liability Insurance to the value of at least \$10 million for the duration of the works.</p>	<p>It is recommend that the Council undertake a review of its Section 221 permitting process and ensure that the permit application and permits issued align. It is also recommended as identified above that the Council develop a documented assessment process to ensure that there is a consistent approach to the receipt, assessment and issuing of these permits.</p>
2d	Does Council have an Infrastructure and Asset Management Plan that covers the management and maintenance of roads and footpaths?	<p><b>Sector Baseline Not Yet Met</b></p> <p>It appears that the Council is in a transitional phase with its asset management, in particular for roads and footpath assets.</p> <p>During the evidence collected no data was supplied for the questions that relate to Asset Management, Roads and Footpaths. During the course of the evaluation it came to light that the Council did have an Asset Management Plan dated 2012 and was currently working on a new draft plan.</p> <p>It became quite clear that the 2012 plan was not in use and the draft while close had not been adopted by Council or its processes implemented across operations.</p> <p>It is further recognised that the operational assessment tools for inspection and maintenance activities for both roads and footpaths are still in the development stages.</p>	<p>It is recommended that the Council adopt and implement an Asset management Plan for the management and maintenance of its road and footpath assets.</p> <p>Additionally Council needs to continue with the development of assessment tools for both its road and footpaths assets and ensure that key personnel responsible for conducting these assessments are competent in the assessment criteria.</p> <p>It is further recommended that the Council give consideration to how the asset management plan and assessment tools are communicated and operationally used by key maintenance staff responsible for the on the ground operational maintenance of footpaths and roads.</p>
2e	Does Council have an inspection and maintenance regime (or schedule) to inspect roads and footpaths?	<p><b>Sector Baseline Not Yet Met</b></p> <p>Council was unable to demonstrate that they have a current and implemented inspection or maintenance regime in place for its road and footpath assets.</p>	As per 2d

Q #	Roads and Footpaths	Summary of Sector Baselines not met and any improvement required	Recommendation
2f	How does Council prioritise roads during scheduling of maintenance/repair?	<b>Sector Baseline Not Yet Met</b> It appears that the Council currently prioritises roads reactively, based on receipt of customer complaints and requests.	As per 2d
2g	How does Council prioritise footpaths during scheduling of maintenance/repair?	<b>Sector Baseline Not Yet Met</b> It appears that the Council currently prioritises footpaths reactively, based on receipt of customer complaints and requests.	As per 2d
2h	If Council has Railway Interface/s, does Council fulfil its duties as a Road Manager?	<b>Sector Baseline Not Yet Met</b> Council have a Railway Interface agreement in place with the relevant rail infrastructure manager (ARTC). However it was evidenced that the documented risk assessments for each interface has still not occurred in line with National Rail Safety Act 2012 S 109)	It is recommended that the Council contact the Rail Authority and commence discussions around the completion of the rail interface risk assessments in the following manner:  a) by itself identifying and assessing those risks;(independently) or  (b) by identifying and assessing those risks jointly with the other person; or  (c) by adopting the identification and assessment of those risks carried out by the other person.

### 2.1.1.3 Procurement and Contracts

#### Overview of Results – Procurement and Contracts

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>MANDATORY AREAS</b>			
Procurement and Contracts	7	4	3

#### Specific Results and Improvement areas – Procurement and Contracts

Q #	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
3a	Are there policies, and procedures prepared and adopted for the procurement process, including approach to the market, evaluation of responses and selection of providers?	<b>Sector Baseline Not Yet Met</b> The Council has a Procurement Policy revised and effective from 1 October 2019. There is also a Procurement Framework adopted by ELT and has an issue date of October 2019. The documented system provides clear processes for approach to the market,	It is recommended that the Council ensure the implementation of the revised documents, forms and templates to ensure that there are defined processes for the recording of reasons for entering into contracts other than those resulting from a tender.



Q #	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
		<p>evaluation of responses and selection of providers.</p> <p>The current Framework as viewed does not identify a process for the recording of reasons for entering into contracts other than those resulting from a tender.</p> <p>It is acknowledged however that the newly revised framework and subsequent guidance materials require that an <i>Recommendation Report</i> must be completed for all acquisitions over \$10,000 or when a contract is being used, this will be the transparent way of recording moving forward the reason why a supplier was utilised.</p>	
3b	Are there systems in place to identify risks as part of the procurement/purchasing process?	<p><b>Sector Baseline Met</b></p> <p>There are some robust systems in place to identify risk as part of the procurement and purchasing process.</p> <p>The Procurement Framework identifies 3.2.3 - that outlines a Risk Assessment must be prepared to assess the supply risk, business risk, management risks, prohibit risk.</p> <p>The Council should be commended on the introduction of new tools and processes outlined within its Procurement Framework.</p>	N/A
3c	Is there evidence that the procurement process is transparent and in accordance with applicable organisation's procurement policy/operational guidance/procedures	<p><b>Sector Baseline Met</b></p> <p>There was evidence to demonstrate that the Council procurement processes are clear and transparent process and align with the documented systems.</p>	N/A
3d	Have staff who have delegated roles and/or are responsible for procurement and/or contracts been provided with appropriate training?	<p><b>Sector Baseline Met</b></p> <p>Those with delegated procurement roles are appropriately trained. It was also evidenced that as a result of the newly developed Procurement Framework, training needs and a training program is in its development stages.</p>	Whilst the sector baseline has been deemed met in this instance there is an opportunity to further improve these systems by ensuring that training needs for personnel in relation to procurement are mapped on a Corporate training needs analysis.
3e	Does Council have a process in place to justify the rationale behind, and approval of, variations from standard indemnity, insurance, legal liability and contractor incident notification clauses?	<p><b>Sector Baseline Met</b></p> <p>The Council has documented processes in place should they need to apply variations from standard indemnity, insurance, legal liability and contractor incident notification clauses in contractual</p>	N/A

Q #	Procurement and Contracts	Sector Baseline and Summary of any improvement required	Recommendation
		documentation.	
3f	Is there evidence of the rationale in 3e being applied during the procurement process including when calling for tenders and developing/writing contracts?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The Council is using standard contract clauses and can demonstrate application of these as described above for purchases where a purchase order is not being applied.</p> <p>However, the Councils Purchase Orders issued (as viewed ) does not document the appropriate terms and conditions.</p>	<p>It is recommended that the Council update its Purchase Order terms and conditions to reflect the following:</p> <ul style="list-style-type: none"> <li>• The requirement for the supplier to comply with all legislative requirements</li> <li>• Indemnity/liability provisions</li> <li>• Insurance (minimum public liability indemnity)</li> <li>• Warranty (goods and services)</li> <li>• Any sub-contractor prohibition (no engagement without prior approval of Council)</li> </ul>
3g	<p>Are there processes in place to administer the contract and manage supplier performance during and after the contract?</p> <p>Note: The criteria in this section are checking to see that there is evidence that these things are actually occurring</p>	<p><b>Sector Baseline Not Yet Met</b></p> <p>There are documented processes in place to administer the contract and manage supplier performance during and after the contract, however this could not be evidenced as being applied</p>	<p>It is recommended that the Council review the application of its Contractor Management processes to ensure that monitoring of contractor work is documented and that there are documented processes in place and applied to review contractor performance post works.</p>

### 2.1.1.4 Elective Topics

#### 3 Overview of Results – Elective Areas – E2 Event Management

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>ELECTIVE AREAS</b>			
Event Management	6	0	6

#### 4 Specific Results and Improvement areas – E2 Event Management

Q #	Event Management	Summary of Sector Baselines not met and any improvement required	Recommendation
E2a	Does Council have systems in place for the management of <i>Council organised</i> events?	<p><b>Sector Baseline Not Yet Met</b></p> <p>The Council does not have systems in place for management of Council organised events. There is a Policy and a Toolkit in place that is more focussed on Council permitted</p>	<p>It is recommended that the Council undertake a review of its current processes in place for Council organised events and consider the application of the Events Toolkit and its elements being applied for Council</p>



		events. Whilst it is appreciated that some components may be applied to Council organised events this was evidenced as not being applied in a consistent manner.	organised events.  It is further suggested that the Council review its current “events” and determine what constitutes an event, if they are Council permitted or Council organised. By doing this it will assist in the direction of what risk management activities should be in place and by whom.
E2b	Do these systems ensure consistent risk management, and compliance with legislative requirements, of <i>Council organised</i> events across all areas of Council?	<b>Sector Baseline Not Yet Met</b>  As identified in E2a the Councils documented systems are focussed on Council permitted events. Appreciating this, it was evidenced that there are not processes being applied that ensure a consistent approach to risk management for Council organised events to ensure and compliance with legislative requirements.	It is recommended that the Council consider the application of the Events Toolkit and elements being applied for Council organised events.  It is also further suggested that the Council look to develop a simple checklist to support the key risk management activities for Council organised events to ensure that each event manager has the tools to ensure the consistent application.
E2c	As part of the risk management process, are all arrangements with other parties documented, including suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage?	<b>Sector Baseline Not Yet Met</b>  The Council was unable to demonstrate that a risk management approach is applied consistently across Council organised events to ensure there is a process to ensure suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage.	As above
E2d	Has Council assessed the number of, and skills required for, Council staff and Volunteers working at the event?	<b>Sector Baseline Not Yet Met</b>  The Council was not able to demonstrate that they have assessed the number of, and skills required for, Council staff and Volunteers working at events.	As above
E2e	Has Council considered Emergency Management provisions for events?	<b>Sector Baseline Not Yet Met</b>  The Council was unable to demonstrate the consideration and provision of emergency management provision for events consistently.	As above
E2f	Do Council's systems ensure consistent permitting of events by Council?	<b>Sector Baseline Not Yet Met</b>  The Council has some great processes in place for the permitting of events and have developed an Events Toolkit. The toolkit in principle provides good guidance, however it was unclear if there is a consistency to how Council is assessing and permitting these events.	It is recommended that the Council develop a checklist or like that can be used to track the key risk management activities (review of risk management plans, emergency management plans, insurances and licences) that should be supplied and reviewed during the permitted process.

### Overview of Results – Elective Areas – E4 Tree Management

Topics	Total Number of Sector Baselines Evaluated	Sector Baseline Met	Sector Baseline Not Yet Met
<b>ELECTIVE AREAS</b>			
Tree Management	3	1	2

### Specific Results and Improvement areas – E4 Tree Management

Q #	Tree Management	Summary of Sector Baselines not met and any improvement required	Recommendation
E4a	Does Council have systems in place to manage existing and new trees?	<b>Sector Baseline Not Yet Met</b> The Council has a high level policy in place in regards to trees, the Policy does refer to a number of operation processes that do not appear to be yet in place (inspection, maintenance schedules and registers) It is for this reason that the Sector Baseline has not yet been met.	It is recommend that the Council consider the development of the operational process documents (guidelines or framework) as described within its Policy, maintenance and inspection programs. These guidance documents will provide transparent processes in relation to the management of trees and will assist in ensuring consistent and risk based determinations
E4b	Does the system provide a process for identifying, analysing, assessing, evaluating and treating risks related to trees during development & planning, planting, and maintenance?	<b>Sector Baseline Not Yet Met</b> The Council was unable to demonstrate that its tree management system provides a process for identifying, analysing, assessing, evaluating and treating risks related to trees during development & planning, planting, and maintenance	As identified above the Council could benefit from documenting its process in relation to the preventative management of trees.
E4c	Has Council taken “reasonable action” in response to all tree requests regarding street trees in the last 24 months?	<b>Sector Baseline Met</b> The Council was able to demonstrate that they are taking ‘reasonable action’ in relation to request in relation to street trees through the development of the CRM process, mapping of trees (new), service levels and the documented case management approach.	Whilst it is noted that the Sector Baseline has been met for this question there is opportunity to bring together the process of responding to tree request into a documented process ( flowchart or operational procedure) This will ensure that there is a consistent systematic approach to this process.

## 2.2 EXECUTIVE SUMMARY: CONCLUSION

In relation to the risk elements tested, the Council should be commended on the work conducted to date in with the development and implementation of its Risk Management Framework and Procurement processes. It was evident that there has been significant focus in this space and the outcomes of this evaluation is a representation of that. In regards to procurement the development of a guideline, associated tools and process flow together with a planned training program will see the Council in a good space moving forward.

In regards to roads and footpaths, the Council needs to ensure there is a consistent approach to the receipt, assessment and approval of its Section 221 permits. There is also some work to be done in relation to adoption and subsequent implementation of an asset management plan for Road and Footpath assets; and then the application of assessment, inspection and maintenance programs to ensure ongoing management of these assets.

In relation to trees, the documented approach to tree protocols could be developed to provide some clear and consistent guidance in relation to the management of trees from planting, removal, inspection and managing tree requests, it is recognised that there has been some great work conducted to date in the development of CRM process and a tree register and mapping of assets, its now about further developing these processes to ensure a consistent approach.

In regards to event management there has been some great work in the development of an Events and Festivals Toolkit for Council permitted events, this toolkit and the application of it could be also utilised for Council organised events and if applied in a consistent manner would address the risk management approach for Council organised events.

Whilst it may appear that there are a number of areas to follow up on particularly with Roads and Footpaths, Events and Trees. It is recognised that significant system build and improvement is occurring, and providing that Adelaide Hills Council continue to work on the building of these system and making improvements, the system should mature and progress to a compliant level. A system to be effective, needs to be documented, communicated and applied across all of the organisation in a consistent manner, the opportunity for the Council is to start the documenting some of these systems.

The Adelaide Hills Council has undertaken a considerable body of work in the development of their safety systems. It should be recognised that the measures of conformance/observation are based upon all of the necessary components being in place and applied. So, whilst Council has not yet reached this level in many of the areas evaluated, it is recognised that they have made significant progress in many aspects and topic areas and the staff involved are diligently working towards improving their systems and processes.

We would like to thank all those that were involved in the evaluation for their time and honest responses. It is clear that management and workers within the Adelaide Hills Council are keen to move forward on the development of their Risk and WHSMS and are applying resources to make this happen.

With the current WHS and IM Plan (Improvement Plan) due for review in early 2020, it is recommended that management conduct a system review, to identify priorities and programs with safety objectives, targets, measures and supporting actions that will drive the system forward in a way that enables outcomes to be measured and recognised not just in terms of progress but whether the objectives are being met.

The organisation should also focus on a structured and prioritised implementation program for their risk management system that enables integration with the organisation's other planning processes e.g. procurement, project management, strategic and operational planning.

Your allocated LGAWCS/MLS RRC (Mel Cox) can assist you with the system review and action/- implementation plan development.

Management will need to monitor, review and apply accountability for the completion of the planned actions and outcomes from the measures, to make sure that the WHS and risk systems continue to develop and improve in a way that is of the greatest benefit to the organisation.

Please note that action plans for monitoring by the LGAWCS/MLS need to be submitted for review by the end of January 2020 and it is expected that these will extend for a period of two years (until your next risk evaluation).

WHS and risk action plan close out is determined at the end of September each year. These percentages are included in 50% of the WCS rebate calculations. The other 50% is based on IM claims performance



## 3. Risk Management Report

The evaluation of the Adelaide Hills Council risk management (RM) system included a review of existing documentation and meeting with employees and other workers. Comments and recommendations, including action items will provide management with some suggested ways to improve their systems, however it may be appropriate to implement an alternative action and this is at the discretion of each individual organisation and their management team.

### 3.1 Summary of the evaluation scope

The Risk Management Evaluation considered the presence and degree of implementation of systems relating to:

- Risk Management Systems
- Roads and Footpaths
- Procurement, Tenders and Contracts
- Tree Management
- Event Management

### 3.2 Employees and other workers involved in the evaluation process included:

- Steven Watson, Governance and Risk Coordinator
- James Greenfield, Procurement Project Officer
- Anisa Cadd, Events Officer
- Damian Brennan, Horticultural Officer
- Joel Eckerman, Coordinator Civil Operations
- Kylie Caruso, Roads Officer
- John Davey, Projects Officer
- Craig Marshall, Senior Infrastructure Planning Engineer
- David Collins, Manager Sustainable Assets

### 3.3 Documentation Review

The review included reviewing policies, procedures and supporting documentation within the Council's RM, and supporting organisational systems, as provided by the Auditee prior to and during the evaluation.

Additional evidence provided after the evaluation will only be accepted as evidence for this evaluation if agreed by the evaluator or the Client (i.e. LGAWCS and LGAMLS management).

