



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 16 August 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. Meetings will be conducted in accordance with the applicable COVID-19 social distancing guidelines and may result in Members participating electronically in accordance with the provisions of the Committee's Terms of Reference.

A 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 16 August 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 – 24 May 2021

Recommendation

That the minutes of the Audit Committee meeting held on 24 May 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. Office of the CEO 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 Year Update
The Audit Committee resolves that the report be received and noted.
- 7.2. Debtors Report
The Audit Committee resolves that the report be received and noted.
- 7.3. Quarterly Performance Report Q4
The Audit Committee resolves that the report be received and noted.
- 7.4. Audit Action Implementation Update
 - 1. *To receive and note the report.*
 - 2. *To note the implementation status of Internal and External Audit actions.*
- 7.5. Risk Management Plan Update
The Audit Committee resolves that the report be received and noted.
- 7.6. Internal Audit Quarterly Update
 - 1. *That the report be received and noted*
 - 2. *To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.9a as contained in Appendix 1.*
- 7.7. Placement of Council's Insurance Portfolio
The Audit Committee resolves that the report be received and noted.
- 7.8. Local Government Legislative Reform Update – Audit Committees
The Audit Committee resolves that the report be received and noted.

8. CONFIDENTIAL ITEMS

Nil

9. NEXT MEETING

The next Audit Committee meeting will be held at 6.30pm on Monday 18 October 2021 at 63 Mount Barker Road, Stirling.

10. CLOSE MEETING

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 16 August 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

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 six (6) completed items and Nil (0) outstanding item on the Audit Committee Action Report (**Appendix 1**) arising from the May 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
Financial Reporting		
Long Term Financial Plan (LTFP)		February
Annual Business Plan		April
Budget Review 1		November
Budget Review 2		February
Budget Review 3		May
End of Year Financial Report		November
End of financial year reporting timetable		May
End of financial year update	Included in this meeting	August
Final Annual Financial Statements (incl management representation letter)		October

Internal Control and Risk Management

Placement of Council's insurance portfolio (for noting)	Included in this meeting	August
Internal Financial Controls update		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		May/November
Internal Audit		
Internal Audit quarterly update	Included in this meeting	February/May/ August/November
Internal audit reports		As Required
Implementation of internal audit actions progress report	Included in this meeting	February/August
Internal Audit Plan review		May
External Audit		
External audit interim letter		April
Implementation of external audit actions progress report	Included in this meeting	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
Public Interest Disclosure		
Public Interest Disclosure Policy review (replaces Whistle-blowers)		April 2022
Public Interest Disclosure Arrangements and Compliance		May 2022
Other Business		
Audit Committee self-assessment review		November
Presiding Member's Report		November
Work Plan and Reporting Schedule		November
Audit Committee Meeting Dates		November
Debtors Report	Included in this meeting	February/August
Annual Report		November
Action Report & Work Plan Update	Included in this meeting	All Meetings
Audit Committee Terms of Reference	Included in this meeting	August
Directors Presentation	Included in this meeting	February/May/ August/November
Other Reports	Included in meeting as required	As Required

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)

Appendix 1

Audit Committee Action Report

**Audit Committee
Action Report and Work Plan Update
August 2021**

Meeting Date	Meeting	Res No.	Item Name	Previously Declared COI	Action Required (Council Resolution)	Responsible Director	Responsible Officer	Status	Date of Update	Due Date	Status (for Council reporting)
19/10/2020	Audit Committee	50/AC20	Cyber Security Audit & Plan	None Declared	See Confidential Minute	Terry Crackett	James Sinden	Completed	13/05/2021	30/06/2021	See Confidential Minute
24/05/2021	Audit Committee	AC21/21	Item 7.4 - 2020-21 Budget – Budget Review 3	None Declared	The Audit Committee:Resolves that the report be received and noted.Recommends to Council the proposed budget adjustments presented in the amended Budget Review 3 for the 2020-21 financial year which result in:A reduction in the Operating Surplus from \$1.883m to \$1.498m.Changes to Capital Works, increasing capital income by \$138k and reducing capital expenditure by \$4.767m resulting in a revised capital expenditure budget for 2020-21 of \$15.316m.A change in Council's net result from a Net Borrowing Result of \$3.865m to a Net Lending Result of \$654k as a result of the proposed operating and capital adjustments.	Terry Crackett	Mike Carey	Completed	8/06/2021	4/06/2021	
24/05/2021	Audit Committee	AC22/21	Item 7.6 - Asset Management Policy	None Declared	The Audit Committee resolves:That the report be received and notedTo recommend to Council to adopt the updated Asset Management Policy as contained in Appendix 1.	Peter Bice	David Collins	Completed	13/07/2021	4/06/2021	Report to 22 June 2021 Council meeting
24/05/2021	Audit Committee	AC25/21	Item 7.8 - Internal Audit Quarterly Update	None Declared	The Audit Committee resolves: That the report be received and noted To receive and note the Payroll Function Internal Audit Report as contained in Appendix 1 To recommend to Council to adopt the revised Strategic Internal Audit Plan v1.8a as contained in Appendix 2.	Andrew Aitken	Lachlan Miller	Completed	25/05/2021	4/06/2021	Council adopted the SIAP at its 22 June 2021 meeting.
24/05/2021	Audit Committee	AC30/21	Item 7.13 - Write-off of Outstanding Rates relating to S210 conversions to Public Roads	None Declared	The Audit Committee resolves:That the report be received and noted.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.	Terry Crackett	Mike Carey	Completed	8/06/2021	4/06/2021	
24/05/2021	Audit Committee	AC32/21	Item 8.1.1 - Cyber Security Report – Confidential Item	None Declared	Confidential Item - see Comments (for internal use)	Terry Crackett	James Sinden	Completed	25/05/2021	4/06/2021	

Appendix 2

2021 Audit Committee Work Plan (v1.2)

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 16 August 2021
AGENDA BUSINESS ITEM**

Item: 7.1

Responsible Officer: Mike Carey
Manager Financial Services
Corporate Services

Subject: End of Financial Year Update

For: Information

SUMMARY

This report provides the Audit Committee with Council's preliminary Operating Result before Capital for the 2020-21 financial year.

The surplus result of \$2.290m is \$792k favourable to budget. The favourable operating result to budget is largely driven by the receipt of the 2021-22 Local Roads and Community Infrastructure Program received in June 2021 and also has been significantly impacted by one off grants, where the associated expenditure is not aligned and not necessarily matched in the same year. These include:

- \$1.550m in grant funding relating to the Cudlee Creek Bushfire with the majority of expenditure relating to the 2019-20 financial year
- \$781k relating to the 2020-21 Federal Government Local Roads and Community Grant program where the funding is treated as operating revenue but the majority of the associated expenditure is treated as Capital

It should be noted that further changes to Council's financial results will occur following the finalisation of Council's statutory accounts and subsequent audit. The finalisation of the accounts will address matters including asset revaluation, employee entitlements, finalisation of Council's subsidiaries as well as depreciation and other asset adjustments.

Administration presented an End of Financial Year reporting timetable to the Audit Committee on 24 May 2021 and remains confident that all significant preparatory work will be completed in advance of the final audit visit by Galpins scheduled for late September 2021.

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

Priority 05.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

Priority 05.3 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 (LGA)*, and the *Local Government (Financial Management) Regulations 2011*.

Chapter 8, Part 3, Division 3 – Financial Statements and Division 4 – Audit, LGA 1999 and Part 4 – Financial Statements, *Local Government (Financial Management) Regulations 2011*.

➤ Risk Management Implications

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

The completion of 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)

➤ Financial and Resource Implications

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

It should be noted that Council's Operating Result for 2020-21 has been significantly impacted by one off grants, some of which as a result of accounting for those grants in accordance with Accounting Standards (AASB 1058 Income of Not-for-Profit Entities and AAS 15 Revenue from Contracts with Customers) means that the grant and associated expenditure are not aligned in terms of operating and capital or are not necessarily matched in the same year.

These include:

- \$1.550m in grant funding relating to the Cudlee Creek Bushfire with the majority of expenditure relating to the 2019-20 financial year
- \$781k relating to the 2020-21 Federal Government Local Roads and Community Grant program where the funding is treated as operating revenue but the majority of the associated expenditure is treated as Capital

This has resulted in Council's Operating Surplus both actual and budgeted being higher than in previous years.

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

Not applicable.

➤ **Sustainability Implications**

Not applicable.

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

Council Committees: Not Applicable

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: The Preliminary End of Year financial information has been prepared in consultation with Directors and Managers to obtain operating and capital information for each budget area.

External Agencies: Not Applicable

Community: Not Applicable

2. **BACKGROUND**

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

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

A timetable has been prepared to document and streamline the End of Year progress during July and August, and the confirmed final audit visit commencing on 23 September 2021.

In relation to the 2020-21 financial statements, it is currently proposed that a Preliminary End of Year Financial Results and Carry Forwards Report will be tabled to Council at its 24 August 2021 meeting, so that Council can adopt changes to the 2021-22 Budget to account for the 2020-21 requested carry forwards and other budget adjustments largely relating to accounting for grants received in accordance with Accounting Standards.

As the report provides Council with a preliminary view of Council’s financial performance to budget for the year ended 30 June 2021, it was considered appropriate as part of this update to provide the Audit Committee with the Preliminary End of Year Financial Results and commentary given the timing of the Audit Committee Meeting.

It should be noted that further changes to Council’s operating and net lending result is likely following the finalisation of Council’s statutory accounts and subsequent audit. The finalisation of the accounts will address matters including asset revaluation, consideration of the amount required for the Ashton Landfill provision, finalisation of Council’s subsidiaries as well as depreciation and other asset adjustments. As highlighted above, the external auditors are scheduled to commence the Audit process in late September 2021.

3. ANALYSIS

Overall Preliminary Result compared to budget

\$000’s	Actual 2020-21 \$’000s	Budget 2020-21 \$’000s	Variance Fav/(Unfav) \$’000s
Operating income	51,556	51,314	242
Operating expenditure	49,266	49,816	550
Operating Surplus before Capital	2,290	1,498	792

Council’s preliminary Operating Surplus before Capital is \$2.290m which is \$792k favourable to Council’s budget. There will be some further adjustments to occur as part of the finalisation of the statutory accounts.

The favourable operating result to budget is largely driven by the early receipt of a part payment of the 2021-22 Federal Government Local Roads and Community Grant (LRCIP) program in the order of \$785k but there are a number of other offsetting items relating to both income and expenditure within Council operations as discussed below.

Major income variances to budget that offset the early receipt of 2021-22 LRCIP funding include:

- Gumeracha Court Resurfacing Grant budgeted in 2020-21 to be carried forward totalling \$220k
- Final 10% of the 2020-21 Local Roads and Community Infrastructure Program for \$79k to be received in 2021-22 upon acquittal of grant funding
- Deferred Community Grants budgeted in 20-21 totalling \$180k
- Deferred Biodiversity Grants budgeted in 20-21 totalling \$139k
- Other deferred Grants totalling budgeted in 20-21 \$39k

More significant expenditure variances to budget include:

- Favourable deferred Community Grant expenditure to be carried forward totalling \$180k
- Favourable deferred Biodiversity Grant expenditure to be carried forward totalling \$139k
- Favourable Operating Initiatives still to be expended to be carried forward to 2021-22 totalling \$333k
- Favourable Interest savings of \$70k
- Unfavourable increase in employee entitlements over budget in the order of \$280k

Council’s preliminary operating result will also be subject to consideration of the amount required for the Ashton Landfill provision, finalisation of capitalisation of project costs, adjustments for asset and rate debtor write-off, depreciation and Councils’ subsidiary results as discussed above.

Net Borrowings Position

Borrowings at 30 June 2021 were \$10.2m, represented by a fixed term interest only loan of \$5m and a short term drawdown facility drawn down to \$5.2m at year end. This compares with Council’s budgeted borrowings at 30 June 2021 of \$12.4m which was based on borrowings at the end of the previous year of \$12.0m and the budgeted net borrowings for the 2020-21 financial year of \$0.4m.

\$000’s	Actual June 21 \$000’s	Budget June 21 \$000’s	Variance \$000’s	June 2020 Balances \$’000s
Cash & Investments	199	454	(255)	518
Short term drawdown	(5,200)	(1,858)	(3,342)	(2,000)
Fixed Term Loans	(5,000)	(10,500)	5,500	(10,000)
Total Borrowings	(10,200)	(12,358)	2,158	(12,000)
Net Position	(10,001)	(11,904)	1,903	(11,482)

Overall Capital Result

\$000’s	Actual 2020-21 \$’000s	Budget 2020-21 \$’000s	Variance Fav/(Unfav) \$’000s
Capital Income	1,804	5,236	(3,432)
Capital Expenditure	13,399	15,311	1,913
Net expenditure - Capital projects	9,618	10,075	(1,519)
Proposed Capital Expenditure Carry Forwards			(1,789)
Proposed Capital Income Carry Forwards			3,543
Overall Capital Result - favourable			235

The preliminary results show a capital spend of \$13.399m against a budget of \$15,311m. In comparing to budget, it is noted that there is an overall underspend of \$1.913m of which it is proposed to carry forward capital expenditure of \$1.789m across 36 projects.

As highlighted in the above table the overall net savings on the 2020-21 Capital Works Program is \$235k.

There is still some review work being undertaken of carry forwards but it is not expected that the amount will vary significantly from that to be presented to Council at its 25 August 2021 meeting for adoption.

In summary

Council’s overall preliminary result for both the operating and capital is favourable to budget, noting that there is still some year end adjustments required to the amounts presented.

Other Year End Matters

Other specific matters currently being worked through as part of the year end audit include:

- ensuring all grants are accounted for in accordance with AASB 1058 Income of Not-for-Profit Entities and AAS 15 Revenue from Contracts with Customers
- consideration of the amount required for the Ashton Landfill provision in accordance with provisioning for land fill remediation
- the provisioning of rate amounts relating to deceased estates and / or where rate notices had been unable to be delivered for many years
- subsidiary results and the calculation of equity share for these investments

Administration currently remains confident that all significant preparatory work will be completed in advance of the final audit visit scheduled for late September 2021.

4. OPTIONS

The Committee has the following options:

- I. To note the report as prepared.
- II. To make additional comments or suggestions for Financial Services staff to consider as part of finalising the 2020-21 financial statements.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 16 August 2021
AGENDA BUSINESS ITEM**

Item: 7.2

Originating Officer: Mike Carey, Manager Financial Services
Manager Financial Services
Corporate Services

Subject: Debtors Report

For: Information

SUMMARY

In accord with the 2021 Work Plan a debtors report is provided to the Audit Committee for consideration.

This report covers the period ending 30 June 2021.

This report includes an analysis of rates debtors, which is provided annually to the first Audit Committee after 30 June of each year.

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 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

It is important that debt recovery practices are monitored on a regular basis to ensure that Council's cash flow is optimised and that the non-recovery of Council debts is minimised.

➤ **Legal Implications**

Council may obtain funds by recovering fees, charges, penalties or other money payable to it under S133 of the *Local Government Act 1999*.

Council also has obligations specified within the current Community Wastewater Management Scheme (CWMS) licence that require an endorsed hardship policy for customers. Failure to establish this policy will result in Council breaching current licence conditions.

➤ **Risk Management Implications**

Monitoring the balances of Debtors through regular reporting 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**

Close monitoring of debt supported by an agreed Policy will ensure that any cash flow impact on Council is minimised.

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

Not applicable

➤ **Sustainability Implications**

Not applicable

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

Council Committees: Not applicable

Council Workshops: Not applicable

Advisory Groups: Not applicable

Administration: Operational areas have been involved in the development of this report to provide specific details, where necessary. Financial Services have overall responsibility for the Accounts Receivable function within Council, being involved in invoicing and follow up of amounts where they are not paid in a timely basis.

External Agencies: Not Applicable

Community: Not applicable

2. BACKGROUND

Council generates income from a variety of sources including rates, grants, fines (infringements), development applications and fees and charges for the provision of goods and services to individuals, businesses and other organisations in the community.

This income is managed using financial management systems that also enables recording of amounts owing to Council and information relating to amounts paid. Appropriate action can be taken to collect amounts owing where they are not paid in a timely manner.

The last Debtors report covering balances as at 31 December 2020 was presented to the Audit Committee on 15 February 2021.

3. ANALYSIS

Rates Debtors

Council's rates debtor balances is dominated by rates that are struck in full in July, then quarterly fluctuations of receipts, which makes comparison of rates debtors within the year difficult to interpret. As such, these debtors are reported on an annual basis to the first Audit Committee after 30 June of each year and was last provided to the Audit Committee on 17 August 2020.

As a result of the Cudlee Creek Bushfires and then Covid-19, Council updated its rate debtor management practices to ensure that there was a very strong lens on supporting the community and businesses. This included adopting an updated *Rating Policy* and a separate *Debt Recovery Policy* to provide greater guidance on financial hardship and emphasise a number of alternative arrangements available to ratepayers.

Alternative arrangements highlighted in the relevant policies included:

- Ratepayers can arrange with Council to pay their rates weekly, fortnightly or monthly instead of quarterly instalments, to provide for a smaller, more regular payment option via BPAY, phone or internet.
- Postponement of payment of rates in whole or in part for an extended period due to hardship. If postponement is granted then fines and interest will be remitted automatically for the same period.
- Postponement for seniors is highlighted as an available option for relevant ratepayers.
- Council will also accept a regular reduced payment toward council rates taking into consideration other financial commitments. In these circumstances where a ratepayer shows commitment by maintaining the payment arrangement, fines & interest will be considered for remission
- No interest or fines on outstanding amounts has been charged on rate balances for all ratepayers with an agreed payment in place.

In addition, legal action and debt collection follow up by Council's debt collection agency was suspended until the end of the 2020-21 financial year.

A Rates Hardship Update information report was presented to Council in June 2021 addressing financial hardship and options to consider longer term postponement, and remission in relation to applications received during the year. This was to allow Council to make a more informed decision on how these hardship applications should be addressed for the 2021-22 financial year and beyond.

The report noted that based on the experience of the last 12 months it is considered that the current policy settings as set out in Council's *Rating Policy* and *Debt Recovery Policy* provide the flexibility for Administration to address any applications received in relation to both Cudlee Creek and Financial Hardship relating to Covid-19.

As a result, the Report proposed that:

- the waiving of fines and interest would continue for the next financial year for those ratepayers that have directly applied for relief.
- legal action and debt collection follow up by Council's debt collection agency would recommence at the beginning of the 2021-22 financial year, noting that Administration will retain responsibility for all applications currently received who are on agreed payments plans and who are making payments in line with those plans

The table below compares Council's debtor balances, over the last four (4) year ends, summarised by category.

Rate Debtor Comparison across Financial Years \$'000

Debtors	June 2018	June 2019	June 2020	June 2021
Rates General	1,476	1,499	1,846	1,918
Provision	-	222	342	352
	1,551	1,278	1,503	1,566
Rate Revenue	35,513	37,186	38,649	40,264
% Outstanding to Rates Raised	4.4%	3.4%	3.9%	3.8%
Rates Postponed	75	95	129	128

To assist in the analysis the following table has also been included to show the ageing of Rate Debtors by reference to the rating year billed as at balance date for the last two years.

Outstanding Rates General Debtors Balances by Rating Year Billed						
	Prior to 2017-18 \$000s	2017-18 \$000s	2018-19 \$000s	2019-20 \$000s	2020-21 \$000s	Total \$000s
30 June 2021	\$454	\$58	\$104	\$363	\$940	\$1,918
30 June 2020	\$468	\$70	\$157	\$1,102	-	\$1,846
30 June 2019	\$465	\$158	\$780	-	-	\$1,499

As can be seen from the above tables, despite the impact of the Bushfires and Covid-19, Council's current policy settings and increased emphasis on regular payments (not necessarily quarterly) has maintained balances outstanding at a manageable level and a slight improvement on a percentage to rates basis despite the current circumstances.

Update on Review of Properties Identified for Section 185 or 210 Action

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.

Work to action these has recommenced in the 2021 calendar year and 5 assessments were presented to the Audit Committee in May 2021 to writeoff the balances outstanding. A further 8 are now being progressed and these have been discussed with Council's Property Advisory Group in August prior to this Audit Committee Meeting.

	No	2019-20 Balance	2019-20 Provision		2020-21 Balance	2020-21 Provision
Section 210 Public Road	9	137,410	137,410	4	52,977	52,977
Likely to be vested in Council	1	38,723	38,723	1	42,417	42,417
Sect 184/185	3	42,918	42,910	5	78,520	78,520
Rate Debts Fully provided	10	\$219,051	\$176,133	10	\$173,914	\$173,914
Sect 184/185/Other	18	337,249	165,900	13	336,414	\$ 178,000
TOTAL	28	\$556,300	\$342,033	23	\$510,328	\$351,914

The above table has been updated to reflect the balances owing as at 30 June 2021 on these properties from the generation of 2020-21 rates and the imposition of fines and interest for the year. As such, the amount provided has been reconsidered and it is proposed to increase the provision to \$352k to reflect an updated assessment of what proceeds, if any, can be achieved as a result of finalising action on these properties.

Sundry Debtors

A summary of the Aged Debtors as at 30 June 2021 has been provided below with the total Sundry debtors outstanding totalling \$1.026m.

As requested by the Audit Committee the Miscellaneous category has been broken down into the subcategories of AHBTC, Regulatory Services, Other Councils, Property and Other to assist review and follow up.

In relation to overall sundry debtors management Council is undertaking a similar approach to rates, in terms of consideration of postponement and/or payment plans over extended periods in relation to any debtor that contacts Council. In addition, Council highlighted on both invoice and debtor statement communication that debtors experiencing financial hardship should contact Council directly to enter into extended payment arrangements as required.

Description	TOTAL	<30 Days	<60 Days	<90 Days	<120 Days	<150 Days	>150 Days
Additional Bins	623	763	0	0	0	0	(140)
Burial Fees	34,532	22,141	2,355	9,214	0	0	822
Fire Hazard Reduction	3,224	0	0	0	3,224	0	0
Food Premises Inspection	6,310	3,224	451	516	387	127	1,605
Grants Receivable	885,896	785,896	100,000	0	0	0	0
Private Works	165	0	0	0	165	0	0
Road Rent	218	0	0	0	0	0	218
AHBTC	25,462	25,462	0	0	0	0	0
Regulatory Services	20,264	0	0	0	0	0	20,264
Other Councils	7,478	0	7,478	0	0	0	0
Property	69	0	0	0	0	69	0
Miscellaneous (Other)	42,133	25,647	16,236	0	120	0	130
TOTAL: 30/6/2021	1,026,374	863,133	126,520	9,730	3,896	196	22,899

The comparison of Debtor movement presented to the Audit Committee is shown below.

TOTAL: 31/12/2020	228,878	147,203	14,341	15,427	11,563	254	40,090
TOTAL: 30/6/2020	348,203	263,176	30,351	18,535	3,803	381	31,957
TOTAL: 31/12/2019	143,073	36,940	57,541	13,864	2,287	972	31,469
TOTAL: 30/9/2019	198,845	75,795	39,486	27,305	42,916	302	13,041
TOTAL: 30/6/2019	367,439	177,658	160,835	12,981	4,765	812	10,388
TOTAL: 31/3/2019	452,552	364,616	30,542	19,440	29,720	0	8,235
TOTAL: 31/12/2018	205,377	158,755	18,470	10,239	180	3,721	14,012
TOTAL: 30/9/2018	148,342	106,593	10,608	13,594	593	1,398	15,556
TOTAL: 30/6/2018	422,464	324,485	27,931	0	3,003	22,558	44,488
TOTAL: 31/3/2018	432,477	249,847	60,051	26,493	13,385	3,698	79,003
TOTAL: 31/12/2017	346,257	129,349	30,041	27,212	6,593	62,701	90,361
TOTAL: 30/9/2017	1,376,429	1,184,457	72,348	42,496	1,131	12,962	63,035
TOTAL: 30/6/2017	620,677	479,988	35,699	2,966	1,045	252	100,727
TOTAL: 31/3/2017	235,285	98,615	608	2,612	1,282	5,880	126,288
TOTAL: 31/12/2016	264,684	88,943	11,508	3,221	22,118	8,226	130,668

In relation to the Aged Debtors as at 30 June 2021, the following points of clarification are provided:

- Council intends to send letters to the Fire Hazard Reduction debtors advising that if payment is not made shortly then the amounts outstanding will be attached to the properties as rates arrears. Similarly Council intends taking the same action for all of these debtors that do not pay on a timely basis.
- There were five Food Premises Inspection debtors >150 days as at 30 June 2021. Of these:
 - Four debtors are with the debt collection agency;
 - for the largest (and oldest) debtor totalling \$1,200, because the debt collection agency have advised that they have been unable to locate the debtor to serve the claim they have recently undertaken a skiptrace which has a higher success rate in locating debtors than the basic searches.
- There is one Burial fee debtor >150 days. The debtor has paid the majority of the debt with the small balance expected to be paid in mid August 2021.
- The Regulatory Services >150 days balance relates to two debtors with larger balances.
 - The largest of these debtors sitting in >150 days totalling \$16k has been discussed previously. Since the last report Council resolved to pursue the debt by arranging a sale of the debtor's real property. The Sheriff's office were then due to take possession of the property in mid July when the debtor filed an urgent application to stay the warrant of sale being executed against him claiming that he has funds coming in shortly. Council opposed the application, however the Court stayed the warrant of sale until 16 August 2021 where a further hearing will take place.
 - The other relates to the recovery of costs of over \$5k incurred by Council in relation to two seized dogs. Since the last report the debt collection agency proceeded with Judgement and investigation summons. The debtor then did not appear at the hearing in early June however in early August 2021 the debtor paid the debt in full.

The CEO and delegated officers have used their delegation in terms of writing off debts for the 6 months ending 30 June 2021 in relation to:

- a \$121 Food Premises Inspection debt due to the fact that the business had closed;
and
- a \$238 Additional bin debt due to business closure.

Community Loans

The last remaining Community loan debt was paid off in April 2019. There are now no community loan debts outstanding.

4. OPTIONS

The Audit Committee is limited to receiving this report.

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 16 August 2021
AGENDA BUSINESS ITEM**

Item: 7.3

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

Subject: Quarterly Council Performance Report – Q4 2020-21

For: Information

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 Q4 (**Appendix 1**) covers the period 1 April 2021 to 30 June 2021, and shows the performance against the corporate performance indicators as well as discussing key highlights aligned with the Strategic plan. While some of the Corporate Performance Indicators show an annual result, the report focus is on the quarter and not Council's annual performance. The annual results and analysis will be provided in the 2020-21 Annual Report that will be available in November 2021.

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.

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: Not applicable

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.

While some of the Corporate Performance Indicators show an annual result, the report focus is on the quarter and not Council's annual performance. The annual results and analysis will be provided in the 2020-21 Annual Report that will be available in November 2021.

Overall performance results for Quarter 4 include:

- 26 of Strategic initiatives were completed, 56 are continuing in 2021-22 as part of the Annual Business Plan, 1 was deferred, and 5 were not completed.
- 16 of the 33 corporate performance indicators were met or exceeded, 15 were not met and 2 could not be assessed this quarter.
- 12 of the 18 customer service standards were met or exceeded, 1 was not met, and 6 had no instances reported or could not be assessed this quarter.

Comments within the report provide additional information on the strategic initiatives that are listed as "not completed". In general, these initiatives are all close to completion or require re-scoping to finalise during the 2021-22 financial year.

See the attached Quarterly Council Performance Report – Quarter 4 (**Appendix 1**) for details.

A change has been made to the timing of reports for the 2021-22 financial year. Reports will now be provided to Council and the Audit Committee at the meeting directly following the end of the quarter. For audit committee this will be the October 2021, February 2022, April 2022 and August 2022 meetings.

In addition to the change in timing, the report format and content will be reviewed as part of the normal annual process to identify any improvements and to ensure the report is still meeting the needs of the audience. As such, Audit Committee members are invited to provide feedback for consideration to the Governance and Performance team on any aspect of the Quarterly Council Performance Report.

4. OPTIONS

As this is an information report, the Audit Committee is limited to receiving and noting the report however additional feedback can be provided to the Governance and Performance team for consideration of future enhancements for the 2021-22 FY reports.

5. APPENDIX

- (1) Quarterly Council Performance Report – Quarter 4

Appendix 1

Quarterly Council Performance Report – Q4

Quarterly Council Performance Report

Quarter 4 – 1 April to 30 June 2021






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1. Executive Summary

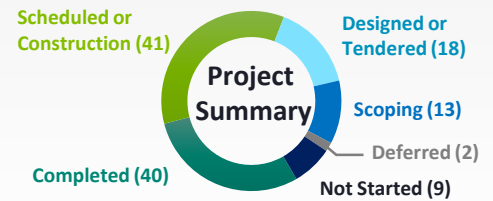
Strategic Goal	Performance Indicators	Annual Business Plan Strategic Initiatives
 Built Environment	 2 of 5 Targets met or exceeded	 2021-22 ABP (19) Completed (9) Deferred (1) Not complete (3)
 Community Wellbeing	 7 of 9 Targets met, N/A or exceeded	 2021-22 ABP (19) Completed (6) Not complete (1)
 Economy	 2 of 4 Targets met or exceeded	 2021-22 ABP (3) Completed (5) Not complete (3)
 Natural Environment	 4 of 7 Targets met or exceeded	 2021-22 ABP (6) Completed (3) Not complete (3)
 Organisation	 3 of 8 Targets met or exceeded	 2021-22 ABP (9) Completed (3) Not complete (1)

Customer Service Standards

-  **12** Targets met or exceeded
-  **6** N/A or No Incidents reported
-  **1** Target not met

Capital Performance

- \$2.7m of infrastructure delivered
- \$2.5m of works ordered
- Focus has been on finalising the 2020-21 projects, as well as scoping projects ready for delivery in the 2021-22 FY.



Highlights

- Resulting from the successful collaboration with the Gumeracha Main Street Project Working Group was the completion of the first visible step in the Gumeracha streetscape upgrade with the removal of the power poles. The underground power cables are now installed and operational.
- The new system (Skytrust) continues to be rolled out in the organisation and is showing benefits with ease of access to information and reduction in paper based processes. Significant effort has been placed in working with ICT to prepare for the updated Payroll and Human Resources systems implementation in the new financial year.
- Continuation of the public promotion and education program for the changes in cat confinement by-laws.
- 13 local community groups were assisted (for the year) to navigate their way through COVID requirements under the once-off Events Assistance Program.
- Formal bushfire recovery efforts were transitioned to 'business as usual' operations in line with the State Government's own approach. The Council's federally funded Community Disaster Resilience Program is well underway.
- The Woodside Library refurbishment was completed, including new service counter and a meeting room. The layout of the library was reconfigured to provide more usable space and easier navigation through shelving - all without reducing stock held on site.
- Customer experience training, with a complaint handling focus, was provided to 70 staff in key customer facing roles across the organisation.

Risk and Challenges

- Uncertainty remains around some key public events in the district due to the ongoing pandemic situation. Staff are working with key stakeholders to assist with planning where applicable.
- Currently averaging 13 new food businesses a month, with current capacity to inspect around 40. Anticipating that the COVID check will add an additional 15-20 minutes to each inspection
- Contractor availability and pricing remain a challenge, but one which is not unique to Councils in a stimulated construction environment.

2. Performance by Strategic Goal

A functional Built Environment

Highlights

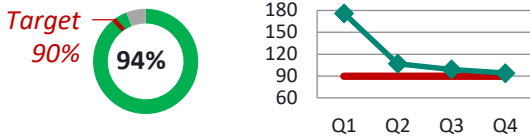
- ✓ **Cemeteries upgrades**
 - Mt Torrens upgrade project completed on 27 May 2021 which included a new shelter, seating, retaining walls and landscaping. This project used 70% recycled materials.
- ✓ **Energy Upgrades, Battery & Efficiency Actions**
 - Summit Community Centre energy efficiency works are continuing. Project specifications for the air-conditioning and lighting at the Stirling Library are suitable for tender in 2021-22. The upcoming audit to be undertaken in 2021-22 will define further priorities.
- ✓ **Asset Management Plans for Buildings**
 - Uraidla Hall building audit completed and supplied. Tender specifications drafted for use in 2021-22 for full building audit, revaluation and update of building Asset Management Plans
- ✓ **Asset management - Confirm Web and Connect Licences and Field Devices**
 - Licence structure in place to ensure on-going deployment of iPads to field when integrated workflow planning with Confirm/ CRM and field processes in place and approved by functional stakeholders to go-live.
- ✓ **Processing of Bushfire Development Applications**
 - Council has now received 324 Development Applications from Cudlee Creek bushfire-affected properties, including 63 dwellings. This reflects 65% of the anticipated applications.
 - Of the 324 applications, 95% have now received either planning consent or full development approval.
- ✓ **Review of Council Fire Prevention & Mitigation Activities**
 - The State's Keelty Review report has been reviewed and staff are waiting for the Bushfire Management Area Plan (BMAP) review from the CFS.
 - Meeting held with Council's Bushfire Advisory Group discussed - Independent Review into South Australia's 2019-20, BMAP update, 105F Code of Practice and Community Education.
 - Bushfire Mitigation Operation Group continues to monitor and review our fire prevention programs.
- ✓ **Community & Recreation Facilities Framework**
 - A draft Framework was presented to Council at its June 2021 meeting.

Risks & Challenges

- ✗ **Stirling library lawns – Rotunda replacement**
 - Capital Carry forward - Once design documentation and costings have been prepared, they will be presented to Council for consideration prior to planned community consultation being undertaken in August 2021.
- ✗ **Gumeracha undergrounding of power lines (PLEC)**
 - While the project was not finished this financial year it is on track for completion in first few weeks of 2021-22.
- ✗ **Fleet Transition Plan**
 - This is anticipated to be delivered early 2021-22, as final tweaking was necessary to achieve the desired outcome.
- ✓ **Water reuse for Woodside recreation ground irrigation**
 - At its 22 June 2021 meeting, Council resolved to undertake an environmental and cost benefit analysis by end of September 2021.
 - The funding from the Local Government Infrastructure Partnership Program is currently on hold until after this report is completed. Depending on the outcome in September this project may not continue.
- ➔ **Integration of Development Assessment Systems**
 - Whilst the building module has been developed in the State Portal, the functionality is limited. Awaiting further enhancement before determining if this project goes ahead.

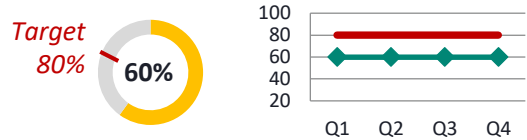
Performance Indicators

Delivery of capital works program



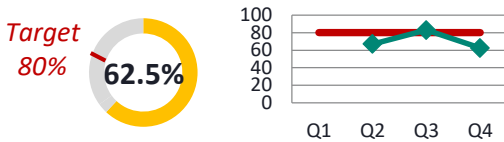
The Quarter 4 result is reflective of the final expenditure on projects delivered, and has exceeded the target, indicating strong project planning and management practices by the delivery teams.

Operational tasks completed within the Civil Zone Maintenance Program



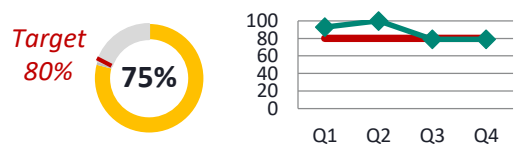
The Quarter 4 result indicates that 60% of operational activities are planned, compared to 40% reactive. This result is considered a best estimate based on available information from Council's customer relations management system. Accuracy of result will improve with the broader rollout of confirm asset management software and in field devices.

Compliance inspections completed within 5 business days of development completion notification



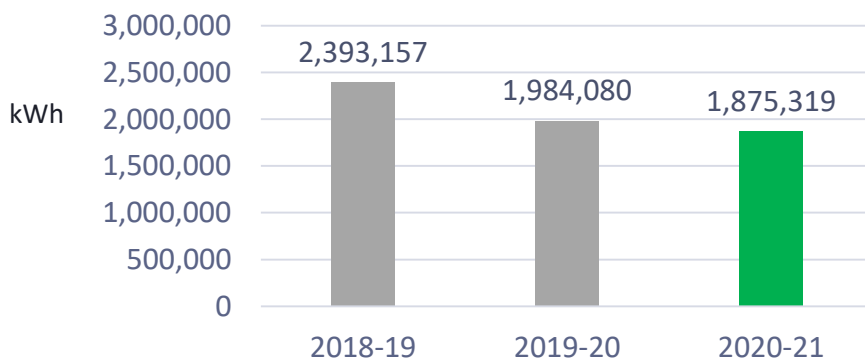
Of the 24 completion notifications received by Council in this quarter, 15 were completed within the 5 day timeframe and all were required to provide a statement of compliance completed by the owner and builder.

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



For the 12 compliance inspections related to alleged unlawful development undertaken in this quarter, 9 were completed within the 5 business days of receipt of the notification and the target was close to being achieved for the remaining 3 cases.

Energy usage: Decrease Council's Kilowatt hour (kWh) use each year



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

- ✔ **Support for small events**
 - Council assisted 13 local community groups in total through the Event Support program.
 - Assistance has ranged from help with COVID-19 compliance (such as fencing and sanitiser), new event equipment and traffic management, to governance and capacity building.
- ✔ **Youth Leadership Program (YLP)**
 - 2021 YLP participants are organising a community event to be held late Nov 2021
 - Participants will be presenting to Council on 11 October 2021 about their experience participating in the program.
- ✔ **Court Resurfacing**
 - Tenders for the Heathfield High School courts project are currently being assessed.
 - Works to existing courts at Stonehenge Reserve are in progress.
- ✔ **Play space upgrades**
 - Play Space Upgrades at Kersbrook, Mount Torrens & Charleston are complete and are now open for community use.
 - Play Spaces at Yarrabee Road, Greenhill & Lenswood Oval have been selected for upgrade in 2021-22. Consultation has been undertaken and tender documentation is currently being prepared.
- 😊 **Adelaide Hills (War Memorial) Swimming Centre – Asset Audit**
 - Council undertook three audits at the site, two associated with the assets and their condition, and one that analysed the operations of the site and compliance with the GSPO.
- ✔ **Positive Ageing Promotion**
 - Led an Aged Care State and Regional stakeholder forum and workshop on the Royal Commission Recommendations and Government Response.
- 😊 **Implement the Bushfire Recovery Action Plan**
 - During the quarter there was a focus on embedding recovery support into normal council services.
 - A slowing of rebuilding development applications was observed during the quarter.
 - Longer term focus remains on supporting rebuilding through the development assessment process, supporting the recovery of biodiversity and pursuing funding for initiatives to support economic recovery.
- 😊 **Woodside Recreation Ground - Masterplan Implementation**
 - Drainage works associated with the carpark at the Woodside Recreation Ground site has been completed.
- ✔ **Hills Connected Communities Project**
 - Collaborative program for Youth was run in the April school holidays, with a range of workshops offered across the four collaborative community centres, Youth Development and AHC and MTBC Libraries.
 - Filmed promotional videos for the four centres with launch planned later in 2021.
 - Collaborative Reconciliation Week program included campfire storytelling evenings and a Didge and Dance session. There were over 100 attendees at these events.
- ✔ **Arts and Heritage Hub – Fabrik**
 - installation of fire safety infrastructure in Building 21 was completed
 - Throughout the year, activation of the site continued, with exhibitions, workshops and events being presented, while navigating changing COVID-19 restrictions. Total visitors for the year (not including visitors to the Recovery Centre, also based at Fabrik) was 4,597.
 - Facilities Design Plan stage is complete - architects have been appointed and the final designs are underway.

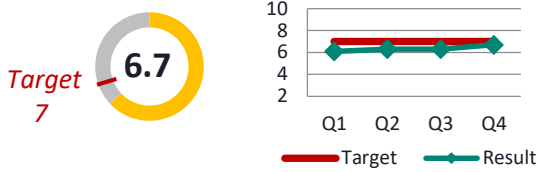
Risks & Challenges

- ✘ **Norton Summit Community Centre Facility Upgrades**
 - Capital Carry Forward – currently the project is behind schedule, but expected to be completed within first half of 2021-22FY.
- ✔ **Women's Tour Down Under**
 - Awaiting announcement from the SA Tourism Commission as whether this event will be going ahead in 2022.

Performance Indicators

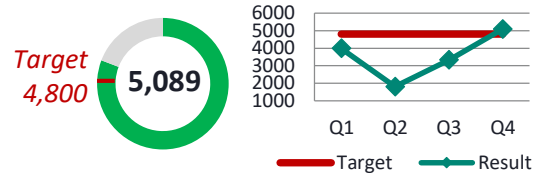
Positive ageing wellbeing score

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

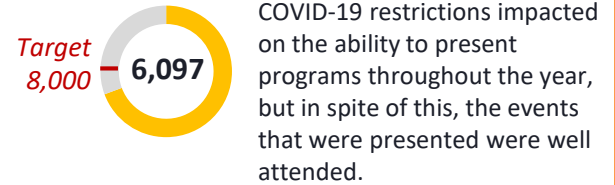


The wellbeing score has again improved on the previous quarter, it is taking time for people's sense of wellbeing to bounce back after the past 18 months of stressful, significant life events.

Number of volunteer hours contributed to AHC programs each year



Number of volunteer hours contributed to AHC programs each year



COVID-19 restrictions impacted on the ability to present programs throughout the year, but in spite of this, the events that were presented were well attended.