### 3.4 Physical Verification

The Risk Management section of this evaluation was conducted in its entirety at the Adelaide Hills Council Administration Building in Stirling. It involved demonstration and interrogation of the live systems to support the desktop evidence supplied.

### 3.5 Report Findings and Recommendations

Report findings and recommendations for each evaluation question are provided in the following table (in a summary format) and in the audit reports and tool (in more depth).

Further broader system recommendations are provided in the executive overview and conclusion.

It should be recognised that the findings and recommendations of this report should be used for:

- Planning and continuous improvement by Council of their RM Systems

### 3.6 Risk Evaluation Tool and Findings

Risk Evaluation Tool can be found at:

<https://www.lgrs.com.au/documentlibrary/documentnew/index?documentId=6257&fileName=2019-20 Risk Evaluation Tool V1.0 Issued 17-12-2019 Evaluator Comments.pdf&library=59>



## Contact

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The JLT Group is a part of the Marsh & McLennan Companies (MMC) group of companies.

This information is not intended to be detailed advice on the operations of the Schemes. Each Scheme is covered by a set of Rules and Guidelines, which are available on the LGRS Member Centre.

If you have any questions on the operation of the Schemes please contact your LGRS client services manager.

[www.lgrs.com.au](http://www.lgrs.com.au)

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## **Appendix 2**

### *LGRS Risk Evaluation Action Plan*

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Adelaide Hills Council 2019-20 Risk Management Action Plan Progress Report

Version No:

Issue:

Next Review:

Dated	Council	Monitoring Report for the month of:	Name, Date and Version No of Council approved Plan	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Total
20/02/2021	Adelaide Hills Council	May-21	Governance and Risk Coordinator																										
				Proposed	0	0	0	2	1	1	2	0	2	2	4	0	0	0	0	2	1	3	6	12	5	1	3	1	48
				Actual	0	0	0	2	1	1	3	0	6	7	5	6	6	3	1	6	10	9	7	9	0	0	0	0	51
				Proposed YTD	0	0	0	2	3	4	6	6	8	10	14	14	14	14	14	14	16	17	20	26	38	43	47	48	14
				Actual YTD	0	0	0	2	3	4	7	7	13	20	25	31	37	45	46	49	55	65	74	81	81	81	81	81	31
					100%	100%	100%	117%	117%	117%	117%	163%	200%	179%	221%	264%	321%	343%	350%	344%	382%	370%	312%	213%	188%	184%	172%	169%	169%

Please note: The close out date for the completion of 2019-20 actions is 30th September 2020. Applications for extensions must be provided to the LGAWCS WHS and Risk Manager, outlining why special consideration should be given.

Evaluation Score	Risk Evaluation Q or Source	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21		
Report		LGRS Evaluation and Report	N/A	Complete	Regional Risk Coordinator	Evaluation Undertaken	Draft Report	Final Report Received																								
Risk Management																																
Sector Baseline Not Yet Met	1c	It is recommended that the Council consider the Risk Management Policy, Framework and Guidelines training needs across the organisation and incorporate them into a Corporate Training needs process that expands upon the current WHS needs. It is also recommended that the Council review its current reporting processes for operational risk. As viewed the draft Risk Management Framework documents the processes for monitoring and reporting of operational risk. The opportunity now is to adopt the Framework and implement it.	Provide details and advice arising from the Risk Evaltion to the Organisational Development team for consideration and incorporation into the Training Needs Analysis register. Undertake review and implementation of robust risk management reporting utilising SkyTrust software. Progress the Draft Risk Management Framework to implementation and monitoring across the organisation.	In Progress In Progress In Progress	Governance & Risk Coordinator Governance & Risk Coordinator Governance & Risk Coordinator	Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken	Draft Report Draft Report Draft Report	Final Report Received Final Report Received Final Report Received																								
Roads & Footpaths																																
Sector Baseline Not Yet Met	2a	It is recommended that the Council undertake a review of its 221 permitting process and ensure that all personnel who may have a role in the receipt of and approval of these permits work together to develop a defined documented system for the processing and subsequent approval. It is also recommended that the personnel who have delegated authority to sign permits have the training need for the processes mapped on a Corporate Training Needs Analysis.	1. Review information available 2. Bring Stakeholders together to map process and document current process 3. Document Desired Process 4. Prepare assessment checklist 5. Update application forms 6. Update Permit document 7. Run a test scenarios (ie. one of each type) 8. Rectify any deficiencies 8a Consultation (NEW Item) 9. Document workflow for process 10. Train all relevant staff 11. Implement - web? SharePoint? Continuous improvement strategy	Completed 13/2/2020 Completed 16/3/2020 Completed 9/4/2020 Completed 22/6/2020 Completed 6/9/2020 Completed 21/8/2020 This item has been deleted This item has been deleted This is a NEW item Completed 29/10/2020 <a href="http://teams.ahc.sa.gov.au/engineering/Share%20Documents/Forms/AllItems.aspx">http://teams.ahc.sa.gov.au/engineering/Share%20Documents/Forms/AllItems.aspx</a> Implement - web? SharePoint? Continuous improvement strategy	Ashley Curtis Ashley Curtis Ashley Curtis Ashley Curtis Ashley Curtis Ashley Curtis Ashley Curtis Ashley Curtis Ashley Curtis Ashley Curtis Ashley Curtis	Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken	Draft Report Draft Report Draft Report Draft Report Draft Report Draft Report Draft Report Draft Report Draft Report Draft Report Draft Report	Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received																								
Sector Baseline Not Yet Met	2b	It is recommended that the Council introduce a documented assessment for all Section 221 permit applications to ensure that there is a documented and consistent approach to the assessment to ensure that the permit consider structures and installations for their safety and suitability.	As per 2a		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received																								
Sector Baseline Not Yet Met	2c	It is recommended that the Council undertake a review of its Section 221 permitting process and ensure that the permit application and permits issued align. It is also recommended as identified above that the Council develop a documented assessment process to ensure that there is a consistent approach to the receipt, assessment and issuing of these permits.	Draft Plan completed and external review of plan undertaken. External review to be incorporated into updated draft plan.		Ashley Curtis	Evaluation Undertaken	Draft Report	Final Report Received																								
Sector Baseline Not Yet Met	2d	It is recommended that the Council adopt and implement an Asset Management Plan for the management and maintenance of its road and footpath assets. Additionally Council needs to continue with the development of assessment tools for both its road and footpaths assets and ensure that key personnel responsible for conducting these assessments are competent in the assessment criteria. It is further recommended that the Council give consideration to how the asset management plan and assessment tools are communicated and operationally used by key maintenance staff responsible for the on the ground operational maintenance of footpaths and roads.	1. Finalise draft Transport Asset Management Plan 2. Council adoption of Transport Asset Management Plan 3. Implement Transport Asset Management Plan 4. Utilise ConfirmConnect to audit a sample size of footpath network to determine process and resource requirements for inspection of full network. 5. Utilise High priority Zone mapping to undertake yearly inspection of footpath condition.	Community Consultation underway Proposed for December 2020 Council meeting Condition survey being developed for Connect Condition survey that is developed will be customised to include route with high priority footpaths. Condition survey that is developed will be customised to include route with high priority footpaths.	David Collins David Collins David Collins David Collins David Collins	Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken	Draft Report Draft Report Draft Report Draft Report Draft Report	Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received																								
Sector Baseline Not Yet Met	2e	As per 2d	Condition survey that is developed will be customised to include route with high priority footpaths.		David Collins	Evaluation Undertaken	Draft Report	Final Report Received																								
Sector Baseline Not Yet Met	2f	As per 2d	Condition survey that is developed will be customised to include route with high priority footpaths.		David Collins	Evaluation Undertaken	Draft Report	Final Report Received																								
Sector Baseline Not Yet Met	2g	As per 2d	Condition survey that is developed will be customised to include route with high priority footpaths.		David Collins	Evaluation Undertaken	Draft Report	Final Report Received																								
Sector Baseline Not Yet Met	2h	It is recommended that the Council contact the Rail Authority and commence discussions around the completion of the rail interface risk assessments in the following manner: a) by itself identifying and assessing those risks (independently) or b) by identifying and assessing those risks jointly with the other person; or c) by adopting the identification and assessment of those risks carried out by the other person.	1. Undertake an in-house risk assessment of each rail interface. 2. Contact rail authority and ask to review their risk assessment of each rail interface within the Council area. 3. Amend the Council risk assessment with reference to the rail authority's, adopt, record, and provide a copy to the rail authority.		Ashley Curtis Ashley Curtis Ashley Curtis	Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken	Draft Report Draft Report Draft Report	Final Report Received Final Report Received Final Report Received																								
Procurement																																
Sector Baseline not achieved	3a	The Council has a Procurement Policy revised and effective from 1 October 2019. There is also a Procurement Framework adopted by ELT and has an issue date of October 2019. The documented system provides clear processes for approach to the market, evaluation of responses and selection of providers. The current Framework as viewed does not identify a process for the recording of reasons for entering into contracts other than those resulting from a tender. It is acknowledged however that the newly revised Framework and subsequent guidance materials require that an Recommendation Report must be completed for all acquisitions over \$10,000 or when a contract is being used, this will be the transparent way of recording moving forward the reason why a supplier was utilised.	Framework to be reviewed and updated.	Framework reviewed Clause 3.2.5. Acquisition Plan. Current requirement for AQ plan required for all contracts. Recommendation report required for all contracts.	James Greenfield	Evaluation Undertaken	Draft Report	Final Report Received																								
Sector Baseline not achieved	3e	It is recommended that the Council update its Purchase Order terms and conditions to reflect the following: • The requirement for the supplier to comply with all legislative requirements • Indemnity/liability provisions • Insurance (minimum public liability indemnity) • Warranty (goods and services) • Any sub-contractor prohibition (no engagement without prior approval of Council)	Purchase Order conditions changed		James Greenfield	Evaluation Undertaken	Draft Report	Final Report Received																								
Sector Baseline not achieved	3g	It is recommended that the Council review the application of its Contractor Management processes to ensure that monitoring of contractor work is documented and that there are documented processes in place and applied to review contractor performance post works.	Procurement and WHS will review the current processes and update them in consultation with the relevant stakeholders. It is envisioned that compliance and training will be in conjunction and built into the Procurement processes. An interim step will be to investigate whether the the Contract Register can be updated to capture some of the required data to record some of the required data.		James Greenfield & Lee Morrow James Greenfield	Evaluation Undertaken Evaluation Undertaken	Draft Report Draft Report	Final Report Received Final Report Received																								

Evaluation Score	Risk Evaluation Q or Source	Due	Evaluation Finding	Action Agreed	Progress	Responsible Person	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21						
<b>Event Management</b>																																					
Sector Baseline not achieved	ALL		Council to engage LGRS to review current processes via a gap analysis and work with Council to develop a Tailored Implementation Plan (TIP) to meet sector baselines.		COMPLETED	LGRS Consultant	Evaluation Undertaken	Draft Report	Final Report Received				C							Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events													
Sector Baseline not achieved	E2a & E2b INTERNAL EVENT MANAGEMENT & RISK		E2a - The Council does not have systems in place for management of Council organised events ... being applied in a consistent manner. E2b - As identified in E2a the Council's documented systems are focused on Council permitted events ... (need) consistent approach to risk management for Council organised events.	Review current "events" and determine what constitutes an event, if they are Council permitted or Council organised. To assist in the direction of what risk management activities should be in place and by whom. (Use Definitions as per Section 3 Festival and Events Policy) Develop a spreadsheet which collates all of above and incorporates an Event Hazard Assessment (Matrix of hazards to determine treatment)	Spreadsheet and hazard assessment created.	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received				O		C					Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events													
			Develop an internal Event Management Procedure	To be drafted. LGRS to assist. Will sit between Festival and Events Policy and administrative documents		Events Officer	Evaluation Undertaken	Draft Report	Final Report Received						O					Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events		O			P								
			Develop an Event Risk Management Plan template	Spreadsheet created.		Events Officer	Evaluation Undertaken	Draft Report	Final Report Received								C			Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events													
			Develop an Event Risk Register template	Created - within Risk Management Plan (above)		Events Officer	Evaluation Undertaken	Draft Report	Final Report Received							C				Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events													
	E2a & E2b & E2c		E2a E2b E2c - (Need) process to ensure suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage.	Develop an Internal Events Toolkit incorporating: a) an Internal Event Application Processing checklist to track the key risk management activities (review of risk management plans, emergency management plans, insurances and licenses) b) A process to ensure suitability of contractors, and responsibilities (indemnities and insurances) for the risks they manage	Council drafting internal Events Toolkit based on existing toolkit for external events (Pushed into 2021 to align with Internal Events Management Procedure)	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received											Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events									P				
	E2d EVENT RESOURCES AND SKILLS		E2d - The Council was not able to demonstrate that they have assessed the number of, and skills required for, Council staff and Volunteers working at events.	Develop an Event Staff Resources and Skills Matrix to ensure there are sufficient Council staff and volunteers working at an event and that they possess the skills needed to complete their roles.	To be drafted (similar to WHS task risk assessments which already exist)	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received										O	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events									C				
	E2e EMERGENCY MANAGEMENT PLAN		E2e - (Need consistent) emergency management provision for events.	Develop an Event Emergency Management/Response Plan template	Basic draft exists	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received											Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events									O	P			
	E2f EXTERNAL EVENT MANAGEMENT		E2f - (Need) a consistency to how Council is assessing and permitting ... events.	Develop an External Event Application Processing checklist for Council internal use	To be drafted (Moved up from 2021 to fill gap made by pushing Internal Events Toolkit)	Events Officer	Evaluation Undertaken	Draft Report	Final Report Received											Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events									O	P			
			Develop an Event Evaluation and De-Brief Form	Form created/moved up from 2021 to fill gap made by		Events Officer	Evaluation Undertaken	Draft Report	Final Report Received								C			Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events													
			Develop a Pre - Event / Site Inspections Checklist template	to be drafted		Events Officer	Evaluation Undertaken	Draft Report	Final Report Received											Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events	Team Not Available Major Events											P		
<b>Tree Management</b>																																					
Sector Baseline Not Met	E4a		It is recommended that the Council consider the development of the operational process documents (guidelines or framework) as described within its Policy, maintenance and inspection programs. These guidance documents will provide transparent processes in relation to the management of trees and will assist in ensuring consistent and risk based determinations	1. Create overarching operational process document 2. Create detailed operational Arboriculture Standards (what we will and will not do) 3. Create assessment process based upon enquiry type definition (which staff inspect what type of enquiries) 4. Document job priority definitions (service standards) 5. Create an Arboriculture team skills register to establish current staff technical knowledge / ability base. Including practical skills, Council processes and tree management knowledge. To look for opportunities for knowledge sharing, covering skill shortages. 6. Create Arboriculture specific team training / industry licensing register	To be started Have basic list of standards relating to enquiries, needs more detail and cover off upon all requested actions Existing job allocation currently in place. Process and standard of assessment to be written Existing framework present including enquiry categories and enquiry response timelines currently in operation and tabled. Needs to be workshopped as relates to KPI's and resourcing. Need to create definitions around service standards around assessed workflow. To be started	Damian Brennan Damian Brennan Damian Brennan Damian Brennan Damian Brennan	Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken	Draft Report Draft Report Draft Report Draft Report Draft Report	Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received										O	O																P P P P	
Sector Baseline Not Met	E4b		As identified above the Council could benefit from documenting its process in relation to the preventative management of trees.	1. Classify Urban tree population into SSA categories P1 - P4 2. Create periodic tree inspection program based upon categories P1 - P4 3. Document collection process around data collection 4. Document tree risk assessment process 5. Document AHC assessment of new tree planting locations, genus / species selection and planning process 6. Document Open Spaces DA internal referral assessment processes in line with AS4970-2009 7. Document VTA standards based upon TRAQ levels 1 - 3 and in what circumstances we will implement.	SSA Arboriculture log in created with fields set up to map Urban tree population. No data inputted as yet To be started, can be set up in Confirm, priority and frequency needs to be document Have some existing Confirm process maps, need to document how collection is to be undertaken and interpretation as to field attributes TRAQ risk assessment methodology to be documented regarding how AHC records and stores assessment data To be started To be started To be started	Damian Brennan Damian Brennan Damian Brennan Damian Brennan Damian Brennan Damian Brennan Damian Brennan	Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken	Draft Report Draft Report Draft Report Draft Report Draft Report Draft Report Draft Report	Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received																												P P P P P P P
Sector Baseline Not Met	E4c		Whilst it is noted that the Sector Baseline has been met for this question there is opportunity to bring together the process of responding to tree request into a documented process (flowchart or operational procedure) This will ensure that there is a consistent systematic approach to this process	1. Improve workload distribution, individual workload volumes, spread of departmental knowledge, create contingency plan for staff absents. Various 270 reviews have identified extended response times need to be improved to customer requests. Current enquiry response times do not meet existing desirable targets. 2. Document CRM Tree enquiry triaging and officer allocation into Confirm 3. Document processing of Confirm enquiries, note taking, email storage 4. Document customer interaction / communication processes. (when we will and will not contact customers / method of contact) 5. Document public notification processes (when we will notify and to whom) 6. Document job creation process, assigning job priority levels, assigning workflow through Confirm 7. Document job progression / job estimation / commitment processes to internal and external contractors	To be started Have tabled process needs to be documented Have tabled process needs to be documented, written correspondence process needs to be tabled To be started To be started Have tabled process needs to be documented Have tabled process needs to be documented	Damian Brennan Damian Brennan Damian Brennan Damian Brennan Damian Brennan Damian Brennan Damian Brennan	Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken Evaluation Undertaken	Draft Report Draft Report Draft Report Draft Report Draft Report Draft Report Draft Report	Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received Final Report Received																											P P P P P P P	

**P** Shows when action is planned  
**C** Shows when a planned action was completed  
**O** Shows when a planned action was due to be completed (i.e. item overdue and rescheduled to a new planned date)

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.12

**Responsible Officer:** Steven Watson  
Governance & Risk Coordinator  
Office of the Chief Executive

**Subject:** Risk Management Plan Update

**For:** Information

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**SUMMARY**

This report provides the Audit Committee with an update on Risk Management activities including the current status of the Strategic Risk Profile and Management Plan.