Number of events and programs celebrating cultural diversity

13 activities or programs offered across the Community Centres and Libraries that celebrated Cultural diversity, being Multicultural or Aboriginal cultural focused.



Community centre participation surveys



Percent of community centre participants who feel better connected to others or the community



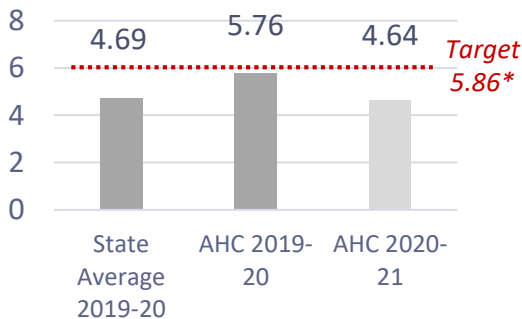
Percent of community centre participants who would use the knowledge/skills gained in the future

Available studio space occupied at Fabrik



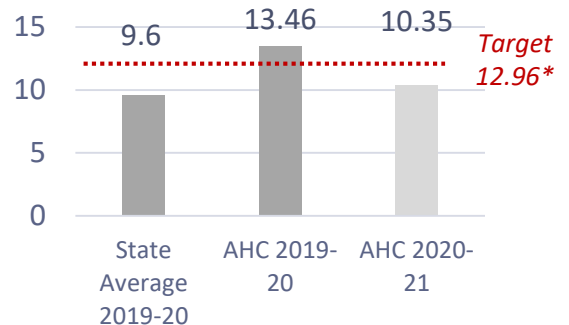
COVID-19 restrictions meant that Fabrik's ability to host artist studios was significantly impacted. However, artist studios were offered alongside exhibitions, and in total 16 different artists occupied studios throughout the year.

Library visits per capita



* Our target is be 25% above the state average. As the 2020-21 averages are not yet available, we have used the 2019-20 average as the basis. So while our result is lower than last financial year due to COVID, it cannot be fully determined that we have not met target yet.

Library loans per capita



* Our target is be 35% above the state average. As the 2020-21 averages are not yet available, we have used the 2019-20 average as the basis. So while our result is lower than last financial year due to COVID, it cannot be fully determined that we have not met target yet.

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

✔ Review and upgrade Council signage and branding

- Work on building a signage masterlist continued with a focus on identifying "Welcome to Adelaide Hills Council" Signage (18 identified to date).
- Design project continues for the Stirling Library site with input being provided regarding accessibility requirements.
- Worked collaboratively on Reconciliation branding elements
- Wrapped a community bus with our distinctive AHC hatching design.

✔ Business Workshops

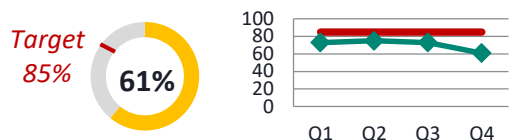
- Workshop conducted at Woodside on solar PV panels for the business community. This is part of a rolling program of sustainability workshops.
- In lieu of Business in May (or May Business Month) AHC supported the promotion of Department of Innovation and Skills' BizWeek initiatives in April, including specific Adelaide Hills focused events.

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

- A total amount of just over \$35k was allocated to the Financial Support Operating Initiative for the 2020-21 financial year which consisted of \$22k of fines and interest waivers and an additional amount of \$13k waived in relation to outdoor dining permits
- Council's current Rating and Debt Recovery Policies will continue to provide the flexibility to address ongoing financial hardship monitoring for the Cudlee Creek Bushfire and COVID -19 related applications.

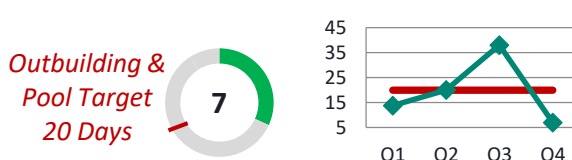
Performance Indicators

Percentage of planning consents completed within statutory timeframes



Of the 168 applications determined this quarter, 103 met the statutory timeframe. The target was not achieved partly due to transition to the new planning system, and partly due to a focus on completing the oldest applications which continue to skew the results. The old applications included 15 non-complying developments which tend to be more complex assessments and the withdrawal of 16 older applications not being proceeded with.

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



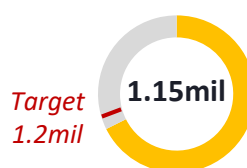
Only 3 Building Rules Only applications were processed after 19 March 2021 and the assessment timeframe was well within the performance target.

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



One ERD Court appeal was lodged in this quarter against a decision of the CAP to grant Development Plan Consent to an NBN Tower at Mylor. The matter is yet to be determined.

Number of domestic day trips taken to AHC region











Statistics are for the period April 2020 to March 2021. Results have been impacted by COVID-19 restrictions over this period which have limited events which normally drive tourism

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

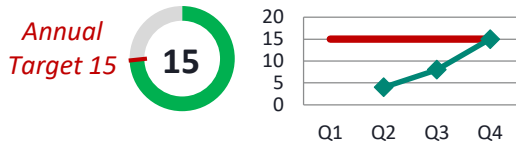
-  **Waste management and recycling**
 - Completion of the Green Organics Service Review which resulted in an increase in the number of free green organic drop off days.
 - Further exploration to be held on the possibility of providing a green organics bin to all properties in 2022-23.
-  **Veteran Tree Management**
 - Continued to undertake veteran tree management works on both a reactive and proactive basis throughout the final quarter.
 - Majority of work sites have been identified through community requests.
-  **Develop and review Council Management Plans for high value reserves**
 - Council Vegetation Management reviewed for Aldgate Valley Reserve, Bradwood Park, Heathfield Stone Reserve, Lobethal Bushland Park and new documents developed for Heron reserve.
-  **Local Climate Adaptations for landscape conservation**
 - In partnership with Trees for Life and the University of Adelaide the initial stages have been commenced investigating into Stringy Bark dieback within the Adelaide Hills.
-  **Native Vegetation Marker System Program**
 - 16 BushRAT assessments undertaken from 13 NVMS sites. 52 sites remaining for baseline surveying plus 23 Dept of Infrastructure and Transport sites.
-  **Kerbside Waste Audit and Education Program**
 - A presentation summarizing completed education program was shared at the 27 May 2021 Council Workshop.
 - The program includes the current waste education scheduled by calendar, education that is provided when opportunities arise and new education initiatives that have been identified from the findings of the waste audits undertaken.
-  **Feral cat study and implementation of an action plan**
 - Feral Cat Study tender has been awarded and has commenced. The Study will have two components, the first part of the study will be completed prior to the cat by-law being introduced and the second part after the cat by-law is introduced.
-  **Cat confinement**
 - Council is continuing the community education program by implementing a Cat social media ad campaign as well as a campaign involving Chipper the Cat.
 - Council has engaged ChipBlitz to provide two microchipping days for the Adelaide Hills Council area.
 - Council is also looking at service agreements for external pound facilities as opposed to building its own cat pound.

Progress on Strategic Initiatives from the Annual Business Plan

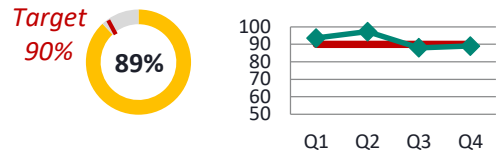
Project ID	Strategic Initiatives	Status
N1001	Tree Population Data Collection	
N2002	Heritage Agreements for land under Council's care and control	
N2003	Roadside Marker Program to protect and manage roadside vegetation	
N2006	Develop and review Council Management Plans for high value reserves	
N2008	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	

Performance Indicators

No of sites completed in the Woody Weed Program

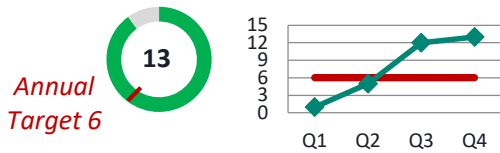


Percentage of nuisance and litter queries resolved



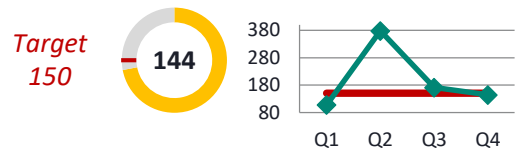
Target of 90% was not achieved (1% shortfall) this quarter due to ongoing cases (11) in Environmental Health (9) and 1 case in both Regulatory Services and Open Space .

Number of community education actions delivered – actioned vs planned



13 Waste education sessions have been held including sessions/displays relating to Plastic Free July and International Compost Awareness Week. School waste education sessions have included a bus trip to recycling facilities, worm farm workshops and school bin system analysis.

Tonnes of green organics collected on Green organics days

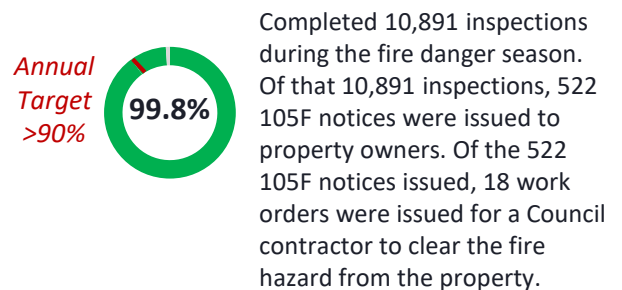


Three free organic drop off days have been held collecting a total of 144 tonnes of organic. Volumes vary each quarter reflecting the season.

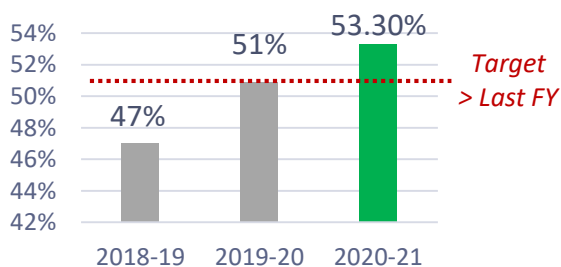
Number of Native Vegetation Marker System (NVMS) BushRAT assessments completed



Fire Prevention Property inspections



Percentage of waste diverted from landfill





Highlights

✔ Develop or respond to Boundary Reform Proposals

- Campbelltown City Council's (CCC) Rostrevor/ Woodforde proposal is still in Stage 2 development and there is no formal response required at this point in time. Liaison with CCC, Council Members and the community continues as required.
- No further progress to date on City of Burnside proposal regarding Chambers Gully, Cleland and Waterfall Gully.

✔ Information Management System Integration

- Integration of the Open Office Development Applications Register has been completed in the test environment and is currently undergoing user acceptance testing (UAT). The timing for progression to the live system is linked to the TRIM data migration project which is scheduled to be undertaken in August 2021.

✔ Work Health and Safety

- Council's Take 5 for Safety session was run for all staff at the end of June which included a presentation from Associate Professor Jeremy Woolley, the Director of the Centre for Automotive Safety Research.

✔ Customer Experience Training

- Training was held for approximately 70 staff in late May and early June in both fundamentals of complaint handling and managing unreasonable complainant conduct.

✔ Update of Business Continuity Plan and implementation

- LG Risk Services conducted Business Continuity Plan training for function managers.
- Work has commenced on Business Process Assessments (BPA) for each function to determine Maximum Acceptable Outages (MAO) which shape recovery priorities in the Business Continuity Plan.

✔ Building & swimming pool compliance inspections

- Building notifications are being received through the Council's website, from builders direct and now through the newPlan SA Portal.
- During this quarter over 75 inspections were undertaken including 20 pool inspections.

Risks & Challenges

✘ Equipment to broadcast Council Meetings

- Further market testing has not identified cost-effective options. A re-scoping of the project is underway to explore innovative approaches to meeting the defined need.

✔ Local Government Reform

- The *Statutes Amendment (Local Government Review) Act 2021* was passed in late June 2021. There are a significant number of legislative obligations which will be implemented over the period 2021-22 to 23-24 as the various sections are proclaimed.

Records management

- Section 7 requests for reissue have been impacted by increases in FOI requests and workloads associated with the transition of development applications to the SA Planning Portal

😊 Service Changes to Accommodate COVID19 Impacts

- Expenditure on service changes significantly exceeded the allocated budget. This was in part offset by a reduced level of expenditure requested to provide additional financial support to ratepayers.
- Whilst this project concluded on 30 June 2021 it is still expected that there will be some additional ongoing cost incurred. If necessary these additional costs are to be captured via the Budget review process.

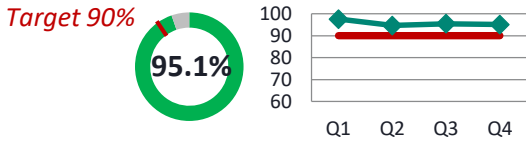
✔ Cemetery Management System

- Implementation has been delayed due to change of contractor staff. Expected "go-live" to be August 2021.



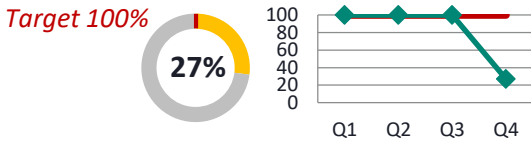
Performance Indicators

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



Council considered three items in confidence in Q4.

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



11 cases received in Q4. 2 completed on time, 4 in progress, 4 completed a few days late (with client kept fully informed of delay), and 1 withdrawn by client and subpoenaed via Supreme court.

Customer Net Ease Score (NES)

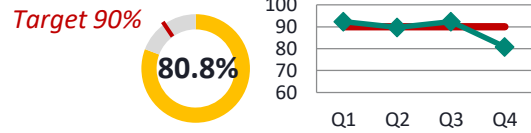
Net Ease is the proportion of respondents who selected Easy or Very Easy minus the proportion who selected Very Difficult and Difficult, to the question "How easy was it for you to get your query resolved?"



Results are from customers surveyed from 1st July to 30th June (898 responses).

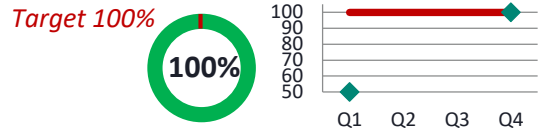
NES score ranges from -100 to +100

Council member attendance at ordinary and special meetings for the period



Council granted four leaves of absence, had four apologies and one absence in Q4

Percentage of Ombudsman investigations upholding Council's decisions



2 Ombudsman decisions are still in determination & 1 Ombudsman decision in favour of Council.

Employee Turnover

Annual Target	Actual	Final turnover figure for 2020/2021
7-15%	8.68	

Number of lost time injuries

Annual Target	Actual	One lost time injury reported for the year
0	1	

Overall customer satisfaction



Results are from customers surveyed from 1st July to 30th June (898 responses).

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	😊

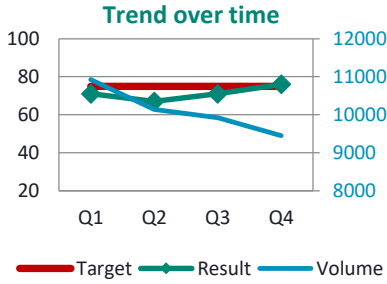
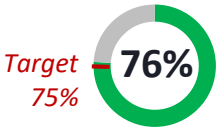
3. Customer service standards

5.1 General Customer Standards

Answering Incoming Phone Calls

Volume of calls = 9,450

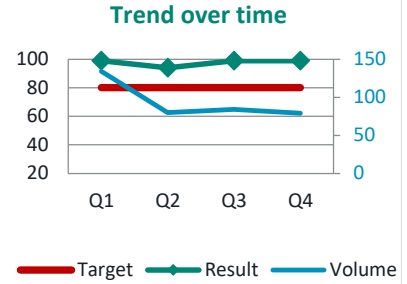
Contact centre calls answered within 30 sec



Updating Customer Details

Volume of updates = 79

Details updated within 5 days



5.2 Service Specific Standards – Time Based Indicators

New Event Applications

Volume of applications = 1

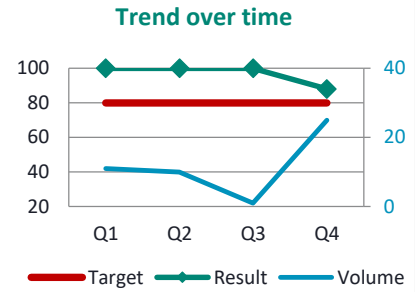
Acknowledgement of receipt within 5 days



Illegal Burning Complaints

Volume of complaints = 25

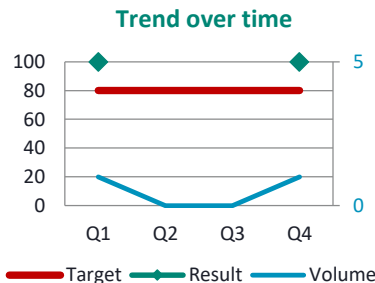
Investigated within 24 hours



Health Complaints

Volume of complaints = 1

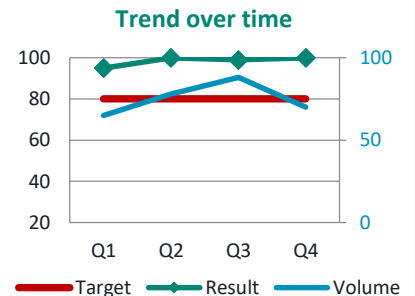
Investigated within 24 hours



Illegally Dumped Rubbish

Volume of reports = 70

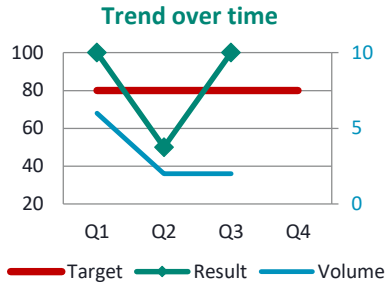
Rubbish removed within 3 days



Library Services

Volume of requests = 0

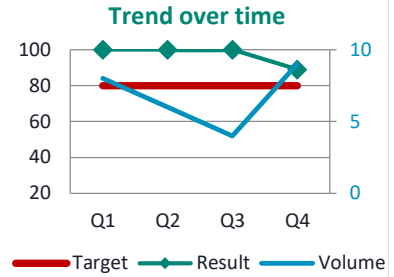
Response to requests to purchase materials within 10 days



Dog Attacks

Volume of attack reports = 9

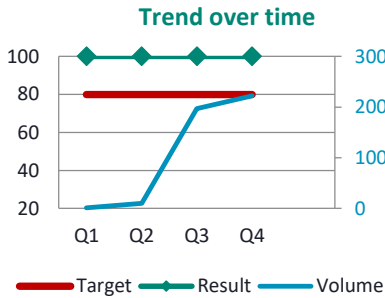
Response within 24 hours



Wasps

Volume of reports = 222

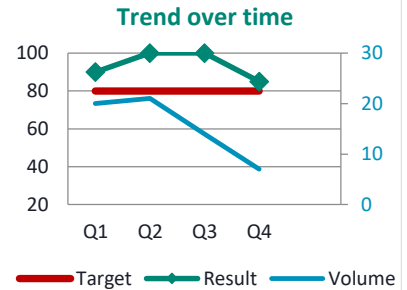
Investigate and action within 7 days



Development Applications

Volume of applications = 7

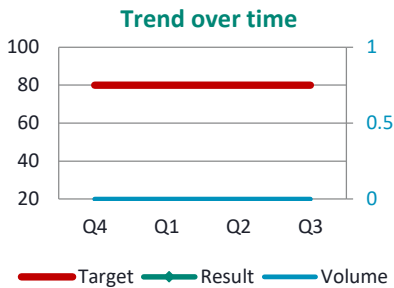
Approval of fast track development applications within 28 days



Missed Bins

Volume of requests = 0

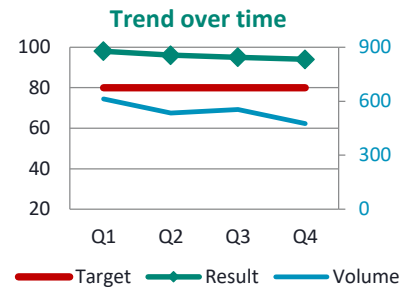
Missed bins collected within 2 days



Request for Bin Repair or Replacement

Volume of requests = 476

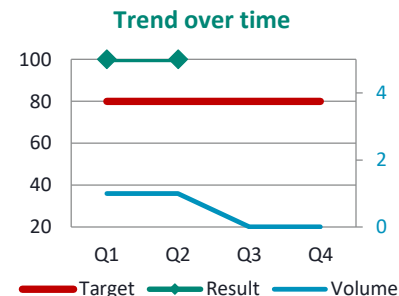
Requests actioned within 7 days



Footpath Repairs - Hazardous

Volume of repairs = 0

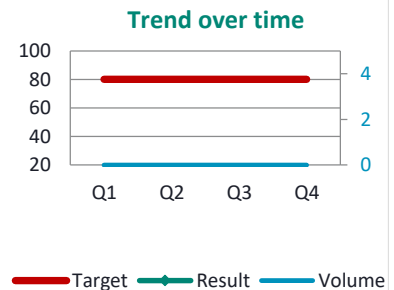
Responded and made safe within 24 hours



Road Repairs - Hazardous

Volume of repairs = 0

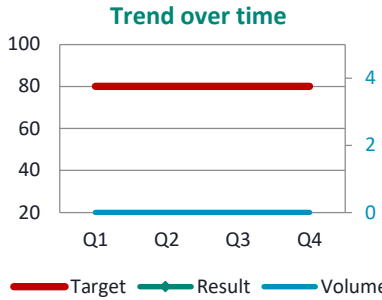
Responded and made safe within 24 hours



Stormwater Repairs - Hazardous

Volume of reports = 0

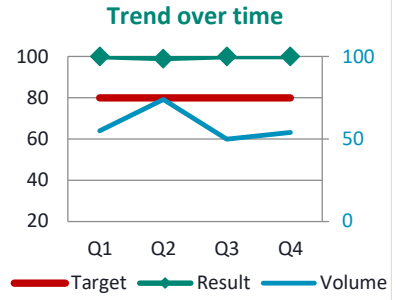
Responded and made safe within 24 hours



Trees - Hazardous

Volume of reports = 54

Responded and made safe within 24 hours

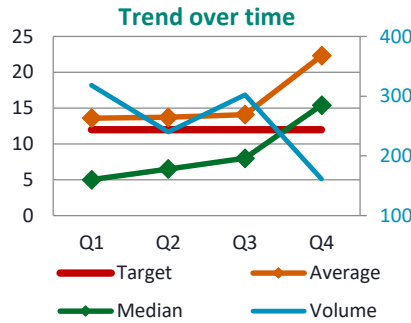


5.3 Service Specific Standards – Other Indicators

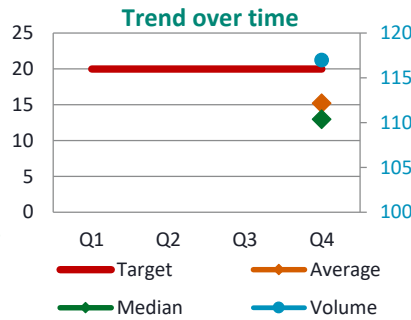
Development Applications

Total volume of applications = 278

(Old System) Average consent time from date of receipt in weeks



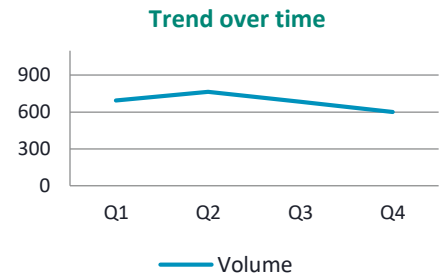
(New System) Average consent time from date of receipt in days



278 applications were assessed in the quarter, 117 of these were in the new Planning SA system. While the old system measures the full time from receipt to completion, the new system measures only the statutory time. Our focus over the quarter has been to action and remove the old more complex cases – which will eventually assist in reducing the averages in the old system.

Low Risk Infrastructure Requests – Number of New Requests

Volume of new requests = 600



Low Risk Infrastructure Requests – Average Time to Resolve

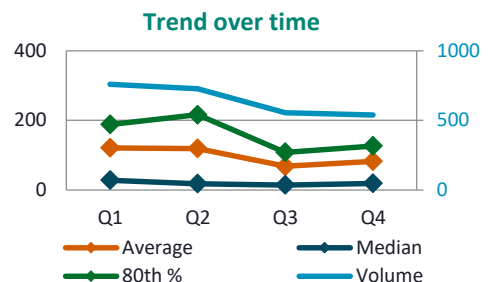
Volume of Requests = 538

Resolution time of requests

Average = 82 days

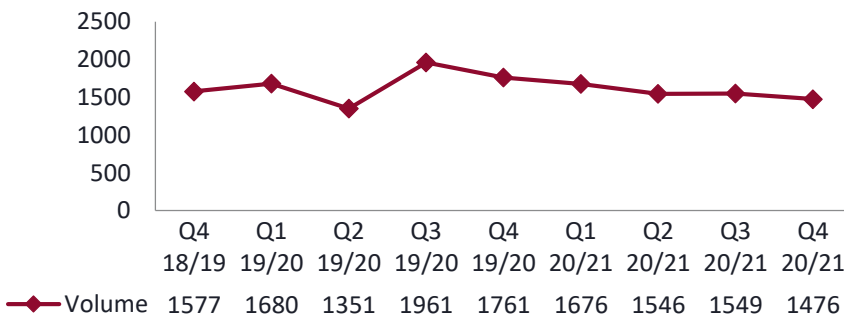
Median = 18.6 days

80th Percentile = 126.49 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 4 of 2020-21 FY represents the completion of the 2020-21 Capital Works Program, noting some major multi-year projects were in progress as of 30 June 2021. This quarter also presented significant delivery challenges, with both the consulting and contracting markets becoming saturated in a heavily stimulated market. Despite these challenges, \$2.7M of infrastructure was delivered during this period and another \$2.5M of works ordered. The primary focus of this quarter has been on finalising projects, as well as scoping projects ready for delivery in the 2021/22 FY.

Highlights

- All civil infrastructure renewal programs, such as sealed and unsealed roads, footpaths, and shoulders, were completed within budget,
- The Kersbrook playground renewal and upgrade was completed, and received very positive feedback from the community.

What's Next

- With power line undergrounding complete at Gumeracha, works now move to underground storm water and street scape works,
- Works on the Crafers to Stirling Bikeway continue into Q1 of 2021/22,
- LRCIP phase 2 projects are scoped and ready to construct in the new financial year.

Financial Performance by Asset Category

Asset Category	YTD Actuals \$'000	YTD Budget \$'000	YTD Var Fav / (unfav) \$'000	Annual Budget \$'000
Bridges	144	175	30	175
Buildings	1,117	1,839	722	1,839
Cemeteries	189	196	7	196
CWMS	540	532	(8)	532
Footpaths	660	725	65	725
Kerbing	336	343	7	343
Local Roads & Community Infrastructure Program (LRCIP) – phase 1	815	805	(10)	805
Local Roads & Community Infrastructure Program (LRCIP) – phase 2	55	-	(55)	-
Other - Ret Walls, Street Furniture & Bus Stops	539	752	214	752
Roads - Pavements	2,659	2,747	87	2,747
Roads - Seals	1,261	1,269	8	1,269
Roads - Shoulders	297	291	(6)	291
Roads - Unsealed	1,270	1,318	47	1,318
Sport & Recreation	1,025	1,145	119	1,145
Stormwater	717	913	195	913
Fleet	1,305	1,478	173	1,478
ICT	364	648	284	648
Library	68	78	10	78
Plant & Equipment	36	60	24	60
	13,399	15,312	1,913	15,312

4. Financial Performance

Overall Funding Statement as at 30 June 2021

Note: These are the preliminary figures for the 30 June. The actual audited figures will be presented in the Annual Report

	YTD Actual	YTD Budget	YTD Variance	Revised Budget
	\$'000	\$'000	\$'000	\$'000
Total Operating Income	51,556	51,328	● 228	51,328
Total Operating Expenditure	49,266	49,830	● 563	49,830
Funding surplus before Capital	2,290	1,498	● 792	1,498
Capital Expenditure	13,399	15,312	● 1,913	15,312
Capital Income	1,729	5,237	● (3,508)	5,237
Net expenditure - Capital projects	11,670	10,075	● (1,595)	10,076
Net Lending / (Borrowing) Result for Year	(144)	659	● (803)	659

Adelaide Hills Council Operating Summary By Directorate as at June 2021

	YTD Actuals	YTD Budget	YTD Var	Revised Budget
	\$'000s	\$'000s	fav / (unfav) \$'000s	\$'000s
Income				
Community Capacity	4,776	4,867	● (92)	4,867
Corporate Services	40,339	40,417	● (78)	40,485
Development & Regulatory Services	1,499	1,457	● 42	1,457
Infrastructure & Operations	4,943	4,587	● 356	4,587
Income Total	51,556	51,328	● 228	51,396
Expenditure				
Community Capacity	9,304	9,435	● 130	9,435
Corporate Services	9,073	8,991	● (82)	9,059
Development & Regulatory Services	3,708	3,816	● 108	3,816
Infrastructure & Operations	27,181	27,589	● 408	27,589
Expenditure Total	49,266	49,830	● 563	49,898
Operating Surplus (Deficit)	2,290	1,498	● 792	1,498

Operating summary by Function (Income)

Adelaide Hills Council Quarterly Financial Performance

as at June 2021	Income by Function				Expenditure by Function			Net Position
	YTD	YTD	YTD Var	YTD	YTD	YTD Var	Variance	
	Actuals \$'000s	Budget \$'000s	fav / (unfav) \$'000s	Actuals \$'000s	Budget \$'000s	fav / (unfav) \$'000s		
Bushfire Recovery	2,892	2,831	61	2,006	1,937	(69)	(9)	
CC Director's Office	-	-	-	310	301	(10)	(10)	
Communications, Engagement & Events	23	21	2	654	659	5	7	
Economic Development	134	160	(26)	541	567	26		
FABRIK Arts and Heritage Hub	87	87	1	393	380	(13)	(12)	
Community Development (Management)	-	-	-	352	364	12	12	
Community Resilience	75	110	(35)	75	110	35		
Cultural Development	-	-	-	126	149	22	22	
Grants & Partnerships	-	-	-	225	237	12	12	
Hills Connected Communities Projects	78	75	3	78	80	1	4	
Positive Ageing (Home and Social Support)	1,021	1,040	(19)	1,049	1,078	29	10	
Positive Ageing Project (Collaborative)	110	128	(18)	110	128	18	(1)	
Service Strategy & Innovation	-	-	-	118	171	52	52	
The Summit Community Centre	12	21	(9)	152	181	29	20	
Torrens Valley Community Centre	30	32	(2)	189	173	(16)	(18)	
Volunteering	-	-	-	84	84	(1)	(1)	
Youth Development	5	13	(9)	161	169	8	(1)	
Library Services	310	349	(40)	1,917	1,897	(19)	(59)	
Customer Service	-	-	-	764	771	7	7	
Community Capacity	4,776	4,867	(92)	9,304	9,435	130	39	
AHBTC	321	334	(13)	233	243	10	(3)	
Cemeteries	322	272	51	223	290	67	118	
CS Director's Office	4	3	1	309	322	13	14	
COVID 19	-	-	-	176	50	(126)	(126)	
Financial Services	39,376	39,473	(97)	1,153	1,132	(21)	(118)	
Governance & CEO Office	78	90	(12)	1,994	2,040	46	34	
Information Services	-	-	-	2,624	2,534	(90)	(90)	
OD & WHS	-	-	-	614	587	(27)	(27)	
Property Management	203	207	(4)	1,721	1,767	46	41	
Retirement Villages	34	37	(3)	26	25	(1)	(4)	
Corporate Services	40,339	40,417	(78)	9,073	8,991	(82)	(160)	
Animal Management	454	436	18	440	434	(6)	13	
DRS Director's Office	-	-	-	323	328	4	4	
Fire Prevention	12	9	3	79	84	4	8	
Mt Lofty Waste Control Project	-	-	-	-	-	-	-	
Parking and By-Laws	30	31	(1)	208	204	(4)	(4)	
Planning & Development	812	786	25	2,075	2,090	15	40	
Policy Planning	-	-	-	131	165	34	34	
Public Health	191	195	(4)	452	512	60	56	
Development & Regulatory Services	1,499	1,457	42	3,708	3,816	108	150	
Civil Services	2,893	2,225	667	5,217	5,315	98	765	
Community Wastewater Management System	1,890	1,883	7	1,142	1,184	42	49	
Depreciation	-	-	-	8,824	8,824	-	-	
Emergency Management	-	-	-	86	92	7	7	
IO Director's Office	-	-	-	340	326	(14)	(14)	
Open Space - Biodiversity	48	162	(114)	588	711	123	9	
Open Space Operations	10	-	10	4,675	4,811	135	145	
Open Space - Sport & Rec Planning	9	230	(221)	672	659	(12)	(234)	
Sustainability	-	-	-	191	244	54	54	
Strategic Assets	-	-	-	522	548	25	25	
Waste	93	86	7	4,924	4,875	(49)	(42)	
Infrastructure & Operations	4,943	4,587	356	27,181	27,589	408	764	
Total	51,556	51,328	228	49,266	49,830	563	792	



Adelaide Hills
COUNCIL

MORE INFORMATION



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**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 16 August 2021
AGENDA BUSINESS ITEM**

Item: 7.4

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

Subject: Audit Actions Implementation Update

For: Information

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 24 May 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 – August 2021

Appendix 1

Audit Actions Implementation Status – May 2021

Audit Name	Reference	Issue	Risk Rating	Recommendation	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 and load into Production for 20/21 financial reporting will occur.
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.	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	25/02/2022	Whilst it has been agreed that a Policy/Procedure will be developed to provide guidance to staff, limited resourcing within the OD team has delayed completion. An additional FTE within the 2021/22 budget has been approved, and once recruitment is finalised, a key priority will be the review and / or development of a number of Policies and Procedures.
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.	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.	Terry Crackett	31/03/2021	In Progress	31/08/2021	Consultation on the draft procedure has been completed and feedback received early in 2021. Whilst an updated procedure was to be submitted submitted to ELT for adoption by end May this was delayed to to other priorities. This will be finalised by the end of August 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.	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	Road Footpath and Kerb AMP adopted. Bridges, Building, Safety Barrier, Retaining Wall, Bus Shelter and CWMS AMPs under development in 2021/22
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.	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 AMPs as there are a developed and adopted. Adopted AMP Roads Footpath and Kerb aligns with adopted 21/22 budget. 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. AMP consultation completed Jan 2020.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
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.	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	27/08/2021	To be completed by mid August 2021 to reflect 20/21 capitalisation process 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.
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.	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 was held in June 2021. Function owners are now required to complete an assessment of the maximum acceptable outage (MAO) for their service offerings utilising a SharePoint database. For those services with critical MAOs, a Critical Function Plan (CFP) and these will be incorporated into the revised BCP.
2021 - Bentleys - Payroll Function Internal Audit - May 2021	1.1	Efficiency of manual payroll process	Low	We recommend management: • Assess the benefit of payroll process automation and quantify the cost associated • Quantify the saving if the three days of the Payroll Officer's time could be freed up; and • Make a decision to implement system solution of payroll process.	We will assess the benefit of automating the payroll process after implementing the new payroll system to meet ATO requirements and implement improved efficiencies. (This has been approved by ELT.)	Megan Sutherland	1/01/2022	In Progress	1/01/2022	Implementation of the new payroll system is progressing to plan with parallel processing of pays scheduled to commence within the next month.
2021 - Bentleys - Payroll Function Internal Audit - May 2021	1.2	Efficiency of manual payroll process	Low	We recommend management: • Assess the benefit of payroll process automation and quantify the cost associated • Quantify the saving if the three days of the Payroll Officer's time could be freed up; and • Make a decision to implement system solution of payroll process.	We will review the Payroll Officer's time and quantify savings after the system has been used and new patterns of work established.	Megan Sutherland	30/06/2022	In Progress	30/06/2022	Implementation of the new payroll system is progressing to plan with parallel processing of pays scheduled to commence within the next month.
2021 - Bentleys - Payroll Function Internal Audit - May 2021	2	Policies and procedures	Low	We recommend management: • Review and update the Leave Policy to ensure currency and consistent requirements. • Document completion or approval of timesheets requirements into policies and procedures where appropriate to ensure transparency and consistency of the process.	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.	Megan Sutherland	30/12/2021	Not Commenced	30/12/2021	Whilst it has been agreed that a Policy/Procedure will be developed to provide guidance to ensure transparency and consistency of the process, limited resourcing within the OD team has delayed completion. An additional FTE within the 2021/22 budget has been approved, and once recruitment is finalised, a key priority will be the review and / or development of a number of Policies and Procedures.
2021 - Bentleys - Payroll Function Internal Audit - May 2021	3	Records management	Low	We recommend management: • Document the record management requirements into policies and procedures and enforce the implementation.	Following the implementation of the new payroll system we will review and update processes to ensure an automated leave management function is implemented.	Megan Sutherland	30/06/2022	Not Commenced	30/06/2022	Whilst it has been agreed that a Policy/Procedure will be developed to provide guidance to staff, limited resourcing within the OD team has delayed completion. An additional FTE within the 2021/22 budget has been approved, and once recruitment is finalised, a key priority will be the review and / or development of a number of Policies and Procedures.
2021 - Bentleys - Payroll Function Internal Audit - May 2021	Improvement Opportunity 1	Leave management	Not Rated	We recommend management: • Assess the adequacy and currency of the leave management policy process against the Council's operational needs.	Council's Leave Management Policy is to be reviewed as will reporting against that policy.	Megan Sutherland	30/03/2022	Not Commenced	30/03/2022	This action will be progressed once the implementation of the new payroll system is complete. Implementation has commenced with parallel payroll to be undertaken within the next 4 weeks.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.1.1	One instance of non-compliance with the procurement policy	Medium	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. Ensure that suppliers providing services to Council are under formal contracts and/or purchase orders are issued as required by the Procurement Framework.	Council will seek tender submissions for the cleaning service of Council buildings and structures	Natalie Westover	30/09/2021	In Progress		Cleaning services currently out for tender
2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.2.1.1	Asset management plans overdue for adoption	Medium	Management works towards preparation and adoption of Buildings, CWMS, Stormwater, Bridges and Playground asset management plans.	Continue to document asset management planning and adopt asset management plans for major asset classes (i.e. CWMS, bridges, playgrounds)	David Collins	30/06/2022	In Progress	30/06/2023	Road Footpath and Kerb AMP adopted. Bridges, Building, Safety Barrier, Retaining Wall, Bus Shelter and CWMS AMPs under development
2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.2.1.2	Asset management plans overdue for adoption	Medium	Management works towards preparation and adoption of Buildings, CWMS, Stormwater, Bridges and Playground asset management plans.	Continue to document asset management planning and adopt asset management plans for major asset classes (i.e. stormwater)	David Collins	30/06/2023	In Progress	30/06/2023	Road Footpath and Kerb AMP adopted. Bridges, Building, Safety Barrier, Retaining Wall, Bus Shelter and CWMS AMPs under development in 2021/22
2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.2.1.3	Asset management plans overdue for adoption	Medium	Management works towards preparation and adoption of Buildings, CWMS, Stormwater, Bridges and Playground asset management plans.	Continue to document asset management planning and adopt asset management plans for major asset classes (i.e. buildings)	Natalie Westover	30/06/2022	In Progress	30/06/2022	Budget has been allocated in the 21/22FY to undertake building audits and valuations. Tender specifications are being finalised in August and will then go out for tender to undertake those works which are required to feed into the new asset management plan for buildings
2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.2.2	Asset maintenance plans not aligned with asset management plans	Medium	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.	Ensure the maintenance plans align to adopted asset management plans as they are developed.	David Collins	30/06/2023	In Progress	30/06/2023	Continuing to align planned maintenance with AMPs as there are a developed and adopted. Adopted AMP Roads Footpath and Kerb aligns with adopted 21/22 budget.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	2.3.1	The Business Continuity Plan is overdue for review	Low	The Business Continuity Plan is updated.	Develop and implement Business Continuity Plan	Lachlan Miller	31/12/2021	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 was held in June 2021. Function owners are now required to complete an assessment of the maximum acceptable outage (MAO) for their service offerings utilising a SharePoint database. For those services with critical MAOs, a Critical Function Plan (CFP) and these will be incorporated into the revised BCP.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.1	IT Policies and Procedures	Medium	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: - <ul style="list-style-type: none"> • Information Security Policy • Access Management Policy • Change Management Procedure • Network Security Policy including passwords • Information management – classification and handling • Online services • Physical Access • Remote Access and telecommuting 	Implement Information Security Management System (ISMS)	James Sinden	28/02/2022	Not Commenced	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.2	ICT Disaster Recovery Plan	Medium	AHC should update the IT Disaster Recovery Plan with the date, review date, Recovery Team details and MAO for each application. We also recommend that any updates to the DRP make use of flowcharts and checklists which are considered more effective in an emergency situation.	Update ICT Disaster Recovery Plan	James Sinden	31/12/2021	Not Commenced	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.3	ICT Governance – IT Steering Committee	Medium	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. The IISIP should meet at least monthly and include minutes and action plans. A key purpose is to prioritise and manage progress of projects.	Reconvene IISIP	James Sinden	30/06/2021	Not Commenced	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.4	ICT Governance – Revise ICT and IS Strategic Plan	Medium	We recommend that AHC develop a new ICT and IS Strategic Plan to cover 2021-2024. We also recommend the development of annual tactical plan which includes tasks, accountability, key dates and KPIs for the implementation of the Strategic Plan.	Commence a review ICT & IS Strategic Plan	James Sinden	31/07/2021	Not Commenced	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.5	ICT Risk Assessment	Medium	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.	Implement Information Security Management System (ISMS)	James Sinden	28/02/2022	Not Commenced		The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.6	Change Management	Medium	We recommend a common approach to change management where possible. We also recommend a change management policy and procedure be developed.	Implement Information Security Management System (ISMS)	James Sinden	28/02/2022	Not Commenced	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.7	User Access – Password settings and Add/Change/Delete	Medium	Recommend that the password settings be improved by considering:- <ul style="list-style-type: none"> • Password history (24 passwords) • Password aging 90 days • Minimum password length 12 characters • Password complexity enabled- not include users name and contain three of four (Uppercase, lower case, number, special character) • Automatic lockout has been configured for systems after 15 minutes of inactivity. • Lockout duration 30 minutes after 8 unsuccessful attempts We also recommend documenting the Add/Change/Delete process for users.	Security Authentication enhancements	James Sinden	30/09/2021	Not Commenced	30/06/2022	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.
2021 Galpins Financial Controls Review Interim Management Letter May 2021	3.8	Remote access of third parties	Medium	We support the move to individual userIDs for third parties, together with MFA. Third Parties should be required to request access to the AHC environment so that changes can be monitored.	Finalise implementation of Multifactor Authentication for third party entities.	James Sinden	31/07/2021	Completed		Multifactor Authentication has been completed for Council issued devices and as new staff join will become an ongoing program to enrol new users as required.
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.	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	To be completed mid August to reflect 20/21 capitalisation New handover form created and being use to capture asset data for capitalisation and will be included in procedure. A review of existing Useful Life in the asset system has occurred and updated UL have been added to the capitalisation document. A document of the process using Confirm to update the asset register has been completed. useful lives reviewed. 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.