In relation to the Strategic Risk assessments, there has been no change to the Inherent, Residual or Target risk ratings for the quarter.

In relation to the implementation of Mitigation Actions to manage the Strategic Risks, the following results have been achieved since the last reporting period:

- Residual Risk: Nil change
- New Mitigation(s): 3 new mitigations identified and Zero (0) mitigations removed
- Completed: 72% (63) increased with six (6) completed actions
- In Progress: Decrease from 30% to 26% (23)
- Not Commenced: Increase from 1% to 2%

In relation to the Corporate Risk Framework, the SkyTrust Software Council uses for managing its WHS and other obligations has had its Corporate Risk Module populated with information from the previously used Strategic Risk Register spreadsheets. A copy of the *SkyTrust Strategic Risk Register* is at **Appendix 1**.

**RECOMMENDATION**

**The Audit Committee resolves that the report be received and noted.**

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## 1. GOVERNANCE

### ➤ Strategic Management Plan/Council Policy

*Strategic Plan 2020-24 – A brighter future*

Goal 5 A Progressive Organisation

Objective 05 We are accountable, informed, and make decisions in the best interests of the whole community

Priority 05.1 Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations

Priority 05.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

A number of actions contained in the 2020-21 Annual Business Plan have been added as mitigations against the applicable strategic risk

### ➤ Legal Implications

A number of sections of the *Local Government Act 1999* require councils to identify and manage the risks associated with its functions and activities. Further, s125 requires council to have appropriate internal controls.

Similarly the *Work Health & Safety Act 2012* is structured around the protection of workers and others against harm to their health, safety and welfare through the elimination or minimisation of risk arising from work or specified substances or plant.

### ➤ Risk Management Implications

Improvements in the implementation of the risk management framework will assist in mitigating the risk of:

*A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (4D)	Medium (4D)

Note that there are many other controls that assist in mitigating this risk.

### ➤ Financial and Resource Implications

While there are no direct financial or resource implications from this report, a number of Strategic Risk Profile and Management Plan treatments are impacted by funding limitations or have been accommodated in the 2020-21 Annual Business Plan and Budget.

### ➤ Customer Service and Community/Cultural Implications

There is a high expectation that Council has appropriate corporate governance processes in place including an effective corporate risk management system.

➤ **Sustainability Implications**

There are no direct sustainability implications arising from this report.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

*Council Committees:* Not Applicable

*Council Workshops:* Not Applicable

*Advisory Groups:* Not Applicable

*Administration:* Chief Executive Officer  
Director Corporate Services  
Director Community Capacity  
Director Development & Regulatory Services  
Director Infrastructure & Operations  
Executive Manager Governance & Performance  
Executive Manager Organisational Development  
Manager Strategic Assets  
Manager Sustainability Waste and Emergency Management  
Manager Property Services  
Manager Information Services  
Manager Financial Services  
Manager Economic Development  
Manager Community Development  
Manager Open Space  
Manager Civil Services  
Team Leader Information Management,  
Senior Strategic & Policy Planner  
Sustainability Officer  
Procurement Coordinator  
Biodiversity Officer

*External Agencies:* Not Applicable

*Community:* Not Applicable

**2. BACKGROUND**

Council's Strategic Risk Profile monitoring and reporting process has been in place since 2014 based on the, then, current Risk Management Policy and the Risk Management Framework.

The allocation of risk owners has been reviewed over time due to changes in the portfolio allocation within the Administration. The current allocations have been in place since January 2020 with the transition of SR9a (human resources) to the Director Corporate Services as a result of a change in organisational structure.

Reports on the Strategic Risk Profile have been provided to the Audit Committee and subsequently Council on a quarterly basis since February 2016.



At its 13 May 2019 meeting, the Committee reviewed the Risk Management Policy and noted that only minor nomenclature changes were required, prior to recommending it for Council’s consideration.

Council adopted the revised Policy at its 28 May 2019 meeting.

#### Risk Management Framework

Additionally an extract of the Strategic Risk Register is usually provided to the Committee and Council. At its 13 May 2019 meeting the Committee requested that the full Register be provided for the Committee’s review. The SkyTrust Software Council uses for managing its WHS and other obligations has had its Corporate Risk Module populated with information from the previously used Strategic Risk Register spreadsheets. A copy of the SkyTrust Strategic Risk Register is at **Appendix 1**.

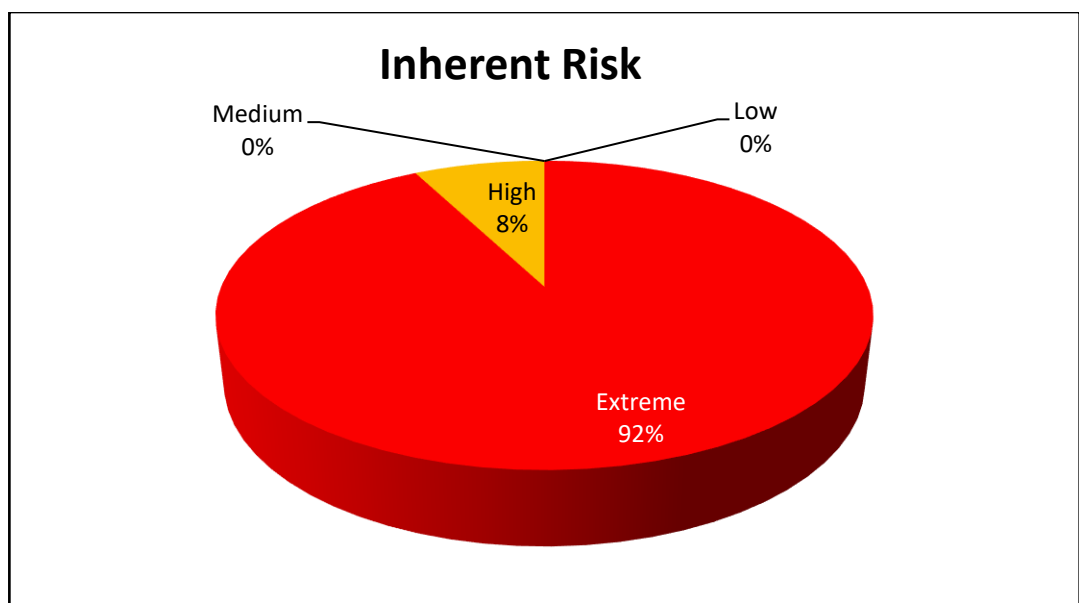
### 3. ANALYSIS

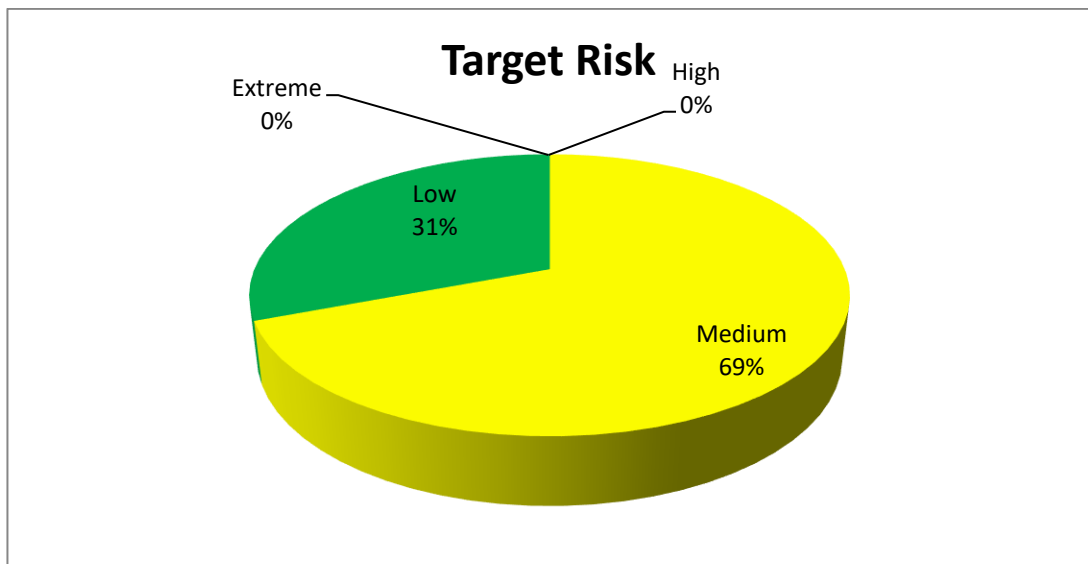
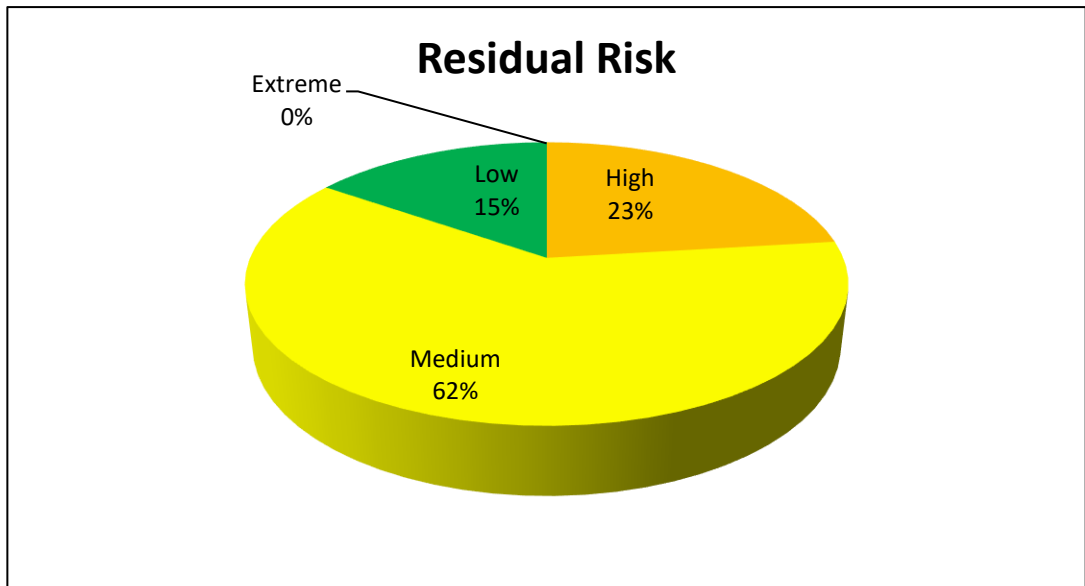
#### Strategic Risk Profile

The Strategic Risks are regularly reviewed by the risk owners responding to triggers in the risk environment, changes in causation or impact, changes in the control environment and on the completion of mitigation actions (which then form part of the control environment) which collectively can impact the likelihood and/or consequence of the risk.

The Strategic Risks were recently reassessed and the following diagrams depict the Inherent, Residual and Target ratings. There has been no change to the Inherent or Target risk ratings from the February 2021 assessment.

There has been no change in the Residual Risk rating for the reporting period. Whilst this may be problematic if the risk were not being reviewed, officers regularly review their risks and mitigations, although the Residual Risk rating identifies no change for the reporting period.

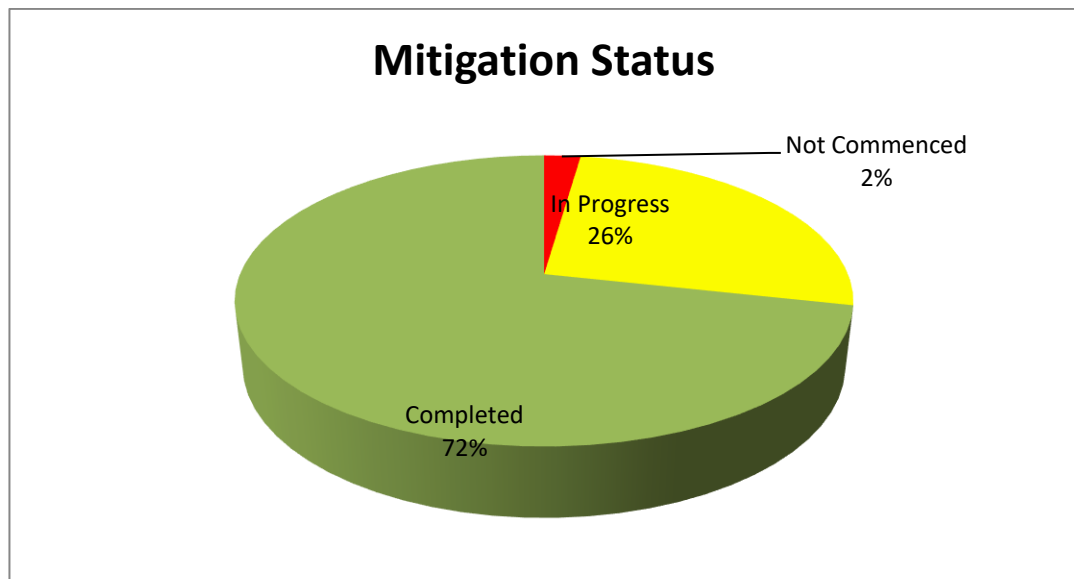




The implementation of Mitigation Actions has been progressing steadily. The current status is:

Status	August 2020	November 2020	February 2021	May 2021
<b>Completed</b>	72% (59 actions)	73% (60 actions)	69% (57 actions)	72% (63 actions)
<b>In Progress</b>	26% (21 actions)	24% (20 actions)	30% (25 actions)	26% (23 actions)
<b>Not Commenced</b>	2% (2 actions)	3% (2 actions)	1% (1 action)	2% (2 actions)
<b>New Initiatives (in above totals)</b>	5 New Mitigations	Zero New Mitigations	2 New Mitigations	3 New Mitigations

This is shown diagrammatically below:



#### Risk Management Framework

As identified through an action in the Strategic Risk Register, the Administration has continued to work on the Risk Management Framework. This process was held up somewhat until a suitable software solution could be sourced and trialled. This trial is occurring and whilst the Administration is in early learning, it is envisaged further development including the reporting elements will provide positive benefits, operating efficiencies and deliver a sound and robust risk management framework.

#### **4. OPTIONS**

The Audit Committee has the following options:

- I. To note the update on the Strategic Risk Profile as presented (recommended).
- II. To determine not to note either or both updates and/or identify additional actions to be undertaken (not recommended).