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment
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	31/10/2021	<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> <p>02-02-21 Draft EMP was completed December 2020. Draft has been reviewed and alterations are being made.</p> <p>11-03-21 Draft EMP continues to progress.</p> <p>06-04-21 Review of Risk Assessment Report and Assessments completed which inform the Emergency Management Plan</p>
										<p>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.</p> <p>30-07-21 The development of the Emergency Management Plan is nearing finalisation.</p>

Audit Name	Reference	Issue	Risk Rating	Recommendation	Proposed Action	Responsible Officer	Due Date	Progress	Est. Completion Date	Comment																																			
Use of Purchase Cards August 2019 Internal Audit	Improvement Opportunities - 5. Policy requirements of flower purchase limit	<p>Flower purchase limit 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.</p> <p>Employee ID Transaction</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Supplier</th> <th>Amount</th> <th>Description</th> <th>Approval</th> </tr> </thead> <tbody> <tr> <td>2018-19</td> <td>869</td> <td>2019-02-11</td> <td>Flowers To Please\$ 80</td> <td>library lovers day: flowers</td> </tr> <tr> <td>2019-03-20</td> <td>827</td> <td>2019-05-01</td> <td>Flowers To Please\$ 88</td> <td>Maternity FlowersNot reconciled (Finding 1)</td> </tr> <tr> <td>2019-06-11</td> <td>688</td> <td>2019-06-11</td> <td>Flowers To Please\$ 88</td> <td>Staff flowersNot reconciled (Finding 1)</td> </tr> <tr> <td>2017-18</td> <td>1131</td> <td>2018-01-29</td> <td>Flowers by Definition\$103.5</td> <td>Flowers for Lee Mullins</td> </tr> <tr> <td>2018-02-01</td> <td>894</td> <td>2018-02-28</td> <td>Flowers To Please\$144</td> <td>Flowers</td> </tr> <tr> <td>2018-02-28</td> <td colspan="2">Total \$503.5</td> <td></td> <td></td> </tr> </tbody> </table>	Date	Supplier	Amount	Description	Approval	2018-19	869	2019-02-11	Flowers To Please\$ 80	library lovers day: flowers	2019-03-20	827	2019-05-01	Flowers To Please\$ 88	Maternity FlowersNot reconciled (Finding 1)	2019-06-11	688	2019-06-11	Flowers To Please\$ 88	Staff flowersNot reconciled (Finding 1)	2017-18	1131	2018-01-29	Flowers by Definition\$103.5	Flowers for Lee Mullins	2018-02-01	894	2018-02-28	Flowers To Please\$144	Flowers	2018-02-28	Total \$503.5				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.	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	31/08/2021	Consultation on the draft procedure has been completed and feedback received early in 2021. Whilst an updated procedure was to be submitted to ELT for adoption by end May this was delayed due to other priorities. This will be finalised by the end of August 2021.
Date	Supplier	Amount	Description	Approval																																									
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**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 16 August 2021
AGENDA BUSINESS ITEM**

Item: 7.5

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

Subject: Risk Management Plan Update

For: Information

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 the following change since the May 2021 assessment.

- Inherent Risk: Nil (0) Change
- Residual Risk: High residual risk decreased from 23% to 8%
Medium residual risk increased from 62% to 69%
Low residual risk increased from 15% to 23%
- Target Risk: Nil (0) change.
- New Mitigation(s): 27 new mitigations and nine (9) mitigations moved to controls
- Completed: 53% (58) increased with four (4) completed actions
- In Progress: Decrease from 26% to 24% (26)
- Not Commenced: Increase from 2% to 23%

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.

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 *2021-22 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 *2021-22 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.

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) back to the Executive Manager Organisational Development.

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**.

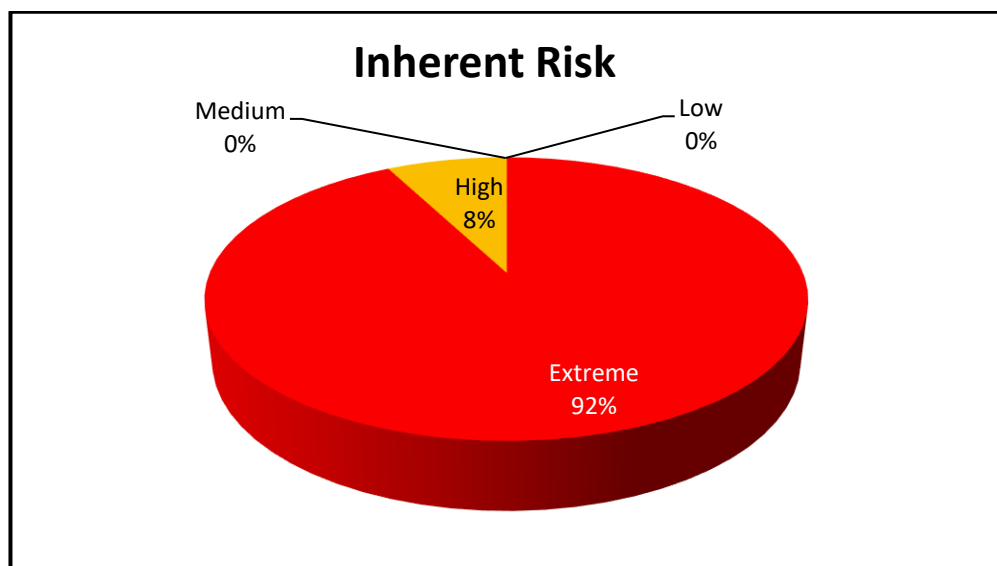
3. ANALYSIS

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.

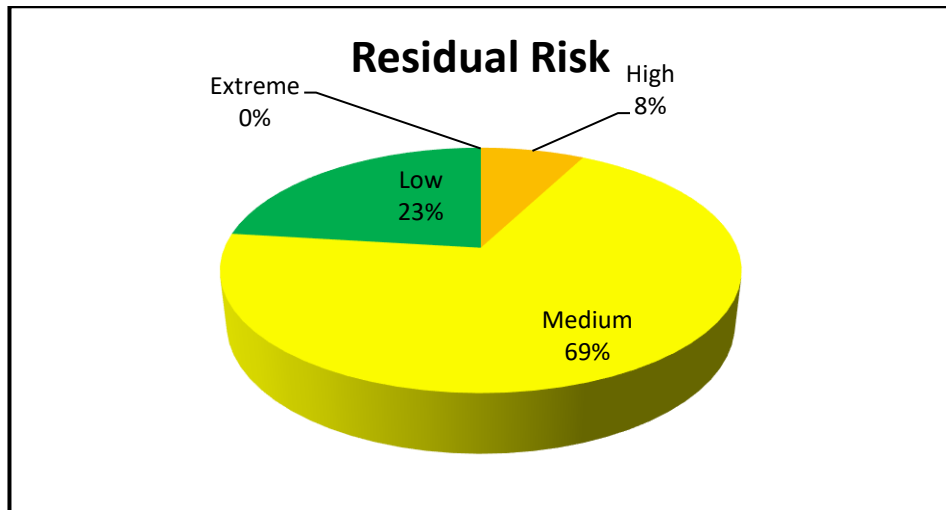
The Strategic Risks were recently reassessed and the following diagrams depict the Inherent, Residual and Target ratings.

There has been no change to the Inherent risk ratings from the May 2021 assessment.

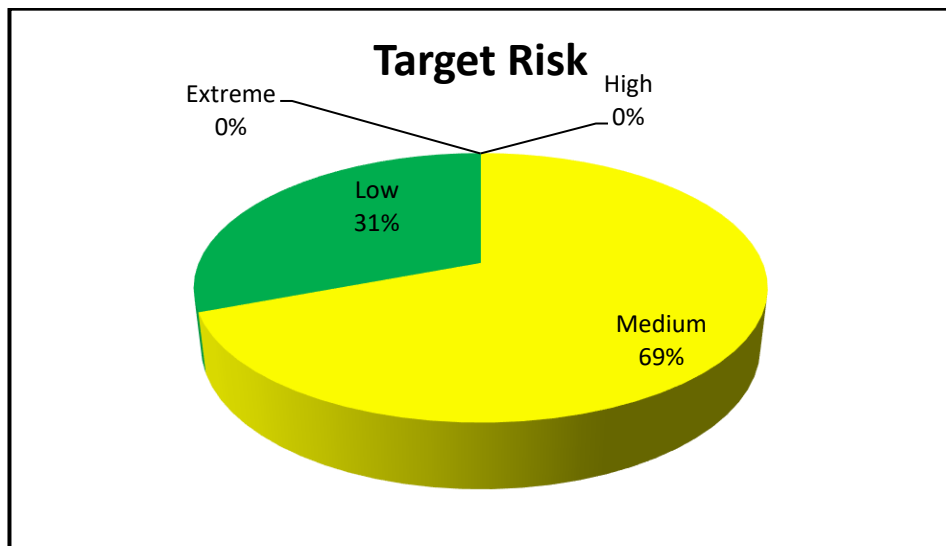


Officers regularly review their risks and mitigations, and the Residual Risk rating identifies the following change since the May 2021 assessment:

- High residual risk decreased from 23% to 8%
- Medium residual risk increased from 62% to 69%
- Low residual risk increased from 15% to 23%



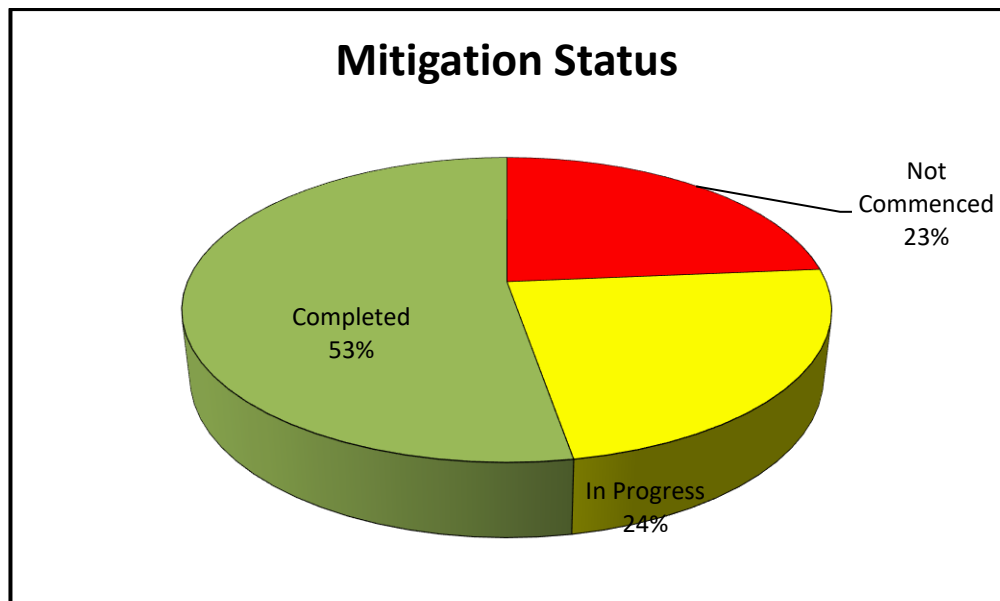
There has been no change to the Target risk ratings from the May 2021 assessment.



The implementation of Mitigation Actions has been progressing steadily with increased new mitigations from risk owners undertaking their latest assessments in line with the 2021-22 Annual Business Plan adoption. The current status is as follows:

Status	November 2020	February 2021	May 2021	August 2021
Completed	73% (60 actions)	69% (57 actions)	72% (63 actions)	53% (58 actions)
In Progress	24% (20 actions)	30% (25 actions)	26% (23 actions)	24% (26 actions)
Not Commenced	3% (2 actions)	1% (1 action)	2% (2 actions)	23% (26 actions)
New Initiatives (in above totals)	Zero New Mitigations	2 New Mitigations	3 New Mitigations	27 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 trialed. 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

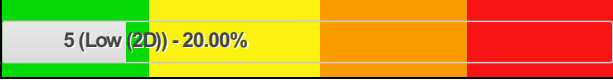
- (1) Strategic Risk Register

Appendix 1

Strategic Risk Register

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)	24 (Extreme (5B)) 96.00%	12 (Medium (3C)) 48.00%	26/02/2021	Yes
Adelaide Hills Council	Executive Leadership Team	Other	170941	Strategic Risk	Failure to manage, improve and develop the financial resources available to Council. (F)	Terry Crackett	Strategic	Financial	24 (Extreme (5B)) 96.00%	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	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%	9 (Medium (3D)) 36.00%	19/02/2021	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	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%	13 (Medium (4D)) 52.00%	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%	13 (Medium (4D)) 52.00%	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	169129	Strategic Risk	Failure to provide appropriate infrastructure for the community (F)	Peter Bice	Strategic	Assets & Infrastructure	21 (Extreme (4B)) 84.00%	13 (Medium (4D)) 52.00%	19/02/2021	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	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	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	170933	Strategic Risk	Failure to manage and develop public areas vested in, or occupied by the Council (F)	Terry Crackett	Strategic	Community Health & Wellbeing	25 (Extreme (5A)) 100.00%	15 (High (5E)) 60.00%	26/02/2021	Yes

ID:	Risk - 150009
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to plan at the local and regional level for the future development and future requirements of the area. (F)
Responsible Person:	Marc Salver
Date of Risk Identification:	15/09/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Service Delivery
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	<p>Cause:</p> <ul style="list-style-type: none"> - Poor understanding of development, infrastructure, population, transport, demographics and trends - Ineffective liaison with state and federal planning and development agencies. - Unresponsive Development Plan that inappropriately restricts development opportunities & results in poor development outcomes. - Ineffective strategies to enhance and conserve character areas and iconic sites. - Poor place making strategies. - Deficient planning and building rules consent practices. - Ineffective infrastructure planning processes. - Lack of appropriately trained and experienced staff. - Poor business planning and budgeting processes to allocate sufficient resources to functions
Possible Consequences:	<p>Impact:</p> <ul style="list-style-type: none"> - Poor planning & development outcomes, ad-hoc & reactionary planning, unresponsive approaches to addressing community needs and trends - Uncoordinated approaches to infrastructure provision, lack of partnership & funding arrangements, lack of collaborative & mutually beneficial outcomes for community, Council and State Govt., duplication of services & resources - Disempowered community with poor and inefficient use of public spaces - Dysfunctional organisation with a poor reputation resulting in community dissatisfaction with level and type of service provision resulting in a Council regime change - Non-compliant with legislative responsibilities resulting in considerable liability exposure - Inconsistent and misdirected operations and service provision
Initial Risk Score:	<p>21 (Extreme (4B)) - 84.00%</p>
Initial Risk Comments:	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 or required infrastructure
Residual Risk Score:	<p>5 (Low (2D)) - 20.00%</p>
Residual Risk Comments:	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.
Other Requirements/Comments:	

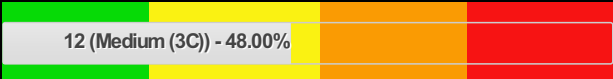
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> - Development Policy Planning function in place to monitor, analyse and advise - Implementing and transitioning to the new Planning & Design Code - Up to date Policy in place - Privately funded Code Amendment Policy and other development related policies in place - Participation in relevant forums with State & Federal Govt and other stakeholder groups regarding any changes to development policy - Undertake responsibilities outlined in the Collaborative Work Plan between SPC and Council regarding transitioning to the new Planning, Development & Infrastructure (PDI) Act 2016 - Transition and amend where required the Council's Development Plan to the Planning & Design Code over the next 3 years in accordance with the PDI Act - Precinct Planning Framework and expertise in place - Skilled and experienced planning, building, infrastructure, sport & recreation planning, community development and economic development teams in place - Community engagement and consultation methodologies in place to accord with the State's Community Engagement Charter - Relevant development assessment staff and CAP members accredited in accordance with the State's Accreditation Scheme - 4x8 processes identifying training and development needs - Development and PDI Act delegations and sub-delegations - CAP in place and functioning - Adopted District Master Plan in place - Regional Climate Change Adaptation Plan - Resilient Hills and Coast 	Marc Salver	01/11/2021	09/08/2021	It is noted that the SPC continues to make minor changes to the P&D Code. It is considered that this will continue to occur for the rest of 2021	EFFECTIVE (Designed Adequately; Operating Effectively)
					

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.	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	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. 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.	100%

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. <i>06/07/2021 by Peter Bice</i> - Asset Management planning is legislated, and we work with our Auditors annually to ensure the updating schedule is appropriate, and our Asset Management Maturity continues to improve.	100%
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

ID:	Risk - 169129
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to provide appropriate infrastructure for the community (F)
Responsible Person:	Peter Bice
Date of Risk Identification:	12/11/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Assets & Infrastructure
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	<p>Cause:</p> <ul style="list-style-type: none"> - Ageing infrastructure in need of renewal to remain fit for purpose and/or comply with legislation - Poor asset management regimes (data, levels) - Ineffective maintenance regimes - Leaseholders conducting works outside of contractual/legislative obligations. - Duplication or gaps in infrastructure provision to communities. - Lack of understanding community needs and trends
Possible Consequences:	<p>Impact:</p> <ul style="list-style-type: none"> - Increased cost to maintain infrastructure - Reduced confidence in Council by the community - Increased risks to staff and community when utilising facilities - Disadvantage to AHC community over that of other areas - Negative impact on community wellbeing
Initial Risk Score:	<p>21 (Extreme (4B)) - 84.00%</p>
Initial Risk Comments:	210219 - Transferred from AHC Strategic Risk Assessment Excel Spreadsheet
Residual Risk Score:	<p>13 (Medium (4D)) - 52.00%</p>
Residual Risk Comments:	<p>Current Asset Management Plans for key asset categories</p> <ul style="list-style-type: none"> - Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans - Endorsed annual budget for maintenance program (all asset categories) - Annual Business Plan & Budget consultation undertaken - Customer Survey undertaken - Asset condition audits undertaken cyclically - Asset management system updated to Confirm Enterprise Asset Management - Building inspections (last done 2017) - Compliance audits for buildings as per legislation - Customer request system captures community concerns/issues - Sport and Recreation Strategy - Bike Strategy - Preventative Maintenance regime - Strategic Plan Reviewed with Goal area for Built Environment established (including priorities)
Other Requirements/Comments:	
Current:	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> - Current Asset Management Plans for key asset categories - Long Term Financial Plan that captures the Strategic Plan and Asset Management Plans - Endorsed annual budget for maintenance program (all asset categories) - Annual Business Plan & Budget consultation undertaken - Customer Survey undertaken - Asset condition audits undertaken cyclically - Asset management system updated to Confirm Enterprise Asset Management - Building inspections (last done 2017) - Compliance audits for buildings as per legislation - Customer request system captures community concerns/issues - Sport and Recreation Strategy - Bike Strategy - Preventative Maintenance regime - Strategic Plan Reviewed with Goal area for Built Environment established (including priorities) 	Peter Bice	01/03/2021	12/11/2020		EFFECTIVE (Designed Adequately; Operating Effectively)
 <p>12 (Medium (3C)) - 48.00%</p>					