#### **5. APPENDIX**

- (1) Strategic Risk Register

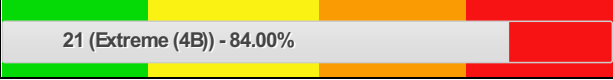
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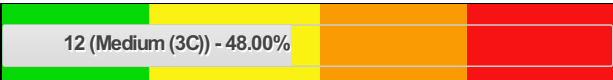
# **Appendix 1**

*Strategic Risk Register*

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Department	Team	Location/Project	Risk ID	Risk Title	Description	Responsible Person	Risk Type	Risk Category	Initial Risk Score	Residual Risk Score	Date Added	Current
Adelaide Hills Council	Executive Leadership Team	Other	170934	Strategic Risk	Failure to manage, improve and develop the human resources available to the Council. (F)	Megan Sutherland	Strategic	People & Culture (includes WHS)	21 (Extreme (4B)) 84.00%		26/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	169129	Strategic Risk	Failure to provide appropriate infrastructure for the community (F)	Peter Bice	Strategic	Assets & Infrastructure	21 (Extreme (4B)) 84.00%		19/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	169143	Strategic Risk	Failure to deliver projects, programs and services in accordance with plans (time, budget, quality)	Peter Bice	Strategic	Assets & Infrastructure	21 (Extreme (4B)) 84.00%		19/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	170816	Strategic Risk	Failure to take measures to protect the community from natural and other hazards (F)	Peter Bice	Strategic	Community Health & Wellbeing	24 (Extreme (5B)) 96.00%		26/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	170817	Strategic Risk	Failure to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner and to improve amenity. (F)	Peter Bice	Strategic	Environment	22 (Extreme (5C)) 88.00%		26/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	170933	Strategic Risk	Failure to manage and develop public areas vested in, or occupied by the Council (F)	Terry Crackett	Strategic	Community Health & Wellbeing	23 (Extreme (4A)) 92.00%	12 (Medium (3C)) 48.00%	26/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	170965	Strategic Risk	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies (PR)	Lachlan Miller	Strategic	Governance, Legal & Compliance	21 (Extreme (4B)) 84.00%	9 (Medium (3D)) 36.00%	26/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	170815	Strategic Risk	Failure to provide for the welfare, well-being and interests of the community (F)	David Waters	Strategic	Community Health & Wellbeing	24 (Extreme (5B)) 96.00%	9 (Medium (3D)) 36.00%	26/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	170939	Strategic Risk	Failure to manage, improve and develop the information resources available to the Council. (F)	Terry Crackett	Strategic	Community Health & Wellbeing	23 (Extreme (4A)) 92.00%	13 (Medium (4D)) 52.00%	26/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	150009	Strategic Risk	Failure to plan at the local and regional level for the future development and future requirements of the area. (F)	Marc Salver	Strategic	Service Delivery	21 (Extreme (4B)) 84.00%	5 (Low (2D)) 20.00%	15/09/2020	Yes
Adelaide Hills Council	Executive Leadership Team	Other	170851	Strategic Risk	Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism (F)	David Waters	Strategic	Growth & Prosperity	17 (High (3B)) 68.00%	5 (Low (2D)) 20.00%	26/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	170963	Strategic Risk	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)	Lachlan Miller	Strategic	Governance, Legal & Compliance	22 (Extreme (5C)) 88.00%	6 (Low (3E)) 24.00%	26/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	170941	Strategic Risk	Inability to discharge role and functions of a local government entity leading to a breach of legislation and loss of stakeholder confidence.	Terry Crackett	Strategic	Governance, Legal & Compliance	22 (Extreme (5C)) 88.00%	15 (High (5E)) 60.00%	26/02/2021	Yes

<b>ID:</b>	Risk - 170934
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to manage, improve and develop the human resources available to the Council. (F)
<b>Responsible Person:</b>	Megan Sutherland
<b>Date of Risk Identification:</b>	07/08/2020
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	People & Culture (includes WHS)
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	<p>Cause:</p> <ul style="list-style-type: none"> <li>- Poor IR practices</li> <li>- Ineffective attraction and retention initiatives</li> <li>- Lack of workforce planning and development.</li> <li>- Deficient equity and diversity programs</li> <li>- Poor leadership</li> <li>- Failure to ensure appropriate WH&amp;S for employees and volunteers.</li> <li>- Volunteers deterred by training/inductions requirements</li> <li>- Ageing population impacting on volunteer participation</li> <li>- Failure to engage young population as volunteers</li> </ul>
<b>Possible Consequences:</b>	<p>Impact:</p> <ul style="list-style-type: none"> <li>- Increased financial cost;</li> <li>- potential litigation; decrease in morale; poor work performance; inability to deliver services; negative impact on council brand and reputation; lacking or ineffective policy/procedures; inability to meet the demand for volunteering opportunities, inability to offer attractive positions (older and younger workers), potentially lose volunteers who don't want to participate in induction and training, council could fail to meet the legislative requirements if training avoided; not having available staff/volunteers to undertake work at required times; heightened number of complaints around EEO; ineffective management of human resources, lose ability to innovate through poor leadership, fear of doing the wrong things and receiving punishment; more injured workers, potential death; litigation threatening the viability of the organisation; unable to attract employees and volunteers; lack of handover and transfer of valuable knowledge; challenges about fair and equitable process; higher turnover costs and negative affect on work culture; potentially losing good candidates.</li> </ul>
<b>Initial Risk Score:</b>	 <p>21 (Extreme (4B)) - 84.00%</p>
<b>Initial Risk Comments:</b>	
<b>Residual Risk Score:</b>	
<b>Residual Risk Comments:</b>	
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes

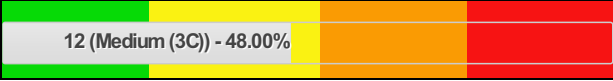
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> <li>- Volunteer Coordinator, volunteer management project and practices</li> <li>- Provide leadership training and development/coaching,</li> <li>- OD Team -trained and experienced;</li> <li>- Policy and procedures that include screening, police and health checks;</li> <li>- Position descriptions for every position,</li> <li>- WHS &amp; OD policies and procedures;</li> <li>- Trained leaders and employees; executive team trained and engaged in management of WH&amp;S;</li> <li>- Active H&amp;S Committee; WHS Advisor-expertise in organisation;</li> <li>- Well maintained plant and equipment;</li> <li>- Regular reporting in teams and across the organisation;</li> <li>- Annual audits by external party;</li> <li>- Access to LGAWCS/risk services for advice;</li> <li>- Proven track record of high achievement;</li> <li>- WHS improvement plan; WHS KPI action plan (annual); annual WHS KPI Audit (external party)</li> <li>- Fair Treatment, Workplace Bullying Procedures implemented and training provided</li> <li>- Grievance Procedures implemented</li> </ul>	Megan Sutherland	01/08/2021	07/05/2021		Major reduction in risk
 <p>12 (Medium (3C)) - 48.00%</p>					

Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Equity and diversity plan is being developed	Six Months	Megan Sutherland	Further development of the plan is being undertaken through the Diversity and Inclusion Team. Some initial ideas for the plan have been researched. Since this action commenced, the Access and Inclusion Plan 2020-2024 has been adopted by Council in January 2021. A review of the direction of this action is needed so as not to double up on activities.	30%
Corporate Risk Register	Update Fair Treatment and Bullying Procedures, and Grievance Resolution Procedure;	Immediately	Megan Sutherland	Fair Treatment, Workplace Bullying Procedures and Grievance Procedures implemented and published on Workspace	100%
Corporate Risk Register	Review Work From Home Policy & procedures to ensure that meet the changing needs of the workforce stemming from COVID and increased fire events.	Immediately	Megan Sutherland	Procedures updated to respond to events in 2020 and were implemented successfully. Review now required to ensure application to a more business as usual mode of operation is effective.	100%
Corporate Risk Register	Implement replacement Payroll system to comply with legislative requirements that will not be possible with existing system on 1 January 2022.	Immediately	Megan Sutherland	Project team established and options for upgrade being considered. Advise received that critical deadline may move to 30 June 2022. <i>22/04/2021 by Megan Sutherland</i> - Currently working with ICT Team and the external system provider to map out requirements. ICT managing the implementation plan.	10%
Corporate Risk Register	Undertake Fair Treatment and Bullying training	Immediately	Megan Sutherland	HR delivered training to all employees and People Leaders in March 2016. A network of Equity and Diversity Contact Officers established and trained in March 2016. Training will be undertaken annually for new employees.	100%
Corporate Risk Register	Review how the Work from Home Procedure is going and if positively contributing to effective and efficient work and working relationships across the	Three Months	Megan Sutherland		%

Documents		
Date Added	Document Name	Document Details



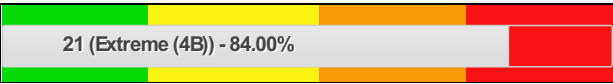
<b>ID:</b>	Risk - 169129
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to provide appropriate infrastructure for the community (F)
<b>Responsible Person:</b>	Peter Bice
<b>Date of Risk Identification:</b>	12/11/2020
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Assets & Infrastructure
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	<p>Cause:</p> <ul style="list-style-type: none"> <li>- Ageing infrastructure in need of renewal to remain fit for purpose and/or comply with legislation</li> <li>- Poor asset management regimes (data, levels)</li> <li>- Ineffective maintenance regimes</li> <li>- Leaseholders conducting works outside of contractual/legislative obligations.</li> <li>- Duplication or gaps in infrastructure provision to communities.</li> <li>- Lack of understanding community needs and trends</li> </ul>
<b>Possible Consequences:</b>	<p>Impact:</p> <ul style="list-style-type: none"> <li>- Increased cost to maintain infrastructure</li> <li>- Reduced confidence in Council by the community</li> <li>- Increased risks to staff and community when utilising facilities</li> <li>- Disadvantage to AHC community over that of other areas</li> <li>- Negative impact on community wellbeing</li> </ul>
<b>Initial Risk Score:</b>	<p>21 (Extreme (4B)) - 84.00%</p>
<b>Initial Risk Comments:</b>	210219 - Transferred from AHC Strategic Risk Assessment Excel Spreadsheet
<b>Residual Risk Score:</b>	
<b>Residual Risk Comments:</b>	
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes

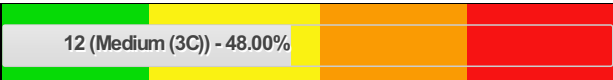
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> <li>- Current Asset Management Plans for key asset categories</li> <li>- Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans</li> <li>- Endorsed annual budget for maintenance program (all asset categories)</li> <li>- Annual Business Plan &amp; Budget consultation undertaken</li> <li>- Customer Survey undertaken</li> <li>- Asset condition audits undertaken cyclically</li> <li>- Asset management system in place (Conquest)</li> <li>- Building inspections (last done 2013)</li> <li>- Compliance audits for buildings as per legislation</li> <li>- Customer request system captures community concerns/issues</li> <li>- Sport and Recreation Strategy</li> <li>- Bike Strategy</li> <li>- Preventative Maintenance regime</li> <li>- Strategic Plan Reviewed with Goal area for Built Environment established (including priorities)</li> </ul>	Peter Bice	01/03/2021	12/11/2020		
 <p>12 (Medium (3C)) - 48.00%</p>					

Actions						
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	
Corporate Risk Register	Update asset management plans as per cycle (and LTFP)	Immediately	David Collins	Footpaths, Kerbs and Roads AMP adopted by Council Feb 2021. AMPS for other classes in development.	100%	
Corporate Risk Register	Preventative Maintenance regime developed	Immediately	David Collins	NIL <i>07/05/2021 by David Collins</i> - Programmed maintenance cycle in place for Civil services	100%	
Corporate Risk Register	Establish service levels in consultation with community	Immediately	David Collins	Updated to CRM response times completed. Levels of service refinements required as part of AMP reviews. Stormwater Level of Service Report adopted by Council. Levels of service established in adoption of Roads, Footpath and Kerb Asset Management Plan. <i>07/05/2021 by David Collins</i> - <i>07/05/2021 by David Collins</i> - Asset Management Plan Roads, Footpath and Kerb Adopted 2021	100%	

Corporate Risk Register	Establish cycle for condition audits and monitor (incl buildings)	Immediately	David Collins	<p>Building audits funded in 2020/21</p> <p>Span Bridge Audits completed in 202/21</p> <p>Condition audits identified in AMP and new system implementation and set up has delayed some condition auditing.</p> <p>Audit of Kerb being undertaken by internal resource on ConfirmConnect February 2021. Footpath audit to be conducted in first half of 2021.</p> <p>Conditon audit identified in Road, Footpath and Kerb AMP for all sealed roads. To be undertaken in 2022/23</p>	90%
Corporate Risk Register	Develop Bike Strategy to identify infrastructure requirements	Immediately	David Collins	<p>To Council Oct 16 - completed</p> <p><i>07/05/2021 by David Collins</i> - Bike Strategy was developed and was reviewed as part of Trail Stratgey.</p>	100%
Corporate Risk Register	Revise Sport and Recreation Strategy to identify infrastructure requirements	Immediately	David Collins	<p>Strategy completed and infrastructure requirements linked to Strategic Property Review. LTFP now capturing ongoing investment.</p> <p><i>07/05/2021 by David Collins</i> -</p>	100%

Documents		
Date Added	Document Name	Document Details

<b>ID:</b>	Risk - 169143
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to deliver projects, programs and services in accordance with plans (time, budget, quality)
<b>Responsible Person:</b>	Peter Bice
<b>Date of Risk Identification:</b>	15/05/2020
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Assets & Infrastructure
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	<p>Causes:</p> <ul style="list-style-type: none"> <li>- Ineffective Budget Bid process ( ineffective cost estimates preparation; possible lack of understanding of budget and budget process;</li> <li>- Unrealistic timeframes e.g. 12 months for design, consultation and delivery; Change or poorly defined scope; Inadequate specifications and documentation and design; Lack of stakeholder engagement.</li> <li>- Lack of effective consistent project management methodologies</li> <li>- Unforeseen weather and climate conditions,</li> <li>- Lack of appropriate plant and equipment,</li> <li>- Poor contractor management,</li> <li>- Lack of resources (Lack of adequate skilled resources; Loss of key staff,)</li> <li>- Change in government legislation or policy,</li> <li>- Reduction in grant funding,</li> <li>- Lack of scheduled maintenance</li> <li>- Unclear Service ranges and levels</li> </ul>
<b>Possible Consequences:</b>	<p>Impact:</p> <ul style="list-style-type: none"> <li>- Cost of projects escalates, unbudgeted spending, impacts on delivery of the projects</li> <li>- Damage to Council reputation</li> <li>- Outcomes of the project delivered fails to meet community's expectations</li> <li>- Weaknesses in infrastructure necessitating increased maintenanc</li> </ul>
<b>Initial Risk Score:</b>	<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">21 (Extreme (4B)) - 84.00%</p>  </div>
<b>Initial Risk Comments:</b>	
<b>Residual Risk Score:</b>	
<b>Residual Risk Comments:</b>	
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes

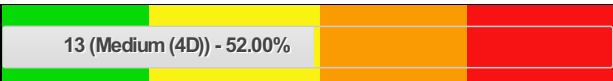
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> <li>- Monthly capital reports from finance</li> <li>- Reporting of The Quarter to Council</li> <li>- Regular team meetings with project updates</li> <li>- Quarterly budget review process</li> <li>- 3 Year Capital Program</li> <li>- Procurement policy</li> <li>- Process and qualified staff/teams</li> <li>- Project reporting process</li> <li>- Panel contractors</li> <li>- Legislation and policy</li> <li>- KPI monitoring and reporting</li> <li>- Financial Reporting</li> <li>- LTFP processes have been amended to ensure that all key Strategies and Plan (including the Strategic Plan and Asset Management Plans) are captured as part of the LTFP review each year ahead of budget</li> </ul>	Peter Bice	01/03/2021	12/11/2020		
 <p>12 (Medium (3C)) - 48.00%</p>					

Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Project Management a) Implementation of Project management framework. A trial with Built and Natural Assets is underway since 1/7/15. A review was undertaken in 2016 to assess and refine framework. Further review required now that Manager Civil Services appointed b) Process to audit and check project management. c) Implementation of scheduled program maintenance,	Immediately	Peter Bice	IN PROGRESS. Project Management Documentation now being developed in partnership with external expertise.	80%
Corporate Risk Register	Refine the budget bid process to ensure that sufficient time is allocated to cost budget submissions and also timing recognising that some projects will need to span across multiple years due to lead times associated with planning, consultation and approvals. Action: develop a budget bid database with a two stage process by 30/3/2016	Immediately	Peter Bice	COMPLETED. Initial 3 year program developed for 2017/18 ABP.	100%
Corporate Risk Register	Start to promote multiple year project planning in line with Asset Management Planning	Immediately	Peter Bice	COMPLETED. 3 Year Capital Program has been established, which help to achieve this goal.	100%

Corporate Risk Register	Develop process in conjunction with Organisational Development to transfer knowledge once an employee has notified intent to leave the organisation (i.e. to capture staff knowledge with consideration of succession planning and transition to retirement)	Six Months	Megan Sutherland	IN PROGRESS. Process development underway, however progress has stalled due to other delivery priorities. Looking to reinvest in this process development over the coming months. Suggest this be transferred to Executive Manager Organisational Development. OD has some important priorities with strict deadlines currently. This process can be addressed through People Leaders focusing on their teams having documented procedure manuals in their areas being developed and continually updated. Where a person transitions to retirement, conversations are undertaken around the management of knowledge transfer and if a current employee needs to be trained in specific aspects of the work as an interim step.	5%
Corporate Risk Register	Amend LTFP and budget processes to capture all Strategic and Functional Strategy funding requirements.	Immediately	Michael Carey	COMPLETED: 2018/19 & 2019/20 Budgets adopted based on a revised LTFP that captured all Strategic and Functional Strategies.	100%
Corporate Risk Register	Amend LTFP ratio ranges, as well as rates indice, to ensure growth in Operating Surplus to fund growth in operating expenditure	Immediately	Michael Carey	Budget workshop held on 30/1/2021 where proposed changes we considered appropriate to take to Audit Committee. LTFP adopted April 2021 with updated LTFP financial indicator ranges	100%
Corporate Risk Register	Develop Quarterly Report of all key projects to Council that provides a status and financial information	Immediately	Lachlan Miller	COMPLETED: The Quarter now implemented and being reported to Council and Audit Committee	100%

Documents		
Date Added	Document Name	Document Details

<b>ID:</b>	Risk - 170816
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to take measures to protect the community from natural and other hazards (F)
<b>Responsible Person:</b>	Peter Bice
<b>Date of Risk Identification:</b>	15/05/2020
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Community Health & Wellbeing
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	<p>Cause:</p> <ul style="list-style-type: none"> <li>- Poor fire prevention initiatives</li> <li>- Poor flood protection initiatives</li> <li>- Poor wind protection initiatives</li> <li>- Ineffective emergency management regimes</li> <li>- Ineffective asset maintenance and replacement plans and programs</li> <li>- Lack of participation in regional emergency management arrangements</li> <li>- Noncompliance with legislation</li> <li>- Insufficient budget</li> <li>- Ineffective planning and preparations</li> </ul>
<b>Possible Consequences:</b>	<p>Impact:</p> <ul style="list-style-type: none"> <li>- Significant property loss and damage</li> <li>- Loss of life, injury</li> <li>- Reputational damage</li> <li>- Exposure to liability and penalty</li> <li>- Loss of community normality</li> <li>- Council services stretched and some services may not be fully operational</li> <li>- Loss or damage of public and private infrastructure</li> <li>- Environmental and biodiversity impacts</li> </ul>
<b>Initial Risk Score:</b>	<p>24 (Extreme (5B)) - 96.00%</p>
<b>Initial Risk Comments:</b>	
<b>Residual Risk Score:</b>	
<b>Residual Risk Comments:</b>	
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes

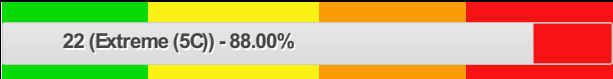
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> <li>- Participation in regional EM arrangements through the ZEMC, and the AMLRBMC and cooperation with other councils and agencies re EM</li> <li>- Provision of assistance to control agencies and the community to respond to emergency incidents as they arise and work with local units to resolve localised issues relating to EM.</li> <li>- Provision of assistance to the community and to relevant government and non-government agencies assist recovery from emergencies.</li> <li>- Contribute to, support and participate in community education programs including the SES Flood Safe Program, Red Cross REDiPlan program and CFS Community Fire Safety Meetings.</li> <li>- Ongoing replacement and maintenance of Council's infrastructure through implementation of Council's AMP and proactive and reactive maintenance programs including stormwater infrastructure (including Flood Plain Modelling), fire track maintenance and street sweeping program.</li> <li>- Ongoing fuel reduction programs on high risk Council owned land including woody weed control, slashing and maintenance of asset protection zones.</li> <li>- Ensure ongoing compliance with the F&amp;ES Act 2005 including annual property inspections to ensure community compliance with requirements of the Act, respond to breaches of the Act as they arise, ongoing appointment of Fire Prevention Officers pursuant with requirements of the Act and provide advice to residents on bushfire prevention and mitigation.</li> <li>- Ongoing implementation of tree maintenance programs including the monitoring and maintenance of high risk trees and undertaking reactive tree pruning and removal of high risk trees minimising failure in windy conditions. Commencement of Zone-based Preventative Main</li> </ul>	Peter Bice	01/03/2021	15/05/2020		
 <p>13 (Medium (4D)) - 52.00%</p>					


Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Development of new Emergency Management Plan.	Immediately	John McArthur	<p>EM Framework endorsed by ELT 14/2/17, EM responsibility now transferred to Infrastructure &amp; Operations, Project timeframes to be reviewed. Update 02/10/19 - Draft Emergency Management Plan completed. Draft Incident Operations Manual (formerly within the Emergency Management Plan) to be considered for endorsement by ELT 3 October 2019. Council to participate in LGA Council Ready Program to complete Emergency Management Plan by September 2020 based on a risk assessment process. Update 07/11/19 - ELT formally resolved to commit to LGA Council Ready Program, scheduling of initial risk assessment workshop set for 9/12/19. Incident Operations Manual adopted by ELT 3 October and is currently being implemented. Update 29/01/20 Lessons learnt from Cudlee Creek fire were identified in an After Action Review in February 2020 and now being incorporated into the Incident Operations Manual. Emergency Management Plan development timeframes may need to be reviewed as priority is on updating the Incident Operations Manual. Draft Emergency Management Plan completed as of 26 February 2021.</p> <p><i>26/02/2021 by John McArthur</i> - Emergency Management Plan is nearing completion. Currently the Emergency Management Plan is in first draft form and comprises sections on Disaster Risk Reduction, Incident Operations and Recovery.</p>	75%
Corporate Risk Register	Commit to I Responda emergency response framework.	Immediately	Lachlan Miller	Council is now part of this program . Its plan to be transferred to contemporary standard. Anticipated to be complete by 31/12/19.	100%



Corporate Risk Register	Develop Emergency Management Team for ongoing development and review of Council's EM processes relating to emergencies that occur external to the organisation (not WHS emergency management)	Immediately	John McArthur	To be developed under EM Framework. Update 05/08/19 - Draft Incident Operations Manual 95% complete. This document will be used with the draft Emergency Management Plan to plan, prepare, respond and recover from emergency events. Anticipated to be completed by 30 November 2019. Update 02/10/19 - Draft Incident Operations Manual to be considered by ELT for endorsement on 3 October 2019. Update 07/11/19 - Incident Operations Manual adopted by ELT 3 October 2019 including establishment of an Incident Management Team completing this action.	100%
Corporate Risk Register	Research the establishment of a dedicated EM role (temporary/permanent)	Immediately	Lachlan Miller	EM responsibilities included in Manager Sustainability, Waste & Emergency Management position.	100%
Corporate Risk Register	Establish Zone-based Preventative Maintenance Program	Immediately	Christopher Janssan	Zone program established	100%
Corporate Risk Register	Review bushfire prevention and mitigation arrangements	Immediately	Christopher Janssan	Structure in place	100%
Corporate Risk Register	Review insurance option related to loss of rate revenue following significant loss of property associated with bushfire	Six Months	Lachlan Miller	Proposal received by Administration in March 2021, still to be assessed.  <i>10/05/2021 by Lachlan Miller</i> - Loss of income cover was discussed during the 2021-22 Insurance Placement. A proposal has been received by LGRS and it still to be assessed.	20%

Documents		
Date Added	Document Name	Document Details

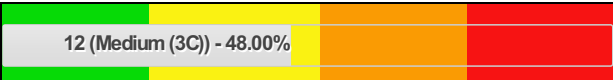
<b>ID:</b>	Risk - 170817
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner and to improve amenity. (F)
<b>Responsible Person:</b>	Peter Bice
<b>Date of Risk Identification:</b>	15/05/2020
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Environment
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	<p>Cause:</p> <ul style="list-style-type: none"> <li>-Lack of understanding of biodiversity.</li> <li>- Inadequate planning controls,</li> <li>- Lack of specific skill and knowledge of natural environment,</li> <li>- Insufficient budget,</li> <li>- Lack of internal coordination in project delivery,</li> <li>- Inadequate emergency response to environmental hazard,</li> <li>- Lack of longitudinal planning and service delivery, difficulty of meeting varying community expectation,</li> <li>- Ineffective natural resource management strategies and processes.</li> <li>- Poor environmental management practices.</li> <li>- Illegal dumping</li> </ul>
<b>Possible Consequences:</b>	<p>Impact:</p> <ul style="list-style-type: none"> <li>- Damage to local environment</li> <li>- Financial - restoration of failure to act (fines plus the works to restore)</li> <li>- Reputational damage</li> <li>- Impact on human health and wellbeing due to the loss of visual amenity and ability to interact with nature</li> <li>- Local amenity not maximised</li> <li>- Health and economic impacts due to climate change</li> <li>- Failure to meet stakeholder expectation</li> </ul>
<b>Initial Risk Score:</b>	 <p>22 (Extreme (5C)) - 88.00%</p>
<b>Initial Risk Comments:</b>	
<b>Residual Risk Score:</b>	
<b>Residual Risk Comments:</b>	
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> <li>- Biodiversity Strategy,</li> <li>- Water Management Plan</li> <li>- Biodiversity Advisory Group and Sustainability Advisory Group</li> <li>- Trained &amp; qualified staff</li> <li>- Safe working procedures</li> <li>- Blue Marker sites</li> <li>- Spill kits</li> <li>- SDS</li> <li>- Customer request system for reporting to us</li> <li>- Machinery hygiene</li> <li>- Development Plan</li> <li>- Strategic Plan Reviewed with Goal area for Natural Environment established (including priorities)</li> </ul>	Peter Bice	01/03/2021	12/11/2020		
 <p>10 (Medium (4E)) - 40.00%</p>					

Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Water Resources strategy to be developed	Immediately	Sharon Leith	Water Management Plan endorsed by Council 13 December 2016.	100%
Corporate Risk Register	Project Management framework (see action above)	Immediately	Ashley Curtis	Expected Delivery 31 December 2020 <i>06/03/2021 by Ashley Curtis</i> - PMF was in testing phase, however testing project officer left the organisation, placing the test on hold, to be continued by new project officer. <i>05/03/2021 by Peter Bice</i> - Underway, drat documentation completed. <i>05/03/2021 by Peter Bice</i> - Underway, drat documentation completed.	85%
Corporate Risk Register	Implementation plan for the Biodiversity Strategy to be developed; Interim review of Strategy	Immediately	Tonia Brown	Biodiversity Strategy endorsed by Council on 24/9/2019. Implementation plan for the Biodiversity Strategy complete.	100%
Corporate Risk Register	Ensure adequate budget and human resources are allocated to the priority strategies articulated in the Biodiversity Strategy's Implementation Plan	Immediately	Peter Bice	Implementation plan for the Biodiversity Strategy complete. The plan informs Annual Programming and LTFP.	100%
Corporate Risk Register	Establish a program to review the safe operating procedures to ensure that they incorporate contemporary management techniques to minimise environmental impacts.	Immediately	Christopher Janssan	Budget Bids to support this years program were included in the 2018-19 Annual Business Plan and Budget Process.	100%
Corporate Risk Register	Expansion of Blue Marker Sites	Immediately	Christopher Janssan		100%

Documents		
Date Added	Document Name	Document Details

<b>ID:</b>	Risk - 170933
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to manage and develop public areas vested in, or occupied by the Council (F)
<b>Responsible Person:</b>	Terry Crackett
<b>Date of Risk Identification:</b>	06/02/2021
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Community Health & Wellbeing
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	<p>Cause:</p> <ul style="list-style-type: none"> <li>- Lack of strategic and operational processes to manage Council's property portfolio.</li> <li>- Poor sports, recreation and open space management practices.</li> <li>- Physical hazards to users (trips, slips, debris, falling items)</li> <li>- Poor climate adaptation regimes</li> </ul>
<b>Possible Consequences:</b>	<p>Impact:</p> <ul style="list-style-type: none"> <li>- Increased cost to maintain infrastructure</li> <li>- Reduced confidence in Council by the community</li> <li>- Increased risks to staff and community when utilising facilities</li> <li>- Disadvantage to AHC community over that of other areas</li> <li>- Negative impact on community wellbeing</li> </ul>
<b>Initial Risk Score:</b>	<p>23 (Extreme (4A)) - 92.00%</p>
<b>Initial Risk Comments:</b>	
<b>Residual Risk Score:</b>	<p>12 (Medium (3C)) - 48.00%</p>
<b>Residual Risk Comments:</b>	
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> <li>- Community Land Management Plans updated 2019</li> <li>- Asset Management Plans developed for property assets</li> <li>- Annual budget developed to include mtce funding</li> <li>- Strategic Plan that captures community facilities and open space</li> <li>- Recreation and Open Space Plan adopted by Council</li> <li>- High risk / high use assets (e.g.. playground equipment) inspected as per established regime</li> <li>- High risk tree audit plan established</li> <li>- Lease and licence arrangements in place for occupiers of council facilities</li> <li>- Maintenance regime in place for all reserves and buildings</li> <li>- Customer request system in place</li> <li>- Rec and Open space planner as well as Rec Officer employed</li> <li>- Reviewed Property Function and Manager Property employed</li> <li>- Sport and Recreation Strategy endorsed by Council</li> <li>- Community Facilities and Recreation Framework Working Group established.</li> </ul>	Terry Crackett	30/06/2021	13/05/2021	A need exists for a cross functional review of this risk given there are a number of key areas involved to review and establish controls. This review should be undertaken prior to the next report for Audit Committee.	Moderate reduction in risk
 <p>12 (Medium (3C)) - 48.00%</p>					

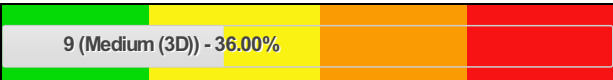
Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Update Community Land Management Plans	Six Months	Natalie Westover	Updated Community Land Management Plans and Register were adopted by Council in September 2019. A review of the Community Land Register and Community Land Management Plans should occur at least every 2 years.	100%
Corporate Risk Register	Programmed maintenance regime to be developed (land and	Immediately	Christopher Janssan	Strategic Property Review endorsed by Council. Programmed maintenance schedules developed in Open Space and Civil Services areas. Building maintenance schedule being developed as part of Facility Framework, service standards to be developed	0%

Corporate Risk Register	Review of Crown Land under care and control of Council	Immediately	Natalie Westover	Detailed assessment of all land parcels undertaken and workshop and report provided to Council. Preliminary consultation completed in relation to potential land parcels to hand back to the Crown. Revocation of community land classification commenced with formal community consultation completed. A report was presented to Council in March 2021 to continue the revocation process that was endorsed.	75%
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Documents		
Date Added	Document Name	Document Details

<b>ID:</b>	Risk - 170965
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies (PR)
<b>Responsible Person:</b>	Lachlan Miller
<b>Date of Risk Identification:</b>	10/02/2021
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Governance, Legal & Compliance
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	<p>Cause:</p> <ul style="list-style-type: none"> <li>- Lack of awareness of legislative/contractual/lease/policy requirements</li> <li>- Lack of standardised lease terms and conditions.</li> <li>- Ineffective delegation and authorisation mechanisms.</li> <li>- Poor procurement and contract management practices</li> <li>- Ineffective compliance management systems</li> <li>- Staff do not possess the appropriate KSE</li> <li>- Legislative changes, not being fully understood</li> </ul>
<b>Possible Consequences:</b>	<p>Impact:</p> <ul style="list-style-type: none"> <li>- Legislative/lease/policy of contractual obligations are not discharged leading to breaches of legislation and/ or contractual arrangements</li> <li>- Failure to effectively undertake the functions of a council</li> <li>- Contractual penalties and liabilities.</li> <li>- Inefficient systems that lead to loss of resources</li> <li>- Scrutiny and sanctions by integrity agencies</li> </ul>
<b>Initial Risk Score:</b>	<p>21 (Extreme (4B)) - 84.00%</p>
<b>Initial Risk Comments:</b>	Council has obligations under many different legislative and contractual instruments
<b>Residual Risk Score:</b>	<p>9 (Medium (3D)) - 36.00%</p>
<b>Residual Risk Comments:</b>	Notwithstanding many controls in place, few are systematized and most are administrative controls which rely on the diligence of the Council Officer.
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes