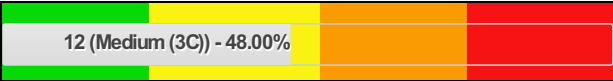
Actions						
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	
Corporate Risk Register	Update asset management plans as per cycle (and LTFP)	Immediately	David Collins	Footpaths, Kerbs and Roads AMP adopted by Council Feb 2021. AMPS for other classes in 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	Building audits funded in 2020/21 Span Bridge Audits completed in 202/21 Condition audits identified in AMP and new system implementation and set up has delayed some condition auditing. Audit of Kerb being undertaken by internal resource on ConfirmConnect February 2021. Footpath audit to be conducted in first half of 2021. Condition audit identified in Road, Footpath and Kerb AMP for all sealed roads. To be undertaken in 2022/23	100%	
Corporate Risk Register	Develop Bike Strategy to identify infrastructure requirements	Immediately	David Collins	To Council Oct 16 - completed <i>07/05/2021 by David Collins</i> - Bike Strategy was developed and was reviewed as part of Trail Strategy.	100%	

Corporate Risk Register	Revise Sport and Recreation Strategy to identify infrastructure requirements	Immediately	David Collins	Strategy completed and infrastructure requirements linked to Strategic Property Review. LTFP now capturing ongoing investment. <i>07/05/2021 by David Collins -</i>	100%
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Documents		
Date Added	Document Name	Document Details

ID:	Risk - 169143
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to deliver projects, programs and services in accordance with plans (time, budget, quality)
Responsible Person:	Peter Bice
Date of Risk Identification:	15/05/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Assets & Infrastructure
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	<p>Causes:</p> <ul style="list-style-type: none"> - Ineffective Budget Bid process (ineffective cost estimates preparation; possible lack of understanding of budget and budget process; - 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. - Lack of effective consistent project management methodologies - Unforeseen weather and climate conditions, - Lack of appropriate plant and equipment, - Poor contractor management, - Lack of resources (Lack of adequate skilled resources; Loss of key staff,) - Change in government legislation or policy, - Reduction in grant funding, - Lack of scheduled maintenance - Unclear Service ranges and levels
Possible Consequences:	<p>Impact:</p> <ul style="list-style-type: none"> - Cost of projects escalates, unbudgeted spending, impacts on delivery of the projects - Damage to Council reputation - Outcomes of the project delivered fails to meet community's expectations - Weaknesses in infrastructure necessitating increased maintenanc
Initial Risk Score:	<p>21 (Extreme (4B)) - 84.00%</p>
Initial Risk Comments:	
Residual Risk Score:	<p>9 (Medium (3D)) - 36.00%</p>

Residual Risk Comments:	<ul style="list-style-type: none"> - Monthly capital reports from finance - Reporting of The Quarter to Council - Regular team meetings with project updates - Quarterly budget review process - 3 Year Capital Program - Procurement policy - Process and qualified staff/teams - Project reporting process - Panel contractors - Legislation and policy - KPI monitoring and reporting - Financial Reporting - 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
Other Requirements/Comments:	
Current:	Yes

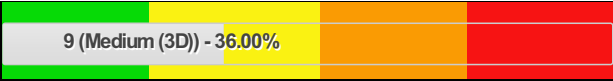
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> - Monthly capital reports from finance - Reporting of The Quarter to Council - Regular team meetings with project updates - Quarterly budget review process - 3 Year Capital Program - Procurement policy - Process and qualified staff/teams - Project reporting process - Panel contractors - Legislation and policy - KPI monitoring and reporting - Financial Reporting - 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 	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. <i>20/05/2021 by Peter Bice -</i>	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. <i>19/05/2021 by Peter Bice -</i>	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

ID:	Risk - 170815
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to provide for the welfare, well-being and interests of the community (F)
Responsible Person:	David Waters
Date of Risk Identification:	13/05/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Community Health & Wellbeing
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	<p>Cause:</p> <ul style="list-style-type: none"> - Ineffective public health programs (food, immunisation, waste water) - Ineffective community development programs - Failure to identify and respond to key community issues - Poor understanding of cultural and diversity issues in community. - Lack of effective active and passive recreation participation strategies. - Ineffective strategies to work with vulnerable members of the community. - Inappropriate behaviour of community facility users. - Unaffordable rates, fees and charges - Ineffective regulatory services activities (including management of dogs, noise, parking) - Poor facilities
Possible Consequences:	<p>Impact:</p> <ul style="list-style-type: none"> - Food poisoning, insanitary conditions, etc. - Decreased wellbeing and an over-reliance on social support - Loss of faith in Council's ability to meet community needs - Inability for people from diverse backgrounds to live/participate in the community - Decreased health and wellbeing across the community - Inability/difficulty for people of all socioeconomic backgrounds to live in the district - cultural disrespect
Initial Risk Score:	<p>24 (Extreme (5B)) - 96.00%</p>
Initial Risk Comments:	
Residual Risk Score:	<p>9 (Medium (3D)) - 36.00%</p>
Residual Risk Comments:	
Other Requirements/Comments:	
Current:	Yes

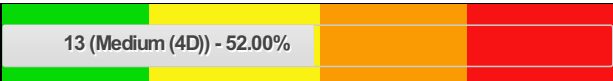
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<p>1- Well resourced department, with qualified staff making informed and evidence based decisions.</p> <ul style="list-style-type: none"> - Regulatory responsibilities that incorporate inspection regimes, education and prosecution where necessary within a highly regulated environment. - Existence of Community Strategy - with identified community needs, gaps in service provision and reprioritised our CD efforts. Adopted June 2015. - Mandated 4-yearly development of strategic plan, incorporating community engagement, ensures effort is made periodically to understand issues important to the community. - Community engagement policy and other relevant policies - Regular satisfaction surveys and program evaluations. - Communicate with empathy, regular informal contact with the community. - Local engagement via Community Centres is occurring with cultural groups. - Ad-hoc engagement on an as-needs basis. - Development of the Reconciliation Action Plan (2015). - Disability Action Plan (2011)., Age Friendly Community Plan (2017) - Staff cultural awareness training. - Recreation and Open Space Planner position created in early 2016. - New Sport & Recreation Strategy was developed and adopted in Oct 2016. - Services currently being provided for vulnerable individuals including in-home support, centre based programs, events, support activities and advocacy. - Codes of conduct in place in some programs/services. - 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. <p>Volunteer Management Policy and Strategy. Well established and funded volunteer based programs. Little reliance on external funding. 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.</p>	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.	25%
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

ID:	Risk - 170816
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to take measures to protect the community from natural and other hazards (F)
Responsible Person:	Peter Bice
Date of Risk Identification:	15/05/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Community Health & Wellbeing
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	<p>Cause:</p> <ul style="list-style-type: none"> - Poor fire prevention initiatives - Poor flood protection initiatives - Poor wind protection initiatives - Ineffective emergency management regimes - Ineffective asset maintenance and replacement plans and programs - Lack of participation in regional emergency management arrangements - Noncompliance with legislation - Insufficient budget - Ineffective planning and preparations
Possible Consequences:	<p>Impact:</p> <ul style="list-style-type: none"> - Significant property loss and damage - Loss of life, injury - Reputational damage - Exposure to liability and penalty - Loss of community normality - Council services stretched and some services may not be fully operational - Loss or damage of public and private infrastructure - Environmental and biodiversity impacts
Initial Risk Score:	<p>24 (Extreme (5B)) - 96.00%</p>
Initial Risk Comments:	
Residual Risk Score:	<p>13 (Medium (4D)) - 52.00%</p>

Residual Risk Comments:	<ul style="list-style-type: none"> - Participation in regional EM arrangements through the ZEMC, and the AMLRBMC and cooperation with other councils and agencies re EM - 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. - Provision of assistance to the community and to relevant government and non-government agencies assist recovery from emergencies. - 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. - 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. - Ongoing fuel reduction programs on high risk Council owned land including woody weed control, slashing and maintenance of asset protection zones. - Ensure ongoing compliance with the F&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. - 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
Other Requirements/Comments:	
Current:	Yes

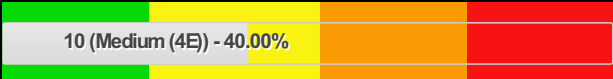
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> - Participation in regional EM arrangements through the ZEMC, and the AMLRBMC and cooperation with other councils and agencies re EM - Provision of assistance 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. - Provision of assistance to the community and to relevant government and non-government agencies assist recovery from emergencies. - 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. - 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. - Ongoing fuel reduction programs on high risk Council owned land including woody weed control, slashing and maintenance of asset protection zones. - Ensure ongoing compliance with the F&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. - 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 	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	EM Framework endorsed by ELT 14/2/17, EM responsibility now transferred to Infrastructure & 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. <i>29/07/2021 by John McArthur</i> - Update 29 July 2021 - Draft Emergency Management Plan is being finalised. Key response elements previously included in Emergency Management Plans have been prioritised, completed and moved to Council's Incident Operations Manual. <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.	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. <i>29/07/2021 by John McArthur</i> - Update 29 July 2021 - The completion and implementation of Council's Incident Operations Manual has completed this action. This manual provides a framework to respond to emergencies that occur external to the organisation including the establishment of an Incident Management Team, including a Council Commander, an Emergency Operations Centre and levels of preparedness Standby, Alert, Operations and restore. The Council Commanders discuss emergency management arrangements throughout the year and any outcomes to be delivered are action by the Manager Sustainability, Waste and Emergency Management.	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

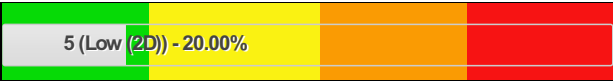
ID:	Risk - 170817
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to manage, develop, protect, restore , enhance and conserve the environment in an ecologically sustainable manner and to improve amenity. (F)
Responsible Person:	Peter Bice
Date of Risk Identification:	15/05/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Environment
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	<p>Cause:</p> <ul style="list-style-type: none"> -Lack of understanding of biodiversity. - Inadequate planning controls, - Lack of specific skill and knowledge of natural environment, - Insufficient budget, - Lack of internal coordination in project delivery, - Inadequate emergency response to environmental hazard, - Lack of longitudinal planning and service delivery, difficulty of meeting varying community expectation, - Ineffective natural resource management strategies and processes. - Poor environmental management practices. - Illegal dumping
Possible Consequences:	<p>Impact:</p> <ul style="list-style-type: none"> - Damage to local environment - Financial - restoration of failure to act (fines plus the works to restore) - Reputational damage - Impact on human health and wellbeing due to the loss of visual amenity and ability to interact with nature - Local amenity not maximised - Health and economic impacts due to climate change - Failure to meet stakeholder expectation
Initial Risk Score:	<p>22 (Extreme (5C)) - 88.00%</p>
Initial Risk Comments:	
Residual Risk Score:	<p>13 (Medium (4D)) - 52.00%</p>
Residual Risk Comments:	
Other Requirements/Comments:	
Current:	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<ul style="list-style-type: none"> - Biodiversity Strategy, - Water Management Plan - Biodiversity Advisory Group and Sustainability Advisory Group - Trained & qualified staff - Safe working procedures - Blue Marker sites - Spill kits - SDS - Customer request system for reporting to us - Machinery hygiene - Development Plan - Strategic Plan Reviewed with Goal area for Natural Environment established (including priorities) 	Peter Bice	01/03/2021	12/11/2020		
					

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	Trail of first draft complete 31 Dec 2020 Trial of revised raft commenced 30 Jun 2021 Target adoption of final draft = 31 Dec 2021 <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%

Date Added	Document Name	Document Details
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ID:	Risk - 170851
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to promote the Council area and provide an attractive climate and locations for the development of business, commerce, industry and tourism (F)
Responsible Person:	David Waters
Date of Risk Identification:	09/02/2021
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Growth & Prosperity
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	<p>Cause:</p> <ul style="list-style-type: none"> -- Inadequate provision for commercial development in Development Code -- Minimal or no understanding of, and support for, business and tourism representative groups/associations -- Lack of business operating skills in people who wish to run a business -- Lack of understanding of economic drivers -- Inappropriate infrastructure in industrial precincts or nodes, placing barriers on development of industrial precincts. -- Lack of understanding of tourism demand
Possible Consequences:	<p>Impact:</p> <ul style="list-style-type: none"> -- Loss of local jobs -- Loss of basic local retail and service businesses -- Devaluation of local residential and commercial property -- Rise in social problems and reduced quality of life -- Reduced property values
Initial Risk Score:	<p>17 (High (3B)) - 68.00%</p>
Initial Risk Comments:	
Residual Risk Score:	<p>5 (Low (2D)) - 20.00%</p>
Residual Risk Comments:	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.
Other Requirements/Comments:	
Current:	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 (qlyly 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
					

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

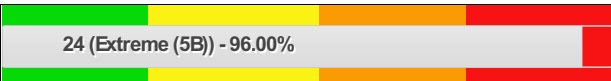
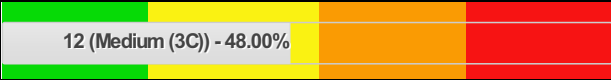
ID:	Risk - 170933
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to manage and develop public areas vested in, or occupied by the Council (F)
Responsible Person:	Terry Crackett
Date of Risk Identification:	06/02/2021
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Community Health & Wellbeing
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Lack of strategic and operational processes to manage Council's property portfolio. Poor sports, recreation and open space management practices. Physical hazards to users Poor climate adaptation regimes Lack of maintenance Renewal works not undertaken as planned
Possible Consequences:	Increased cost to maintain infrastructure Reduced confidence in Council by the community Increased risks to staff and community when utilising facilities Disadvantage to AHC community over that of other areas Negative impact on community wellbeing
Initial Risk Score:	<p>25 (Extreme (5A)) - 100.00%</p>
Initial Risk Comments:	
Residual Risk Score:	<p>15 (High (5E)) - 60.00%</p>
Residual Risk Comments:	
Other Requirements/Comments:	
Current:	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
CLMP Established: Nat : Dec 2024 Building Asset Management Plans Established: Nat: June 22 Sustainable funding for Asset Renewal and Mtce captured within LTFP: Chris / Nat : Annual Strategic Plan includes Goals / Objectives / Priorities associated with Public Areas : Nat : 2024 Sport & Recreation Strategy : Renee : June 22 Property Structure & Resourcing appropriate : Nat : Dec 22 Open Space & Recreation Structure & Resourcing appropriate : Chris : Dec 22 Audit of trees undertaken of high risk trees areas : Damian : Oct 2023 Inspection regime in place for high risk assets (building, playground equipment) : Customer Request System established and integrated with Asset Mgt System : David W : Dec 22 Cemeteries Operating Policy & supporting mtce program: Kylie : Dec 21 Leases and Licenses for public areas established: Gen : June 2023 Trails Strategy adopted : Renee : June 22 Strategic Bicycle Plan : Renee : June 22	Terry Crackett	30/09/2021	06/08/2021	A cross functional review of this risk was undertaken in July 2021. This review resulted in a reassessment of all controls and actions required. Whilst the actions have now been individually created, separate controls will not occur until September 2021.	Moderate reduction in risk
					

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%

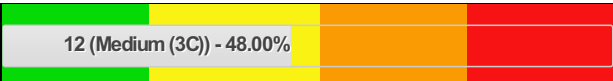
Corporate Risk Register	Programmed maintenance regime to be developed (land and buildings)	Immediately	Christopher Janssan	Strategic Property Review endorsed by Council. Programmed maintenance schedules developed in Open Space and Civil Services areas. Building maintenance schedule being developed as 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%
Corporate Risk Register	Review of the Trails Strategy (including Bicycle Plan)	Six Months	Renee O'Connor		%
Corporate Risk Register	Building Asset Management Plans Updated	Six Months	Peter Bice		%
Corporate Risk Register	LTFP reviewed to accommodate the ongoing cost of recovery from disaster events	Six Months	Christopher Janssan		%
Corporate Risk Register	Finalise the Community Recreation Facilities Framework (by 31/12/2021) and develop a strategy for inclusion in the LTFP for future funding.	Six Months	Renee O'Connor		%
Corporate Risk Register	Undertake a review of the Sport and Recreation Strategy	Six Months	Renee O'Connor		%
Corporate Risk Register	Develop Public Toilet Strategy	Six Months	Paul Day		%
Corporate Risk Register	Review the Open Space Mtce Programs to inform an update to the LTFP	Six Months	Nicole Budd		%
Corporate Risk Register	In conjunction with Rec & Sport update the audit regime of high risk assets following finalisation of the Community Recreation Facilities Framework	Six Months	Natalie Westover		%
Corporate Risk Register	Develop Cemetery Mgt Plans for each cemetery under AHC care and control	Six Months	Natalie Westover		%

Documents		
Date Added	Document Name	Document Details

ID:	Risk - 170934
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to manage, improve and develop the human resources available to the Council. (F)
Responsible Person:	Megan Sutherland
Date of Risk Identification:	07/08/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	People & Culture (includes WHS)
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Poor IR practices Ineffective attraction and retention initiatives Lack of workforce planning and development. Deficient equity and diversity programs Poor leadership Failure to ensure appropriate WH&S for employees and volunteers. Volunteers not trained or inducted effectively
Possible Consequences:	Increased financial cost; 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; 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; increased injured and notifiable incidents; 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; increase absenteeism.
Initial Risk Score:	
Initial Risk Comments:	There is a huge array of risks associated with the management of people within the organisation. Several large pieces of legislation have requirements to be met to manage these risks.
Residual Risk Score:	
Residual Risk Comments:	There are significant controls in place to manage these risks, with responsibilities to provide procedures and process in key departments that are then utilised by people across the organisation, including People Leaders, employees and 'workers' from a WHS perspective.
Other Requirements/Comments:	
Current:	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
WHS Management System in place (Committee, Reporting, SkyTrust, Policy & Procedures) WHS whole of system audit by LGAWCS:	Lee Merrow	01/12/2021	01/08/2021		EFFECTIVE (Designed Adequately; Operating Effectively)

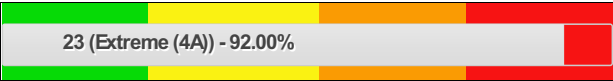
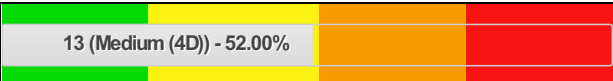
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Enterprise Agreement Framework in place	Megan Sutherland	01/12/2021	01/08/2021		EFFECTIVE (Designed Adequately; Operating Effectively)
Volunteer Framework established and implemented	Rebecca Shepherd	31/12/2021	07/05/2021		EFFECTIVE (Designed Adequately; Operating Effectively)
Established Policies and Procedures Framework	Niamh Milligan	31/12/2021	01/08/2021		INEFFECTIVE (Designed Adequately; Operating Ineffectively)
Recruitment Policies and Procedures in place	Niamh Milligan	30/06/2022	01/08/2021		EFFECTIVE (Designed Adequately; Operating Effectively)
2022 Fair treatment, Bullying & Grievance Policies and Procedures are established	Niamh Milligan	30/06/2022	01/08/2021		EFFECTIVE (Designed Adequately; Operating Effectively)
Established Position Descriptions for all roles:	Niamh Milligan	01/12/2022	01/08/2021		EFFECTIVE (Designed Adequately; Operating Effectively)
Leadership Framework Established and development opportunities undertaken	Megan Sutherland	01/12/2022	01/08/2021		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
OD Structure supported through trained and experienced staff	Megan Sutherland	01/12/2022	01/08/2021		INEFFECTIVE (Designed Inadequately; Operating Effectively)

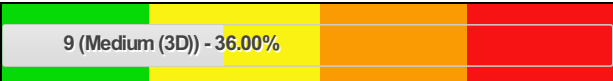
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
 <p>12 (Medium (3C)) - 48.00%</p>					

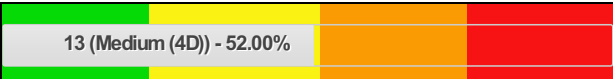
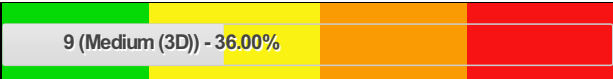
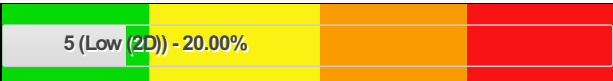
Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Equity and diversity plan is being developed	Six Months	Megan Sutherland	Further development of the plan is being undertaken through the Diversity and Inclusion Team. 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	Review Fair Treatment and Bullying Procedures, and Grievance Resolution Procedure;	Six Months	Niamh Milligan	Fair Treatment, Workplace Bullying Procedures and Grievance Procedures require an annual review to ensure currency	0%
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.	Two Months	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.	75%
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 training in recruitment practices for staff involved in recruitment panels	Six Months	Niamh Milligan		20%
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 organisation.	Three Months	Megan Sutherland	Given the current pandemic arrangement there has been considerable review of WFH processes and procedures. There is still a level of follow up required to ensure compliance.	50%
Corporate Risk Register	Leadership Coaching & Mentoring Program Progressed	Six Months	Megan Sutherland		%
Corporate Risk Register	Review OD Structure to ensure resources aligned to corporate goals and undertake recruitment to ensure revised structure resourced.	Three Months	Megan Sutherland	Revised structure established and currently out to consultation with staff. Additional resource to support OD approved within the 2021/22 budget. Systems project resource endorsed by ELT on 5/8/21	25%
Corporate Risk Register	Update OD Policies & Procedures to align to Framework.	Six Months	Niamh Milligan		%
Corporate Risk Register	Undertake Audit of Position Descriptions to Ensure currency and ensure update where not current	Six Months	Niamh Milligan		%
Corporate Risk Register	Training and Development Framework Reviewed & Implemented (captures current 4x8, WHS and Corporate Training needs)	Six Months	Niamh Milligan		%

Corporate Risk Register	WHS Policy & Procedure Review at LGAWCS followed by AHC application	Six Months	Megan Sutherland		%
Corporate Risk Register	WHS Reporting across organisation to be reviewed to ensure awareness and education is appropriate. Revised reporting requirements to be implemented if identified.	Six Months	Lee Merrow		%

Documents		
Date Added	Document Name	Document Details

ID:	Risk - 170939
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to manage, improve and develop the information resources available to the Council. (F)
Responsible Person:	Terry Crackett
Date of Risk Identification:	06/02/2021
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Community Health & Wellbeing
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Cause: - Business systems do not effectively support organisational needs - Poor information management practices (capture, use, storage, retrieval).
Possible Consequences:	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.
Initial Risk Score:	 23 (Extreme (4A)) - 92.00%
Initial Risk Comments:	
Residual Risk Score:	 13 (Medium (4D)) - 52.00%
Residual Risk Comments:	
Other Requirements/Comments:	
Current:	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
ICT & IS Strategic Plan Developed (2017-2020)	James Sinden	01/12/2021	06/08/2021		Major reduction in risk
 9 (Medium (3D)) - 36.00%					
Cyber Security Audit Completed and endorsed by Audit Committee Implementation plan developed for establishing a Cyber Security Plan Cyber Security Controls Enacted	Terry Crackett	30/06/2022	06/08/2021	The level of effectiveness of this control will be determined by the ongoing resourcing that is applied to implement the Cyber Security Framework	Major reduction in risk

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
					
ICT Business Continuity Systems established	James Sinden	30/06/2022	06/08/2021	Data Centre established in diverse geographic locations and immediate switchover capability Hierarchical back up regime Cloud First Strategy in place in transition of systems occurring	EFFECTIVE (Designed Adequately; Operating Effectively)
					
Information Services Team resourced in accordance with required structure (including \$ & FTE)	James Sinden	31/12/2022	06/08/2021	Induction processes in onboarding driven through OD Systems security in access protocols Work from home access regime	EFFECTIVE (Designed Adequately; Operating Effectively)
					

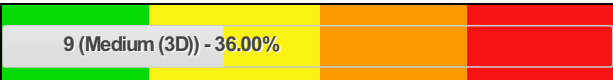
Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Review the ICT Business Plan	Immediately	James Sinden	Review the ICT Business Plan and capture within the organisational BCP. Note: This action replaces a previous action not considered relevant on review. <i>07/05/2021 by David Collins -</i> <i>26/02/2021 by David Collins -</i> Confirm Asset Management System is implemented and in use by the organisation.	50%
Corporate Risk Register	Finalise development of Cyber Security Framework (including implementation Plan)	Six Months	James Sinden	The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.	50%
Corporate Risk Register	Implement new records management system in conjunction with SharePoint upgrade	Six Months	Nigel Scholz	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 2020. 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%
Corporate Risk Register	Progress transition to cloud for remaining applications / systems	Six Months	James Sinden	Payroll and HR Systems currently in progress with an expected completion by December 2021	10%
Corporate Risk Register	Review Information Services Strategic Plan	Six Months	James Sinden	Scheduled for the next IISIP Meeting.	%

Documents

Date Added	Document Name	Document Details
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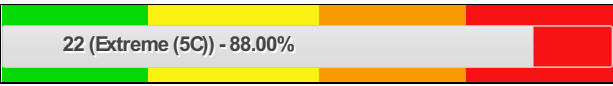
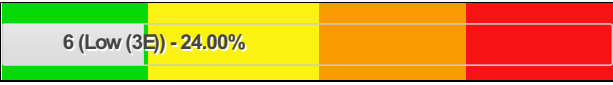
ID:	Risk - 170941
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to manage, improve and develop the financial resources available to Council. (F)
Responsible Person:	Terry Crackett
Date of Risk Identification:	12/11/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Financial
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Poor internal control environment Poor procurement planning and processes. Ineffective insurance arrangements. Poor financial management processes (treasury, AP, AR) Poor contract management Poor People Management Ineffective Asset Planning Lack of Business Planning Poor Strategic Planning Lack of Business Case development (including Prudential Reviews)
Possible Consequences:	Potential for qualified accounts as an audit outcome; inappropriate segregation of duties; increased potential for fraud; negative impact on Council brand & reputation; lack of consistency in process use; inability to measure process effectiveness and outcomes; increased risk of litigation; inappropriate assets with short medium and long term financial impacts; potential inability to pay; negative impact on ability to service the community; poor customer relations; poor supplier relationships; potential impact on income from rates, fees and charges; increased risk of litigation leading to financial instability.
Initial Risk Score:	24 (Extreme (5B)) - 96.00%
Initial Risk Comments:	
Residual Risk Score:	9 (Medium (3D)) - 36.00%
Residual Risk Comments:	
Other Requirements/Comments:	A cross functional review of this risk was undertaken in July 2021. This review resulted in a reassessment of all controls and actions required. Whilst the actions have now been individually created, separate controls will not occur until September 2021.
Current:	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	30/09/2021	12/08/2021	A cross functional review of this risk was undertaken in July 2021. This review resulted in a reassessment of all controls and actions required. Whilst the actions have now been individually created, separate controls will not occur until September 2021.	EFFECTIVE (Designed Adequately; Operating Effectively)

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
			 <p>9 (Medium (3D)) - 36.00%</p>		

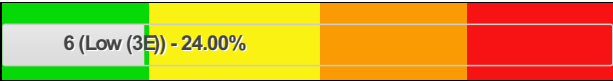
Actions					
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete
Corporate Risk Register	Review positions across council that require criminal history checks, including financial roles	Immediately	Megan Sutherland	Updated Policy and Procedure covering the 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.	Six Months	Megan Sutherland		10%
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	Implement the 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 3rd August 2021 - The implementation of an ISMS is a part of the recently adopted Cyber Security Plan that was adopted at the June 2021 Council Meeting. Commencement is now delayed due to the resignation of a key AHC Staff member responsible for the delivery of the project. It's anticipated that the project will commence in late September 2021.	20%
Corporate Risk Register	Develop a Project Management Framework supported by Policies & Procedures	Six Months	Ashley Curtis		%
Corporate Risk Register	Undertake a review of the Fleet Management Framework (including Policies & Procedures)	Six Months	Christopher Janssan		%
Corporate Risk Register	Implement biannual reporting of procurement to ELT	One Month	James Greenfield		%
Corporate Risk Register	Establish a process to ensure that a review of Purchase Order variations is undertaken	Three Months	James Greenfield		%
Corporate Risk Register	Investigate the option for Business Interruption Insurance	Three Months	Steven Watson		%
Corporate Risk Register	Provide a report to ELT on the Annual Placement of Insurance	Two Months	Steven Watson		%

Documents		
Date Added	Document Name	Document Details

ID:	Risk - 170963
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to act as a representative, informed and responsible decision-maker in the interests of the community. (PR)
Responsible Person:	Lachlan Miller
Date of Risk Identification:	12/11/2020
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Governance, Legal & Compliance
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	Cause: - Poor governance practices (CR22) - Poor risk management practices (CR21) - Poor representation arrangements (CR92) - Poor representation of the community by Council Members (CR62) - Lack of effective strategic planning and resource allocation processes. (CR63) - Lack of effective financial sustainability processes. (SR9c) - Ineffective performance management and reporting processes. (CR64) - Poor working relationship between Council and Administration. (CR65)
Possible Consequences:	Impact: - Decisions are not representative of community sentiment or made in the community's interest - Decisions are poorly or incorrectly informed leading to a high risk profile, errors, loss, waste, omissions, breaches of legislation. - Breaches of legislation, unenforceable decisions/resolutions, creation of liabilities/ additional risk to Council, stakeholder and/or regulator dissatisfaction and/or sanction.
Initial Risk Score:	
Initial Risk Comments:	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.
Residual Risk Score:	
Residual Risk Comments:	There are many controls in place to partially mitigate this risk some are systematic how ever many are administrative controls and therefore reliant on the diligence of individual Council Members/Officers to implement.
Other Requirements/Comments:	
Current:	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	09/08/2021		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	09/08/2021		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	09/08/2021		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	09/08/2021		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially 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	09/08/2021		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 and management of assessments in SkyTrust, MLS Risk Reviews and advisory.	Lachlan Miller	01/11/2021	09/08/2021		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)

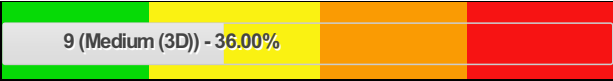
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
CR22 (Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.) - Legal considerations considered in agenda 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	09/08/2021		PARTIALLY EFFECTIVE (Designed Adequately; Operating Partially Effectively)
 <p>6 (Low (3E)) - 24.00%</p>					

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 ContoTrack (Internal control module)	Immediately	Michael Carey	Endorsed and implemented for Financial Controls	100%
Corporate Risk Register	Review of Risk Management Framework	Immediately	Steven Watson	SkyTrust configuration adequate for corporate rollout however additional work required on reporting functionality. Documentation being amended for SkyTrust functionality. Intende to conduct function workshops as the training exercise.	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. <i>12/07/2021 by Lachlan Miller</i> - Watching brief kept on boundary reform proposals and actions of the initiating councils	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	<p>Statute Amendment (Local Government Review) Bill passed in Parliament in May 2021 sittings. Implementation and transition arrangements yet to be promulgated.</p> <p><i>09/08/2021 by Lachlan Miller</i> - OLG/LGA progressively releasing proposed commencement dates and draft regulations for comment. First tranche of new provisions to commence in August/Sept - role and functions of council, principal and ordinary member role, information sessions, other provisions regarding notifications.</p> <p><i>12/07/2021 by Lachlan Miller</i> - Awaiting further information from OLG/LGA regarding commencement</p>	10%
Corporate Risk Register	Service Review Framework development	Immediately	Lachlan Miller	<p>Drafting of Framework has commenced and is anticipated to be adopted by Council in September 2021</p> <p><i>12/07/2021 by Lachlan Miller</i> - Currently meeting with internal stakeholders prior to finalising Framework for Council.</p>	50%
Corporate Risk Register	Representation Review - April 2024-April 2025	Six Months	Lachlan Miller	<p><i>09/08/2021 by Lachlan Miller</i> - Representation Review will be included in 2023-24 ABP</p>	0%

Documents		
Date Added	Document Name	Document Details

ID:	Risk - 170965
Risk Title or Work Activity:	Strategic Risk
Risk Description:	Failure to exercise, perform and discharge the powers, functions and duties under legislation, contracts, leases and policies (PR)
Responsible Person:	Lachlan Miller
Date of Risk Identification:	09/02/2021
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Governance, Legal & Compliance
Team:	Executive Leadership Team
Location/Project:	Other
Possible Risk Events:	<p>Cause:</p> <ul style="list-style-type: none"> - Lack of awareness of legislative/contractual/lease/policy requirements - Lack of standardised lease terms and conditions. - Ineffective delegation and authorisation mechanisms. - Poor procurement and contract management practices - Ineffective compliance management systems - Staff do not possess the appropriate KSE - Legislative changes, not being fully understood - Poor confidential item management processes (CR 20 & 21) - Ineffective implementation of Council resolutions (CR37)
Possible Consequences:	<p>Impact:</p> <ul style="list-style-type: none"> - Legislative/lease/policy of contractual obligations are not discharged leading to breaches of legislation and/ or contractual arrangements - Failure to effectively undertake the functions of a council - Contractual penalties and liabilities. - Inefficient systems that lead to loss of resources - Scrutiny and sanctions by integrity agencies - Resolutions not implemented in a timely manner, opportunities missed, legislative obligations unmet
Initial Risk Score:	<p>21 (Extreme (4B)) - 84.00%</p>
Initial Risk Comments:	Council has obligations under many different legislative, policy and contractual instruments
Residual Risk Score:	<p>9 (Medium (3D)) - 36.00%</p>
Residual Risk Comments:	Notwithstanding many controls in place, few are systematized and most are administrative controls which rely on the diligence/knowledge of the Council Officer.
Other Requirements/Comments:	The ELT has made the decision not to resource a compliance function and therefore doesn't have either a compliance register of all legislative/contractual/policy obligations or a compliance officer role. All functional areas are responsible for their legislative/policy/contractual obligation compliance.
Current:	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
<p>Legal considerations considered in agenda report templates, updates from LGA, legal providers and professional associations. Professional and experienced management team. Register of leases and licenses. Legislative delegations register regularly reviewed, role specific training & development. Policy registers, policies on web, MLS and WCS audits, contract registers, lease registers, internal audit program, external audit program Governance Legal Compliance Audit Employment of Procurement Coordinator Procurement Framework implemented. Experienced property team. Action List, Minutes, Council Resolution Update report.</p>	Lachlan Miller	06/11/2021	09/08/2021		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/RecordsHub, 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%
Corporate Risk Register	Implement Statutes Amendment (Local Government Review) Act 2021 provisions (see Action ID 278100)	Immediately	Lachlan Miller	09/08/2021 by Lachlan Miller - See Action ID: 278100	%

Documents		
Date Added	Document Name	Document Details

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 16 August 2021
AGENDA BUSINESS ITEM**

Item: 7.6

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.

RECOMMENDATION

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 v1.9a as contained in Appendix 1.
-

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 2021-22 financial year has been increased from the previous year and should be sufficient for the audits that are likely to be conducted in 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 Services
Governance & Risk Coordinator

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

Community: Not Applicable

2. BACKGROUND

At its 24 May 2021 meeting, the Audit Committee considered an amended SIAP and resolved as follows:

7.8 Internal Audit Quarterly Update

Moved Cr Leith Mudge
S/- David Moffatt

AC25/21

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.

Carried Unanimously

Council considered the Audit Committee's resolution at its 22 June 2021 meeting and resolved as follows (part 2 is the relevant element):

17.2.1 Strategic Internal Audit Plan and Asset Management Plan

Moved Cr Malcolm Herrmann
S/- Cr Leith Mudge

139/21

Council resolves:

1. That the report be received and noted
2. To adopt the *Strategic Internal Audit Plan v1.8a* as contained in Appendix 1.
3. With an effective date of 6 July 2021, to revoke the 26 September 2017 *Asset Management Policy* and to adopt the May 2021 *Asset Management Policy* in Appendix 2.
4. That the Chief Executive Officer be authorised to make any formatting, nomenclature or other minor changes to the May 2021 *Asset Management Policy* prior to the effective date of adoption.

Carried Unanimously

3. ANALYSIS

Due to a range of operational pressures in both the Governance & Performance Department (significant leave taken, legislative reform and risk management system priorities) and auditee Departments (staff turnover and ABP & budget processes) the audits scheduled for Q4 2020-21 (Capital Works Programming and Treasury Management) were not conducted.

As such it is proposed to reschedule both audits to late in Q2 2021-22 to fit into the window following years end and prior to LTFP review and 2022-23 ABP development

A revised SIAP v1.9a (**Appendix 1**) 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 recommend to Council to adopt the revised SIAP v1.9a as contained in Appendix 1 (Recommended); or
- II. To identify an alternative course of action.

5. APPENDIX

(1) *Strategic Internal Audit Plan 2018/19 – 22/23 v1.9a*

Appendix 1

Strategic Internal Audit Plan 2018/19 – 22/23 v1.9a

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 LTFFP, legislative and regulatory compliance.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.				Q2 (Project Brief agreed)		
Payroll Function	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.	SR9c - Failure to manage, improve and develop the financial resources available to the Council.			Completed			
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).				Q2 (AHBTC Divestment) - to be scoped	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.	Completed					
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 (Proposed for late Q2 2021-22)		
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 (Proposed for late Q2 2021-22)		
Cyber Security	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.	SR9b - Failure to manage, improve and develop the information resources available to the Council.				Completed		
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	
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		
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	
Number of Audits						4	4	6

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
22/06/2021	Amended plan adopted by Council (Changes in timing for Recruitment & Retention, Budgetary Mgt)	1.8
16/08/2021	Proposed amended plan (Changes to Capital Works and Treasury Management)	1.9a

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 16 August 2021
AGENDA BUSINESS ITEM**

Item: 7.7

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

Subject: Placement of Council's Insurance Portfolio

For: Information

SUMMARY

To provide the Audit Committee with an overview of Council's insurance portfolio for 2021-22

RECOMMENDATION

The Audit Committee resolves that the report be received and 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

Priority 05.2 Make evidence-based decisions and prudently assess the risks and opportunities to our community before taking action.

➤ **Legal Implications**

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

The Act sets out a number of requirements regarding insurance:

- Section 80 states that Council must take out insurance to cover Elected Members against risks associated with performing their duties.
- Section 142 requires Councils to take out and maintain insurance to cover its civil liabilities at least to the extent prescribed by the regulations.

➤ **Risk Management Implications**

Insurance is a prudent strategy to mitigate risk associated with providing Council services and affords Council a level of resilience and confidence so that it can continue to operate through unforeseen circumstances and loss.

Entering into insurance contracts will assist in mitigating the risk of:

Under or uninsured liabilities/events/assets leading to financial and/or reputation damage

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

➤ **Financial and Resource Implications**

Insurance is a means of protection from financial loss. It is a form of risk management primarily used to hedge against the risk of a contingent high cost, low frequency loss.

The costs for insurance are considered as part of the Annual Business Plan and Budget process with any adjustments considered in the quarterly budget review processes.

The Governance and Performance team is custodian of the insurance portfolio with assistance from the Organisational Development team in regards to processing WHS and Income Protection claims and the Finance team in regards to providing financial information for the declaration statements.

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

The community would have a reasonable expectation that the Council has prudent insurance arrangements in place to finance risks associated with the loss, damage, theft and liabilities created by its assets, actions, employees and contractors.

➤ **Sustainability Implications**

There are no direct sustainability implications arising from this report.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Consultation has occurred with the following.

Council Committees: 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 Financial Services
Manager Property Services
Manager Sustainable Assets
Manager Information Services
Manager Community Development
Manager Civil Services
Manager Open Space
Manager Sustainability Waste and Emergency Management,
Team Leader ICT
Team Leader Information Management
Sustainability Officer
Coordinator Civil Operations
Coordinator Sport and Recreation
Management Accountant
Waste Management Coordinator
Community and Cultural Development Officer
Cemeteries Officer
Procurement Project Officer

Community: Not Applicable

2. **BACKGROUND**

The SA Local Government mutual schemes were established approximately 30 years ago, initially out of necessity as councils found it increasingly difficult to secure adequate insurance at competitive rates for workers compensation, civil liability and asset protection.

Local Government Risk Services (LGRS) operates the following risk schemes which utilised by SA councils (including Adelaide Hills) to manage their risk portfolios (these are discussed in more detail below):

- LGA Workers Compensation Scheme (LGAWCS)
- LGA Mutual Liability Scheme (LGAMLS)
- LGA Asset Mutual Fund (LGAAMF)
- LG Income Protection Fund (LGIPF)
- Brokerage of general insurance products from the commercial insurance market

Mutual Schemes

LGA Workers Compensation Scheme (LGAWCS)

LGAWCS provides Council with a fully integrated Claims, Return to Work and Work Health Safety service. It is registered as a self-insurer by SafeWork and is bound by the Professional Standards for Self-Insurers (PSSI). All South Australian Councils are Members of LGAWCS.

The Scheme is funded by a levy on Member remuneration and operates a rebate/penalty program to reward good performance.

LGA Mutual Liability Scheme (LGAMLS)

LGAMLS is an indemnity scheme established pursuant to Schedule 1, Pt 1 2 (1) (a) of the Act. Pursuant to S142 of the Act, every council in SA has a statutory duty to “insure” against the financial impact of potential civil liability risks. Membership of the LGAMLS constitutes insurance for the purposes of this section. All South Australian councils are Members of LGAMLS. Unique in its structure, the cover provided through membership of the LGAMLS is unlimited with nil exclusions.