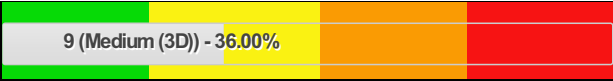


Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<p>Legal considerations considered in agenda report templates, flyers and updates from LGA, legal providers and professional associations.</p> <p>Professional and experienced management team. Register of leases and licenses.</p> <p>Legislative delegations register regularly reviewed, role specific training &amp; development.</p> <p>Policy registers, policies on web, MLS and WCS audits, contract registers, lease registers, internal audit program, external audit program</p> <p>Governance Legal Compliance Audit</p> <p>Full review of Sub delegations and authorisation completed 2017.</p> <p>Employment of Procurement Coordinator</p> <p>Procurement Framework implemented.</p> <p>Experienced property team.</p>	Lachlan Miller	06/11/2021	06/05/2021		PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)
 <p>9 (Medium (3D)) - 36.00%</p>					

Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Legislative compliance audit	Immediately	Lachlan Miller	NIL	100%
Corporate Risk Register	Development of contract management system, subject to funding	Immediately	Michael Carey	NIL	100%
Corporate Risk Register	Development of a legal opinions database	Immediately	Lachlan Miller	As all legal opinions are recorded and accessible in TRIM, a legal opinions database would be an inefficient use of resources.	100%
Corporate Risk Register	Implementation of new delegations and authorisations management system and associated training.	Immediately	Steven Watson	Software has been implemented and is now being updated as delegation changes occur.	100%
Corporate Risk Register	Community & Recreation Facilities Framework will provide for greater standardisation in leasing terms and conditions	Immediately	Natalie Westover	Action Plan endorsed by Council for review of facilities under a Community and Recreational Facilities Framework. Revised due date established. A number of workshops held with Council and Framework endorsed. Draft Facility Framework to be presented to Council by 30 June 2021 for public consultation purposes. It is expected that the final framework will be endorsed by Council prior to 30 June 2022 and then progressively implemented including new leases.	50%

Documents		
Date Added	Document Name	Document Details

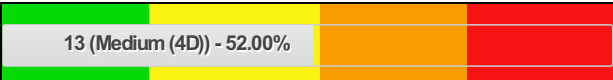
<b>ID:</b>	Risk - 170815
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to provide for the welfare, well-being and interests of the community (F)
<b>Responsible Person:</b>	David Waters
<b>Date of Risk Identification:</b>	13/05/2020
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Community Health & Wellbeing
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	<p>Cause:</p> <ul style="list-style-type: none"> <li>- Ineffective public health programs (food, immunisation, waste water)</li> <li>- Ineffective community development programs</li> <li>- Failure to identify and respond to key community issues</li> <li>- Poor understanding of cultural and diversity issues in community.</li> <li>- Lack of effective active and passive recreation participation strategies.</li> <li>- Ineffective strategies to work with vulnerable members of the community.</li> <li>- Inappropriate behaviour of community facility users.</li> <li>- Unaffordable rates, fees and charges</li> <li>- Ineffective regulatory services activities (including management of dogs, noise, parking)</li> <li>- Poor facilities</li> </ul>
<b>Possible Consequences:</b>	<p>Impact:</p> <ul style="list-style-type: none"> <li>- Food poisoning, insanitary conditions, etc.</li> <li>- Decreased wellbeing and an over-reliance on social support</li> <li>- Loss of faith in Council's ability to meet community needs</li> <li>- Inability for people from diverse backgrounds to live/participate in the community</li> <li>- Decreased health and wellbeing across the community</li> <li>- Inability/difficulty for people of all socioeconomic backgrounds to live in the district</li> <li>- cultural disrespect</li> </ul>
<b>Initial Risk Score:</b>	<p>24 (Extreme (5B)) - 96.00%</p>
<b>Initial Risk Comments:</b>	
<b>Residual Risk Score:</b>	<p>9 (Medium (3D)) - 36.00%</p>
<b>Residual Risk Comments:</b>	
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<p>1- Well resourced department, with qualified staff making informed and evidence based decisions.</p> <ul style="list-style-type: none"> <li>- Regulatory responsibilities that incorporate inspection regimes, education and prosecution where necessary within a highly regulated environment.</li> <li>- Existence of Community Strategy - with identified community needs, gaps in service provision and reprioritised our CD efforts. Adopted June 2015.</li> <li>- Mandated 4-yearly development of strategic plan, incorporating community engagement, ensures effort is made periodically to understand issues important to the community.</li> <li>- Community engagement policy and other relevant policies</li> <li>- Regular satisfaction surveys and program evaluations.</li> <li>- Communicate with empathy, regular informal contact with the community.</li> <li>- Local engagement via Community Centres is occurring with cultural groups.</li> <li>- Ad-hoc engagement on an as-needs basis.</li> <li>- Development of the Reconciliation Action Plan (2015).</li> <li>- Disability Action Plan (2011)., Age Friendly Community Plan (2017)</li> <li>- Staff cultural awareness training.</li> <li>- Recreation and Open Space Planner position created in early 2016.</li> <li>- New Sport &amp; Recreation Strategy was developed and adopted in Oct 2016.</li> <li>- Services currently being provided for vulnerable individuals including in-home support, centre based programs, events, support activities and advocacy.</li> <li>- Codes of conduct in place in some programs/services.</li> <li>- LTFP with sustainable and reasonable rates growth profile. Annual review process for fees and charges incorporates review by Exec and Council Members to ensure control. Internal efficiency improvement program aims to keep costs down.</li> <li>- Volunteer Management Policy and Strategy. Well established and funded volunteer based programs. Little reliance on external funding.</li> <li>- Safe Environments Policy has been adopted. AHC is now registered on the DCSI system for suitability for work screening and all existing staff in prescribed positions have now been checked.</li> </ul>	David Waters	15/06/2021	13/05/2021		Moderate reduction in risk
 <p>9 (Medium (3D)) - 36.00%</p>					

Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Community Cultural Development Officer to develop Cultural Development principles and framework	Immediately	Rebecca Shepherd	The previous risk review has concluded that this action is not necessary to achieve the target risk. <i>01/03/2021 by Rebecca Shepherd</i> - Action no longer required.	100%
Corporate Risk Register	Implement the new Access and Inclusion Plan	Immediately	Rebecca Shepherd	IN PROGRESS. Provisional DIAP was adopted by Council in November 2020, following by further engagement and final adoption of a revised Plan in January 2021. The plan has a 4 year implementation timetable.	15%
Corporate Risk Register	Review facility management arrangements. Develop a more consistent approach to community facility users conduct across the various program areas.	Immediately	Natalie Westover	Action Plan endorsed by Council for review of facilities under a Community and Recreational Facilities Framework. Revised due date established. A number of workshops held with Council and Framework endorsed. Draft Facility Framework to be presented to Council by 30 June 2021 for public consultation purposes. It is expected that the final framework will be endorsed by Council prior to 30 June 2022 and then progressively implemented including new leases.	50%

**Documents**

<b>ID:</b>	Risk - 170939
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to manage, improve and develop the information resources available to the Council. (F)
<b>Responsible Person:</b>	Terry Crackett
<b>Date of Risk Identification:</b>	06/02/2021
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Community Health & Wellbeing
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	Cause: - Business systems do not effectively support organisational needs - Ineffective media and brand management strategies. - Poor information management practices (capture, use, storage, retrieval).
<b>Possible Consequences:</b>	Impact: - Inefficiency; increased risk of errors (from manual systems); negative impact on council brand & reputation; decreased staff morale; potential for increased turnover of staff; lack of consistency; increased cost in undertaking work; systems cannot be upgraded due to inadequate hardware layer; inability to test updates before being implemented; lack of information sharing, working in information silos, failure to capture corporate knowledge effectively, misinformation that leads to negative or undesired outcomes, residents being misinformed or misled, potential legal or financial implications, poor uptake of services; customer confusion regarding branding of council programs and services
<b>Initial Risk Score:</b>	<p>23 (Extreme (4A)) - 92.00%</p>
<b>Initial Risk Comments:</b>	
<b>Residual Risk Score:</b>	<p>13 (Medium (4D)) - 52.00%</p>
<b>Residual Risk Comments:</b>	
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<p>Communications and branding team, corporate policies/procedures around media contact, brand style guide for consistency;            Dedicated Information Management Team established;            EDRMS - Records Policy Updated and endorsed by Council;            Range of internal communication system-emails, meetings, internet, Lync, CRM;            Business systems are regularly reviewed and upgraded;            Employees are trained in basic system use;            Security access relevant to job requirements are provided;            Restricting permissions control;            nightly backups;            Workspace (intranet) - Website Champions in place;            emails; corporate systems;            security groups and access            ICT Business Continuity Plan established            Tender for new Asset Management System completed - System acquired            New information management system acquired - rollout currently underway            New data centre built in City and BCP in place for rollover            Restructure of Information Services undertaken and recruitment of Manager completed.            Cyber Security Audit completed and Cyber Security Plan established            Team Leader Information Systems employed</p>	Terry Crackett	30/06/2021	13/05/2021	A need exists for a cross functional review of this risk given there are a number of key areas involved to review and establish controls. This review should be undertaken prior to the next report for Audit Committee.	Major reduction in risk
		 <p>13 (Medium (4D)) - 52.00%</p>			

Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Implement Asset Management System	Immediately	David Collins	<p>Council assets transitioned into final Production version of Asset Management Enterprise system.</p> <p>07/05/2021 by David Collins -</p> <p>26/02/2021 by David Collins - Confirm Asset Management System is implemented an in use by the organisation.</p>	100%

Corporate Risk Register	Undertake Cyber Security Audit and develop Cyber Security Plan for identified actions	Six Months	James Sinden	Audit completed and implementation plan under development. Funding for implementation captured within the 2021 review of the Long Term Financial Plan.	50%
Corporate Risk Register	Implement new records management system in conjunction with SharePoint upgrade	Six Months	James Sinden	New SharePoint environment implemented, Record Point software acquired to replace TRIM and installed, project plan established for EDRMS and architecture completed. Build of Test Environment completed and software integration with line of business systems being undertaken. Live environment built and configured and staged rollout commenced in July 2019 with three pilot areas. New project manager appointed December 2019. TRIM Migration Project commenced with contractors (AvePoint)	80%
Corporate Risk Register	Develop business case for the electronic capture of all records currently stored in hardcopy format both onsite and offsite.	Six Months	Jody Atkins	The development of a business case for electronic capture of hard copy records has commenced.	10%

Documents		
Date Added	Document Name	Document Details

<b>ID:</b>	Risk - 150009
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to plan at the local and regional level for the future development and future requirements of the area. (F)
<b>Responsible Person:</b>	Marc Salver
<b>Date of Risk Identification:</b>	15/09/2020
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Service Delivery
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	<p>Cause:</p> <ul style="list-style-type: none"> <li>- Poor understanding of development, infrastructure, population, transport, demographics and trends</li> <li>- Ineffective liaison with state and federal planning and development agencies.</li> <li>- Unresponsive Development Plan that inappropriately restricts development opportunities &amp; results in poor development outcomes.</li> <li>- Ineffective strategies to enhance and conserve character areas and iconic sites.</li> <li>- Poor place making strategies.</li> <li>- Deficient planning and building rules consent practices.</li> <li>- Ineffective infrastructure planning processes.</li> <li>- Lack of appropriately trained and experienced staff.</li> <li>- Poor business planning and budgeting processes to allocate sufficient resources to functions</li> </ul>
<b>Possible Consequences:</b>	<p>Impact:</p> <ul style="list-style-type: none"> <li>- Poor planning &amp; development outcomes, ad-hoc &amp; reactionary planning, unresponsive approaches to addressing community needs and trends</li> <li>- Uncoordinated approaches to infrastructure provision, lack of partnership &amp; funding arrangements, lack of collaborative &amp; mutually beneficial outcomes for community, Council and State Govt., duplication of services &amp; resources</li> <li>- Disempowered community with poor and inefficient use of public spaces</li> <li>- Dysfunctional organisation with a poor reputation resulting in community dissatisfaction with level and type of service provision resulting in a Council regime change</li> <li>- Non-compliant with legislative responsibilities resulting in considerable liability exposure</li> <li>- Inconsistent and misdirected operations and service provision</li> </ul>
<b>Initial Risk Score:</b>	<p>21 (Extreme (4B)) - 84.00%</p>
<b>Initial Risk Comments:</b>	Lack of poor planning, adequately trained staff, poor research into planning issues facing the Council area from a planning and development point of view leading to poor development outcomes, unresponsive planning policy & controls and lack of appropriate of required infrastructure
<b>Residual Risk Score:</b>	<p>5 (Low (2D)) - 20.00%</p>
<b>Residual Risk Comments:</b>	Employment of appropriately trained and qualified staff; undertaking thorough analysis of planning policy & development related matters facing Council; having adequate community engagement into these matters to ensure development policies are responsive to community needs & aspirations; having appropriate training & delegations in place for effective and efficient decision making for development assessment function; having an effective, trained and experienced Council Assessment Panel in place to determine delegations to the Assessment Manager/staff and make decisions on complex development applications.
<b>Other Requirements/Comments:</b>	

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> <li>- Development Policy Planning function in place to monitor, analyse and advise</li> <li>- Program of conversion of Development Plan into the Planning &amp; Design Code established</li> <li>- Up to date Policy in place</li> <li>- Privately funded Code Amendment Policy and other development related policies in place</li> <li>- Participation in relevant forums with State &amp; Federal Govt and other stakeholder groups regarding any changes to development policy</li> <li>- Undertake responsibilities outlined in the Collaborative Work Plan between SPC and Council regarding transitioning to the new Planning, Development &amp; Infrastructure (PDI) Act 2016</li> <li>- Transition and amend where required the Council's Development Plan to the Planning &amp; Design Code over the next 3 years in accordance with the PDI Act</li> <li>- Precinct Planning Framework and expertise in place</li> <li>- Skilled and experienced planning, building, infrastructure, sport &amp; recreation planning, community development and economic development teams in place</li> <li>- Community engagement and consultation methodologies in place to accord with the State's Community Engagement Charter</li> <li>- Relevant development assessment staff and CAP members accredited in accordance with the State's Accreditation Scheme</li> <li>- 4x8 processes identifying training and development needs</li> <li>- Development and PDI Act delegations and sub-delegations</li> <li>- CAP in place and functioning</li> <li>- Adopted District Master Plan in place</li> <li>- Regional Climate Change Adaptation Plan - Resilient Hills and Coast</li> <li>- Completion of outstanding Development Plan Amendment (i.e. the Local Heritage DPA)</li> </ul>	Marc Salver	01/03/2021	13/05/2020	It is noted that the SPC continues to make minor changes to the P&D Code and changes to the delegations as issues are identified since the 19 March 2021 go live date as councils transition into the new system. It is considered that this will continue to occur for the rest of 2021	EFFECTIVE (Designed Adequately; Operating Effectively)
<p>5 (Low (2D)) - 20.00%</p>					

Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Rollout of Precinct Planning methodologies as projects are identified	Immediately	James Szabo	COMPLETED. Precinct Planning methodology in place and Place Making Coordinator role established to role out place making initiatives as and when required. Stirling Mainstreet Design Guidelines and Crafers Mainstreet Urban Design Framework completed. Gumeracha mainstreet project underway. Discussions underway with Imagine Uraidla group to commence possible mainstreet project. Place Making Group established to identify and roll out future projects.	100%