The Scheme covers public and products liability, professional indemnity, environmental landfill (pollution legal liability), Council Members & Officers and Employment Practices liability.

The Scheme is funded by the payment of an annual contribution which is calculated based on the Member’s revenue base, adjusted to reflect the maturing risk profile, claims history and application of risk management principles.

LGA Asset Mutual Fund (LGAAMF)

The LGAAMF provides discretionary protection for Member’s property assets, motor vehicles, computers and electronic equipment, fidelity guarantee, machinery breakdown, and cyber security and data protection.

Cover for the Council's property and contents, under the LGAAMF, are required to be at replacement value of the assets in a condition and construction in an “as new state”.

Damage to general civil infrastructure is not covered by the Fund, due to the significant value of the civil infrastructure network within Council's area, the increase in premium cost would significantly outweigh the likely cost of any claim and therefore is uneconomical to cover. This approach is standard practice within the Local Government sector.

However, since 2015 Bridges have been listed on the Council’s Asset Insurance Schedule as an assessment has been made that it would be appropriate given the risks involved including the susceptibility of washaways as a result of flooding.

LG Income Protection Fund (LGIPF)

The LGIPF offers discretionary indemnity and claims management services to Members for employees in respect of loss of income resulting from a non-work related injury or illness. Council includes this insurance as part of its Enterprise Agreements and individual Employment Agreements, which provides a benefit to employees for up to two years for accident or illness.

General Insurances

In addition to the cover purchased via the mutual schemes, Council also purchases additional cover, brokered by LGRS, from the commercial insurance market. These covers include:

Public and Products Liability

These policies provides coverage to Council on behalf of;

- Nominated uninsured contractors and volunteers of Home and Community Care
- Uninsured *ad hoc* or occasional hirers Council owned or controlled facilities
- Uninsured roadside stalls
- Adelaide Hills Social Club
- Advisory and Working Groups
- Regular user groups (as declared) of Council owned or controlled facilities
- Death or Personal Injury and Loss or Damage to Property happening during the Period of Insurance and caused by an occurrence in connection with the hire of the Council facility.

Personal Accident

Personal Accident Insurance provides coverage for Death and Total or partial disablement for Insured Parties listed below:

- Insured persons are covered whilst engaged in any activity directly or indirectly connected with or on behalf of the Council including travel to and/or from any such activity.
- Council Members and their accompanying Partners/Spouses.
- Employees and their accompanying Partners/Spouses, (excluding claims where the employee is entitled to benefits under any Workers Compensation legislation)
- Volunteers whilst engaged in any voluntary work directly or indirectly connected with or on behalf of the Council including individual members of any Trust or Committee formed by Council.
- Persons whilst engaged in any Government Labour Market, Training or Job Creation Projects.
- Members of the Council's Assessment Panel, Audit Committee and CEO Performance Review Panel.

Journey Injury

Journey Injury Insurance provides coverage for Bodily Injury to Employees whilst engaged in a journey to and from their place of residence and place of work and between a place of training and place of work.

3. ANALYSIS

The following provides a summary of the cost of Council’s insurance portfolio which increased approximately 10.5% overall. Note that the figures below are gross contributions. In each of the mutual schemes Council receives special and/or performance (based on claims history of Council) distributions, the actual and proposed distributions are included in brackets:

Insurance Class	2019-20 ('000 excl GST)	2020-21 ('000 excl GST)	2021-22 ('000 excl GST)
LGA Workers Compensation Scheme	408 (27)	425 (358)	463 (397)
LGA Asset Mutual Fund	276 (34)	293 (19)	360 (14)
LGA Income Protection Fund	263 (0)	262 (0.5)	285 (9)
LGA Mutual Liability Scheme	303 (28)	312 (133)	327 (139)
Ad Hoc Hall Hirers	2	2.5	3.5
Roadside Stalls	4	1	1.1
Advisory Groups	5	5	3.2
Personal Accident (incl Elected Members)	2	2	2.1
Community Care Contractors	1	1	1
Journey	13	13.5	14
TOTAL	1,277	1,317	1,460

In relation to the key movements between years, the following is noted:

- Local Government Risk Services (LGRS) provided information through a Budget Guide 2021-22 (**Appendix 1**) of a hardening insurance market and cyclical pricing volatility. This information was utilised to adjust the modelling for the Long Term Final Plan and Annual Business Plan and Budget.
- For workers compensation, whilst there is a significant rebate or \$397k provided, the increase in declared salary and wages of 5.5% places additional pressure on the premium increasing it by 9% in 2021-22.
- For the LGA Asset Mutual Fund, there is a significant increase of 18.53% explained by the work undertaken to improve asset information provided to the Scheme. This work included an in depth analysis of most asset classes in order to ensure adequacy of insurance against a major occurrence, say bushfire. Additionally Council’s decision to adopt an *Art and Heritage Policy* which encapsulates items of significant value, not just culturally but financially. These factors placed further assets on the schedule, thus increasing premiums.
- For Income Protection, an increase of 8.75% in premium rates as well as a 5.5% increase in declared salary and wages results in an overall increase of \$23k. The Scheme has advised that the premium rate increase is as a result of the impact of claims performance and current market conditions.
- For the Mutual Liability Scheme, an increase of 5% is a result of market conditions as advised by LGRS in their budget guide.
- For Employee Journey, there has been a 4.97% increase in the premium per employee based claims history and market conditions. It is noted that this class of insurance premium has remained stable for many years previously.

- From our recent exposure to bushfires a quote was requested to cover unnamed assets in the form of road signage, white posts, guardrail and other miscellaneous road assets. The quote provided was \$50k cover for \$75.00pa. Subsequently insurance for \$500k of miscellaneous road assets was established.
- Additionally we will be undertaking a Transferable Risk Profile (TRP) and Business Interruption Review (BIR) in the near future.
 - TRP
The LGA Asset Mutual Fund Committee has fully funded an initiative to enable councils to participate in a workshop to test the transferable risk exposures. The workshop will be held at the Council offices and will form the basis of a report that will identify major risk scenarios and measure them against Council’s appetite to retain, manage or transfer risk.
 - BIR
The BIR will assist in understanding the Business Interruption (BI) exposures, which in turn will assist with the effective and efficient treatment and transfer of risk. A well-managed organisation understands the threats it is exposed to and manages them on a daily basis. A failure to manage an area of risk can affect the financial position and performance of an entity as well as cause damage to its reputation in the eyes of key stakeholders.

4. OPTIONS

The Committee has the following options:

- I. To note the status of Council’s insurance portfolio for 2021-22 as presented. (Recommended).
- II. To recommend additions or changes to the insurance portfolio. (Not Recommended)

5. APPENDIX

1. LGRS Budget Guide 2021-22 - Appendix 1

Appendix 1

LGRS Budget Guide 2021-22

Guide For Budgeting Purposes









LGRS have commenced preliminary discussions with external actuaries and reinsurers to assess the impacts of:

- Insurance Market position – All of the Mutual Schemes use insurers and reinsurers to protect their risk of a large single claim or unusual aggregation of claims in any Schemes 12 month period.
- Impact on Asset Values due to building price rises as a result of higher demand for material, labour and professional services. This may impact those regional Councils more so than metropolitan Councils to geographical location and as such should be a factor.
- Local Government’s ongoing claims and risk performance in South Australia.
- We will be working through these and other related matters during the next 3 months to develop our recommendations for contributions for the 2021/2022 period to the LGASA Mutual Board and overview committees.

To assist Councils in considering budgetary implications, we have provided estimates below as a guide, however it must be remembered that contributions for the LGAWCS, LGAMLS are ultimately determined by the LGASA Mutual Board and the LGAAMF and LGIPF by the overview committees. Please note, these estimates are guides only and as there still is some time before the end of the 2021/2022 financial period, cost increases could vary depending on a variety of issues, including Council and fund performance.

Indicative budget estimates for renewal terms in the 2021/2022 are provided based on our experience, without the benefit of formal terms or submissions to/from reinsurers.

The following is provided as an overall industry indication only:

	LGA Asset Mutual Fund Property Property losses will impact on budgets this year, give consideration to increases in asset values or changes in cover and provisional budget of 5-8%
	LGA Asset Mutual Fund Motor Provisional Budget 5%
	Local Government Income Protection Fund Provisional Budget 5-8%
	Marine & Aviation Risks Provisional Budget 10% with the exception of Councils with significant claims
	Personal Accident Elected Members & Volunteers – Provisional Budget 5-8%
	Hall Hirers – Public Liability Provisional Budget 5%
	Journey Insurance Provisional Budget 5-8%
	LGA Mutual Liability Scheme Provisional Budget 5%
	LGA Workers Compensation Scheme Provisional Budget 2-3% plus wage inflation

Market Update

The global risk environment is continuing to experience significant challenges, responding to the demands of the COVID Pandemic, global weather events and evolving cyber exposure. Increased exposure with Directors & Officers Professional Indemnity Insurance and decimated capital investment income, many insurance underwriters are either walking away from certain risks or increasing premiums dramatically.

The current cycle is known as a “hard market” where insurers tend to withdraw capacity or increase rates and limit covers. Significant pricing increases and tightening of terms and conditions are likely continue throughout 2021 and well into 2023, but how does this affect the Mutual Schemes?

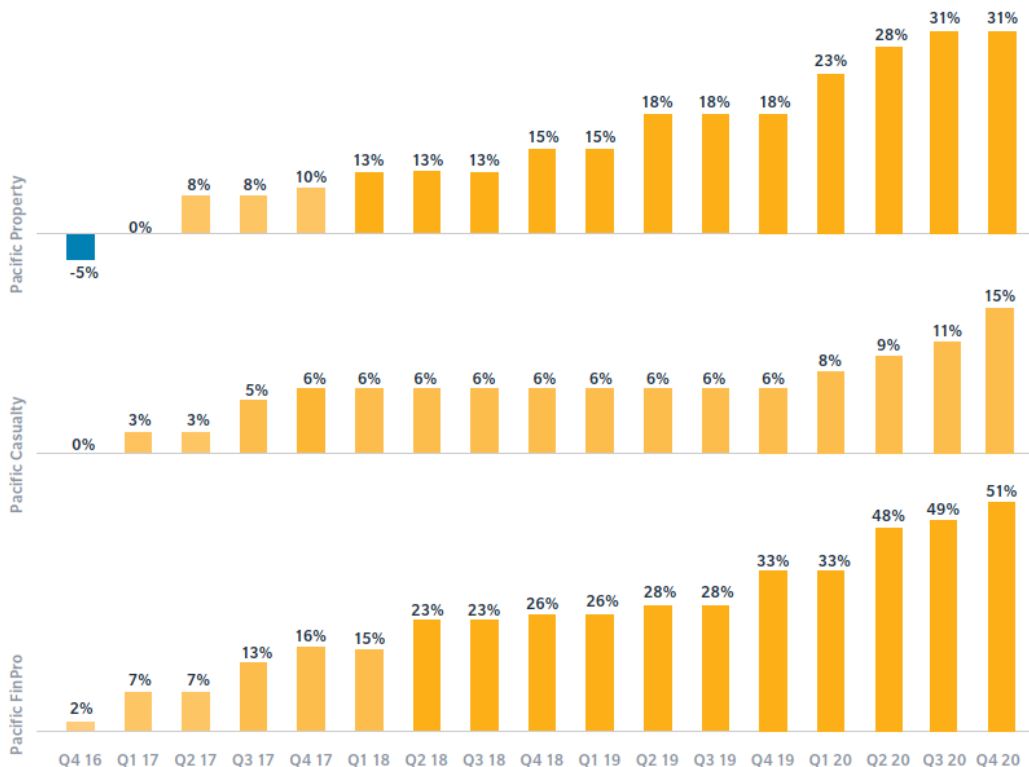
Since its inception, LGRS has innovated to ensure the Mutual Schemes deliver continued, broad protection to the SA Local Government sector. While the Schemes are not immune to the impacts on the wider insurance market, the risk-based approach we have taken provides us with a stronger position, noting significant focus is applied by reinsurers on risk management practices and controls implemented by members in addressing sector-specific exposures. Therefore, while the commercial insurance market has little appetite and ability to withstand these increases, the Schemes have made concerted efforts to limit contribution volatility for the 2021/22 period.

Despite the insurance market’s cyclical pricing volatility, the Mutual model continues providing the SA Local Government sector with stable contributions delivering outstanding value for money and financial stability.

Global Insurance Market Trends

According to the Marsh Global Insurance Market Index which measures its global commercial insurance premium pricing change at renewal and representing the world’s major insurance markets. Commercial property rates in the Pacific region, where Australia is the biggest market, recorded a price increase of 31%, Pacific Casualty (Liability) recorded a price increase of 15% and Pacific FinPro (C&O) price increases up to 51% in the fourth quarter of 2020.

Pacific Composite Insurance Pricing Change By Major Coverage Line



Source: Marsh

**ADELAIDE HILLS COUNCIL
AUDIT COMMITTEE MEETING
Monday 16 August 2021
AGENDA BUSINESS ITEM**

Item: 7.8

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

Subject: Local Government Legislative Reform Update – Audit Committees

For: Information

SUMMARY

The Local Government Legislative Reform Process has been underway for approximately two years and Council has made a number of submissions during that time. The *Statutes Amendment (Local Government Review) Bill 2020* underwent many amendments during its passage through both Houses of State Parliament.

The resultant *Statutes Amendment (Local Government Review) Act 2021* (the “Amendment Act”) was assented to by the Governor on 17 June 2021. It is however uncommenced and the underlying regulations and codes are yet to be finalised.

Notwithstanding the above, the Office of Local Government (OLG) has published indicative commencement schedules for each of the 210 new of amended provisions.

A number of the provisions in the Amendment Act relate to the Audit Committee and its functions and the purpose of this report is to provide a summary of these matters and the indicative timing for the commencement of these elements.

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 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**

The provisions relating to Audit Committees, their functions and membership are contained in the Local Government Act 1999 (the “LG Act”) and the Local Government (Financial Management) Regulations 2011 (the “Regulations”).

The *Statutes Amendment (Local Government Review) Act 2021* (the “Amendment Act”) was assented to by the Governor on 17 June 2021. It is however uncommenced and the commencement dates and underlying regulations are yet to be finalised.

The Amendment Act results in approximately 150+ changes to the *Local Government Act 1999* (the “LG Act”) and the *Local Government (Elections) Act 1999* and another 50+ consequential changes to other legislation (such as *Crown Land Management Act 2009*; *Equal Opportunity Act 1984*; *Planning, Development & Infrastructure Act 2016*; *Public Finance and Audit Act 1987*; *SA Local Government Grants Commission Act 1992* and *Independent Commissioner Against Corruption Act 2012*).

➤ **Risk Management Implications**

Understanding and implementing the legislative changes arising from the Amendment Act in relation to the Audit Committee’s role and functions 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)

Many of Council’s governance-related controls have been developed to manage legislative compliance risks. Some of the existing controls will need to be reviewed and revised and there will also be new mitigations to be developed as Amendment Act provisions are commenced.

➤ **Financial and Resource Implications**

In general, the financial implications of the Amendment Act are not anticipated to be onerous although this assessment may change as subordinate legislation is developed. Any specific financial implications in excess of current budgets will be addressed for Council’s consideration through the budget review process.

Notwithstanding that one of the stated intents of the Reform Program was to reduce bureaucracy, the Amendment Act provisions, in the majority of cases, will result in more administrative effort and these burdens will fall largely to the governance and finance functions of councils although other functions will also be impacted.

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

The community could reasonably expect that public institutions, such as councils, have robust accountability arrangements including, but not limited to, Audit Committees, internal control, risk management and audit.

➤ **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: While there have been discussions at Audit Committee on the incoming provisions, these have not occurred since the enactment of the Amendment Act.

Council Workshops: Council has had a number of workshops on the legislative reform process.

Advisory Groups: Not Applicable

Administration: A range of officers across the organisation have been consulted on the incoming provisions

External Agencies: Local Government Association
Office of Local Government
Governance & Policy Officers Network

Community: Not Applicable

2. **BACKGROUND**

The Local Government Legislative Reform Process has been underway for approximately two years and Council has made a number of submissions during that time. The *Statutes Amendment (Local Government Review) Bill 2020* underwent many amendments during its passage through both Houses of State Parliament.

The resultant Amendment Act was assented to by the Governor on 17 June 2021. It is however uncommenced and the underlying regulations and codes are yet to be finalised.

The Office of Local Government (OLG), in conjunction with the LGA, has released a series of indicative commencement schedules for the various legislative changes.

3. ANALYSIS

A number of the provisions in the Amendment Act relate to the Committee and its functions and the following is a summary of these provisions, what changes may be required to the current Committee's Charter and likely commencement timeframes.

Audit and Risk Committee

Section 126(4) of the LG Act has long required councils to have an audit committee with the following mandatory functions:

- Reviewing financial statements to ensure that they present fairly the state of affairs of the council
- Review the councils strategic management plans and annual business plans
- Proposing and reviewing the exercise of s130 (economy and efficiency investigations)
- Liaising with the council's auditor; and
- Reviewing the adequacy of accounting, internal control, reporting and other financial management systems and processes.

Council's Audit Committee Terms of Reference (**Appendix 1**) contains these functions in expanded form along with a number of other discretionary functions.

The Amendment Act will require these committees to be referred to audit and risk committees and have the following additional mandatory functions:

- Monitoring the responsiveness of the council to recommendations for improvement on previous audit and risk assessments
- If the council has an internal audit function:
 - Providing oversight of planning and scoping of internal audits; and
 - Reviewing and commenting on internal audit reports
- Reviewing and evaluations the effectiveness of strategic, operational and financial risk management systems
- Reviewing any prudential management reports
- Performing any other functions prescribed in legislation

The revised provisions of s126(4) are proposed to commence on 30 November 2023, as yet no additional regulations have been drafted. While some minor modifications may be required, the Committee's current TOR and *Risk Management Policy* effectively cover off on the known incoming mandatory requirements.

Audit and Risk Committee Membership

Section 126(2) of the LG Act sets out the membership of an audit committee as follows:

- May include persons who are not members of the council;
- May not include an employee of the council;
- May include members of another council's audit committee
- Any other provisions of Regulations (which under Regulation 17) include:
 - Must have between 3 and 5 members
 - Must include one person who is not a member of the council and who is determined by the council to have financial experience relevant to the functions of the committee; and
 - Must not include the council's auditor.

The Amendment Act revises s126(2) as follows:

- The majority of members of the committee must not be members of the council;
- The members of the committee (when taken as a whole) must have the skills knowledge and experience relevant to the functions of the committee including financial management, risk management, governance and any other prescribed matter.

The revised provisions of s126(2) are proposed to commence on 30 November 2023, as yet no additional regulations have been drafted. While some minor modifications may be required, the Committee's current TOR effectively covers off on the known incoming mandatory requirements. This provides some confidence to proceed with the recruitment of the two independent member positions which will become vacant on 1 December 2021.

Strategic Management Plans

The Amendment Act will augment s122 - *Strategic Management Plans* to require that every three years (in a schedule) the council will provide a designated authority (Essential Services Commission of SA) with information relating to its long-term financial plan (LTFP) and infrastructure & asset management plan (AMP). The designated authority will (within 6 months) provide advice to the council on the appropriateness of those plans. The council must publish this advice and its response in its upcoming ABP.

The revised provisions of s122 are proposed to commence on 30 June 2022, as yet no additional regulations have been drafted.

Internal Audit Functions

The current LG Act and Regs do not specifically refer to internal audit. The Amendment Act creates s125A – *Internal audit functions* which requires CEOs of councils with internal audit functions to consult with the audit and risk committee prior to appointing the person with primary responsibility for the internal audit function.

Further s126A requires that person to ensure that any reports they prepare relating to the internal audit function to be provided directly to the committee and may report any matters relating to the function directly to the audit and risk committee.

The provisions of s125A are proposed to commence on 30 November 2023 to synchronise with the changes to committee function set out in s126(4). While some minor modifications may be required, the Committee's current TOR and the *Internal Audit Policy* effectively cover off on the known incoming mandatory requirements. Nevertheless the Policy is due for review and it can proceed now there is some certainty in terms of legislative requirements.

Auditor

Section 128(6) of the current LG Act provides that an auditor must after 5 successive years of audit for a council not conduct the audit for at least two financial years.

The Amendment Act replaces s128(6) and provides that where an auditor in a firm has audited the council for 5 successive years, the council must not appoint the same firm as its auditor until at least 5 years has passed since the firm was the council's auditor.

The revised provisions of s128(6) are proposed to commence in December 2021, as yet no additional regulations have been drafted. Council's current audit firm (Galpins) will complete their current contract with the 2021-22 financial statement audit, this will be five successive years of providing audit services.

4. OPTIONS

The Committee is limited to receiving the report

5. APPENDIX

(1) Audit Committee Terms of Reference – 17 December 2019

Appendix 1

*Audit Committee Terms of Reference –
17 December 2019*

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.