Corporate Risk Register	Progression of outstanding DPA: Local Heritage (Stage 1 DPA) to be lodged with the Minister for approval in May 2018	Immediately	James Szabo	COMPLETED. Stage 1 DPA approved by SPDPC on 14 August 2018 and subsequently by the Minister for Planning on 8 August 2019.	100%
Corporate Risk Register	Implementation of Planning, Development & Infrastructure (PDI) Act reforms	Immediately	Deryn Atkinson	ALMOST COMPLETE: The PDI Act went live for our Council area on 19 March 2021. By the go live date, staff had prepared all the delegations, policies and procedures provided by the State Planning Commission (SPC) and in accordance with the business readiness program. However, the SPC continues to make changes to the delegations and policies & procedures in response to identified issues with the new system. It is anticipated that this will be ongoing for the rest of 2021. Lastly, although the compliance inspection module has been implemented by the SPC, full functionality is yet to be determined and staff will monitor this to decide on whether or not the integration with Open Office and the new Planning Portal is still required.	80%
Corporate Risk Register	Transition of Development Plan into the new Planning & Design (P&D) Code	Immediately	James Szabo	COMPLETED: Council participated in forums with the State Planning Commission to ensure that desired changes to the Rural Planning Policy were incorporated into development of Planning & Design Code. The entire Development Plan has now transitioned into the aforementioned Code which went live on 19 March 2021. Although not all desired development policies were transitioned into the Code, staff will monitor the assessment of applications and outcomes achieved. If required, recommendations will be put to Council to seek desired amendments to the Code to achieve the desired outcomes in the future.	100%
Corporate Risk Register	Asset Management Planning - renewal and future requirements	Immediately	Peter Bice	IN PROGRESS. Asset Management Plan reviews underway, and ongoing. Jeff Roorda Review findings and reasonable assumptions being considered and incorporated where appropriate.	0%
Corporate Risk Register	Regional Climate Change Adaptation Plan - Resilient Hills and Coast	Immediately	Peter Bice	COMPLETED. Plan endorsed by Council 27/09/16	100%

Documents		
Date Added	Document Name	Document Details

<b>ID:</b>	Risk - 170851
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism (F)
<b>Responsible Person:</b>	David Waters
<b>Date of Risk Identification:</b>	09/02/2021
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Growth & Prosperity
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	<p>Cause:</p> <ul style="list-style-type: none"> <li>-- Inadequate provision for commercial development in Development Code</li> <li>-- Minimal or no understanding of, and support for, business and tourism representative groups/associations</li> <li>-- Lack of business operating skills in people who wish to run a business</li> <li>-- Lack of understanding of economic drivers</li> <li>-- Inappropriate infrastructure in industrial precincts or nodes, placing barriers on development of industrial precincts.</li> <li>-- Lack of understanding of tourism demand</li> </ul>
<b>Possible Consequences:</b>	<p>Impact:</p> <ul style="list-style-type: none"> <li>-- Loss of local jobs</li> <li>-- Loss of basic local retail and service businesses</li> <li>-- Devaluation of local residential and commercial property</li> <li>-- Rise in social problems and reduced quality of life</li> <li>-- Reduced property values</li> </ul>
<b>Initial Risk Score:</b>	<p>17 (High (3B)) - 68.00%</p>
<b>Initial Risk Comments:</b>	
<b>Residual Risk Score:</b>	<p>5 (Low (2D)) - 20.00%</p>
<b>Residual Risk Comments:</b>	Residual risk rating is based on the existing controls. It is noted that there are other risk events entirely outside of Council's control which affect economic prosperity in the district and these are not considered here.
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<p>Current Economic Development Strategy (EDS) (revised 2020-21); Team of 2 FTE experienced and highly competent officers employed to deliver EDS and provide support to this risk area; Regular pattern of engagement with local business communities and stakeholder groups; Database containing contact details of all people operating businesses in the district, to enable e-communication (qly business newsletter and ad-hoc as required); Advisory Group exists for Primary Production Lands to ensure the views and needs of primary producers are understood and taken into account; Partnership with Mount Barker DC and SATC to fund Adelaide Hills Tourism, which is designed to help providers understand and leverage tourism opportunities; Annual subscription to economy id, which enables ready access to economic demographic data for the Council.</p>	David Waters	01/08/2021	03/05/2021	Key to the controls is the existence and maintenance of an Economic Development Strategy which was developed based on input from key stakeholders and provides a framework within which other controls and activities in the economic development space are carried out. In 2020 Council allocated additional resourcing to delivering the EDS and hence reducing this risk.	Major reduction in risk
<p>5 (Low (2D)) - 20.00%</p>					

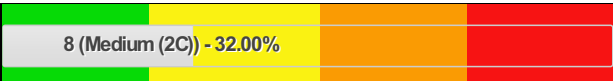
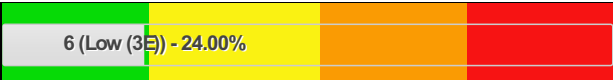
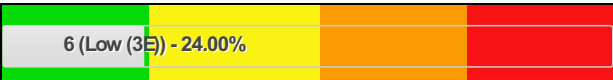
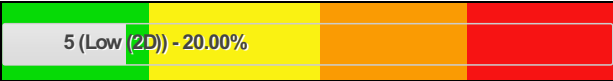
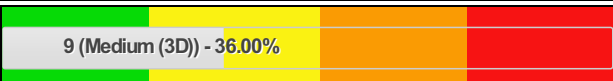
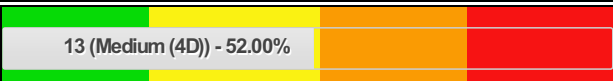
Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Development of revised Economic Development Strategy Action Plan, involving engagement with key stakeholders to ensure Council's role is appropriately identified.	Immediately	Melissa Bright	Workshop held with Council Members late 2020. Anticipated to come to Council in March 2021 for adoption. Implementation to follow in the ensuing years. <i>08/04/2021 by Melissa Bright</i> - Economic Development Plan finalised and endorsed by Council on 23 Feb 2021	100%
Corporate Risk Register	Identify significant economic infrastructure issues and opportunities	Immediately	Marc Salver	COMPLETED: Manager ED worked with key stakeholders to progress two major transport routes - b-double access to Lobethal and Northern Freight Train Bypass. The B-double access project was completed in 2019. However, the State Government announced they would not be progressing the Northern Freight Train Bypass.	100%
Corporate Risk Register	Assess effectiveness of key points of AHC engagement with community	Immediately	Marc Salver	Ongoing through role of Community Engagement Coordinator, through the introduction of online engagement tool and use of other social media platforms and engagement methodologies	100%
Corporate Risk Register	Active and positive engagement with local business communities	Immediately	Melissa Bright	Ongoing role of MED	100%

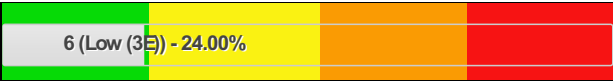
Corporate Risk Register	Encourage an integrated and coordinated approach across all levels of govt to create a diverse and sustainable economy across the District	Immediately	Melissa Bright	Actively developing and maintaining relationships with relevant State and Commonwealth Govt agencies	100%
Corporate Risk Register	Work actively with business groups and associations, providing resources to interact and network on a consistent basis. Key role for EDO	Immediately	Melissa Bright	The Manager ED is actively building relationships with existing business associations and working with communities that currently do not have business groups (e.g. Gumeracha, Northern Hills, Lobethal) to explore the benefits	100%
Corporate Risk Register	Assess effectiveness of key points of engagement with community e.g. website, contact centre, development approval process, waste, health and regulatory services	Immediately	Melissa Bright	Quarterly e-newsletters distributed to more than 6,000 registered ABNs in the region. Mostly achieving above industry standards with at least 30% open rate and over 10% click rate.	100%
Corporate Risk Register	Develop business contact database	Immediately	Melissa Bright	NIL	100%
Corporate Risk Register	Identify significant organisations, roles and skillsets within region	Immediately	Melissa Bright	Relationships with key contacts with business and industry organisations being regularly maintained and developed by the MED	100%
Corporate Risk Register	Improve partnership with DC Mt Barker and SATC to assist Adelaide Hills Tourism leverage tourism opportunities	Immediately	Melissa Bright	MED active committee member of Adelaide Hills Tourism (AHT) and Visitor Information Servicing Group	100%
Corporate Risk Register	Improve engagement with local business associations	Immediately	Melissa Bright	Regular communication established with SBA and WCA	100%
Corporate Risk Register	Undertake precinct planning/placemaking, with consideration of triple bottom line (As appropriate)	Immediately	Melissa Bright	The MED is a member of Council's Placemaking group to ensure a coordinated approach	100%

Documents		
Date Added	Document Name	Document Details

<b>ID:</b>	Risk - 170963
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)
<b>Responsible Person:</b>	Lachlan Miller
<b>Date of Risk Identification:</b>	10/02/2021
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Governance, Legal & Compliance
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	<p>Cause:</p> <ul style="list-style-type: none"> <li>- Poor governance practices (CR22)</li> <li>- Poor risk management practices (CR21)</li> <li>- Poor representation arrangements (CR92)</li> <li>- Poor representation of the community by Council Members (CR62)</li> <li>- Lack of effective strategic planning and resource allocation processes. (CR63)</li> <li>- Lack of effective financial sustainability processes. (SR9c)</li> <li>- Ineffective performance management and reporting processes. (CR64)</li> <li>- Poor working relationship between Council and Administration. (CR65)</li> </ul>
<b>Possible Consequences:</b>	<p>Impact:</p> <ul style="list-style-type: none"> <li>- Decisions are not representative of community sentiment or made in the community's interest</li> <li>- Decisions are poorly or incorrectly informed leading to a high risk profile, errors, loss, waste, omissions, breaches of legislation.</li> <li>- Breaches of legislation, unenforceable decisions/resolutions, creation of liabilities/ additional risk to Council, stakeholder and/or regulator dissatisfaction and/or sanction.</li> </ul>
<b>Initial Risk Score:</b>	<p>22 (Extreme (5C)) - 88.00%</p>
<b>Initial Risk Comments:</b>	The main area of impact is community, social and reputational as it is largely based on public perception of conduct compared to individual (and therefore differing) expectations although actual breaches of legislation will contribute to this inherent rating.
<b>Residual Risk Score:</b>	<p>6 (Low (3E)) - 24.00%</p>
<b>Residual Risk Comments:</b>	There are many controls in place to partially mitigate this risk some are systematic however many are administrative controls and therefore reliant on the diligence of individual Council Members/Officers to implement.
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
CR62 (Poor representation of the community by Council Members leading to formal decisions that do not appropriately take account the community needs) - Provisions of LG Act, EM training on role, contact details on website, issue of email addresses and iPads; COI provisions, informed and researched Council reports, public consultation policy and practices.	Lachlan Miller	01/11/2021	05/05/2021		PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)
					
CR63 (Lack of effective strategic planning and resource allocation processes) - Strategic Management Plan suite adopted, strategic, business and project planning and budgeting processes, trained and experienced staff. Corporate Planning & Performance Reporting Framework, CP&R Coord role	Lachlan Miller	01/11/2021	05/05/2021		EFFECTIVE (Designed Adequately; Operating Effectively)
					
CR64 (Ineffective performance management and reporting processes leading to poor performance and/or loss of stakeholder confidence) - Budget review processes, provisions of LG Act regarding budget reviews and annual reporting, trained and experienced staff, CEOPRP, Corporate Planning & Performance Reporting Framework, Quarterly Council Performance Report, 4x8 processes, Management contract review process	Lachlan Miller	01/11/2021	06/05/2021		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
					
CR65 (Poor working relationship between Council and the Administration leading to ineffective and inefficient performance by Council) - CM and Administration training in the respective roles, team building and relationship development, performance reporting, One Team - Communication Protocols, designated administration contact listing, CEO 1:1	Lachlan Miller	01/11/2021	06/05/2021		EFFECTIVE (Designed Adequately; Operating Effectively)
					
C92 (Poor representation arrangements which leads to decisions that are not made in the best interests of the community) - Provisions of Chpt 3 of the LG Act regarding composition of councils and wards, mandated representation reviews, voluntary representation review, 2017 ERR completed, Strategic Boundary Review report	Lachlan Miller	01/11/2021	06/05/2021		PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)
					
CR21 (A lack of effective risk management occurs which leads to greater uncertainty in the achievement of objectives and/or negative outcomes.) - Revised CRM Policy adopted, CRMF adopted, training provided to senior staff, RM considerations included in agenda report templates. General awareness of risk management principles and considerations. Strategic Risk Profiling, MLS Risk Reviews and advisory.	Lachlan Miller	01/11/2021	05/05/2021		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
					

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
CR22 (Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.) - Legal considerations considered in agenda report templates, Governance Manager advises council, well-functioning Audit Committee, flyers and updates from LGA, legal providers and professional associations. Professional and experienced management team. Policies (Conduct, COPMP, allowances, caretaker, IG, COPAMD, PID), delegations, agendas, minutes, T&D. Review of s41, AGs, s43 subsidiary and external group fiduciary arrangements. By laws reviewed 2018. Council Resolution Update report shows COIs declared.	Lachlan Miller	01/11/2021	05/05/2021		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
					

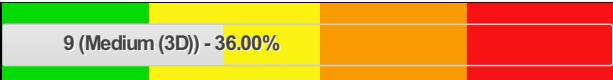
Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Governance Framework Review	Immediately	Lachlan Miller	NIL	100%
Corporate Risk Register	Review of s41 Committee and Advisory Group Terms of Reference	Immediately	Lachlan Miller	Last review of Advisory Groups by Council was 18 December 2018. Last review of Audit Committee and CEOPRP was 27 November 2018, SPDPC (ceased) was 24 November 2020.	100%
Corporate Risk Register	Rollout of ContolTrack (Internal control module)	Immediately	Michael Carey	Endorsed and implemented for Financial Controls	100%
Corporate Risk Register	Review of Risk Management Framework	Immediately	Steven Watson	Will form part of RM review. Awaiting outcome of Skytrust review including reporting updates.	50%
Corporate Risk Register	Representation Review - 2016/17	Immediately	Lachlan Miller	Representation Review completed and certified by Electoral Commissioner in November 2017	100%
Corporate Risk Register	Participation in boundary reform initiatives	Immediately	Lachlan Miller	Participation is ongoing as boundary proposals are lodged.	50%
Corporate Risk Register	Review of s43 and external group fiduciary duties where Council members or staff are on Boards	Immediately	Lachlan Miller	NIL	100%
Corporate Risk Register	2018 LG Election induction training	Immediately	Lachlan Miller	All mandatory and discretionary training completed.	100%
Corporate Risk Register	Implementation of Corporate Planning & Performance Reporting Framework	Immediately	Lachlan Miller	Framework adopted by Council on 19 June 2018 and implemented in 2018-19.	100%
Corporate Risk Register	Strategic Boundary Review project	Immediately	Lachlan Miller	Final report adopted by Council in September 2020	100%
Corporate Risk Register	Implementation of LG Reform legislative changes.	Immediately	Lachlan Miller	Statute Amendment (Local Government Review) Bill anticipated to be passed in Parliament in May 2021 sittings. Implementation to occur subsequently.	0%
Corporate Risk Register	Service Review Framework development	Immediately	Lachlan Miller	Drafting of Framework has commenced	50%

Documents		
Date Added	Document Name	Document Details

<b>ID:</b>	Risk - 170941
<b>Risk Title or Work Activity:</b>	Strategic Risk
<b>Risk Description:</b>	Inability to discharge role and functions of a local government entity leading to a breach of legislation and loss of stakeholder confidence.
<b>Responsible Person:</b>	Terry Crackett
<b>Date of Risk Identification:</b>	12/11/2020
<b>Corporate Risk?</b>	Yes
<b>Risk Type:</b>	Strategic
<b>Risk Category:</b>	Governance, Legal & Compliance
<b>Team:</b>	Executive Leadership Team
<b>Location/Project:</b>	Other
<b>Possible Risk Events:</b>	Cause: Lack of human and financial resources, poor planning and execution, poor understanding of legislated roles and functions
<b>Possible Consequences:</b>	Impact: Breach of legislative duties, financial unsustainability, poor service delivery, loss of community confidence
<b>Initial Risk Score:</b>	<p>22 (Extreme (5C)) - 88.00%</p>
<b>Initial Risk Comments:</b>	
<b>Residual Risk Score:</b>	<p>15 (High (5E)) - 60.00%</p>
<b>Residual Risk Comments:</b>	
<b>Other Requirements/Comments:</b>	
<b>Current:</b>	Yes



Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<p>Long Term Financial Plan in place and regularly Reviewed; Annual Business Plan developed and aligned each year to the Long Term Financial Plan; Internal audit and annual review of internal controls; System security and configuration; Induction procedures; Recruitment and selection processes; Financial delegations; Informed level of insurance cover through LGAMLS, rating policy, process and timeframes; Asset management register and program; Executive Manager Governance and Risk employed; Procurement Co-Ordinator role employed; Qualified employees that are trained in policies; Conflict of interest declaration regularly reviewed (Directors/CEO); WHS procedures on plant purchasing, consultation and risk assessment; Fraud and Corruption Policy; Whistleblowers Policy; Insurance reviewed annually and all areas of insurance are reviewed and recalculated for following year; Wage declaration which affects the insurance calculation annually; insurance claims process; Quality accredited insurance company-LG Risk Services; insurer processes claims; professional internal advice; Financial management system; Updated Procurement Policy and Procedures Adopted by Council in 2019 (delegation and authority included); Code of Conduct for Employees and Council Members; Discipline processes; Ongoing training and development; Internal controls framework; Debt Recovery Policy and Accounts Reconciliation Policies updated and adopted External Fund Funding Policy adopted by Council (2017) Implementation of ContoTrack to monitor financial controls environment Treasury Policy established</p>	Terry Crackett	30/06/2021	12/05/2021		EFFECTIVE (Designed Adequately; Operating Effectively)

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
					

Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Review positions across council that require criminal history checks, including financial roles	Immediately	Megan Sutherland	Updated Policy and Procedure covering the relevant criminal history check requirements have been adopted and training completed. Identified positions requiring checks are being updated or undertaken currently.	100%
Corporate Risk Register	Recruit Procurement Coordinator Role	Immediately	Michael Carey	Recruitment completed in June 2018	100%
Corporate Risk Register	Review of Procurement Policy and procedures (Stage 1)	Immediately	James Greenfield	Updated Policy and Procedure endorsed by Council in August 2019	100%
Corporate Risk Register	Review the process map of the insurance claims procedure to enable consistency of application.	Immediately	Megan Sutherland		100%
Corporate Risk Register	Explore Grant funding opportunities	Immediately	Michael Carey	A Grant Funding Policy endorsed by Council.	100%
Corporate Risk Register	Develop a Treasury Management Policy	Immediately	Michael Carey	Policy endorsed by Council October 2017	100%
Corporate Risk Register	Develop and Implement a Cyber Security Plan	Six Months	James Sinden	A Cyber Security Plan has been developed and will be presented to Audit Committee for endorsement in May 2021	20%

Documents		
Date Added	Document Name	Document Details

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
AGENDA BUSINESS ITEM**

**Item:** 7.13

**Responsible Officer:** Mike Carey  
Manager Financial Services  
Corporate Services

**Subject:** Write-off of Outstanding Rates relating to S210 conversions to Public Road

**For:** Decision

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**SUMMARY**

The purpose of this report is to seek a recommendation from the Audit Committee to formally write-off rate debts pursuant to a process to convert privately owned roads to public roads under Section 210 of the *Local Government Act 1999* ("Act").

There are currently six (6) privately owned land parcels with rate debts owing of \$98k where it is considered appropriate for the land to be converted to public roads under Section 210 of the Act. The rate debts balances as at 30 June 2020 for these 6 parcels were fully provided for in Council's 2019-20 financial statements with an additional 2020-21 budget allocation for rates and additional fines and interest charged for the current financial year also allowed for.

Pursuant to Section 143 of the Act, Council officers have certified that all reasonable attempts have been made to recover the debts and Council is of the view that it is appropriate for the land to be converted to public roads under Section 210 of the Act, and the rate debts formally written off.

**RECOMMENDATION**

**The Audit Committee resolves:**

1. That the report be received and noted.
  2. To recommend to Council to formally approve the write-off of \$98,025.08 for the outstanding rates on Land identified for conversion of private road to public road.
-

**1. GOVERNANCE**

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

*Strategic Plan 2020-24 – A brighter future*

Goal 5	A Progressive Organisation
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community
Priority O5.1	Enhance governance structures and systems to prudently adapt to changing circumstances and meet our legislative obligations
Priority O5.3	Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible to the community

Undertaking writeoff of debts through a formal process assists in meeting legislative and good governance responsibilities and obligations.

➤ **Legal Implications**

Section 143 of Act allows Council to write-off debts if the council has no reasonable prospect of recovering the debts after the Chief Executive Officer or delegate has certified that either

- reasonable attempts have been made to recover the debt; or
- the costs of recovery are likely to equal or exceed the amount to be recovered.

Section 143 (3) states that If a council delegates the power to write off debts under this section, the council must set an amount above which the delegation will not apply.

Section 210 of the Act permits the Council to declare private road, being a road in private ownership, to be public road. At least 3 months prior to a declaration being made under this section of the Act, the Council must first attempt to identify the whereabouts of the owner, serve noticed on the owner and give public notice of the proposed declaration.

➤ **Risk Management Implications**

Monitoring and reviewing debtors balances through regular reporting and undertaking the write-off of debtors through a formal process will assist in mitigating the risk of:

*Poor debt recovery practices which lead to increased levels of overdue debtors will negatively impact on Council’s current cash flow as well as reduce the likelihood of future debt recovery.*

Inherent Risk	Residual Risk	Target Risk
Extreme (4B)	Medium (3D)	Medium (3D)

➤ **Financial and Resource Implications**

As highlighted in the Debtors report to the Audit Committee in August 2020 and February 2021, Council identified a number of properties relating to either deceased estates or where rate notices had been unable to be delivered for many years to determine what further action should be undertaken to resolve the ongoing rateability of the land.

This report specifically addresses the write-off of rate debts relating to 6 parcels of land where it is considered appropriate for the land to be converted to public roads under Section 210 of the Act.

No claims for compensation from any beneficiaries have been received however a beneficiary has 5 years from the date of the declaration as public road to make a claim with the Land and Valuation Court.

The rate debts for the parcels of land identified in this report were fully provided for in Council's 2019-20 financial statements with an additional 2020-21 budget allocation for rates and additional fines and interest charged for the current financial year allowed for.

As such, there are no budgetary financial implications in relation to the transfer of these parcels to public roads, notwithstanding that the current outstanding rates of \$98k on the Land will need to be formally written off following the declaration as public road under Section 143 of the Act.

In accordance with Section 143(3) of the Act and Council's sub delegation from the Chief Executive Officer, the Manager, Financial Services has certified that reasonable attempts have been made to recover the debts.

Further, in accordance with the conditions and limitations under Council's Section 143 delegation, there is a requirement for those debts > \$5,000 in respect of any one debt to be submitted to the Audit Committee prior to consideration by Council and hence the purpose of this report.

➤ **Customer Service and Community/Cultural Implications**

Not Applicable

➤ **Sustainability Implications**

Not Applicable

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

*Council Committees:* Not applicable

*Council Workshops:* Not applicable

*Advisory Groups:* Property Advisory Group

*Administration:* Executive Manager, Governance & Performance  
Manager, Property Services  
Senior Rates Officer  
Governance & Risk Coordinator  
Roads Officer

*Community:* Community Consultation has taken place in accordance with the requirements of the Act in relation to the conversion to Public Roads

## 2. BACKGROUND

As part of a previous review of Rate Debtors undertaken over a year ago, Council identified 29 properties relating to either deceased estates or where rate notices had been unable to be delivered for many years, to determine what alternative actions Council had available to address rates outstanding. A significant amount of the balances outstanding for these properties represent fines and interest accumulated over many years since the Council amalgamation.

The review by Council's internal property section at that time indicated a number of assessments which were likely to be considered for conversion to public roads under Section 210 of the Act.

This report addresses six (6) privately owned land parcels which form a part of the road network within the Adelaide Hills Council district. The conversion of these land parcels to public roads will ensure the land is legally accessible by Council to maintain and for general community use.

Pursuant to Section 210 of the Act Council may declare private road to be public road and if declared, must cause a copy of the declaration to be published in the Government Gazette.

The following information is provided in relation to each land parcel:

### Land Owned by Bridgewater Park Ltd (In Liquidation)

Russell Terrace, Bridgewater is the land contained in Certificate of Title 5411/603, in the ownership of Bridgewater Park Ltd (in Liquidation). Bridgewater Park Limited purchased the land being Section 87 in the Hundred of Noarlunga, County of Adelaide on 25 September 1925. This area of land was laid out as Bridgewater Park. Bridgewater Park Ltd (In Liquidation) was deregistered as an Australian Public Company on 10 June 1949.

This land provides approximately 1,494m<sup>2</sup> of road that is currently utilised by the public and the community. This road provides property access and egress for the properties located at 7 Russell Terrace and 53 Cave Avenue, Bridgewater.

This land currently has a capital value of \$225,000, and outstanding rates to 11 May 2021 of \$48,279.72, including fines and interest.

Land Owned By MD Dearman, EW Dearman & BS Dearman

Allotment 82 in Filed Plan 155697, located on Western Branch Road, Lobethal is the land contained in Limited Certificate of Title 5696/27. Margaret Dixon Dearman, Ernest William Dearman and Burton Stirling Dearman are the registered proprietors as Tenants in Common. The Dearman's acquired the land on 8 May 1959.

This land provides approximately 106m<sup>2</sup> of road that is currently utilised by the public and the community. This road parcel currently sits within the formed and sealed section of Western Branch Road.

This land currently has a capital value of \$2,500, and outstanding rates to 11 May 2021 of \$13,565.08, including fines and interest.

Land Owned by J Johnston & W Johnston

1 Robert Street, Woodside is Allotment 14 in Filed Plan 2859 is the land contained in Limited Certificate of Title 5695/342, in the ownership of James Johnston and William Johnston as Tenants in Common. The Johnston's acquired the land on 29 September 1977.

This land provides approximately 58m<sup>2</sup> of road reserve that is currently utilised by the public and the community. This road parcel currently forms the road reserve/footpath adjacent to the Woodside Retirement Village off Robert Street.

This land currently has a capital value of \$3,600, and outstanding rates to 11 May 2021 of \$8,614.23, including fines and interest.

Land Owned by South Australian Company

Pieces 29 and 30 in Filed Plan 156206, located on Western Branch Road, Lobethal is the land contained in Limited Certificate of Title 5696/31, in the ownership of South Australian Co. The land was acquired by South Australian Company on 22 April 1959. South Australian Company was deregistered as an Australian Public Company on 17 March 1950.

Piece 29 provides approximately 446m<sup>2</sup> and Piece 30 provides 337m<sup>2</sup> of road is currently utilised by the public and the community. These road parcels currently form the road reserve adjacent to Western Branch Road.

This land currently has a capital value of \$17,000, and outstanding rates to 11 May 2021 of \$14,621.22, including fines and interest.

Land Owned by DF Canham & EA Canham

Norman Road/Shannon Road, and the unnamed private road, Bridgewater is the land contained in Certificate of Title 5890/905, in the ownership of Donald Frederick Canham and Eileen Agnes Canham. The Canhams acquired the land on 12 February 1965.

This land provides approximately 2,003m<sup>2</sup> of road that is currently utilised by the public and the community. This road provides property access and egress for the property located at 14 Fielding Road, and the residents of Norman Road, Bridgewater.

This land currently has a capital value of \$16,000, and outstanding rates to 11 May 2021 of \$12,944.83, including fines and interest.

A report was previously presented to Council on 22 September 2020 to commence the Section 210 Conversion of Private Road to Public Roads.

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**ADELAIDE HILLS COUNCIL  
MINUTES OF ORDINARY COUNCIL MEETING  
TUESDAY 22 SEPTEMBER 2020  
63 MT BARKER ROAD STIRLING**

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**12.4 S210 Conversion to Public Road**

Moved Cr Malcolm Herrmann  
S/- Cr Leith Mudge

207/20

**Council resolves:**

1. That the report be received and noted.
2. To undertake a process pursuant to Section 210 of the *Local Government Act 1999* for the conversion of private road to public road for the land described as:
  - Russell Terrace, Bridgewater being the land comprised in CT 5411/603 of 1494m<sup>2</sup> currently owned by Bridgewater Park Ltd (In Liquidation).
  - Lot 82 Western Branch Road, Lobethal being the land comprised in CT 5696/27 of 105m<sup>2</sup> currently owned by Margaret Dixon Dearman, Ernest William Dearman & Burton Stirling Dearman.
  - 1 Robert Street Woodside being the land comprised in CT 5695/342 of 58m<sup>2</sup> currently owned by James Johnston and William Johnston.
  - Pieces 29 and Lot 30 in FP 156206 on Western Branch Road, Lobethal being the land comprised in CT 5696/31 of 446m<sup>2</sup> and 337m<sup>2</sup> currently owned by South Australian Company.
  - Norman Road, Bridgewater being Allotment 16 and 17 in DP 2167 as the land comprised in CT 5890/905 of 738m<sup>2</sup> and 1265m<sup>2</sup> currently owned by Donald Frederick Canham & Eileen Agnes Canham.
3. That the Mayor and the Chief Executive be authorised to finalise the above matter including signing all necessary documentation to complete all transactions.
4. That a further report be presented to Council following the completion of the notice period required under Section 210(2) of the Act detailing the outcome of the attempts to locate the owners of the roads detailed above.

<b>Carried Unanimously</b>
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### **3. ANALYSIS**

The rate debts for the parcels of land identified in this report were fully provided for in Council's 2019-20 financial statements with an additional 2020-21 budget allocation for rates and additional fines and interest charged for the current financial year allowed for.

Council commenced the process under Section 210 of the Act by advertising for beneficiaries or successors to interests in the Land parcels on 1 October 2020.

Several relatives of the Dearman's and the Johnston's made contact with Council as they believed they were a descendent of the deceased proprietor however they did not wish to undertake a process to obtain probate to prove their claim as a beneficiary.

Council gazetted its intention to declare the parcels of Land to be public road by way of notice in the Government Gazette dated 4 February 2021.

Following the public notification, no claims have been made to the estate and interests of the owners of the Land parcels, and no other possible beneficiaries have come forward.

Whilst a party can lodge a claim for compensation with the Land and Valuation Court for up to 5 years following the declaration as public road, given that no claims have been made as a result of the public notification, it is considered a low risk. A claim for compensation would require the party to prove they are legitimate beneficiary of the deceased proprietor.

### **4. OPTIONS**

The Committee has the following options:

- I. To recommend to Council to formally approve the write-off of \$98,025.08 for the outstanding rates on land identified for conversion of private road to public road (Recommended)
- II. Not resolve to write-off the rate debts resulting in a provision for rate debtors being maintained and rates and associated fines and interest continue to be charged with no likelihood of the amounts being recovered in the future (Not Recommended)

**ADELAIDE HILLS COUNCIL  
AUDIT COMMITTEE MEETING  
Monday 24 May 2021  
CONFIDENTIAL AGENDA BUSINESS ITEM**

**Item:** 8.1

**Responsible Officer:** James Sinden  
Manager Information Services  
Corporate Services

**Subject:** Cyber Security Plan

**For:** Decision

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**1. Cyber Security Plan – Exclusion of the Public**

Pursuant to section 90(2) of the *Local Government Act 1999* the Audit Committee (the Committee) orders that all members of the public, except:

- Chief Executive Officer, Andrew Aitken
- Director Corporate Services, Terry Crackett
- Executive Manager Governance & Performance, Lachlan Miller
- Manager Financial Services, Mike Carey
- Manager Information Services, James Sinden
- Team Leader ICT, Daniel Souter
- Governance & Risk Coordinator, Steven Watson

be excluded from attendance at the meeting for Agenda Item 8.1: Cyber Security Plan in confidence.

The Committee is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified in (a) above, be excluded to enable the Committee to consider the report at the meeting on the following grounds:

Section 90(3)(e) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is matters affecting the security of the council, members or employees of the council, or council property, or the safety of any person, the disclosure of which could reasonably be expected to create an awareness of Council's cyber security vulnerabilities and potentially lead to exploitation of those vulnerabilities resulting in loss/damage to information, breach of confidentiality and service continuity disruption.

Accordingly, on this basis the principle that meetings of the Committee should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

**3. Cyber Security Audit – Period of Confidentiality**

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Audit Committee's decision(s) in this matter in the performance of the duties and responsibilities of office, Audit Committee, having considered Agenda Item 8.1 in confidence under sections 90(2) and 90(3)(e) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* that the report, related attachments and the minutes of Audit Committee and the discussion and considerations of the subject matter be retained in confidence until the control deficiencies are mitigated but no longer than 30 June 2023.

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, Audit Committee delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.